



Is It Time to Manage Your Supply Chain?

FM Global can provide resources to help you manage your supply chain risk. As you begin to assess and understand your particular supply chain issues, consider the risks and potential bottlenecks that make you vulnerable to disruption.

The supply chain issue is not new; however, a changing global economy has made supply chain risk management a hot topic in recent years. If your organization has begun outsourcing materials, manufacturing or services to third-party vendors or contract manufacturers you have little knowledge about or control over, your company may be vulnerable to a supply chain disruption. If you can answer yes to any of the following questions, you may be ready to take the next steps toward developing a formal supply chain management program.

- Has your business strategy evolved into lean manufacturing and just-in-time inventory? Do you minimize costs by outsourcing in-process materials and goods?
- Do you rely heavily on suppliers or contract manufacturers to run your business?
- Has globalization driven your organization to search for the lowest manufacturing costs?
- Have you eliminated redundancy from your business process to the point where single-source suppliers are prevalent in those processes?
- Are you aware that a transfer of manufacturing to third parties also transfers additional risk that you no longer control or manage, such as natural disasters, fires, political concerns, communications and equipment failures, etc.?
- Do you know that insurance coverage may not be enough to help you recover from a supply chain disruption? You may never regain lost business, credibility with customers, reputation or market share. Production may be reestablished, but your position in the marketplace may have been impaired, perhaps permanently.
- Can you afford to pay little or no attention to the physical risk quality of your supply chain? By knowing where your business is most vulnerable to supply chain disruption, you can minimize this risk. The lack of a quick and prepared response to a supplier disruption can have devastating effects on your bottom line.

If any of the questions above sound familiar or apply to your organization, you may be facing the types of supply chain concerns that challenge many of our clients. Perhaps you're unsure where to start when it comes to addressing your particular property-related supply chain risk issues. FM Global can help you to understand the physical risk quality of your company's supply chain so that you can develop a mitigation strategy that suits your specific business needs. Contact your client service team for more information.

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