



HARNESSING DISRUPTION TO BUILD A STRONGER SUPPLY CHAIN

The remaking of business models brings new challenges to the flow of goods

Supply chains are designed to withstand some disruptions, but major global upheavals like the pandemic strained every system. Disruptions, however, also made companies rethink traditional operational platforms and recognize the need to focus on flexibility, resiliency, and transparency.

Every company is facing:

- A change of business models
- The challenge of keeping customers and employees engaged
- A reimagined supply chain
- The requirement for more corporate governance
- A need to transform business-technology tools and systems.

Disruptions highlight underlying weaknesses in business strategies as well as gaps in complex planning and communication channels. Poor planning and systems make it impossible to meet customer demand in a quick, secure, and consistent manner. In a crisis, business and operations need the right tools and data to make immediate and informed decisions to successfully navigate a supply-chain shock. Companies need rapid mobilization strategies, solid contingency plans, and end-to-end integration to maintain a competitive edge and be resilient.

Respond and rebound with **the right strategy**

The priority is a structured and centrally orchestrated approach to face any uncertainty with calculated decisions that build a strong foundation for lasting growth. While every disruption is unique, they result in three phases: Respond, Restore, Rebound. Each requires different priorities, tools, and decisions. To accelerate the Respond phase, the priority is to act now with a sense of urgency and agile mindset. Apply critical findings and quickly Restore by implementing advanced analytics to establish control towers and a real-time environment driven by data. This should be supported by increased visibility, a solid two-way communication plan, and a closed-loop feedback process. Then, Rebound the momentum via digital transformation, codification, and automation of contingency capabilities, and be ready to be responsive, to successfully navigate future disruptions.

Respond

Act now with an agile mindset. An effective risk-management plan needs a holistic view of supply-chain operations, starting with a framework supported by key foundational elements. Start at the core of the supply chain and mobilize critical teams to identify unforeseen shifts in buying behaviors, sudden global logistics shifts, production interruptions, and inventory misalignments. Launch an orchestrated and coordinated communication and governance plan and develop a dedicated command center by leveraging a dynamic sales and operations framework. Review and understand critical data by consolidating existing analytics platforms to identify critical issues. The goal is to identify strategic and operational KPIs for comprehensive mapping and prioritization of risks that encompass end-to-end demand and supply, cash flow, and resourcing. It means asking questions, such as: are your trusted logistics partners experiencing unexpected delays, is your inventory being depleted at a faster rate than expected, or what shifts in customer behaviors do you need to watch?

Restore

Use analytics and collaboration to plan for the unexpected. Supply-chain resilience is a major part of protecting against unforeseen disruptions. Assess tactical operational challenges continuously for better responses to market conditions and customer needs. Advanced technologies can support a more resilient supply chain. Machine learning can rapidly capture customer buying patterns and adjust short-term demand plans. Artificial intelligence can determine accurate assortment planning and inventory deployment. Leveraging analytics-based modeling to enable control-tower solutions provides real-time results and proactive alerts, and mitigates future risk while improving communication and visibility

across the enterprise. Companies need to answer critical questions during the process, including:

- Should inventory be re-positioned?
- What production constraints should be adjusted?
- Should item-level segmentation be remapped?
- How can probable scenarios be developed and tested for validity?
- What new metrics should be implemented and reviewed?
- Should a hyper-focus on cost reduction be traded for a balance on security of supply?

Rebound

Drive resilience and responsiveness. To stabilize and drive a more resilient and responsive supply chain, companies need to capitalize on lessons learned and provide a clear path forward. Documenting response protocols, proven scalable processes, and analytics capabilities will mitigate future risks and enable business execution with less disruption. It is important to maintain digital and synchronized supply-chain principles and incorporate them into the long-term operating model for the flexibility to respond to future disruptions. Companies should also:

- Document and digitize lessons learned that led to a successful recovery
- Empower the culture of reconfigurability and innovation
- Invest in a resilient supply chain by driving diversification and multi-tier collaboration
- Continue to review and enhance strategic plans
- Embrace the digitalization of supply chains through ML and AI adaptation.

Companies need to scale a business-continuity mindset by assessing how to automate processes, protocols, and the tools needed for flexible data modeling and visualization. It may also mean diversifying supply and logistics bases.





Managing major disruption

Unforeseeable disruptions are among the biggest challenges for supply chains. They test resilience, flexibility, collaboration, and planning capabilities. The keys are plans to Respond, Restore, and Rebound. This requires strong leadership with a pragmatic approach and ability to develop a capable and centralized response team to orchestrate quick action. A focus on real-time digital supply-chain visibility, a what-if mentality, and well-defined risk protocols with strategic metric supports will together create a foundation for an effective recovery.

About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided every day by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 360,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2022 global revenues of €22 billion (about \$23 billion USD at 2022 average rate).

Get the Future You Want | www.capgemini.com

The information contained herein is provided for general informational purposes only and does not create a professional or advisory relationship. It is provided without warranty or assurance of any kind.

Copyright © 2023 Capgemini. All rights reserved.