

How a Global Crisis Exposed Supply Chain Vulnerabilities


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Every manufacturer seeks to avoid supply chain disruptions. Most have continuity plans in place, designed to support the company through a localized or supplier-specific situation. But few manufacturers were prepared for the global supply chain disruption caused by COVID-19.

During the first quarter of 2020, as the COVID-19 outbreak became more pronounced in China, supply chains began to feel its effects. As factories in China shut down, many manufacturers realigned their sources and continued production with minimal disruption. However, when the crisis became a global pandemic, the overall demand for many products dropped dramatically across all regions, leading manufacturers to cancel or delay orders. The problem was no longer simply finding alternate sources. Manufacturers needed a plan to minimize the long-term impact on their business, as well as to their supply chain.

While we hope to not face this type of catastrophic disruption again for many years to come, there are lessons to learn from the COVID-19 crisis. Specifically, when faced with an unprecedented disruption, it becomes clear that there is a difference between having a continuity plan and being able to execute on that plan quickly, based on accurate and up-to-date information. For manufacturers, many of the disruptions they've encountered have been directly caused or exacerbated by the lack of visibility into the supply chain.



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Real-Time Information & Transparency Increases Agility

Whether dealing with a specific supplier issue, a regional crisis, or a global pandemic, when disruptions occur, many organizations struggle to execute against their continuity plans. There are three key elements needed to effectively manage a manufacturer's supply chain: a definitive supplier database, robust supplier operational data and an efficient method of supplier communication.

DEFINITIVE SUPPLIER DATABASE

Many companies have grown through acquisition, or they have allowed business units to manage their own internal systems. As a result, the same supplier is associated with multiple vendor numbers throughout siloed systems across the organization. Even during normal operations, this makes good decision making difficult. It is always a challenge to aggregate supplier information from multiple independent systems, but during a crisis, the risks and liability caused by siloed data become more pronounced. For example, while one business unit has identified a severe supplier issue, the rest of organization may not be aware of the potential risk.

ROBUST OPERATIONAL SUPPLIER DATA

Up-to-date, quality data is essential for effective response during a quickly evolving crisis. Current, accurate information enables companies to quickly identify potential weaknesses in the supply chain. Unfortunately, the data is typically hard to find, documented inconsistently and scattered across an organization's silos.

Most ERPs only track tactical supplier data such as name, address, terms, and payment method. While this information is required for processing payments, it provides no insight into a supplier's ability to continue supporting the business. This key intelligence is derived instead from operational data such as supported manufacturing processes, certificates, capacity and liquidity. By scoring a supplier's response to key questions in these areas, supplier quality engineers can assess current data in relation to relevant categories and risks.



EFFICIENT COMMUNICATION METHOD

Buyers are typically assigned specific suppliers to manage, based on commodity, region, or other factors. In many cases, suppliers' emails and other contact details are also maintained by these buyers. During normal operations, this method — while inefficient — works.

However, when a crisis occurs, a manufacturer needs the ability to reach out to groups of suppliers and request additional information. Hoping that suppliers are monitoring their emails is not a reliable strategy. Further, if email is the organization's preferred method of communication, information submitted by the supplier in the body of the email or attached in a spreadsheet can be missed, it might be subject to version conflicts, and it is unlikely to adhere to standard formats. Once the data is received, it must be aggregated quickly in order to support the data analysis necessary to make critical decisions. Unstructured data derived from email and spreadsheets exacerbate the stress of a crisis situation, resulting in lost time and potentially bad decisions.

LiveSource Supplier Management Portal Drives Action

LiveSource is a collaboration portal that connects manufacturers' internal departments to their suppliers to improve supplier management, program launch, and production. Dana, a LiveSource customer, shared how LiveSource is helping them manage the COVID-19 pandemic.

With more than 3700 supplier locations across six continents, Dana looks to LiveSource as the single source of the truth related to direct materials suppliers. Throughout the years, the organization has collected more than 400 operational data elements on each supplier; it has direct contact with 15,000 supplier contacts through the LiveSource portal.

When it became apparent that COVID-19 was becoming a global crisis, Dana's first step was to identify the suppliers who were at the greatest risk. Because all supplier operational data is stored on the LiveSource database, the company easily identified those suppliers.

Next, Dana created a new COVID-19 supplier card, broadcasting it to suppliers through LiveSource's portal. Because suppliers are familiar with communicating through LiveSource, the data — critical for immediately making sound decisions during this crisis — was collected quickly. The additional information was used to perform analysis, resulting in a comprehensive execution plan which will minimize the long-term effects on the supply chain once the pandemic is over.

Chris Dawson, Senior Manager of Purchasing Analytics, shared, "Without LiveSource, I don't know how we'd be managing something like this. It would be very manual, with lots of emails and phone calls, pulling all the data together... It would take a team of people to manage risk. For all the data and large number of suppliers, our core team can manage the process, even with COVID-19."

Know What's Coming, Even While The Situation is Evolving

This crisis is a stress test for manufacturers. LiveSource keeps decision makers well-informed and agile, even as the situation continues to evolve. LiveSource equips companies with the data needed to get ahead of supply chain disruptions and keep operations moving despite a rapidly changing situation. LiveSource integrates and provides a one-stop access point — a single source of the truth. Aided by normalized, real-time data, manufacturers leverage LiveSource for proactive decision-making that mitigates potentially devastating long-term disruptions.

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Purchasing Analytics, Dana**