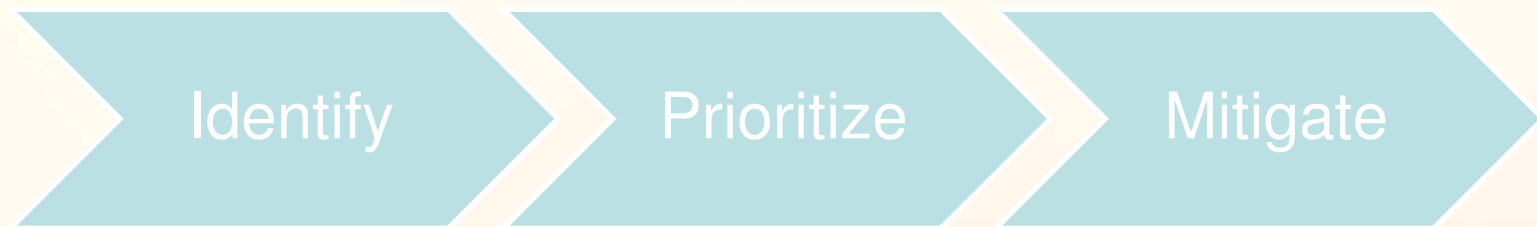


Supply Chain Risks in Retail

future group
india tomorrow

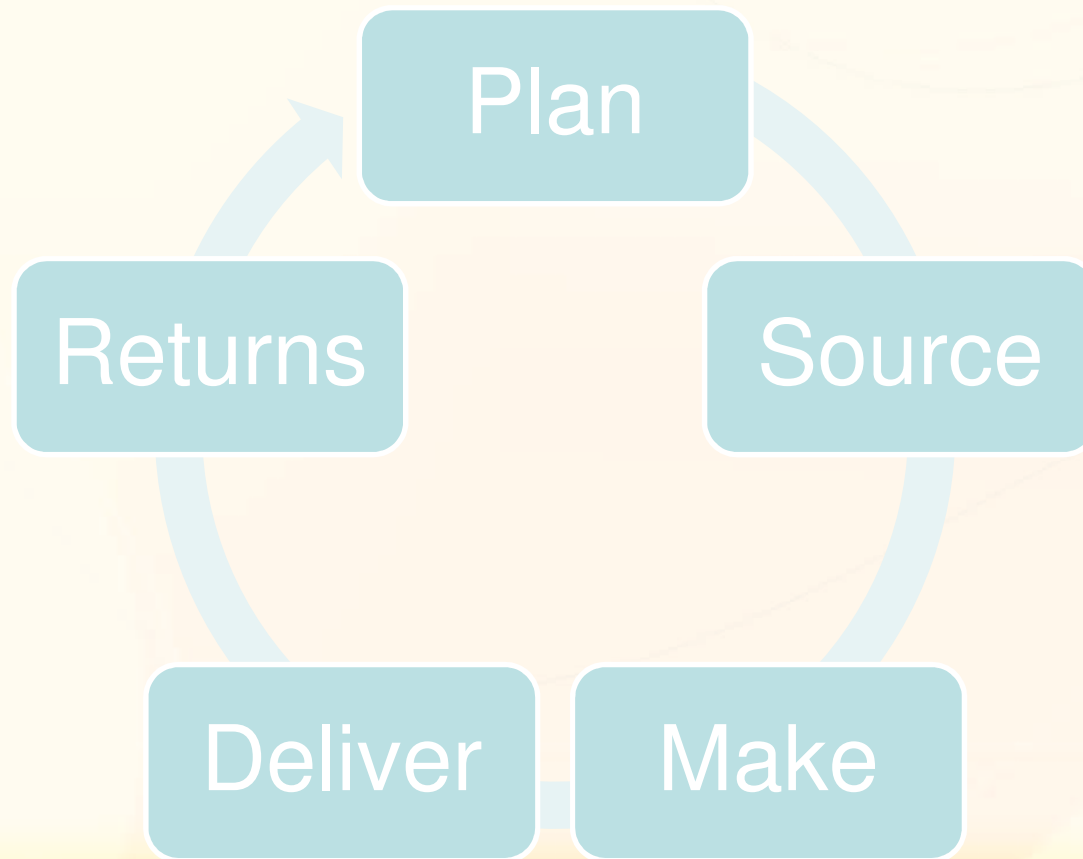
Risk Management - Process



Current Reality

- Biggest Risk is that most companies do not do Risk Analysis for their supply chain function.
 - *Any event that can result in reduced revenues, increased costs, damaged reputation & customer confidence should be treated as risk to business.*

Supply Chain Functions



Risk Impact - Retail

- Costs
 - Increased Inventory
 - Increased Source, Make & Move Costs
 - Damages & Pilferage
- Sales & Customer Confidence
 - Stock Out
 - Range Availability
 - Consistency

SAMPLE RISK PLAN

Risk - Plan

Identify

- Accuracy of
 - Demand Plan
 - Supply Plan
 - Inventory Plan

Mitigate

- Plan Inputs closer to transactional reality
- Collaboration – Demand & Supply Side
- Inventory Balancing
- Build Agility & Responsiveness

Risk - Source

Identify

- Supplier Financial Stability
- Quality Issues
- Only Supplier
- Raw Material Cost Escalation
- Supplier Environmental Risk

Mitigate

- Alternate Suppliers
- Alternate Geographical Presence
- Alternate Raw Material
- Build Agility & Responsiveness

Risk - Make

Identify

- Raw Material Availability
- Labor Disruption
- Machine Breakdown

Mitigate

- Key Item Planning
- Inventory Planning
- Build Agility/Reduce Setup Times/Small Lots productivity
- Preventive Maintenance

Risk - Deliver

Identify

- Labor Disruption
- Machine Breakdown
- Capacity Issues
- Transportation Availability
- Transit Time Issues
- Loss of Shipments
- Theft/Pilferage

Mitigate

- Reduce People Dependence
- Transportation Source Development
- Expedite Mode development
- Usage of technology – Vehicle Tracking
- Process Improvement
- Insurance

Risk - Returns

Identify

- Capacity Issues
- Capability Issues
- Inventory Loss

Mitigate

- Reduce Returns
- Partner Development
- Improve Packaging & Customer communication