



## COVID-19: 6 STEPS TO MANAGE SUPPLY CHAIN RISKS

COVID-19 has caused significant disruption to the global supply chain, sending various products in either a sharp decline or an overnight surge in demand. This situation has left supply chain managers worldwide to grapple with an unprecedented challenge, often forcing them to ramp up production for high-demand products and even recalibrating operations to capitalize on new products to keep the cash flowing in. But it also means that while taking care of the short term goal of adjusting to the current market, supply chain leaders need to ensure that they don't end up with products that there will be no demand for once the crisis is over. According to the Business Development of Canada (BDC), there are 6 steps to take when managing and minimizing supply chain risks:

### 1. Get alignment between leaders in various units.

You must get key people from each department to meet frequently and assess the situation. Keeping a well-oiled operation is no easy feat even under ideal circumstances, and now more than ever, departments like sales, financing, and purchasing need to sync their efforts.

### 2. Assess current inventory levels.

Knowing how much inventory you have of the finished product, raw materials, or goods in production is vital. Many companies do not have the technology or process in place for inventory control, and the current crisis is an excellent time to prioritize setting one up.

### 3. Determine the demand for each product.

Amidst the current supply chain challenges, companies should "tidy" up their product lines and focus on their top sellers. But more importantly, there needs to be a process to forecast the demand for each product on offer, which will allow you to plan your cash flow.

### 4. Analyze inbound and outbound supply chain issues.

If you break up your supply chain into inbound operations

(how goods reach you) and outbound (how your goods arrive at your customers), you can pinpoint risks associated with each channel's step. On the inbound side are sourcing suppliers, transportation, contracts, storage, and receiving, whereas on the outbound side, warehousing, packaging, distribution, and outbound transportation. Performing a risk assessment analysis such as this will highlight priorities regarding minimum ordering, inventory policy, cut-off dates for order placement, etc.

### 5. Develop a contingency plan.

Once you have identified your risks, you should develop a decision matrix and rank them based on impact and complexity. This process will let you prioritize accordingly. For example, companies that have experienced a complete halt to their operations related to the shutdown, especially understand the importance of contingencies in terms of suppliers. Keeping good lines of communication, and ensuring transparency on their stock situation with your suppliers is critical. Prioritizing local suppliers is a positive approach from many aspects, and especially from the perspective of fewer cross-border trade challenges.

### 6. Act short-term but think long-term.

Although your current actions aim to mitigate losses and get you through these trying times, you should still have a strategic focus and ensure that your future supply chain operations are agile, flexible, and capable of responding to various external pressures. Despite the uncertainty that prevails about how long this situation will go in for, there will be benefits that will come out of this situation in terms of technology and operational improvements. The supply chain's future is bound to have increasingly digitalized processes, simplified cross-border finance, and the use of artificial intelligence tools.

*Source: Business Development Bank of Canada, Covid-19 Steps to manage supply chain risks*

## HOW TO FOSTER TRUST IN THE WORKPLACE

It is a proven fact that companies who foster trust are better environments to work in, and their employees are more motivated, more innovative, and more productive.

According to a study done by the University of British Columbia, confidence in management was the top consideration when people spoke about their job satisfaction. The study cited that a small increase in management trust was equivalent to the amount of job satisfaction employees would get from receiving a 36 percent pay increase!

What do you do in your business to foster trust? For this month's InfoPays, we are discussing three types of trust established in the workplace:

### Contractual assurance

This form of confidence means that any parties who enter an agreement do what they say they will do. It also means employees have a clear direction and are engaged in their jobs and work towards realistic goals and expectations. In essence, contractual trust results in a clear-headed and productive workforce.

### Communication trust

Communication trust is paramount because it rests on transparency and timely sharing of the correct information, speaking with useful purpose, and keeping employees in-the-know. In this environment, employees can ask open questions, contribute ideas, provide feedback, and offer an honest perspective. The most crucial aspect of communication trust, however, is to speak with good intent. When people talk with good intent, they foster confidence in



the workplace and prevent gossip and backbiting. Genuine motivation to do good work wins over fear.

### Competence trust

Managers need to have faith that their employees possess the right abilities to do their jobs effectively. In high trust environments, managers support their employees by developing their skills through exposure to new assignments. Being entrusted competence means that instead of feeling micro-managed, employees get the motivational boost from demonstrating their expertise. The suggestion is not that in this environment, ideas are not questioned or challenged but that managers operate from trust in their employees' abilities to deliver quality work.

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