

**Title: Vietnam firms suggested to focus on supply chain strategy for long-term resilience**

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## Vietnam firms suggested to focus on supply chain strategy for long-term resilience

**Being among the first countries in the region to reopen its economy, Vietnam should take the advantage to build upon the foundations for proactive resilience, stated PwC Vietnam.**

While Vietnam has moved from managing the Covid-19 crisis to leading through recovery, it is time for businesses to bring their supply chain strategy into sharper focus by asking how to build long-term resilience post pandemic, according to PwC Vietnam.

Supply chains today are made of many complex and interconnected links that when disruption happens, impacts will be felt on a human, social and economic level. The Covid-19 pandemic exposed how vulnerable and interdependent the supply chain ecosystem is as we see its effects rippling across countries and industries.

With drastic shifts in demand and disruption in trade activities due to the consolidation of suppliers by geography, the impacts on companies' supply chain has been far-reaching and is no longer temporary.

Looking to the future, supply chain operations will need to move toward more comprehensive and proactive modeling.

This sentiment is reflected in recent May results from PwC's Global CFO Pulse Survey, where world CFOs expressed their plans for supply chain and wider third-party recalibration to better prepare for future shocks.

In particular, more than half (51%) of CFOs cite developing alternate sourcing options as the most pressing matter in their supply chain strategy. Meanwhile 45% CFOs expect to change contractual terms and 45% like to understand the financial and operational health of their current and future suppliers better.

**As a result of COVID-19, in which of the following areas are you planning changes to your supply chain strategy? Please select the three most pressing areas.**

Develop additional, alternate sourcing options  
 51%

Understand financial and operational health of suppliers  
 45%

Change contractual terms (e.g., to provide your company added flexibility and downside protection)  
 45%

Use automation to improve the speed and accuracy of decision-making  
 37%

Extend tools to better understand customer demand (e.g., changes in desired mix of offerings, triggers to place orders)  
 31%

Extend visibility into your suppliers' networks (e.g., risk alerts, what-if scenario planning)  
 30%

Improve risk-protection measures (e.g., disaster insurance coverage, more flexible force majeure contract clauses)  
 30%

Diversify product assembly and/or service delivery locations (e.g., to comply with regulations, shorten delivery lead time)  
 20%



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With learnings from the outbreak, businesses need to leverage on their newfound agility. Supply chains of tomorrow no longer center around efficiency and cost management but rather on building a secure and resilient supply chain. Looking at the current situation strategically and aligning your supply chain actions smartly will likely pay off as a competitive advantage for businesses in the long run.” said Grant Dennis, chairman of PwC Vietnam.

Companies should understand their position in the supply chains more deeply and in more dimensions. In its latest publication, Beyond COVID-19: Supply chain of tomorrow, PwC explored 10 major supply chain and third-party challenges which will result in the reconfigurations of the pre Covid-19 supply chain ecosystem:

10 supply chain and third-party challenges	
 Supply chain mapping and analytics	 Digital operations and cyber security
 Logistics and security	 Environmental, social and governance and regulatory compliance
 Distributors, agents and resellers	 Contract and commercial
 Critical labour availability in the supply and service chain ecosystem	 Claims and losses
 Financial health of suppliers and third-party service providers	 Tax