

FloridaMakes Urges Importance of Supply Chain Disruption Planning

As the COVID-19 health crisis impacts global supply chains, FloridaMakes is stressing the importance of having a plan in place prior to disruptions to your supply chain. The following checklist can help your company react to and prepare for disruptions. Advanced preparation and business continuity planning will mitigate risks and help a business continue operating despite a crisis.

If your supply chain is already impacted:

- Review potential short- and long-term impacts to make business decisions. Develop a plan to immediately handle impacts. Existing sales orders, forecasted demand, critical customers, work in process, raw materials inventory, critical suppliers and their locations, and incoming materials on order can impact production schedule and staffing, and affect a manufacturer's ability to make sales.
- Communicate with current and alternate suppliers. They may be getting similar requests from other companies and have capacity limits and/or higher prices. Manufacturing suppliers may be impacted and distributors could see spikes in demand based on actual or perceived concerns.
- Develop standard communications statements for your customers – both a response statement if a customer will likely be affected (your orders may be delayed) and a proactive, standby statement to reassure customers and quell concerns.
- Contact FloridaMakes to advise of available resources; and, find alternate suppliers within Florida or nationally through our NIST Manufacturing Extension Partnership National Network™.

If you suspect there may be disruptions to your supply chain:

- Contact your suppliers, carriers, forwarders and brokers immediately to confirm.
- If possible, build forecasted and reasonable inventories of your short raw materials and secure production and transport capacity from your supply chain partners.
- Review your alternate suppliers lists or start sourcing alternative suppliers, as needed.
- Consider consulting with a third-party logistics company, distributor, or group purchasing firm to determine alternate means for acquiring materials. Have your specific, forecasted needs on hand.
- Identify a resource at your company to monitor the crisis and potential impacts to your business.
- Develop a communications plan and standby statements for customers.

Preparing for the next disruption:

- Complete a manufacturing Business Continuity Assessment (a risk assessment that includes your supply chain). Or, update your business continuity plan and implement changes to mitigate risks.
- Conduct a Total Cost of Ownership (TCO) analysis to revisit overseas sourcing. Consider other countries of origin, as well as domestic suppliers who may be able to supply with shorter lead-times at lower transportation costs.
- Consider dual sourcing (locally and overseas) for critical components.
- Develop, refine, and train employees on your disaster response plan, and a broader business continuity plan. This would include a number of scenarios and risk mitigation measures.
- Have a process to monitor global events to identify potential spikes in demand or supply chain disruptions early.
- Contact FloridaMakes to conduct a risk assessment, help prepare a business continuity plan, and advise of available resources.

Preventing and preparing for employee illness:

- Promote a healthy workplace for employees to retain your team. Now is a great time to promote good health and wellness practices, especially proper handwashing. CDC guidelines: <https://www.cdc.gov/coronavirus/2019-ncov/about/prevention-treatment.html>
- Identify critical roles - from customer service to shipping - and consider immediate cross-training, system access, and have an employee back-up plan in place.
- Review your employee skills matrix, standard operating procedures (SOPs), and work instructions to see who can jump into other roles quickly, if needed. Contact FloridaMakes for help creating these.
- Encourage employees to take care of themselves and their families.

Other considerations:

- Communication is key. Talk with your employees, customers, suppliers, distributors, carriers, and brokers about potential supply chain disruptions, and how you can work together to mitigate issues.
- Collaborate with your regional manufacturers' association (RMA) to keep updated on the current situation. Your RMA can connect you with local manufacturers that may be able to help with materials or contract manufacturing if your business is disrupted.
- Remember that the impacts vary across the global supply chain, so local suppliers can also be affected based on their sources of supply.
- Travel and workforce issues overseas can impact your local supply chain.
- Remember that you face competing demands for global product and transport resources.
- Review your business' insurance coverages, financial buffer, and emergency loan options.
- Stay tuned to reputable sources, such as the US Centers for Disease Control & Prevention (CDC) or your local US International Trade Commission office, about the issue. The COVID-19 situation is changing daily.

Additional information about business continuity: www.FloridaMakes.com/BusinessContinuity

Contact FloridaMakes now for help implementing supply chain disruption planning or a complimentary Business Continuity Assessment.

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