



# RISK MANAGEMENT IN SUPPLY CHAINS



### **Purpose**

The purpose of risk management in supply chains is to make a specific assessment of the risks to which the company is exposed through the control and management of its supply chains.

### **Participant(s)**

Supply chain management, the managers responsible for the specific areas in which the risk assessments are carried out, and, if possible, project managers.

### **Application**

Risk management should be carried out regularly as a part of daily operations, and in connection with specific supply chain innovation projects.



## **Method**

Via a workshop course the participants prepare a gross list of the factors that expose the company's supply chain to risk. This task can be inspired by completing the 10 statements on the following page concerning the company's risk management.

After finishing the gross list, the identified factors must be prioritized by specifying how likely they are to occur (on a scale of 1 to 5, with 5 being very likely and 1 being not likely). Likewise, it can be specified what exactly should be done if the individual risk element occurs. One should also analyze how individual risk factors can affect business performance.



*Statements to assess risk in the supply chain*

			
1. Risk management in the supply chain is important to the company's long-term competitiveness			
2. We work, to a great extent, with risk management in our supply chains			
3. We are conscious about the steps to be taken, should our supply chains be exposed to disturbances			
4. We experience that our supply chain performance, in recent years, has been negatively affected by disturbances			
5. We experience, to a high degree, that management has focus on risk management in our supply chains			
6. We experience, to a high degree, barriers in our work with risk management in our supply chains			
7. We have the necessary resources to work with risk management in our supply chains			
8. We have the necessary data and data models to work with risk analysis in our supply chains			
9. We have the necessary understanding of risk management in supply chains among the business functions in the company			
10. We have the necessary degree of cooperation with the partners in our supply chains as regards risk management			



## **Benefits**

The tool creates awareness of the specific risks faced by the company's supply chains, their actual and potential impact, the probability of occurrence and what should be done in such a situation.

## **Output**

The output of this tool is a common understanding and specific assessment of the risks to which the company's supply chains are exposed. Risk analysis can be shared with relevant internal and external stakeholders.