A GUIDE TO SECURING YOUR SUPPLY CHAIN

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INTRODUCTION

For many businesses, supply chain management can be a complex challenge, dealing with multiple suppliers, contracts and approval processes day to day. Risk has always been part of the supply chain and alongside the more traditional and longer-recognised supplier risks, new threats have exposed the vulnerabilities of many organisations and the disruption to global supply chains.
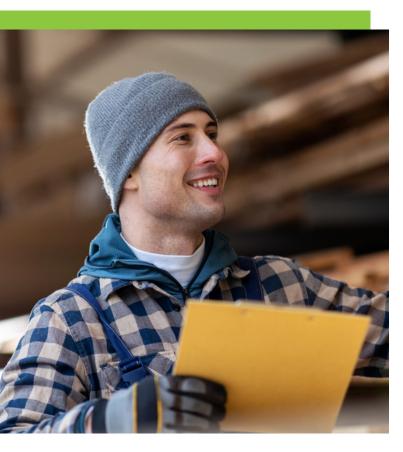
COVID-19, Brexit and new measures to strengthen the landmark Modern Slavery Act 2015, are changing how organisations manage risk within their supply chain. Now is the time to think about what might come next and the actions needed in the short, medium and longer term.

Never has it been more important to have clear considered risk assessments that are specific to your business and activities. This will help to make sure that you and people in your supply chain work safely and to best manage and mitigate risk exposures that can threaten your business. So, it's vital that each stage of your supply chain is assessed for risks and control measures put in place to prevent costly disruptions or weaknesses.

To help to manage your supply chain effectively, we've produced this guide as a practical risk management resource so you can measure your key risks and make sure your supply chain is more resilient, giving you the confidence that your business and suppliers are well placed to mitigate risks wherever possible.

When errors or gaps in the supply chain occur, your business is the one that often covers the cost of increased operational expenses, delays or reputational damage. That's why a thorough supply chain risk solution can help to control your risk and vulnerabilities.

Need supply chain management support? Alcumus can help. We've been supporting organisations and contractors for over 20 years and work with many of the UK's leading organisations and more than 33,000 contractors and suppliers. Our supply chain management solutions can help you to reduce your risks and manage both anticipated and unanticipated events in the supply chain.

SUPPLY CHAIN RISKS

Risk management is more than just compliance, it's an essential element to business resilience and performance. From health and safety hazards, data breaches and ethical issues, there are many risks that can threaten your financial health, reputation and wellbeing of your people and those you work with.

Consistently monitoring supply chain risk factors is the key to protecting your operations, which is a continual process that should be carefully monitored for potential risk indicators. Here we outline some of the key risk factors:

COVID-19 has exposed the vulnerabilities of many organisations and the disruption to global supply chains. For contractors and supply chains, it will be important to know how they're changing their risk profile too and better understand their exposures.

HEALTH AND SAFETY and the consequences of unsafe working conditions are considerable and can cause disruption throughout your entire supply chain. Improving health and safety will help you to mitigate the risks around injuries and accidents, prevent financial and indirect costs of getting it wrong and remain compliant.

BREXIT brings a risk of increased costs and delay to supply chains. To prepare and manage the potential challenges ahead, businesses need make sure they're as prepared as they can be to mitigate supply chain risks.

MODERN SLAVERY in supply chains and new measures by the government, announced in 2020, will hold businesses and public bodies more accountable than ever. Businesses will need to be even more transparent about the work they're doing to safeguard responsible practices, protect vulnerable workers and eradicate modern slavery risks.

A DATA BREACH risk involving just one of your suppliers can send security concerns down your entire chain and impact your business. If companies within your supply chain process personal data, you need to make sure that they're compliant and the data they collect is secure.

THE IMPACTS ON WORKER WELLBEING, YOUR REPUTATION AND YOUR BOTTOM LINE:

The Health and Safety Executive (HSE) reported that 693,000 workers sustained non-fatal injuries in 2019/20, an increase of 18% vs the previous year.

THE FINANCIAL COSTS

- Balfour Beatty Utility Solutions fined £2.6 million following the death of a subcontractor

- Mace Limited fined £400,000 for failing to coordinate the activities of its subcontractors

- Morris & Spottiswood Ltd fined £200,000 for failing to protect the health and safety of non-employees

- BA fined £20 million fine for Data Privacy Breach

- When Boohoo got caught up in modern slavery in 2020 it's share price fell dramatically, they since announced a £10 million investment to eradicate supply chain malpractice.

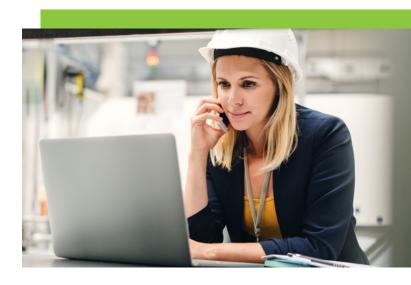# A PRO-ACTIVE APPROACH TO CONTROLLING YOUR RISK AND VULNERABILITIES

With many industries characterised by a large number of contractors and suppliers, one of the most challenging aspects is how to manage and source contractors and suppliers without compromising safety, sustainability, or ethics.

If the contractors you hire don't have a strong safety record, the right insurance, or strong risk management skills, they could end up costing your business money and worse, a fatality. If a supplier is using unethical practices, you could expose your business to reputational damage.

Contractor and supplier management is about getting it right. So, it's important that you assess your contractors and suppliers for health and safety and ethical and sustainable practices.

Sourcing and placing contractors can be time-consuming and intensive work. Using a contractor and supplier management system allows businesses to effectively monitor and manage their supply chain and provides valuable insight that contractors are meeting your safety standards.

However, even in today's digital world, both procurement and EHSQ teams are managing their supply chains via paper-based systems and recording vast amounts of supplier and contractor assessment data within spreadsheets. Our research in 2020 found that two-thirds of businesses believe they're not realising the full potential of digital technology. 28% said it was essential, while 64% said it could be valuable, but don't use it much.

These manual processes often result in errors and duplication of effort and with nearly 90% of spreadsheets containing significant inaccuracies. 56% of EHS leaders report that software integration is their top purchase criteria when shopping for a new EHS system.

The small minority of companies that had invested in mapping their supply networks before COVID-19, have emerged better prepared with greater visibility into the structure of their supply chains. A robust approach to contract management helps to identify potential risks earlier and to address them before it is too late. The early and frequent adoption of digital technology will help businesses to do this.

Using technology means real time information, so your business knows exactly which suppliers and contractors are at risk. Software has the potential to offer flexibility and agility so that businesses have insight through reporting and analytics and visibility into all stages of the contract lifecycle.

BEST PRACTICE TIPS FOR SUPPLY CHAIN COMPLIANCE

1 PRE-QUALIFY CONTRACTORS AND SUPPLIERS

If you don't pre-qualify the contractors and suppliers you work with, either on your own or through a third party, you're potentially risking yourself to legal and financial implications. You should ideally assess safety statistics, regulatory compliance, financial stability, past performance and reputation as well as any necessary insurance and training requirements, so you have peace of mind that they're a good fit for the job.

2 ADOPT A TECHNOLOGY-LED APPROACH

By adopting a technology-led approach and access to your data in one place, your entire organisation will have greater visibility when it comes to your supply chain. Managing suppliers is often complex and time consuming. By investing in a contractor or supply chain management system, you'll have the right support and effective management process in place. Create a list of your management system needs, then narrow your system options down to a few good choices that meet your criteria.

3 MONITOR, REVIEW AND MANAGE ISSUES

By monitoring and reviewing performance throughout the contract period means you can safeguard compliance from your contractor or supplier. Even when everything is in place, things can still go wrong. Any issues that arise should be managed and corrective action put in place to prevent the issue from happening again.

4 DIVERSIFY YOUR SUPPLIERS

Using a single supplier means supply chain risks are more concentrated, and any issues with your supplier are likely to disrupt your entire supply chain. By diversifying your supplier base, you can spread and reduce your risks.

5 HAVE BACKUP SUPPLIERS

If one of your suppliers is unable to fulfil their role in your supply chain, it's your responsibility to make sure that if you prevent supply chain disruptions and delays by bringing alternative suppliers on board as quickly as possible. Identify suitable suppliers and carry out the same checks you would when choosing a primary supplier.

HELPING YOU TO MANAGE YOUR SUPPLY CHAIN EFFECTIVELY AND LIMIT RISKS

Alcumus partner with organisations to help them identify and manage their risks, providing them with a range of software solutions to create safer workplaces, keep their people safe and give them resilient and sustainable supply chains.

For organisations that need to demonstrate compliance with increasingly stringent legislation, Alcumus SafeContractor, acts as a Supply Chain and EHSQ+ risk partner. We verify the compliance of your contractors and suppliers and make them available through an easy-to-use online portal. This provides vital insight into your supply chain, enabling you to effectively monitor, manage, and make informed decisions about who you work with.

Alcumus Info Exchange delivers a market-leading software solution that brings together disparate operational and risk management data sets, processes and workflows. As a result of using our software, organisations find their people become more effective, their processes become more streamlined and their data provides them with greater insight. By doing this, their risk management practices evolve from being reactive and tactical to proactive and predictive.

You can tailor the platform to match your organisation's specific needs. Choose from a complete set of software solutions that address all aspects of risk management, EHSQ, property, supply chain and corporate social responsibility.

This can include:

- PQQ/tender information
- Supplier KPI's
- Survey and improvement plans
- Permit to work
- Insurance information and reminders
- Incident reporting
- Inspections
- Reactive maintenance

Alcumus e-permits is a leading web-based permit-to-work software system, automating processes including competence checks, scenario management, communication, clash checks and documentation, raising alerts when an issue needs to be resolved for work to proceed.

Where work is considered to be high risk, such as during construction projects, maintenance work, equipment installation and refurbishment, strict controls are required. The work must be carried out against previously agreed safety procedures known as a 'permit-to-work' system. The permit-to-work is a documented procedure that authorises certain people (who) to carry out specific work (what) within a specified time frame (when). It sets out the precautions required to complete the work safely (how), based on a risk assessment.

> " SAFECONTRACTOR GIVES BUSINESSES THE PEACE OF MIND THAT THEIR SUPPLY CHAIN IS SECURE AND RESILIENT AND ALLOWS CONTRACTORS TO DEMONSTRATE THAT THEY MEET THE NECESSARY REQUIREMENTS AROUND HEALTH AND SAFETY, ENVIRONMENTAL, MODERN SLAVERY, DIVERSITY, EQUALITY, WORKPLACE WELLBEING AND FINANCIAL STABILITY, ALL IN ONE PRODUCT. "

GET IN TOUCH

If you would like to find out more about how Alcumus can help you achieve a compliant supply chain, please contact **02920 266 715**

For more information on SafeContractor, you can visit: **www.safecontractor.com**

For more information on Info Exchange or e-permits, you can visit: **www.alcumus.com**

ABOUT ALCUMUS

Alcumus is a leading provider of technology-led risk management solutions providing clients with advice, expertise and support to help them identify and mitigate risks, navigate compliance and keep people safe. It supports clients with a wide range of risk management services, including products across Supply Chain Management, EHSQ Software, UKAS Accredited Certification and HR and H&S support services.

Our people are at the heart of our business, building strong relationships with our clients to understand their needs, minimise risks and navigate compliance through our in-depth knowledge of your sector, regulations and challenges.

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