The true potential of business improvement in understanding the “why” of low inbound delivery performance

The emphasis on solving supply problems lies on covering up the problem with e.g. inventory buffers. This paper intends to challenge this solution with more focus on understanding the reason and causes for the supply problem to occur.

Today, the global marketplace enable supply chains to be spread out and linked across the world, thus increasing the nodes and parties involved. This combined with customers expecting the same or increased product availability has increased the need of an agile and robust supply chain. In order to achieve this, it is of vital importance for companies to be aware of and know how to work with their supply chain risk environment. It is not merely to satisfy the customer needs that companies need to attend to their supply chain risk environment. For example, Ford not having control over the risks related to their tires resulted in a major financial crisis and people losing their lives.

The crucial first step in understanding the risk environment is to identify and assess the risks that the company is subjected to. This thesis develops a theoretical framework for identifying and classifying risks based after three dimensions. The framework enable risks to be classified in the dimensions, how controllable the risk is, if the risk is internal or external to the organization and finally which of six risk categories the risk belongs to. This creates groups that can be treated with different mitigation strategies. It also develops a methodology of how to assess identified risks, thus creating risk criticality.

Based on the risk criticality, this paper investigates late deliveries from suppliers to the company. There will be no silver bullet that will magically solve the problem making it necessary to understand the causes behind the problem. Thus, avoiding the tendency to cover up the problem and making it possible to develop suitable solutions for the specific problem. This paper achieved this by mapping the process that leads to late deliveries and identifying problems along the mapping. Based on this an analysis of solutions were done that yielded the five most relevant solutions for the company.

It was observed that there was no comprehensive risk perception at the company. But rather various employees were focusing on risks related to their work tasks. Thus, creating the need to compile the different risk that the company are subjected to. Also, the risks do not exist as single entities but rather as a complex network, meaning an identified risk can be the cause of another risk.

Moreover, it was seen that while sourcing from more geographically remote places there is an increased demand of goods traceability on the supply chain. Possible causes for this is the increased lead time as well as the increased number of parties involved in the process, creating a more complex supply situation. Further, to add to this, this geographical difference can also lead to cultural differences creating problems related to communication and business practise. To deal with this it was seen that the company needs to increase the visibility throughout the supply chain to be able to manage the flow of goods while still containing an agility. This can, as seen by the solution given in this paper, be achieved by introducing measuring points between the purchase order and received goods. Finally, it is seen that this kind of solution could solve more than just late deliveries and increase the company performance over all.

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