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Top 5 Areas to Cover When Assessing Supply Chain Risk Factors

Have you identified and assessed all the risks in your supply chain? Knowing the key areas to evaluate for each of your suppliers can make this an easier and less time-consuming process. Below are the five key areas to cover when assessing the risk factors in your supply chain.

1. **Country of Origin** — Knowing the location of your supplier's production facilities is important in recognizing their susceptibility to security threats. Countries which are more vulnerable to threats could affect the security of the supplier's plants and could cause delays in your supply chain or compromise the products you receive. A key question to have answered is the physical location of each of the supplier's plants and/or factories, and if possible, the locations of their raw material suppliers.
2. **Shipment & Delivery Accuracy** — Ensuring that a supplier can deliver supplies consistently and on-time is key to assessing the risk they pose to your supply chain. Be sure to ask for shipment times (daily, weekly, etc.), mode of transportation (air, land or sea), and procedures re-routing when natural disasters interrupt trade lanes.
3. **Physical Security** — Assessing the physical security is very important, especially in countries where terrorism is on the rise. Inquiring about areas such as the materials used to construct the building, existence of a guard gate, adequate lighting around the perimeter, use of locks on all windows and doors, perimeter fencing, and cargo storage procedures will help you assess the ability of the supplier to keep their location secure regardless of natural or institutional threats.
4. **Internal Processes** — Soliciting information about a supplier's internal processes provides visibility into not only the security, but also the controls put in place during the manufacturing process. Suppliers should be asked to explain processes dealing with how keys are checked out, visitors are monitored while on-site, access to cargo is restricted, use of computers and electronic data is controlled, and employee background checks are conducted.
5. **Social & Environmental Responsibilities** — Requesting information on the removal of chemicals used during the manufacturing process, or if the supplier abides by the no child labor law are only two of the important questions in this area. It is also instructive to inquire about internal policies such as maternity leave and paid-time off as well as the air quality and work environment. Supplier social and environmental responsibilities are becoming a larger factor in assessing risk in a supply chain as product safety regulations continue to be proposed and passed into law.

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