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Surviving & Thriving

In a Post COVID, VUCA Global Supply Chain Landscape

A Discussion on the Global Textile Supply Chain Landscape

1. Where are you?
2. What Inherent Risks do you have in your SC?
3. How Sustainable / Flexible is your SC to handle Disruptions?

May 22, 2022
For the International Textile Alliance



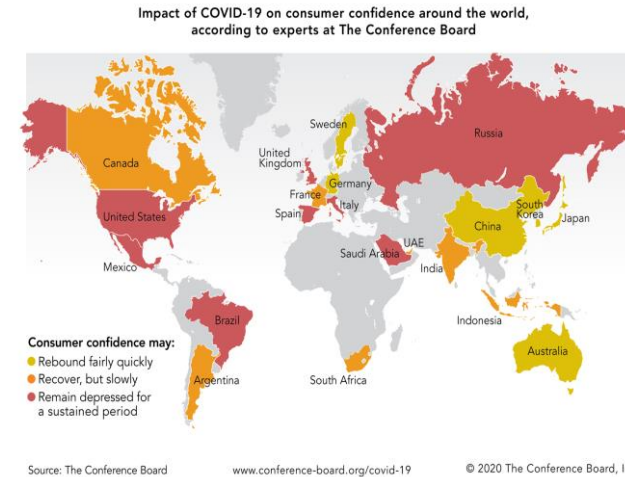
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How Mature
are Your
Supply
Chain
Processes?

Agenda

1. Supply Chain Management, Risk & Resiliency
2. Why They're Important
3. A Glimpse into the Global Supply Chain VUCA World
4. Surviving & Thriving in a VUCA World
5. Q & A



In Preparation for Polling Questions

🖥️ When poll is active, respond at **PollEv.com/gregschlegel910**

📱 Text **GREGSCHLEGEL910** to **22333** once to join

- 1) Please login through your cellphone by texting to the number 22333.
- 2) Text “gregschlegel910” to gain access to the polling.

What We Provide

- Online Education
- Virtual Training
- Classroom Training
- Certificates/Certifications
- Awareness/Mitigation
- Chain Risk & Resiliency Best practices
- Journey Coaching
- SC War Room Development
- SaaS Supply Chain Risk & Resiliency Visibility
- Enterprise SaaS SCR&R Platform Solution
- SC Management Readiness Assessment
 - Best-In-Class, Industry Benchmarking
 - Tailored Journey Action Planning
- Prescriptive Online SCR&R 90-Day Action Plan

EDUCATION

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CONSULTING



Bowler Hunt, LLC



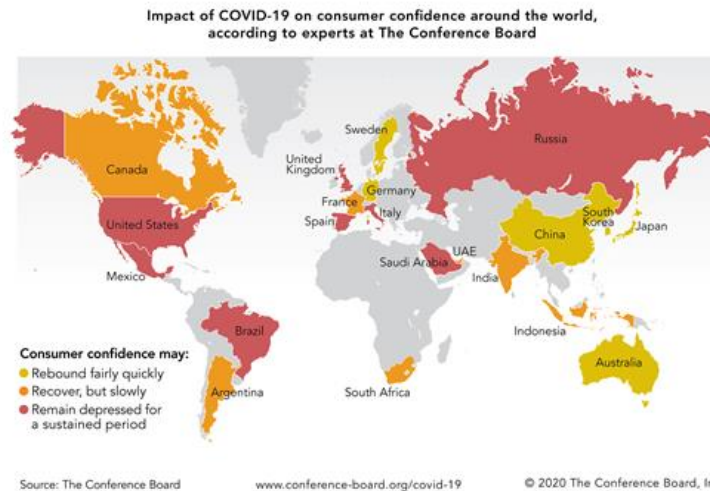
Strategic SPMS
PM Solutions, Inc



SaaS



Surviving & Thriving in a VUCA Supply Chain

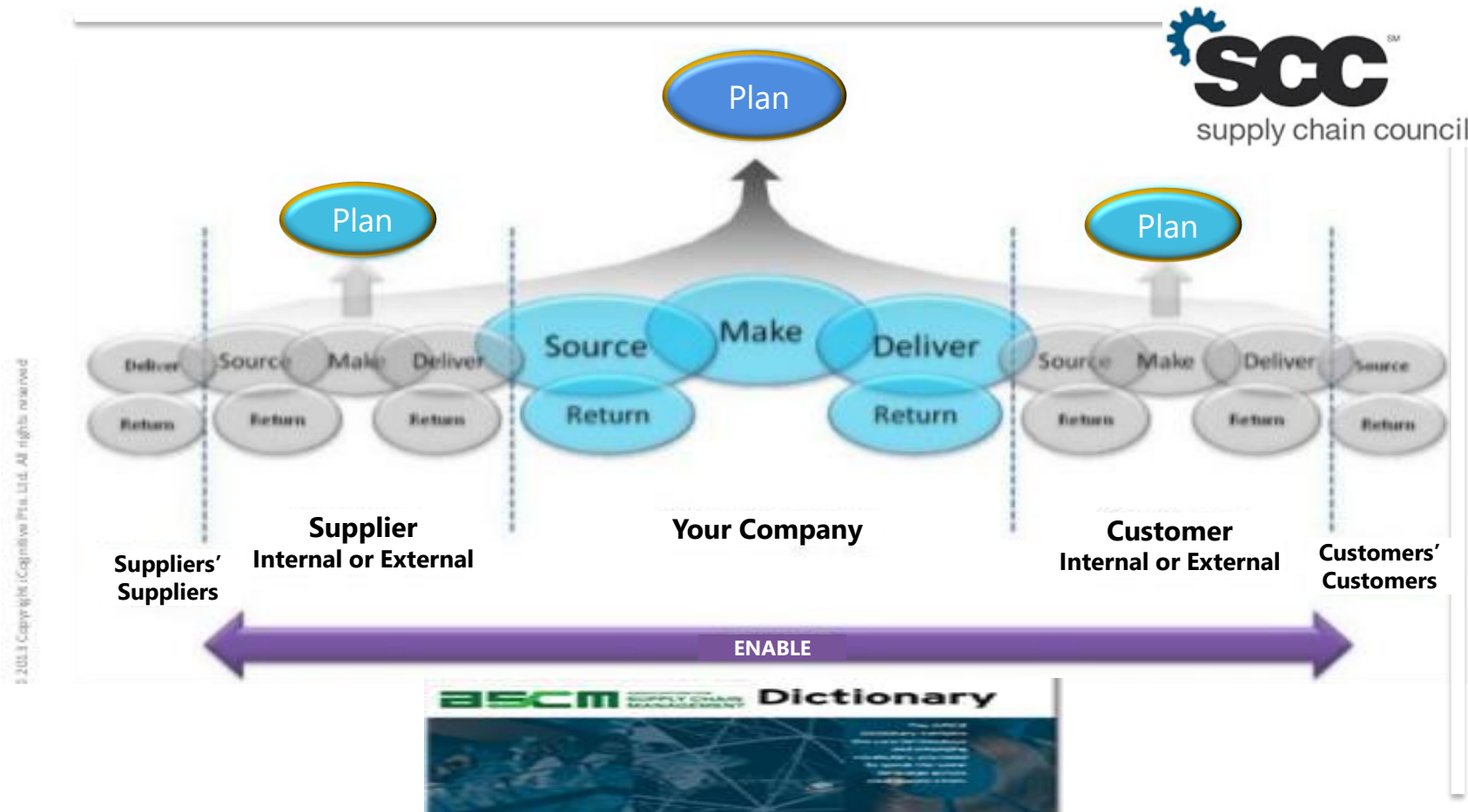


Supply Chain Management, Risk & Resilience

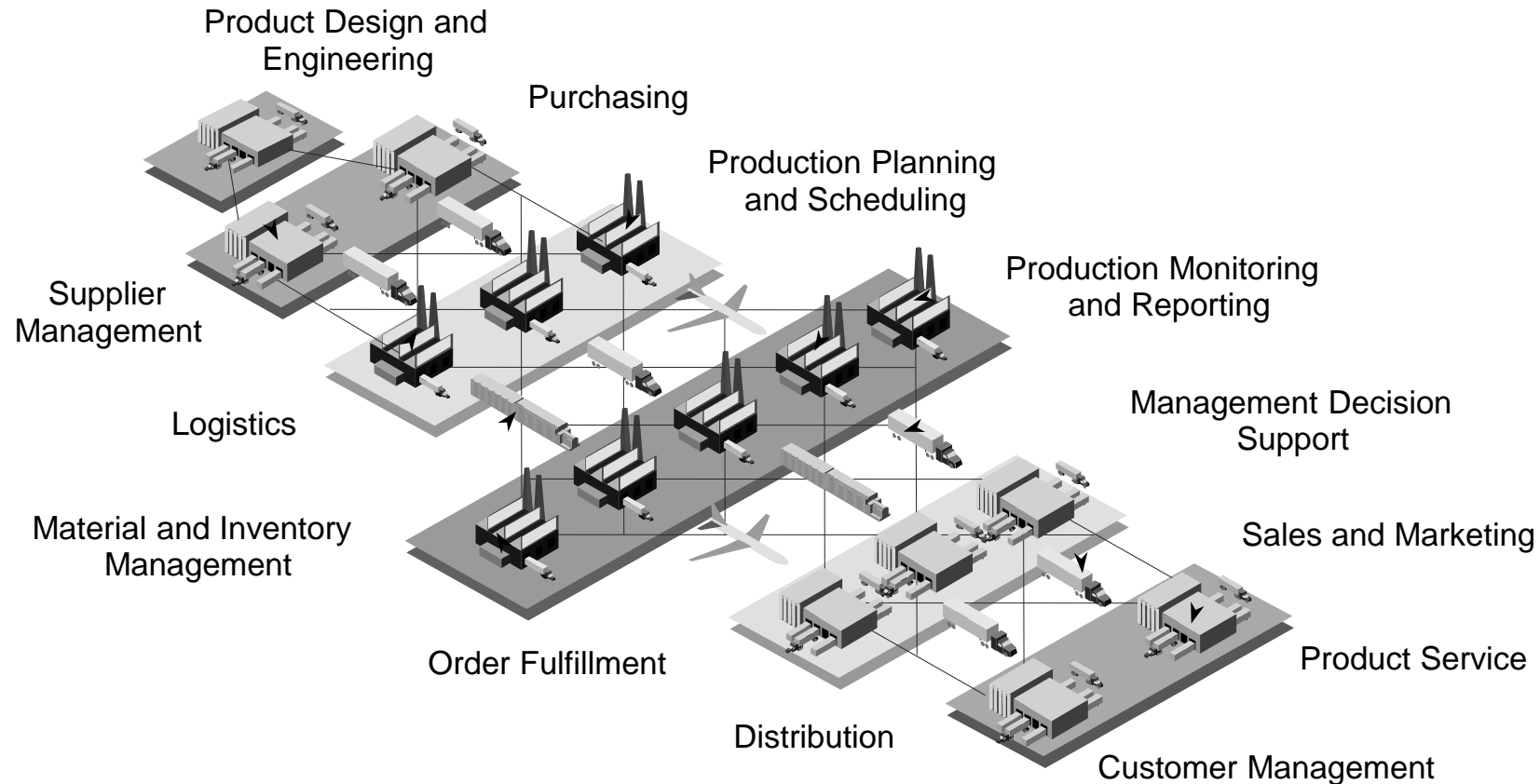
May 18, 2022

Supply Chain Operations Reference Model: SCOR® Model

World-Wide Recognized Methodology covering
the End-to-End Supply Chain



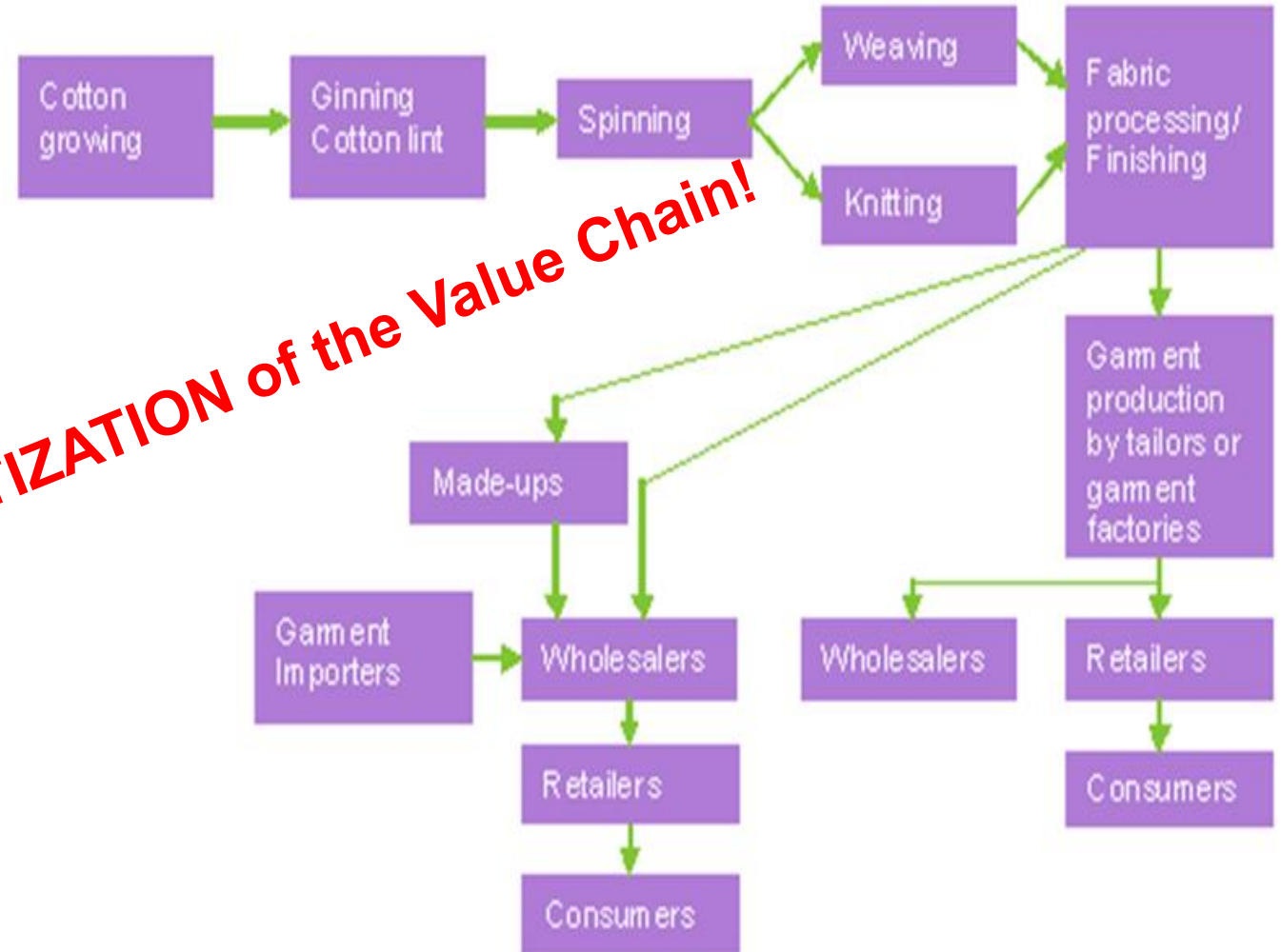
Supply Chain Management is a Comprehensive Business Solution Approach Across the Entire Development, Production and Sales/Service Environment



Textile Industry's Supply Chain

■ The State of Fashion Tech

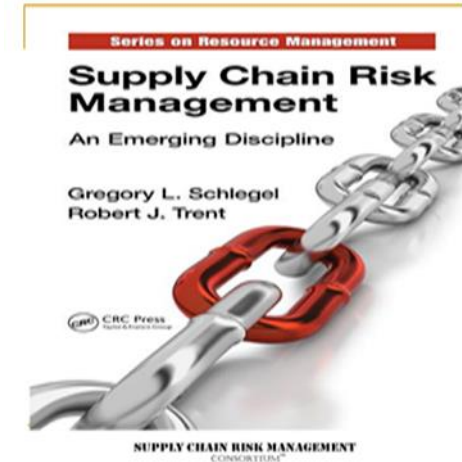
- ❑ Companies have invested 1.6-to-1.8 % of their revenue on tech
- ❑ Fashion customers have spent 2 & ½ hours/day online-shopping
- ❑ Why?
 - 48% said the pandemic
 - 27% cited convenience
 - 11% cited product availability/promotions
 - In 2022, digital interactions will likely stabilize at about 66%



The Resilient Enterprise & SCRM

Dr. Robert J. Trent & Gregory Schlegel, *"Supply Chain Risk Management: An Emerging Discipline"*

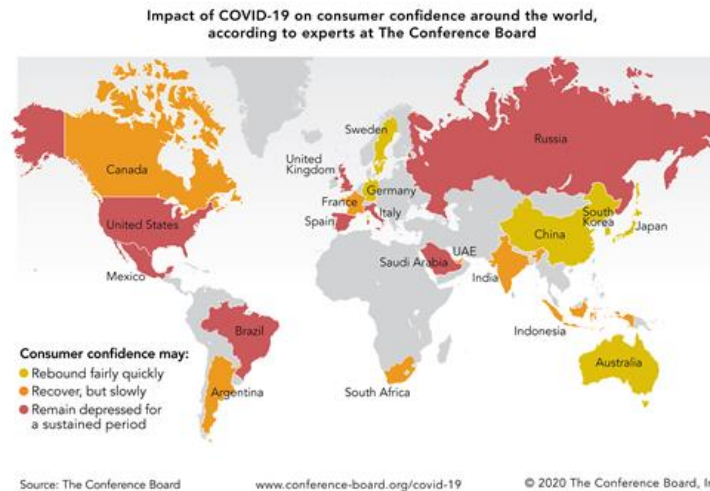
"A resilient enterprise has the capacity to overcome disruptions and continually transform itself to meet the changing needs and expectations of its customers, shareholders and other stakeholders."



- **Supply Chain Risk Management (SCRM)....***"It is the implementation of strategies to manage every day and exceptional risks along the supply chain through continuous risk assessment with the objective of reducing vulnerability and ensuring continuity. **One way to view SCRM is to think of it as the intersection of supply chain management and risk management.**"*----**Dr Robert J. Trent & Gregory L. Schlegel, Lehigh University**

**What Discipline do you Represent?.....Production, Sales,
Marketing, Procurement, Logistics, etc.....**

Surviving & Thriving in a VUCA Supply Chain



Why is SCM, Risk & Resilience Important

May 18, 2022

AlixPartners
referencing **Bloomberg**

"The C-suite is a bundle of nerves this winter. A new survey shows that 72% of Chief Executive Officers are worried about losing their jobs in 2022 because of business disruptions, tracking closely with the 94% of bosses who say their corporate models need to be overhauled within three years."

C-Suite's Top Concerns include Supply Chains, Labor and Cybersecurity



The Majority of CEOs are concerned about Broken Supply Chains



Trouble Hiring Workers



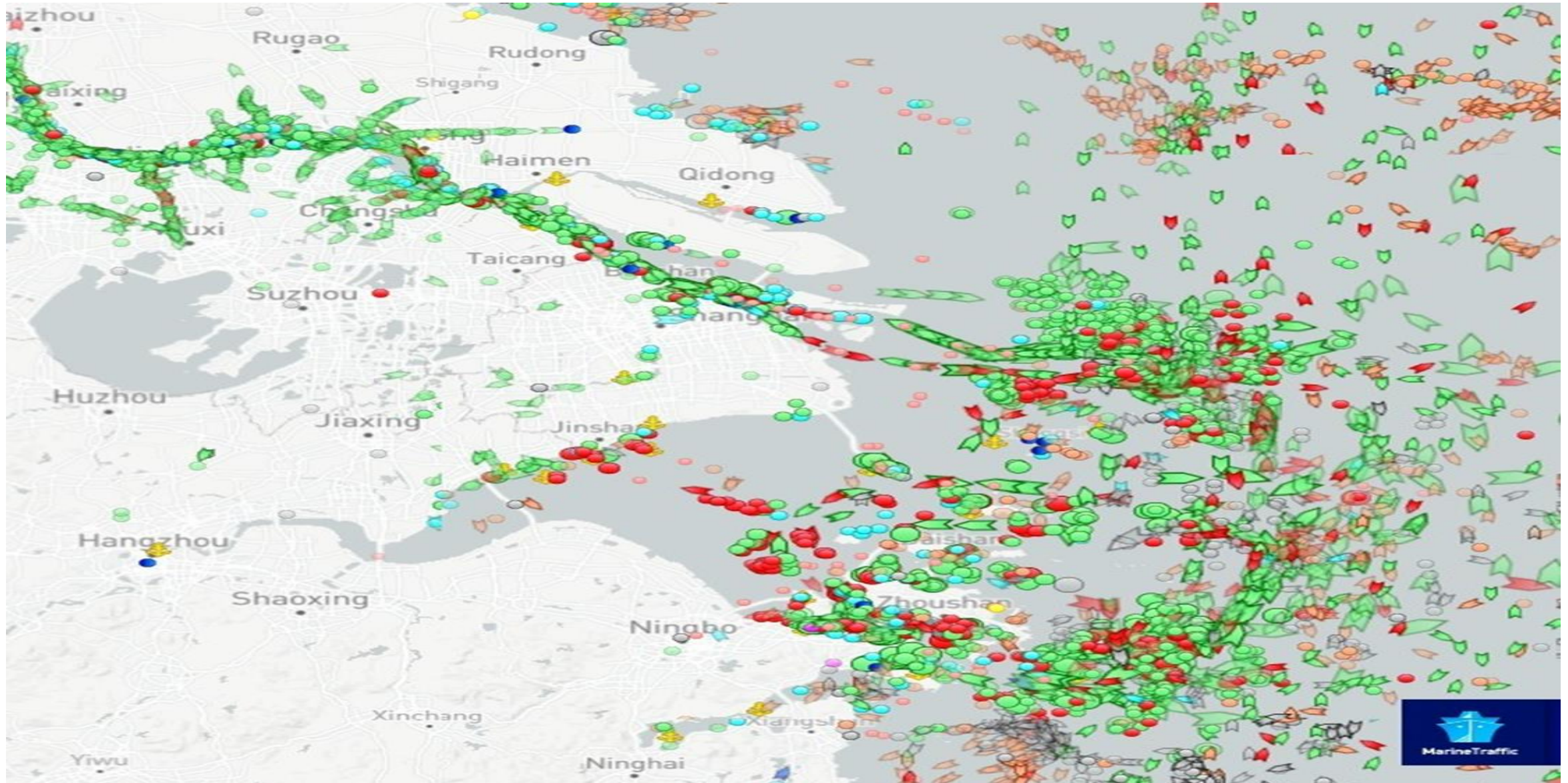
Poorly Managed IT Networks

Source: AlixPartners, 2021



Shanghai Lockdown Costs \$28bn in Global Trade.....

CBE& Russell Group April 2022



McKinsey Report

November 16, 2020

"Why Investing in Supply Chain Resiliency Pays Off"

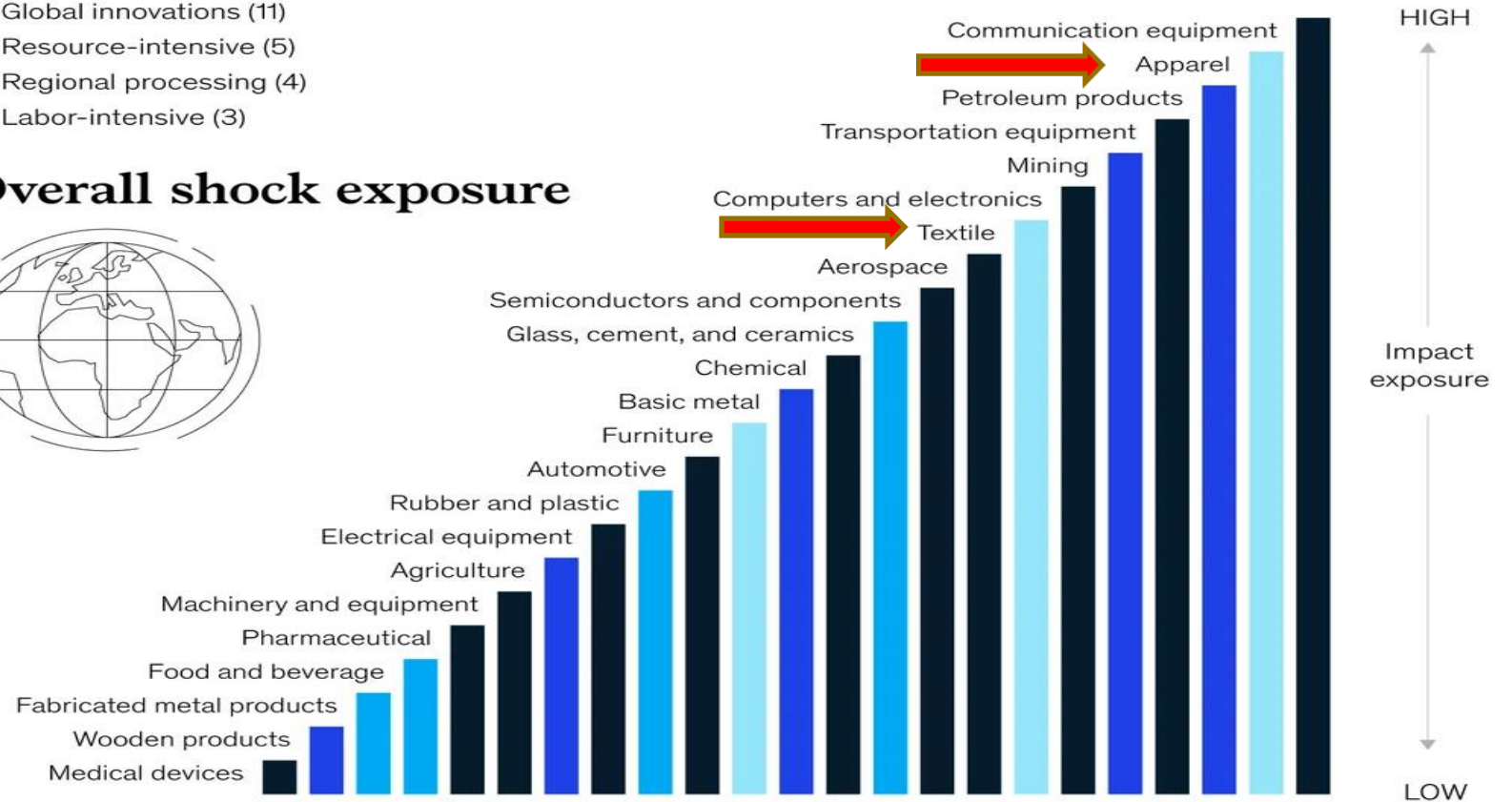
"The COVID-19 pandemic has once again driven the necessity of managing operational and supply chain risks. It has catapulted these issues to the top of CEO's agendas and the unexpected now has to be considered probable"

Geographic footprint and factors of production determine a value chain's exposure to shocks.

Ranked by relative level of exposure

- Global innovations (11)
- Resource-intensive (5)
- Regional processing (4)
- Labor-intensive (3)

Overall shock exposure



Note: Chart considers exposure to shocks but not actions taken to build resiliency or mitigate impact. Demand effects included only for pandemics.
Source: Federal Reserve Bank of St. Louis; INFORM; Observatory of Economic Complexity; Telegeography; US Bureau of Economic Analysis; US Bureau of Labor Statistics; World Input-Output Database; World Resources Institute; McKinsey Global Institute analysis

The Magnitude of Risk

Average Number of Annual Disruptions



11

\$3.85M

Average Annual Risk Costs

Average
Cost per Disruption

US\$350K

Benefits of Indoctrinating a SCRM Program

The Bottom Line



Accelerate revenue growth

40%–60%

decrease in product-development cycle

15%–25%

increase in plant output

Source: Bain & Company analysis



Improve customer satisfaction

20%–40%

increase in perfect order rate

20%–30%

improvement in customer satisfaction



Increase savings and cash flow

1%–2%

lower operating expenses

10%–20%

lower transportation costs

10%–40%

increase in inventory turnover



Minimize risk and increase resilience

Buffers reduce disruptions to the network

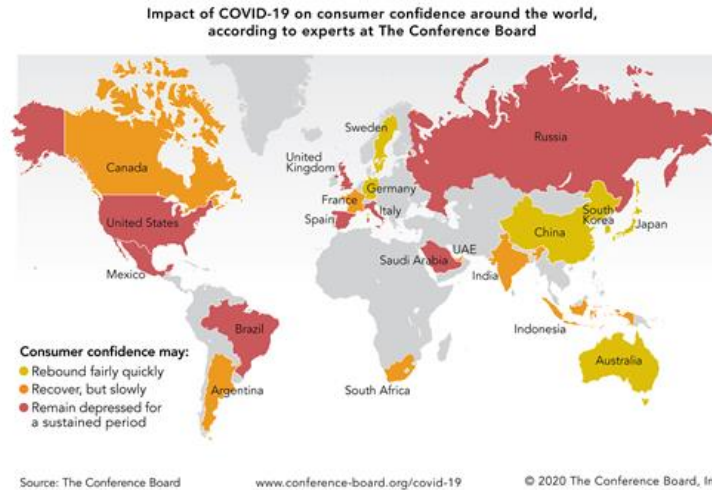
20%–60%

improvement in forecasting accuracy with advanced analytics

By Olaf Schatteman, Drew Woodhouse, and Joe Terino, April 27, 2020



Surviving & Thriving in a VUCA Supply Chain



A Glimpse into the VUCA Supply Chain World

May 18, 2022

The VUCA World Landscape



Volatility

This describes something that is liable to vary or change, sometimes very quickly and often for the worse



Uncertainty

This is the state of not knowing or being able to rely on something.



Complexity

This can be defined as something with many parts in an intricate arrangement



Ambiguity

Something is ambiguous if it is open to more than one interpretation

Key Issues for Chief Supply Chain Officers in 2022

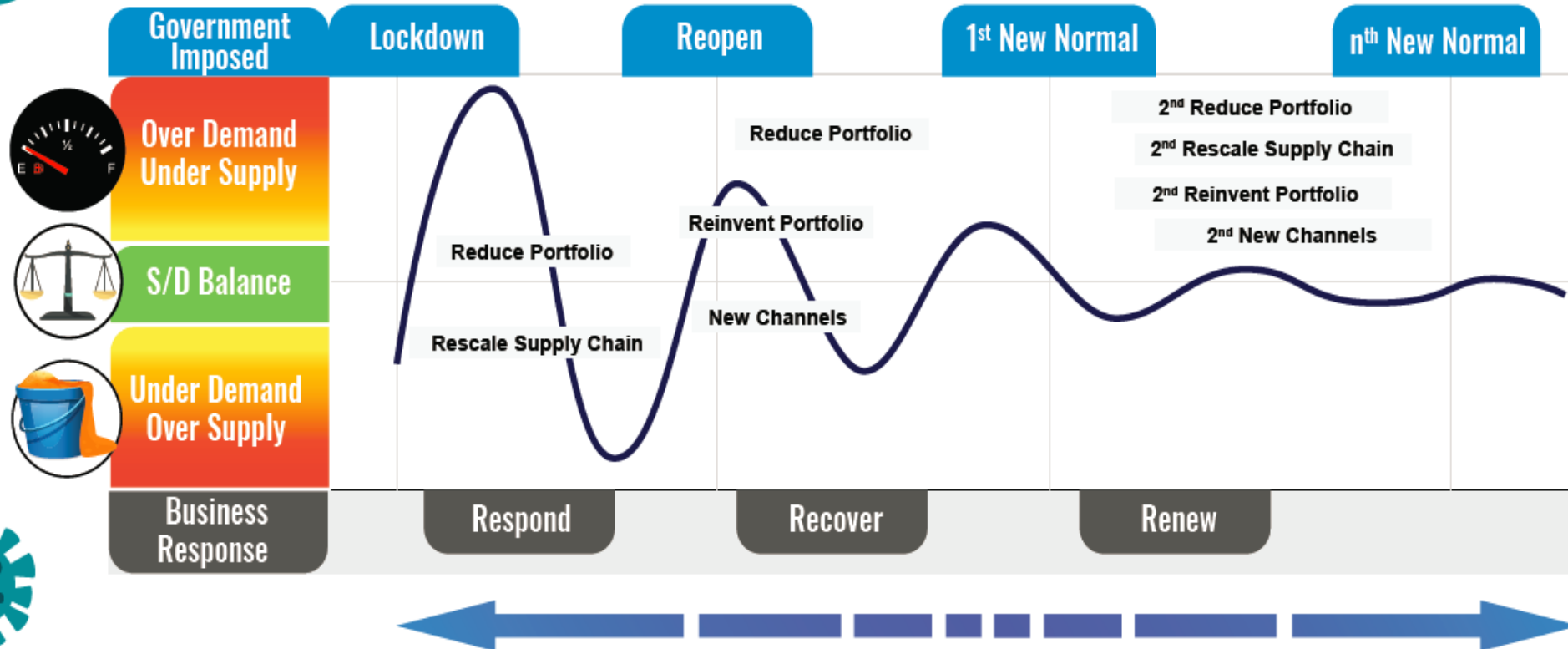


Adapted from Gartner CSCO
Leadership Vision 2022

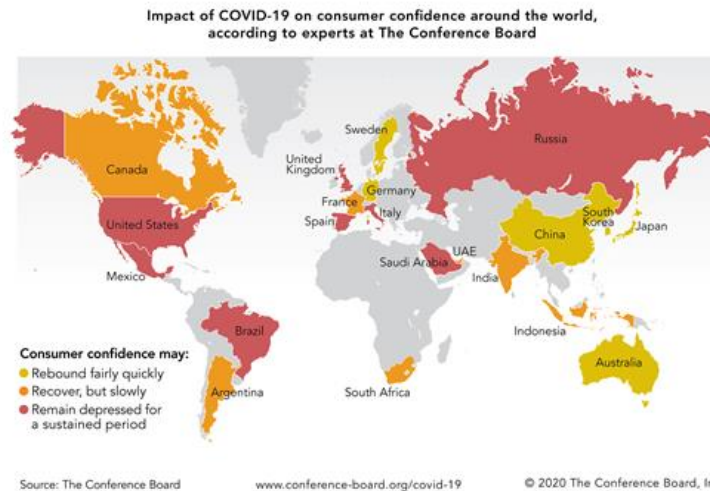
Gartner

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The COVID-19 “W” Recovery & the “3-R’s”



Surviving & Thriving in a VUCA Supply Chain



Surviving and Thriving—Helpful Hints

May 18, 2022

The Future of Textiles & Fashion

- More than 60% of fashion Execs believe creating integrated digital processes throughout their organizations will be among the Top Five areas of focus
- In-store mobile “clienteling” apps---to boost engagement/increase browsing
- Shop floor robotics and stock optimization software supporting microfulfillment centers---to cut fulfillment costs by up to 90%
- Digitizing end-to-end supply chain processes---to realize a 50% reduction in time-to-market, 8% rise in full-price sell-through & 20% reduction in manufacturing costs
- Embedding AI/ML into the business models---to improve cumulative cash flow by 118% over five years
- *Laggards could see a 23% decline in cash flow*

Our Thoughts on CORONAVIRUS

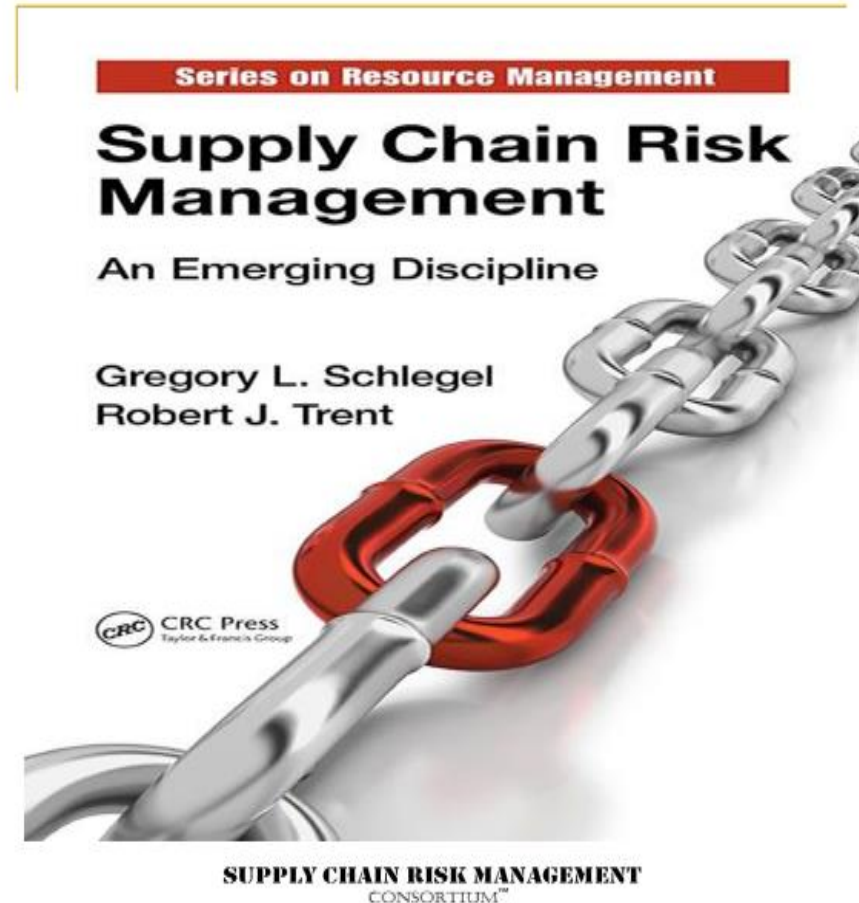


WHAT to do in 2022

- Integrate risk management with synchronized planning
- Map your supply chain—visibility is a critical success factor
- Identify risks, assess those risks and plot them over your supply chain map
- Monitor your risks.....possibly subscribe to a Risk Alert Solution
- Develop Scenarios either manually or using computer models and run “What-if” scenarios to witness how your supply chain will react to risk stimuli
- Build out Risk Response Plans for High Value-at-Risk Scenarios
- Re-balance your supply with demand in your network.....the Recovery will be “W” shaped and will involve push-pull and fits and starts.....the “Bullwhip-Effect-on-Steroids!:

WHY Spend Time on SCRM

- If you can Identify, Assess & Mitigate a risk faster than your nearest competitor, that's a ***strategic advantage***.
- Good prevention-proactive planning protocols, such as Scenario Planning, can lead to ***reduced insurance premiums***.
- Good reactive-responsiveness to a risk event can lead to ***additional revenue and share***.
- Robust SCRM programs, if leveraged, can lead to ***cost reduction, cost avoidance, additional top-line revenue and market share growth.....***
- ***Solid ROI's to Survive & Thrive!***





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