

# 10 Tips to Optimize Your Supply Chain Management & Proactively Manage Associated Risks



As a consequence of the COVID-19 pandemic, 2021 brought unprecedented global supply chain issues that affected businesses across practically all industries. Unfortunately, the supply chain crisis, and the associated risks that came with it, continues to persist well into 2023. Businesses should be proactive in managing these risks by optimizing their supply chain management.

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**Assess current practices** – Take stock of your current approach. Analyze the different areas of your supply chain, such as sourcing, transportations, and warehousing. Identify areas for improvement AND areas that may pose existing or new risks.

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**Zero in on planning** – There are many methods and digital tools you can use to create accurate forecasts so that you have a picture of what to expect and can pivot as needed for unexpected delays and order cancellations.

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**Use technology to your advantage** – Using technology solutions in supply chain management can provide visibility into inefficiencies and supplier risk so that you're able to remediate issues in a timely manner.

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**Leverage data analytics** – Data driven insights around loss control and risk allow you to take an informed approach about how to contain expenses and reduce the likelihood of losses. The most effective supply chain management strategies take the guesswork out of procurement and vendor management by extracting actionable insights from data with the help of digital tools.

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**Assess your supply chain risk** – Regularly assessing your supply chain risk allows you to fix issues before you experience bottlenecks that negatively impact your bottom line. You'll want to take a deep dive into your insurance to ensure that it can provide the financial relief your company needs should you experience supply chain issues. Consider looking into business interruption coverage and supply chain disruption insurance.



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**Reduce expenses** – Review processes, as well as variable and fixed costs, and identify unnecessary expenses that can be cut. When looking at suppliers, assess the total cost of ownership for their goods and services, including warehousing and transportation

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**Renegotiate with suppliers** – To ensure that you're getting the best rates possible, don't be afraid to renegotiate. Cutting down on costs by renegotiating with suppliers can help you improve your profit margins.

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**Vet the cyber security posture of supply chain partners** – Globally, supply chains are under immense and unprecedented amounts of pressure from many different directions, which is why they are a prime target for cyberattacks. Consider adding cyber security requirements to your contracts with suppliers and talk with your broker to ensure you've got the proper cyber insurance in place.

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**Communicate with suppliers** – Identify key suppliers and understand their ability to meet supply requirements. Communicate with suppliers to gain visibility into their inventory, production, and purchase fulfillment status. In the event of shortages, it's important to know how they'll prioritize you in the context of their full customer list.

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**Identify alternate supply sources** – Gain as much visibility as possible into tier two suppliers in case key suppliers can't meet your demands. It's critical to be able to activate tertiary supplier relationships in times of crisis.

In the face of so much uncertainty, it's important to connect with your broker partner to evaluate how you can build a resilient supply chain strategy and purchase insurance policies that help safeguard your company from crisis.

*Contact our Commercial Risk team today for assistance navigating coverage options that can help your business withstand supply chain volatility.*

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