

Proactive Supply Chain Risk Management - The Art of Juggling BY ANNA MYHRMAN & ISABELLA DAHLHEIM (2023)

Lately, in our fast-paced and interconnected world, people expect minimal lead times for what they desire. It is expected that from the point that they decide or feel an urge, products from all over the world should be available at the local grocery store or delivered to their doorstep. An aspect often forgotten in all the noise is the complex, planned into the smallest detail, supply chains behind those products. The supply chain journey contains many twists and turns along the way before the product can reach the end-customers. But what happens if an unforeseen disruption strike? How can companies ensure they can make themselves and their supply chain less of a target? Enter the game-changer: proactive supply chain risk management.

Like a juggling circus performer, proactive supply chain risk management can with fast reflexes anticipate potential risks and adjust their movements to keep the supply chain running smooth. Like how the juggler keeps the multiple balls in the air to keep the show running. Just as juggling requires technique to keep the balls from falling to the ground, the proactive approach to supply chain risk management can be seen as a technique to help companies respond to potential threats before they become full-blown crises. Meaning, it helps companies manage, plan, and minimize risks before they occur.

So, how do companies achieve proactive supply chain risk management? We have conducted a literature review to understand what is required to succeed with proactive supply chain risk management. It revealed that an iterative four-step process should be followed. The steps are: Identify possible risks, assess the risks in how likely they are to appear and how it might affect the business, select a strategy to treat the risks and continuously monitor the risks to get warnings if circumstances are changing.

Each step comes with different tools to facilitate it. Except for the steps, the organization is the foundation to proactive supply chain risk management. There are some aspects such as cross-functional collaboration that must be in place. By putting focus on some important organizational factors and implementing the four-step process, it is possible to avoid or limit the damage of supply chain disruptions. It is easy to quickly enumerate various disruptions that affect supply chains and there will likely not be fewer in the future. The Covid-19 Pandemic, the Russian invasion of Ukraine, the blockage of the Suez Canal and the hacker attacks on Swedish infrastructure in February 2023 are just a few examples.



So, could companies benefit from implementing proactive principles to supply chain risk management? Yes, both researchers and consulting firms seems to agree. We have investigated a global food retailer that still is in the starting pit of proactive supply chain risk management and provided them with a set of guidelines. The guidelines describe what is necessary from the organization to work proactively with supply chain risk management and suggested processes. The guidelines were developed by taking a design science approach iterating between existing research and the specific setting at the case company.

This popular scientific article derives from the following master thesis: Developing Guidelines for Proactive Supply Chain Risk Management, A Case Study at IKEA Category Food Logistic Services written by Isabella Dahlheim and Anna Myhrman at the Division of Engineering Logistics at Lund University (2023).