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Source: De Lloyd – September 2008

The balances of the risks

The consultancy company MÖBIUS and the Vlerick Ghent Management School have carried out together a research project in order to be able to provide a comprehensive approach for supply chain risk management. During the annual supply chain conference which will take place in Ghent on 26th September, the first results will be presented, but the final outcome will only be supplied during next year's springtime. However, De Lloyd was offered an avant première by Els Pandelaere (Vlerick) and Jonas Hatem (MÖBIUS).

Marcel Schoeters

Your study bears the title 'Supply Chain Risk Management in the Benelux'. Could we conclude then that little research had been carried out in that field in the Benelux?

JH: During previous years one has aimed at a model that focused on reduction of stock and preferred JIT, especially as a cost-cutting factor. With the globalisation one is more spreading the supply as well as the sourcing towards clients. This means that supply chain is becoming more and more complex, combined with measures which mainly focus on efficiency.

EP: Companies are alleged to aim at 'lean' production (at which all costs that do not contribute to the creation of added value for the clients are considered to be a waste. This is not correct. It is a matter of being 'lean' at the right location in the chain. This proposition has not yet been examined in the Benelux within the framework of supply chain risk management.

What are the risks precisely?

JH: As to the suppliers: quality issues and delivery periods; at the 'demand' side all that includes the demand of the clients, plus environmental factors such as exchange rate effects.

EP: Also the processes, e.g. all that includes one's own way of working, is susceptible to risks.

JH: Therefore, these risks ought to be analysed and quantified. Thus, the impact of those risks has to be estimated and integrated, i.e. an answer has to be provided to the question of how to deal with it. You can accept the risks and try to influence them via redesign and review, e.g. options which suit the organisation. You can also transfer them, so place them with another. Finally you can also eliminate them, e.g. by making other arrangements with your suppliers, subcontractors and clients, or by redesigning the supply chain. In all cases however, you have to anticipate on the way one reacts and take pro-active action, draw up an action plan and implement it as soon as one knows what happens.

EP: If you choose for redesign, you have to weigh the costs against the benefits according to the 'value for work'- principle.

Is it possible to organise a sort of fire fighting exercise in the field of supply chain risks?

JH: Dependent on the type of risk there is another test method. Next to real life exercises there are also simulation models by means of advanced computer models which can analyse what the impact of a certain event may be. These are less "drastic" and offer more flexibility.

What does your study look like?

EP: In 2007 we started with an enquiry into the existing literature in order to assess what had already been written about this subject. Hence we have filtered this info into a risk list, which we tested and modified on the basis of interviews with companies. Then we tested again the adjusted list with three companies and finally we carried out a simulation. We hope to be able to present the final results mid 2009.

Are supply chain risks of another character than the big logistic gateways that exist in the Benelux?

EP: For the time being it is too early to judge. The large scale enquiry has yet to be started. We prepare this enquiry in order to identify the risks which are typical of our region. That enquiry will not only be carried out with logistic companies but also with the producers, small and medium-sized and with big companies.

What are you going to present precisely on 26th September?

EP: We are going to offer the first results of the risks we have identified so far. It is our aim to go into a discussion with the audience. The results of our study are only one of the different parts of the programme. Crisis management forms the core part of it in a broader context. There is also the financial aspect.

How did you divide the study amongst yourselves?

EP: Vlerick concentrated on the study aspect.

JH: MÖBIUS offers advice, aimed at providing an instrument of approach.

What would you like to achieve with this study?

JH: We would like to offer companies a clear understanding of the main risks which are manifest in their supply chain and the impact they can have. This will not only happen qualitatively but also the consequences of a risk that took place will be made clear quantitatively. Furthermore a company will be supported in finding out about the opportunities to tackle risks in the most relevant way possible and in making choices about the correct strategies. Again the impact of those measures will be estimated both qualitatively and quantitatively. A decision-making software tool will therefore be developed, namely the MÖBIUS Risk Management Suite (MRMS). The difference with existing research projects is the development of a comprehensive package, inclusive of a solution for the quantification of risks and the matching mitigation strategies.

MÖBIUS

Founded in 1997 by Prof. Dr. Ir. Hendrik Vanmaele as a spin-off of the UG.

In 2004 MÖBIUS started a cooperation with Vlerick.

MÖBIUS meanwhile has three branches in Belgium, plus in the Netherlands, France and the UK.

Jonas Rani Hatem

°Ghent, 1978

Education: Commercial Engineer, EHSAL Brussels, 2004

DES en gestion des risques financiers, Facultés Universitaires Saint Louis, Bruxelles, 2007

Employee with MÖBIUS since 2004

Combines know-how from both specialties (business process management & process management)

Vlerick

The history of Vlerick Louvain Ghent Management School starts in 1953 with the foundation of the Seminar for Productivity Study and –Research, embedded in the Ghent University. In 1998 the school was officially disconnected from the UG and merged with the MBA-programme (started in 1968) of the Faculty of Applied Economics of the Catholic University Louvain.

Els Pandelaere

°Zottegem, 1977

Master in Applied Economic Sciences (Ghent University)

Senior researcher in the Operations & Technology Management Centre of the Vlerick Louvain Ghent Management School. Her research domain is manufacturing and supply chain management with a focus on supply chain risk management and sustainable supply chain management.