

We'd like to make our presentation an interactive discussion.

Please assist us by answering five short questions (see QR code on the right).



SC disruptions are here to stay, so learn to deal with them
Presenters: *Kaela Steyn (Performance Brands) & Ulrike Kussing (Stellenbosch University)*

Who we are & Our point of departure ...



PERFORMANCE
 **BRANDS**

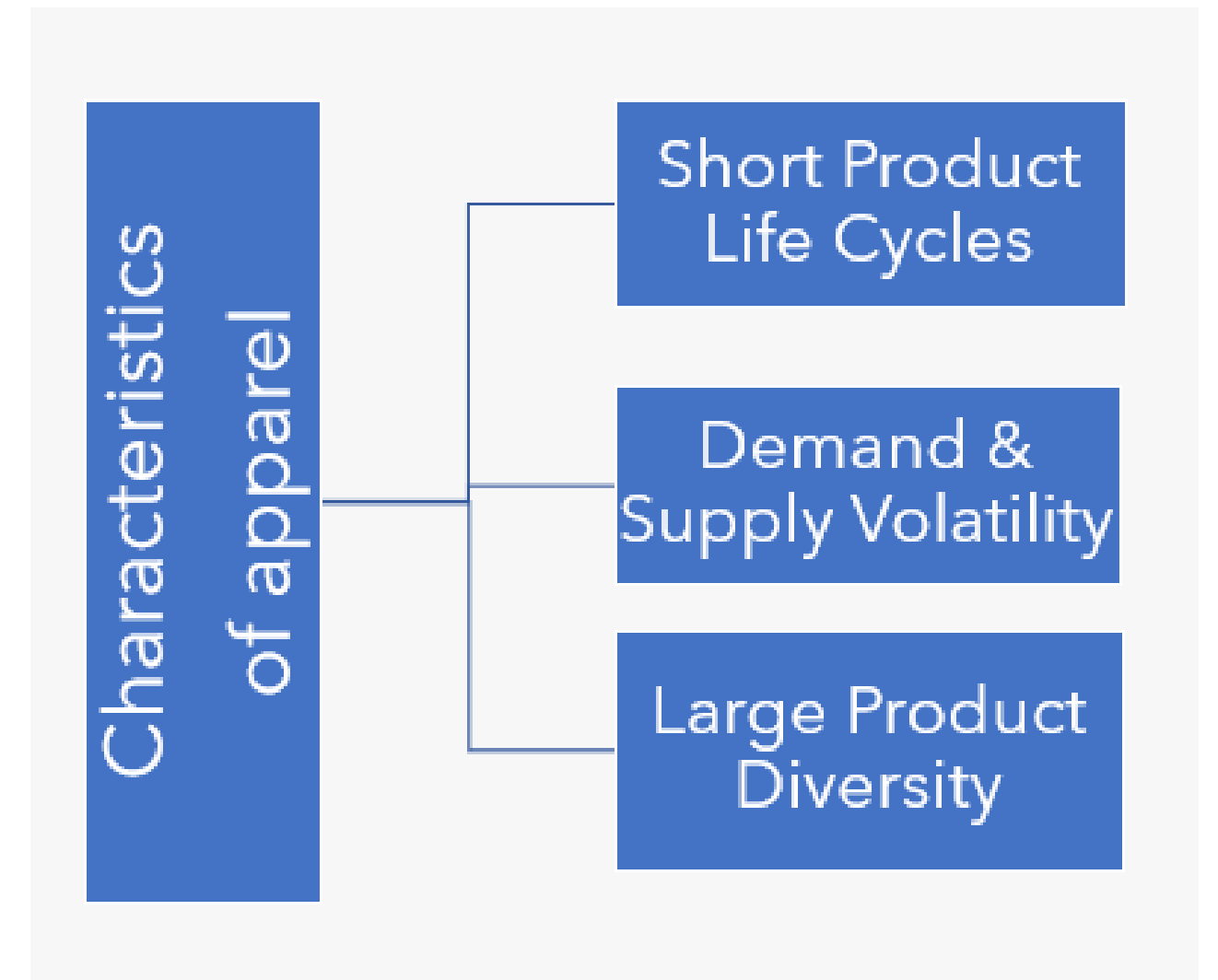


Stellenbosch

UNIVERSITY
IYUNIVESITHI
UNIVERSITEIT

Why are we talking about SC disruptions?

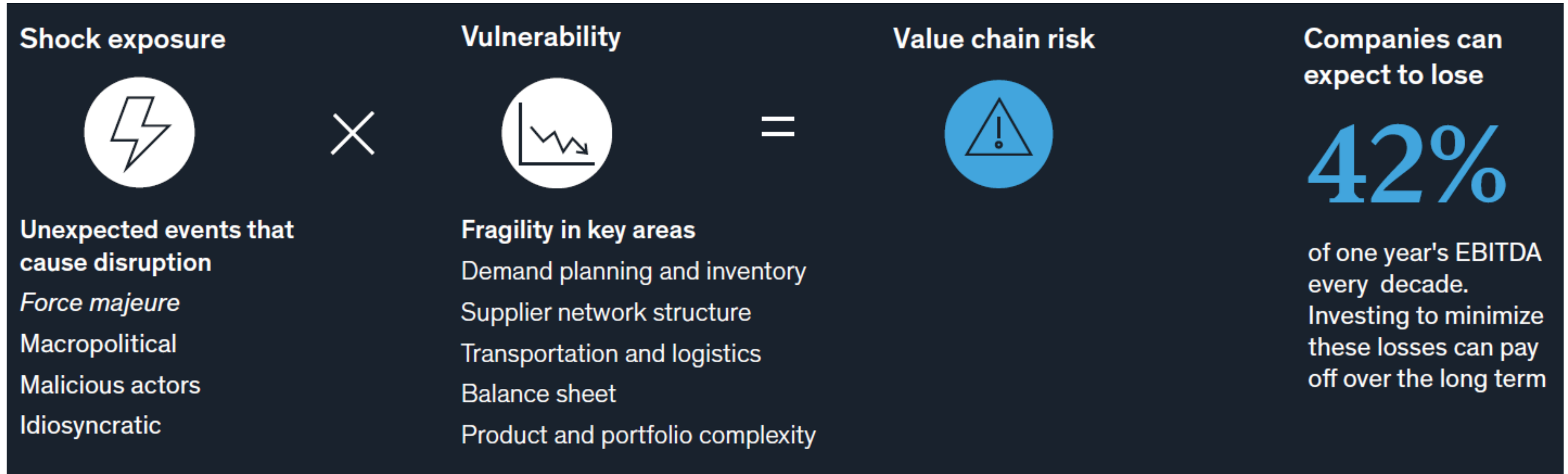
- **Supply chain risks and disruptions** are especially relevant today, due to a convergence of global events and trends that have exposed vulnerabilities in traditional supply chain models.
- **Unique Vulnerability of Apparel SCs:** High risk due to volatile demand, global SC dependence, and potential for stock obsolescence if delays occur.
- **Global Events Reveal SC Vulnerability,** highlighting the need for effective strategies to prevent and mitigate SC disruptions.
- **More than half** of fashion executives identified SC disruptions as one of the major risks hindering global economic growth.



What do we mean, when we talk about disruptions?

- A disruption is an **unexpected interruption in the flow of goods or services** between a supplier and a customer that **threatens the normal operation** of business.
- Global networks have increased SC efficiency but at the cost of escalating risks, vulnerabilities and ultimately disruptions.
- Once a risk has been realised it becomes a disruption.
- **Disruptions are becoming more frequent and severe:**
 - 70%+ of firms report experiencing at least one disruption annually (BCI, 2023).
 - Long disruptions (1+ month) now expected every 3.7 years (McKinsey, 2020).
- **Impact:** Disruptions affect profitability, reputation, and timely delivery.

Supply chain disruptions are costly



SOURCE: McKinsey Global Institute. 2020. *Risk, resilience, and rebalancing in global value chains* (Executive summary).

What are companies doing to handle disruptions?

REACTIVE → Disruption Management

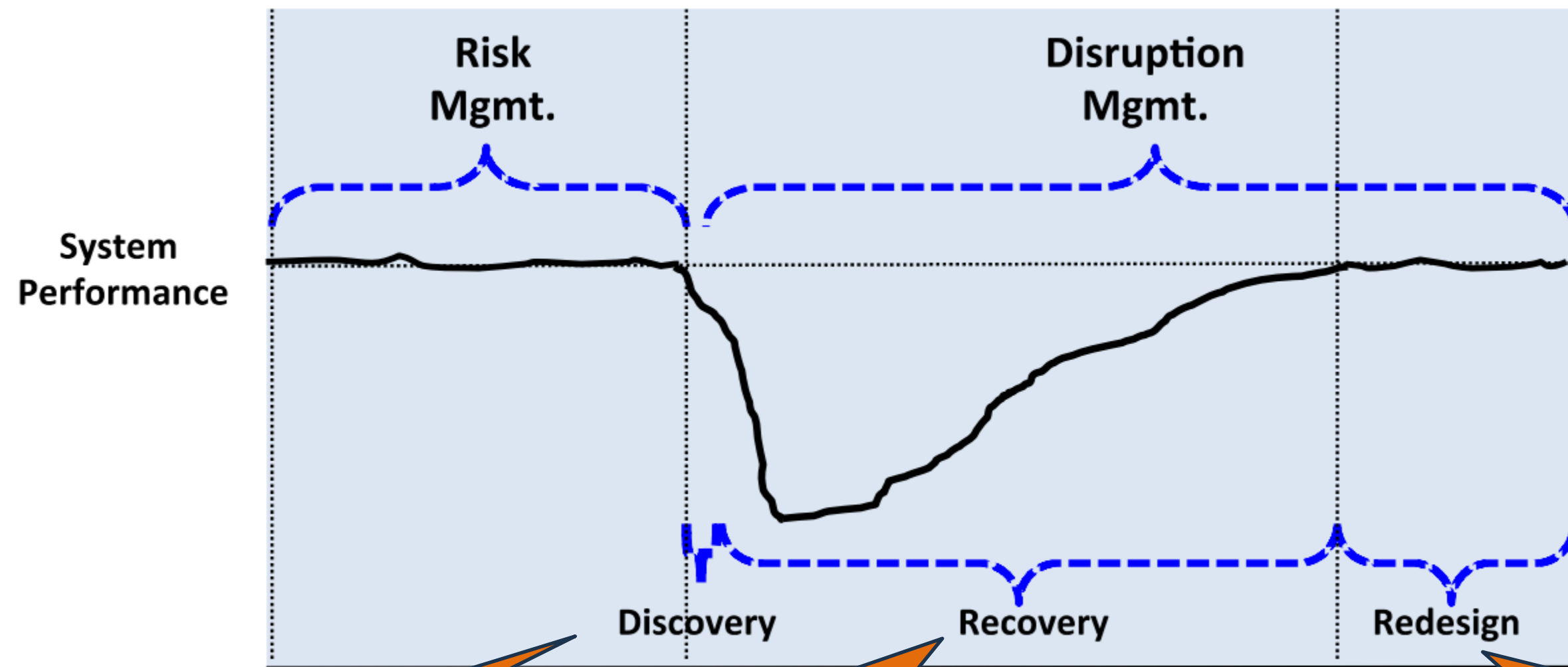


[This Photo](#) by Unknown Author is licensed under [CC BY](#)

PROACTIVE → Risk Management



What does disruption management look like? **REACTIVE**



DISCOVER
Disruption indicators become evident

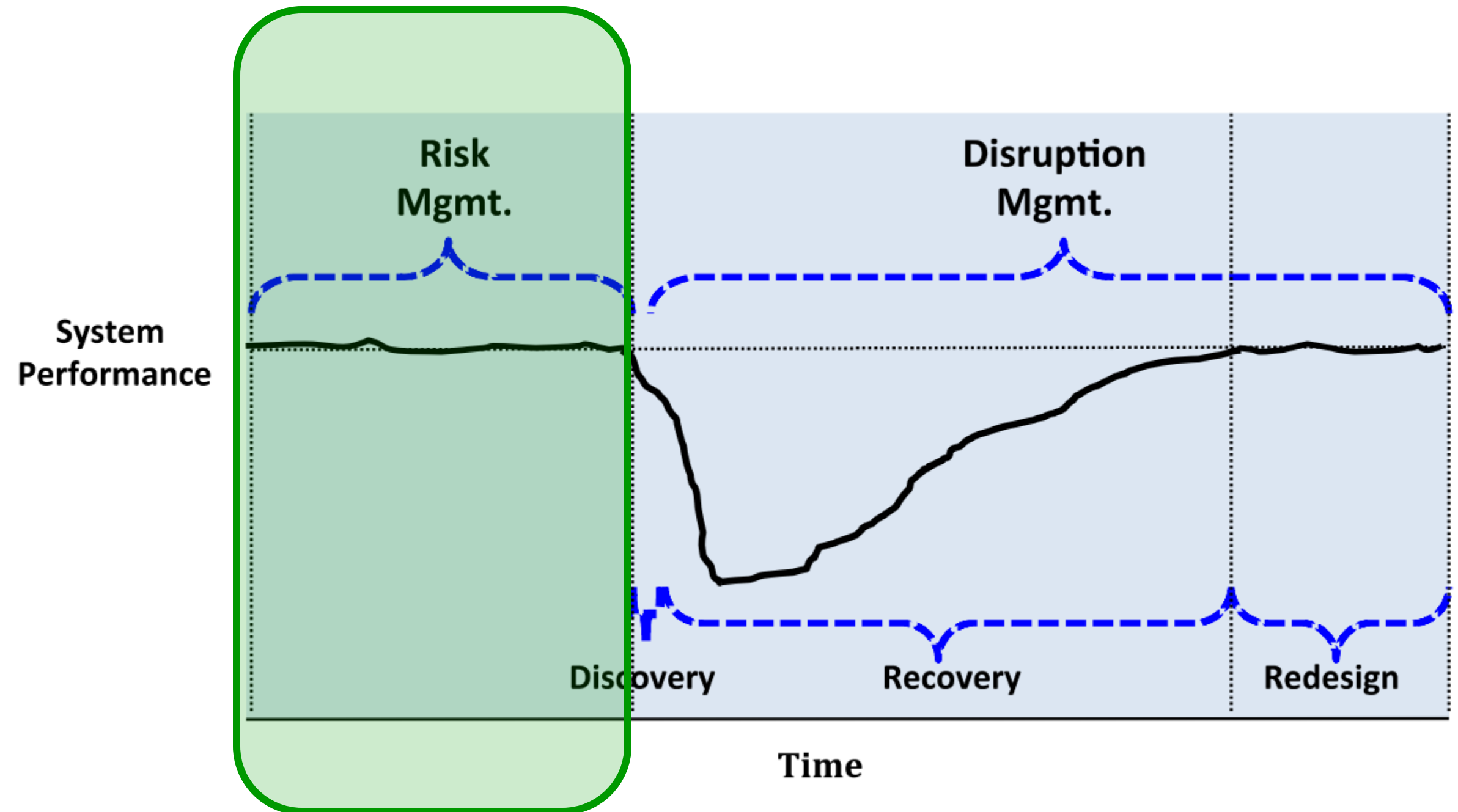
RECOVERY
Actions required to limit impact

REDESIGN
Future improvement of disruption management

SOURCE: Macdonald, J.R. & Corsi, T.M.. 2013. Supply Chain Disruption Management: Severe Events, Recovery, and Performance. *Journal of Business Logistics*, 34(4):270-288.

What does risk management look like? **PROACTIVE**

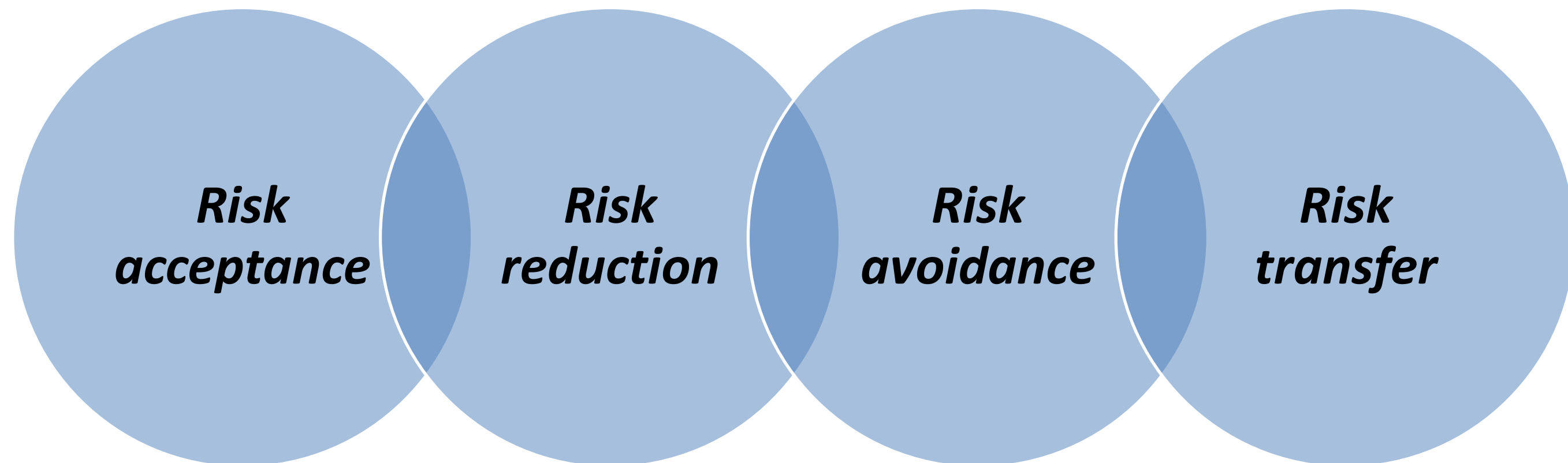
- The implementation of an **SCRM strategy** is a proactive response to SC disruption and focuses on prevention and mitigation without focusing on recovery
- **Mitigation** strategies are of vital importance to shorten the time between the discovery of the disruption and the recovery therefrom



SOURCE: Macdonald, J.R. & Corsi, T.M.. 2013. Supply Chain Disruption Management: Severe Events, Recovery, and Performance. *Journal of Business Logistics*, 34(4):270-288.

One size doesn't fit all, when it comes to mitigation ...

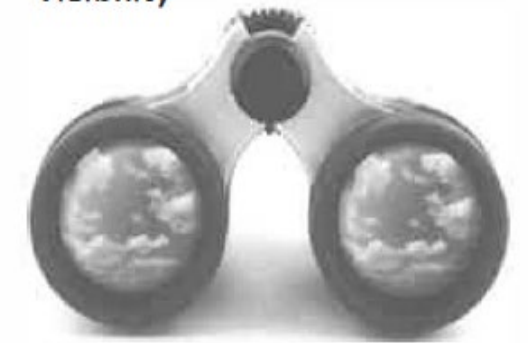
Consider the impact of the particular risk, when deciding on a type of risk mitigation strategy ... the bigger the potential impact, the more proactive you should be



What if all of this sounds too daunting? Go for resilience!

- **Resilience** → the ability to prepare for, respond to, and take advantage of disruptions
 - Critical in today's organisations, given the state of uncertainty.
 - McKinsey research suggests that many leaders and organisations aren't spending enough time building resilience
 - **84%** of leaders report feeling **underprepared** for future disruptions, and **60%** of board members say their companies are **not ready for the next major event**
- **Resilience is the new competitive advantage** → understanding the causes, consequences, and responses to supply chain disruptions is critical not just for logistics teams, but for the entire organisation
- **Drive resilience from the top (i.e. executive level)**
- **Build relationships with SC partners that are equally concerned about resilience**

Visibility



Flexibility



Collaboration



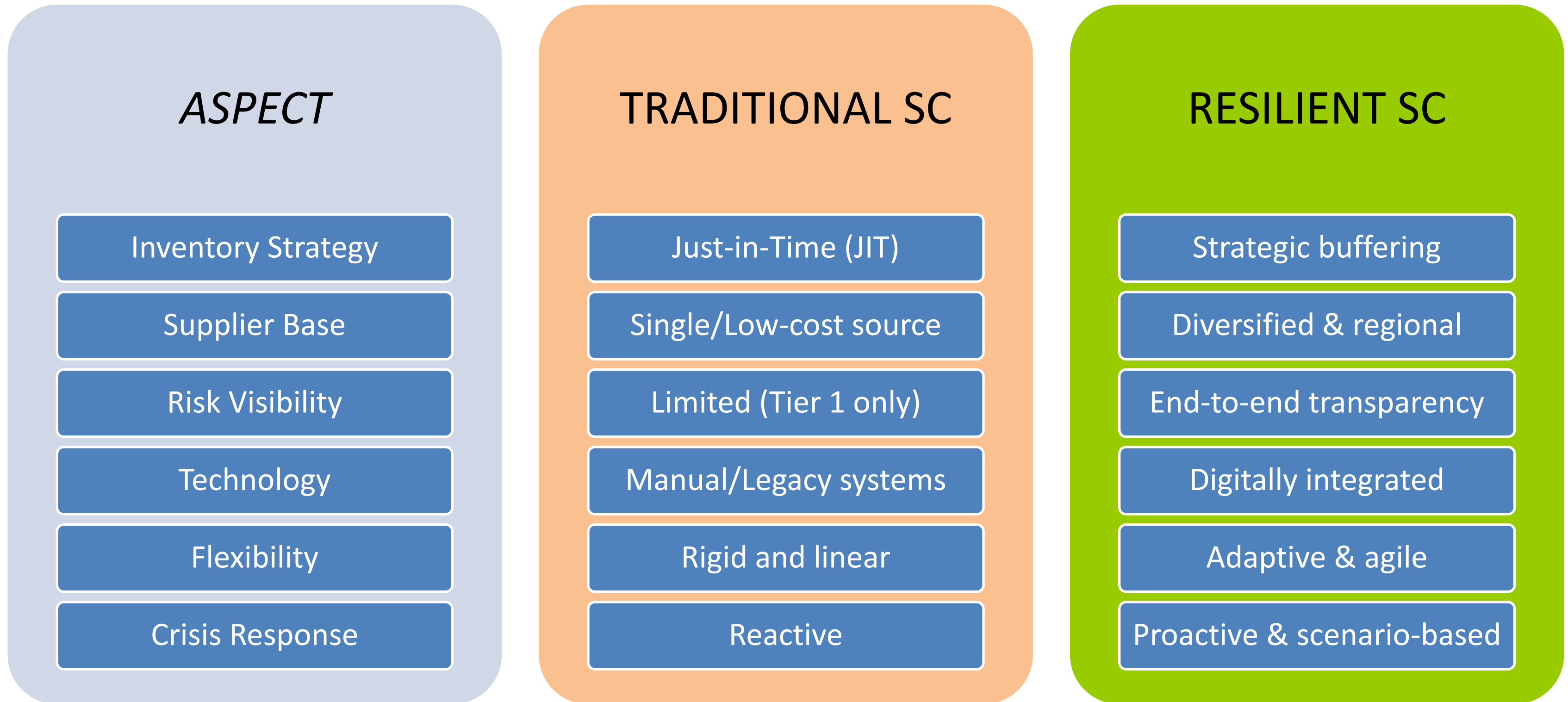
Speed



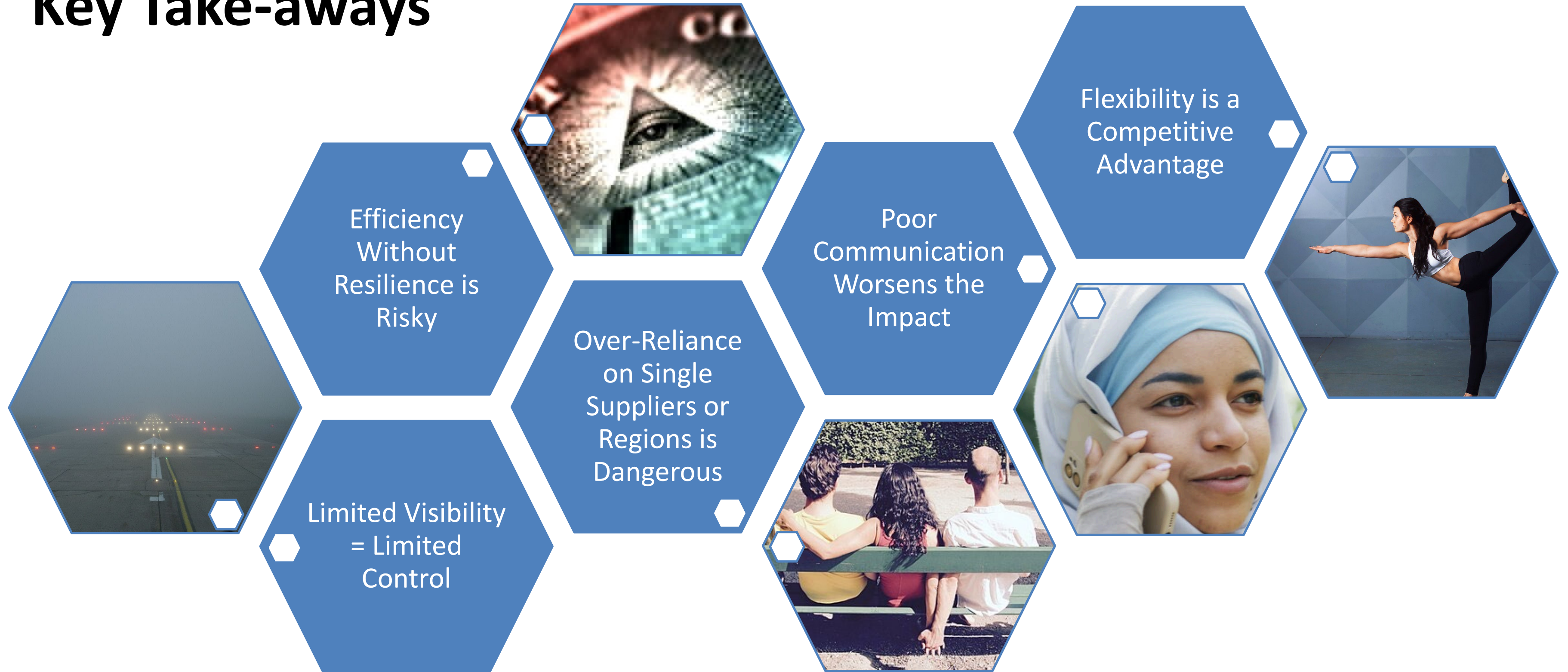
Some resilience strategies to consider

Strategy	Effectiveness	Challenges
Supplier diversification	High	Complex to implement, costly
Buffer inventory	Moderate	Capital-intensive, not sustainable long-term
Digital transformation	High	Requires significant investment; skills gap
Nearshoring	Moderate-High	Depends on local capacity, cost factors
Strategic partnerships	High	Requires trust and data-sharing
Scenario planning	High	Time- and resource-intensive
<i>ESG risk monitoring (major corporates)</i>	<i>Growing impact</i>	<i>Still maturing in many sectors</i>

Try to transition to a more resilient SC



Key Take-aways



We've said our piece ...

now let's look at what you said?

Any Questions/Comments?

If you want to continue this conversation

Kaela Steyn

kaelasteyn1@gmail.com

Ulrike Kussing

uk@sun.ac.za

021 808 4173