

# Supply Chain Challenges

in a Time of Global Disruption



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March 31, 2020



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## Lead Times, Availability & Shortages

- Lead Times Increasing Before COVID-19
  - Trade dispute
  - Labor disputes and protests in Hong Kong and elsewhere
  - Global demand changes
    - Overall demand increases
    - Sourcing and consumption pattern changes
    - Emerging markets



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## Lead Times, Availability & Shortages

- Timing of COVID-19 Shutdowns
  - *Close to Chinese New Year*
  - *Extended a planned event into unplanned & unknown territory*
  - *Exceeded expected buffering & delays*
  - *Unavailable or at-capacity alternate sources*
    - Expanding in global shutdowns
    - Lack of logistical and transportation resources

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## Lead Times, Availability & Shortages

- Existing Shortages
  - *Demand-based shortages of materials & components*
  - *Inventory levels reduced to historic lows*
  - *Reduction in safety stocks due to tariffs*
  - *Suspected artificial shortages*

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## Transportation

- Global Issues
  - *Container & ship availability*
  - *Increasing departure and arrival port delays*
- Regional & Local Issues
  - *Fleet availability; decreased(ing) capacity*
  - *Distribution & warehouse capacity*

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## Supply Chain Resiliency

- Unknown global connections
- Elimination of excess production capacity
- Depletion of inventories
- Reduction of Safety Stocks
- Flattening of demand curves

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## Decreasing Diversification

- Growth of Centers of Production
- Vendor consolidation
- Single Sourcing
- Low cost/price initiatives

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## Risk Awareness & Assessment

- Single-Point focused
- Limited visibility
- Few include Remediation Plans
- Fewer still include Recovery Plans

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## Response & Moving Forward

- Short Term
  - Identify & document specific challenges experienced
  - Identify where the challenge originated
  - Document response and cost of remediation
  - Collect as many details as possible as memories fade

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## Response & Moving Forward

- Short Term Assistance & Tools
  - IMEC
    - Supplier Matchmaking
      - Find Suppliers to Fit Your Needs
      - <https://www.imec.org/supply-matchmaking-needs/>



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## Response & Moving Forward

- Short Term Assistance & Tools
  - *IMEC*
    - **Importance of Supply Chain Disruption Planning**
      - Checklist of considerations for future planning events
      - Will be provided to all attendees
    - **Continuity Planning in Uncertain Times** webinar
      - Webinar on April 21<sup>st</sup> 11:30a
      - Check IMEC website for additional webinars
  - *Peer Groups*
    - Trade Associations
    - Customers & Suppliers

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## Response & Moving Forward

- Intermediate Term
  - *Determine and understand connections within your Supply Chain*
    - Create visual map of interconnectivity
    - Include as many Tiers as possible
    - Identify Base Source, if possible
    - Intermediate processors/Service providers
    - Logistics, transportation, storage, forwarders

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## Response & Moving Forward

- Intermediate Term
  - *Identify weak links or inventory gaps*
    - Internal (Process, Inventory, Forecasting)
    - Intermediary (Logistics, Transportation, Consolidation)
    - Vendor/Source/Provider
  - *Quantify exposure and costs*
    - Determine “Leading Indicators”
    - Trigger Event - When will we know there’s an issue
    - Understand cost to expedite or resolve
    - Operational or customer risks

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## Response & Moving Forward

- Longer Term
  - *Conduct comprehensive Risk Assessment of Supply Chain*
  - *Revisit TCO/Strategic Sourcing decisions*
  - *Shift focus to Resiliency*
    - Electronic/automated interactions
    - Local, Regional and Proximity sourcing alternatives
    - Develop and maintain a Supply Chain-focused Disaster Response/Recovery Plan

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## Questions & Discussion

For additional information or to discuss any current supply chain challenges, please contact IMEC:

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Submit your direct questions to the Illinois Manufacturing Helpline: <https://www.imec.org/helpline>  
Get the help you need – Fast!

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