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- George Zsidisin
Michigan State University, USA

ISCRIM 2005 - Cranfield, September 12-13.



Participants (from down and up, and left to right):

1st row: Uta Juttner, Chris Rutherford, Omera Khan, Barbera Gaudenzi, Nadine Dawn. **2nd row:** George Zsidisin, Helen Peck. **3rd row:** Ulf Paulsson, Michael Smith, Jukka Hallikas. **4th row:** Marco Moder, Michael Henke. **5th row:** Andy Chapell, Bob Ritchie. **Top:** Steven Melnyk. (Absent: Clare Brindley and Martin Christopher).

Presentations at the seminar

- **Michael Henke** (University of Munich); "*Systematic supply risk management*".
- **Michael Smith**; "*Industrial decline as a source of supply risk*".
- **Omera Khan** (Cranfield School of Management); "*Design risk management; a new paradigm for managing supply chain risk*".
- **Helen Peck** (Royal Military College of Science); "*Resilience in the food chain: A study of business continuity management in the food and drink industry*".
- **Ulf Paulsson**; "*Application of a supply chain flow risk model – the case of high-tech company*".
- **Jukka Hallikas**; "*Risk-based classification of supplier relationships*".
- **George Zsidisin**; "*The intermediate effects of supply risk: A model and case examples*".
- **Chris Rutherford** (Cranfield School of Management); "*Measuring process risk and the probability of failure*".
- **Andrew Chapell** (Ministry of Defence); "*An investigation into the applicability of the six-sigma methodology in measuring and controlling defence supply chain process risk*".
- **Nadine Daun** (University of Plymouth); "*Change in supply chain risk management after 9/11*".
- **Marco Moder** (European Business School, Wiesbaden); "*Supply early warning system*".
- **Barbera Gaudenzi** (University of Verona); "*Managing risks in the supply chain*".
- **Steven Melnyk** (Michigan State University); "*An audit instrument for assessing supply continuity and risk management*".

Katrina and Organizational Culture

by Dr Yossi Sheffi

Over the last three years a team of MIT researchers have been studying how corporations can bounce back from disruptions of all kinds: terrorist attacks, earthquakes, large strikes and hurricanes to name a few. Our reports and research papers detail conclusions and advice about securing supply chains, using redundancies efficiently and building flexibility into supply chain operations. All these elements are clearly important in building resilience.

The research team studied many examples of companies and organizations that “made it” when disaster struck, as well as companies that faltered. And there are many examples of both kinds. Following a fire in a Philips Chip plant in Albuquerque, NM in March 2000, Ericsson had to exit the cellphone device market while Nokia increased its market share, even though both depended on the chips for the struck plant. After the 1999 Taiwan earthquake that disrupted the island’s chip manufacturing and 40% of the world’s chip supplies, Apple Computers stumbled while Dell kept increasing its market share. And Chiquita was able to recover much faster than Dole from Mitch, the hurricane that devastated Latin America in 1998.

Clearly the more resilient organizations had planned better and designed their supply chains with more flexibility in mind. Close examination, however, showed that these companies and other companies which thrived in the face of significant disruptions had something in their DNA that made them more resilient; a certain corporate culture which helped them survive and even thrive.

Corporate culture has many aspects but the ones relevant to resilience include the following three (among several others):

- Empowerment of front line employees. While it is well-known that production line employees in Toyota factories have the authority and responsibility to stop the line when they see a quality problem, it is less known that any sailor on the deck of a US carrier has the right and responsibility to stop flight operations when they detect a developing problem. Front line employees are close to the action and can assess what is needed; during a disruption there is usually not enough time to go through the usual chain of command.
- Constant communications. Resilient enterprises communicate obsessively and ensure that they can communicate in a disaster. Constant communications allow employees to know the state of the system when disaster strikes and emergency communications allow for the recovery efforts. Thus Intel keeps an emergency center in each region of the world where it is doing business and each such center is equipped with landline telephones, cell phones, SSB communications, satellite phones, Internet connections, and even globe-spanning ham radios. But resilient organizations not only have the gear; they create the environment in which communications are important and bad news travel fast.
- The big picture. Employees in resilient enterprises are passionate about their mission and care deeply about what they do. Don Schneider, chairman of one of the largest trucking companies in the US, explains to his 20,000 associates that they are not really in the trucking business. As transportation enters the cost of every item sold, efficient, low cost trucking reduces the price and increases availability of products. Thus, Schneider is really in the business of raising the standard of living of US consumers. At UPS employees are keenly aware of how dependent their customers are on timely deliveries and thus “nobody goes home until all the packages are delivered.” Regardless of disruptions.

The response to Katrina demonstrates clearly how unprepared was the government, at all levels to face and bounce back from the disruption. Instead of taking decisive actions, government at all levels - city, state and federal – argue with each other who had authority; communications broke down at all levels; and it is clear that many civil servants, from New Orleans police officers to Louisiana state officials to FEMA directors, did not have the urgency nor the passion for the job that circumstances demanded.

Many volunteers, private companies, military personnel, as well as federal, state and local government employees did put in Herculean efforts to save life and to provide for the newly homeless. Their efforts only highlight the failure of the responsible government agencies.

Dr. Yossi Sheffi is a professor of engineering at the Massachusetts Institute of Technology, where he heads the Center for Transportation and Logistics. His Book “The Resilient Enterprise: Overcoming Vulnerability for Competitive Advantage” has just been published by MIT Press.

Articles, papers and literature

Printed articles

Kleindorfer, Paul R. & Saad, Germaine H. (2005): "Managing Disruption Risks in Supply Chains", *Production and Operations Management*, Vol. 14(19), pp. 53-68.

Peck, Helen (2005): "Reducing Risk in the Defence Supply Chain", *Defence Management Journal*, Issue 28, March 2005, pp. 20-21, 24. (Download at www.rmcs.cranfield.ac.uk/ddmsa/resilience/Helen_Peck/view)

Peck, Helen (2005): "The Drivers of Supply Chain Vulnerability: An Integrated Framework", *International Journal of Physical Distribution and Logistics Management*, Vol. 35(4), pp. 210-232.

Conference papers

Chapell, A & Peck, H. (2005): "The Application of a Six Sigma Methodology to Military Supply Chain Processes", Operations and Global Competitiveness: Proceedings of the Euroma Conference, June 19-22, pp. 809-818. (Download at www.rmcs.cranfield.ac.uk/ddmsa/resilience/Helen_Peck/view)

Chapell, A & Peck, H. (2005): "Risk Management in Military Supply Chains: Is there a Role for Six Sigma?", International Logistics and Supply Chain Management, Proceedings of the Logistics Research Network Conference, Plymouth, September 7-9, pp. 101-106. (Download at www.rmcs.cranfield.ac.uk/ddmsa/resilience/Helen_Peck/view)

Paulsson, Ulf (2005): "Developing a Supply Chain Flow Risk Model". Proceedings from the NOFOMA 2005 conference in Copenhagen, pp. 691-706.

Reports

Two reports from the Cranfield Supply Chain Resilience project can now be downloaded via the web page, www.som.cranfield.ac.uk/som/research/centres/lscml/risk.asp The full reports can also be ordered in paper format from the same web page.

- "Creating Resilient Supply Chains: A practical Guide" (Peck et al. 2003)
- "Understanding Supply Chain Risk: A Self-assessment Workbook"

Special issues

International Journal of Physical Distribution & Logistics Management, Vol. 34(5) and Vol. 34(9), 2004. Two special issues on "Logistics and Supply Chain Risk and Uncertainty". Guest editor: Prof. Joseph L. Cavinato.

International Journal of Operations & Production Management. Special issue on "Supply Management: The Emergence of an Academic Discipline?". Guest editor: Prof. Paul D. Cousins.

Journal of Operations Research Society. Special issue on "Risk based methods for supply chain planning and management". Editors: Poojari, Lucas & Mitra. Call ended July 8, 2005.

Books

Brindley, Claire (ed) (2004) *Supply Chain Risk: A Reader*, Ashgate Publishing Limited, UK.

Pfohl, Hans-Christian (ed) (2002) *Risiko- und Chancenmanagement in der Supply Chain: proaktiv - ganzheitlich - nachhaltig*, Erich Schmidt Verlag, Berlin, Germany.

New Books

Sheffi, Yossi (2005): *The Resilient Enterprise – Overcoming Vulnerability for Competitive Advantage*, The MIT Press, London, UK. (368 pages). This new book includes many case studies and examples. It is written for practitioners but academic may find a lot of material and some interesting points of view in this book. The book will be available in all major retail chain and e-tailers. It should be available in Europe towards the end of September. For more information check out <http://www.TheResilientEnterprise.com>

Kleindorfer, Paul R. & Van Wassenhove, Luk N. (2004): *Managing Risk in Global Supply Chains*. Chapter 12 in; The INSEAD-Wharton Alliance on Globalizing. Cambridge University Press.

Coming conferences

Exchanging Knowledge; Coping with Supply Chain Risks. Vienna, Austria, October 11-13, 2005. The conference is arranged by the Supply Chain Council. www.supply-chain.org

Complexity and Risk Management in Supply Chains. Hamburg International Conference of Logistics 2006. Hamburg, Germany. September 15-16, 2006. Call for papers. Deadline for abstract 15 December 2005. www.hicl.org

The 6th International Research Seminar on Supply Chain Risk Management. University of Wiesbaden, Germany. September, 2006.

Research projects and research groups

Resilience in the Food Chain: A Study of Business Continuity Management in the Food and Drink Industry.

The Department for Environment, Food, and Rural Affairs (Defra) has commissioned Dr. Helen Peck at Cranfield University, Shrivensham to undertake a one-year study to assess the resilience of the nation's food and drink supply chains. The work is proceeding with the assistance of Professor Alan McKinnon at Heriot Watt University in Edinburgh, and involves some of the UK's leading supermarket chains, wholesalers, food and drinks manufacturing, distribution and packaging companies, together with a number of industry associations. Its aim is to contribute towards evidence-based policy making in relation to Defra's responsibilities for contingency planning and emergency preparedness. The research is examining the actual scope and purpose of business continuity management within industry, using a soft systems methodology and a purposive sampling approach. The study also aims to provide pointers for companies, which will enable them to improve their own business continuity management. Subject to confidentiality and security constraints the findings of the research are to be disseminated through a report, academic and practitioner conferences papers and journal articles. For further details contact Dr. Helen Peck: h.peck@cranfield.ac.uk

Risk Management in Purchasing and Supply.

Until recently purchasing and supply risk might have viewed as nothing more than poor performance by the purchasing department, while risk management was a financial matter best left to financiers, actuaries and insurers. Not any more. Corporate governance legislation, regulations on international trade, an emergent business continuity standard and civil contingencies legislation all carry explicit implications for the management of purchasing and supply. The Chartered Institute of Purchasing and Supply (CIPS) and Cranfield University have joined together to identify the impact of these and other strategic issues on procurement practices and approaches to risk management. For further details contact Dr. Helen Peck: h.peck@cranfield.ac.uk

Appointments

Dr Clare Brindley, Manchester Metropolitan University, has been appointed Head of the Department of Strategy and Innovation, Lancashire Business School, University of Lancashire, Preston PR1 2HE. New email address: csbrindley@uclan.ac.uk.

Dr Simon Burtonshaw-Gunn, Manchester Metropolitan University, has been appointed Visiting Professor at the School of Property and Construction Management in the University of Salford, UK. www.scpm.salford.ac.uk/people?action=detail&directory=visiting&id=22

Conferences/workshops that have taken place

Zaragoza Supply Chain Summit 2005. Zaragoza, Spain, May 31 – June 1. One of the issues was "Supply chain resilience and security" www.mit.edu/zlc/summit2005.htm

The 4th International Research Seminar on Supply Chain Risk Management. Michigan State University, East Lansing (MI), USA, October 18-20, 2004.

Workshop on "Performance and Risk Measurement: Operations, Logistics and Supply Chains". Bocconi University, Milan, Italy, December 8-10, 2004. www.critom.unibocconi.it

IPSERA 2005. Archamps, France. March 20-23. Among the topics are "Supplier risk management". www.ipsera.org

NOFOMA 2005. Copenhagen, Denmark, June 9-10. Special track for "Supply chain risk management". www.nofoma.org

ISL 2005. Lisbon, Portugal, July 3-5. www.isl21.org

ICSEng05 - 18th International Conference on Systems Engineering. Las Vegas (NV), USA, August 16-18. One of two main themes was "Risk management". www.icseng.info/strm.htm

LRN 2005. "International Logistics and Supply Chain Management". Plymouth, UK. September 7-9. www.lrn2005.com

Effective Disruption Management Seminar. Stanford University, September 8, 2005.

The 5th International Research Seminar on Supply Chain Risk Management. Centre for Supply Risk and Resilience, Cranfield School of Management. September 12-13, 2005. Cranfield University.

Interesting Internet links

ASIS – An almost 50 year old organisation for the security profession with 33'000 members worldwide. www.asisonline.org

CAPS - Centre for Advanced Purchasing Studies. www.capsresearch.org

Centre for Supply Risk and Resilience at Cranfield
www.som.cranfield.ac.uk/som/research/centres/lscm/risk.as

Globalcontinuity.com - A portal for business continuity and disaster recovery.
www.globalcontinuity.com

The Institute of Risk Management. www.theirm.org

IRMI.com - The homepage for International Risk Management Institute, Inc.
A database over risk management articles and other useful information.
www.irmi.com

Procurement Strategy Council. www.psc.executiveboard.com

Risk Transfer Magazine. Useful links to organisations, conferences, books and articles. To get full access to the articles you have to subscribe to the Risk Transfer Magazine. www.risktransfermagazine.com

ROSS (Reliability, Safety and Security Studies). Norwegian University of Science and Technology. www.ntnu.no/ross

SCOR - Supply-Chain Council. www.supply-chain.org

SOLE - The International Society of Logistics. www.sole.org or www.soleurope.org (European partner organisation)

SURVIVE - The Business Continuity Group. An international, industry-wide group for business continuity practitioners with 3000 members.
www.survive.com

Wharton School, Risk Management and Decision Process Centre
Working papers and newsletter to download. <http://grace.wharton.upenn.edu/risk>

International journals on risks

- Enterprise Risk. Informa Professional, London.
- Journal of Risk and Uncertainty. Kluwer.
- Journal of Risk Research. (The official journal of the society for Risk analysis Europe and the Society for Risk Analysis Japan). Carfax Publishing.
- Risk Analysis – an international journal. Blackwell.
- Risk Transfer Magazine. Ark-group Publishing. London.
www.risktransfermagazine.com
- Risk Transfer E-bulletin. Ark-group Publishing. London. (Free)
www.risktransfermagazine.com/newsletter.asp
- Risk Management. Gale Group. Thomson Corporation Company.
- Security Management
- Treasury & Risk Management

ISCRIM News

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Download old issues from
www.iscrim.org

There you will also find some information about the ISCRIM Network.

ISCRIM – The International Supply Chain Risk Management Network

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Issue plan 2005/2006

Issue	Deadline for Contributions	From Print
2005:3	December 1	December 10
2006:1	February 1	February 10
2006:2	May 1	May 10
2006:3	August 1	August 10
2006:4	November 1	November 10

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