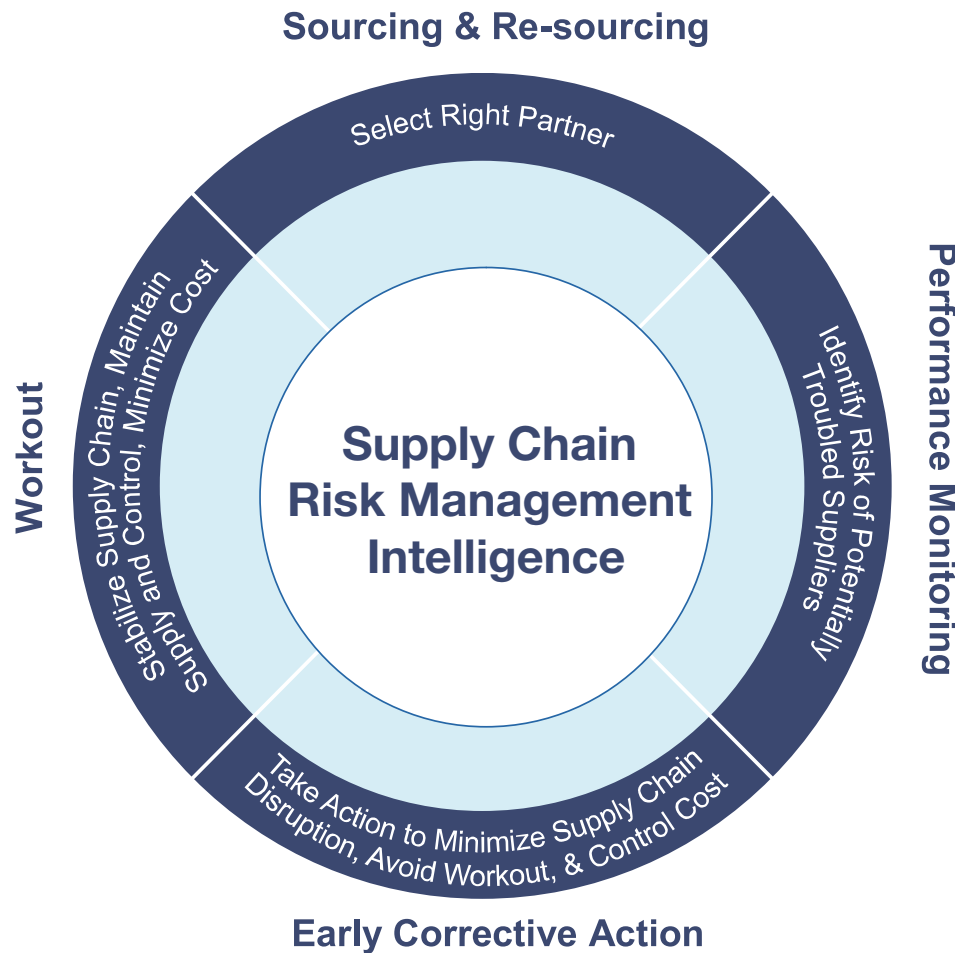


Supply Chain Risk Management (SCRM)



Supply Chain Risk Management Life Cycle

Issues Surrounding Supply Chain Risk

- Manufacturing companies are under continued adverse pressures (commodity prices, foreign exchange rates, US/Global financial crisis, low consumer confidence, etc.)
- Most supplier sourcing strategies focus on minimizing piece count and working capital. Very few consider, measure and manage risk.

Why Supply Chain Risk Management?

- Significant supply chain disruptions can:
 - Reduce revenue and market share
 - Increase existing cost base significantly
 - Create one time unplanned costs
 - Consume management time
 - Threaten customer satisfaction (productivity loss, poor delivery)
 - Threaten company reputation and brand equity
 - Damage credibility with investors and stakeholders

Benefits of SCRM

Companies can achieve sustained competitive advantage through enhanced supply chain risk management.

SCRM Top Triggers

1. Does your company currently measure supplier risk?
2. Do you have a framework in place to control and measure sourcing/resourcing, supplier performance, early corrective action and workouts?
3. What processes are in place to routinely gather the necessary supplier information to manage supply chain risk, cost and regulatory compliance?
4. How dependant are you on any one supplier or group of suppliers? How quick and/or easy are your key suppliers able to be resourced?
Are you a minor customer to any key suppliers and therefore have limited leverage?
5. Could an issue or disruption with any one of your suppliers cause you serious hardship and interrupt customer deliveries?
6. What costs do you incur annually to resolve supplier related issues (i.e. bankruptcy costs, price increases, funding working capital, cash flow support)?
7. Do you have collaborative partnerships with key suppliers? Are there any current supplier relationship issues?
8. Are there any current supplier quality issues? How long have they been going on and do they reoccur? What corrective actions are underway?
9. How well do you know the financial condition of your supply base? Are any of your current key suppliers having financial difficulty or any signs that they could be experiencing financial difficulty in the near future?

SCRM Direct Benefits

- Lower direct costs
- Lower indirect costs
- Higher quality products
- Less resources focused on troubled supplier issues
- Establish trust through collaboration and partnering
- Capitalize on low cost country sourcing opportunities, while maintaining acceptable supply risk
- Improve on-time delivery
- Improve controls

SCRM Indirect Benefits⁺

- Reduced cost of capital
- Reduced costs associated with logistics, raw material and commodity purchases
- Improved innovation/technology
- Integrate with strategy on sustainable supply base (minimize carbon footprint)
- Ensure brand reputation
- Origin compliance
- Indirect/direct tax planning

⁺Leveraging data from SCRM can enable these indirect benefits.

Our SCRM Services

- Assess existing Supplier Risk Management Processes, Procedures, Controls and Systems
- Assist with Supplier Performance Monitoring (web-based tool)
- Assess root cause and corrective action plans for high risk suppliers
- Develop improvement recommendations for high risk suppliers
- Conduct a workout for individual troubled suppliers

Who to call

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