

Körber Supply Chain

# Supply Chain Performance Guide

Agility and Resilience:  
Measuring and enhancing  
performance



## Introduction

Regardless of industry sector, supply chains have become critical for business success. However, they are highly vulnerable to disruption from operational and external factors, such as the COVID-19 pandemic.

Many issues that supply chains face are beyond their control. For example, manufacturers may run out of parts, shipments may be delayed in transit, or mission-critical systems can be subject to ransomware attacks.

To continue performing in this difficult environment, supply chains must become more agile and resilient. In this guide, we look at how organizations are affected by planned and unplanned events, and how they are responding to them today. We also offer recommendations based on industry best practices.

# 6 factors of supply chain complexity

In 2021, we conducted research to identify six operational areas, or factors, that most directly impact supply chain complexity:

1. Labor Engagement, Safety and Efficiency
2. End Customer Experience
3. Agility and Resilience
4. Sustainability
5. Digitization and Process Automation
6. Facility Optimization

Addressing the complexity associated with these factors increases supply chain performance and enables a competitive advantage.

# How Agility and Resilience impact supply chain complexity

Supply chain operations are facing unprecedented challenges. The greatest risks to the supply chain are often unexpected, such as pandemics, sociopolitical events, or raw materials shortages. COVID-19 continues to have a negative impact on manufacturing, distribution, and goods flow worldwide.

Supply chains are also becoming more vulnerable to cybercrime, as they are connected to IT systems both inside and outside of their own company networks.

Even anticipated events, such as busy shopping seasons and business growth, can significantly disrupt warehouse processes, facilities, and fulfillment. Although scaling operations up or down to accommodate the – sometimes exponentially – growing order and return volumes can mitigate the impact of these events, managing them remains challenging for most organizations.

**“Current crises demonstrate that there are much higher risks on the market than we were ever able to see – we are now willing to incur higher costs to manage risk.”**

**Division EVP at a durable goods manufacturer**  
2022 Benchmarking Survey,  
Körber Supply Chain

# Supply chain benchmarking survey

In 2021, we commissioned strategy consulting firm Roland Berger to survey how supply chain professionals across Europe and North America are tackling the six complexity factors. We wanted to understand how companies approached them, so we could help supply chain operators benchmark against industry best practices, and identify opportunities and priorities for improvement.

Based on their responses, participants were scored and categorized against each factor into one of four maturity levels:



**Initiating**  
Significant potential for growth



**Developing**  
Solid performer with average capabilities and scores



**Advanced**  
Strong performer with well-established capabilities and high scores



**Leader**  
Top performer with established best practices and excellent scores

## Key findings: Agility and Resilience

Our research showed that supply chain professionals were confident about their contingency planning, with half saying they prepared for unexpected fluctuations by maintaining buffer inventories and hiring temporary labor. However, we wanted to learn more about how they anticipated, rather than just responded to, unexpected changes.

### Enhancing transparency and security

Respondents in the lower three maturity levels lacked the necessary supply chain transparency to foresee potentially disruptive changes. In contrast, *leaders* said they had good visibility across their entire supply chain, helping them prepare in advance.

Cybercrime incidents, however, cannot be anticipated through good network visibility. Nearly two thirds of respondents felt they were vulnerable to attacks despite IT security measures. This is a worrisome statistic, as an attack on one system can disrupt the entire supply chain.

### Calling on external support

One striking difference between *leaders* and other supply chain professionals is their willingness to mitigate disruptions through external partners, like vendors, carriers, or customers. 67% felt external partners would support them to ease the impact of disruptions.

**Have sufficient end-to-end visibility into own supply chain network, to assess and mitigate disruptions:**



Maturity level: **Leader**



Maturity level: **Advanced**

**External supply chain partners would collaborate with us to help mitigate supply chain disruptions:**



Maturity level: **Leader**



Maturity level: **Advanced**

# Körber recommendations

We identified four areas in which organizations can address the challenges around building Agility and Resilience to advance their capabilities and increase the performance of their supply chains.

## Disruption handling ability

Further prepare your operations to manage unexpected demand fluctuations, through contingency sourcing, warehousing, and transportation planning. Improve risk awareness and introduce early warning mechanisms.

## Supply chain visibility

Improve or establish visibility across the supply chain – both internally and externally across the network of suppliers, customers, and other supply chain partners. To enhance early warning capabilities, develop visibility into critical tier-two and -three suppliers and customers.

## Supply chain flexibility

Improve operational flexibility for handling seasonal peaks or supporting new business models. This can be achieved by adding new warehouse automation technology (e.g., autonomous mobile robots and voice), moving supply chain software to the cloud, or automating workflows.

## Preparedness for future disruptions

Improve operational readiness to handle future supply chain disruptions. Examples include risk assessments across the supply chain or using modeling and simulation tools for scenario analysis.

## Conclusion

In today's markets, most businesses are impacted by planned and unplanned events. As a result, supply chains need the ability to flex and shift with changing requirements.

This demands better forward planning, greater internal and external network visibility, and scalable operations. Occasionally this means relying on external supply chain partners for support – something many supply chain *leaders* have already recognized and implemented.

The targeted use of supply chain software and technology is essential to achieving these goals. With it, supply chains can build the resilience and flexibility to navigate the aftermath of future disruptions and achieve success in today's dynamic market environments.

### Find out more

To learn more about the issues affecting supply chain complexity and find out how your organization compares against industry leaders:

**Read more** →

To find out more about our solutions and how they can help you meet the need for agility and resilience, speak to one of our experts.

**Contact us** →

