

March 11, 2020



8 Tactics to Manage the Impact of Coronavirus on Your Supply Chain

By ASCM CEO Abe Eshkenazi, CSCP, CPA, CAE

Yesterday, ASCM hosted a [webinar on supply chain preparedness in the face of COVID-19](#). Cosponsored by Supply Chain Canada, the event featured Jim Kilpatrick, global supply chain and network operations leader at Deloitte Consulting; and Gregory Schlegel, CPIM, founder of the Supply Chain Risk Management Consortium. These risk management experts discussed numerous topics related to the outbreak and its ongoing effects on supply chains around the world. Following are some of their key strategies. I hope they will help you and your organization navigate the crisis, mitigate any negative impacts, and position your networks to succeed as markets ultimately return to a normal cadence.

1. **Those companies that were prepared — particularly with digitized supply chains — are of course more likely to fare better.** However, it's not too late to take meaningful action. Your first goal should be to ensure the safety of your people. Follow the Centers for Disease Control and Prevention guidelines. Give your workforce a constant, calm, flow of reliable information. Restricted travel policies are a beginning. Also implement screening protocols, increase workforce hygiene standards, and promote telecommuting and other flexible arrangements.

Encourage people with preexisting conditions, who are more susceptible to the virus, to self-declare. Then, proactively shift them to remote work.

2. **Identify key suppliers in affected areas.** Stay in contact with them hourly and, if necessary, secure alternative sources of supply. If you are in a position to do so — particularly financially — reach out to your partners, understand who their suppliers are and ask how you can help. Accelerating a partner’s time to recovery not only helps them survive the threat, but also ensures your own future success. Work broadly to make a difference for others in fair and reasonable ways.

3. **Without cashflow, you don’t have a business.** To ensure liquidity, stop discretionary spending. Then, gauge your free cashflow through July 2020 at least. Next, calculate and manage your cash conversion cycle, taking into consideration receivables, days of supply plus inventory and days of supply minus payables days. Finally, if you have purchased supply chain disruption insurance, begin to exercise that policy as needed.

4. **Depending on your business, some demand will shift to online channels.** Maintain an integrated view of inventory, and segment or separate inventory for online versus retail. Ensure you have the capacity to handle the volume coming into your distribution centers, as well as last-mile capacity.

5. **As previously mentioned, digitization is key to efficiency, collaboration and synchronization.** To orchestrate your extended supply chain, use emerging technologies including the internet of things, artificial intelligence and machine learning. Digital supply networks help buffer risk with far less overhead. In addition, once your supply chain is digitally modeled, you can run discrete event simulation to see how your network reacts to certain stimuli.

6. **Subscribe to a digital alert system.** This software-as-a-service scans the world every 30 minutes looking for all types of risk events.

7. **Keep in mind that we will eventually recover.** To prepare for the rebound, communication and collaboration will once again be vital. As supply chains restart, everyone must be on the same page, especially with regards to what to produce first. Set priorities, and work as quickly as possible to get back in sync.

8. **Continue making supply chain risk management a priority.** Develop response plans, particularly for the most impactful risks. Keep monitoring your global networks, and have a playbook in place going forward.

Supply chains are stepping up

This is a moment that matters for the supply chain profession. It’s not only what we do, but how we do it. Deloitte’s Kilpatrick put it very well: “It’s easy, as supply chain professionals, to talk about demand shocks, assurance of supply and operations management. But at the end of the day, this is a people issue.”

ASCM is here to support you as you guide your people through this risk event and demonstrate supply chain's vital purpose. If you missed the webinar, you can begin right now by [watching the recording](#) to gain even more strategies for success.



Abe Eshkenazi
ASCM CEO

SHARE THIS