



Rethinking Supply Chains:

Making the shift to a new paradigm of supply chain management



Special briefing

August 2020

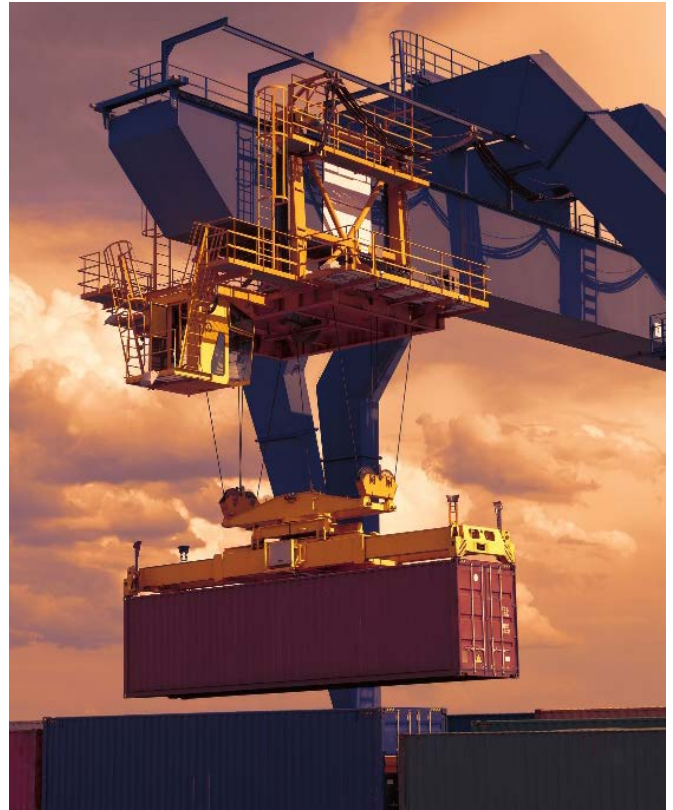
The need for new supply chain models

Supply chains have always been built around the need to reduce costs. This has led to the creation of large, integrated regional and global networks. Such networks often outsource manufacturing to emerging economies in order to benefit from economies of scale.

Of late, many organizations have been questioning if this is the right supply chain operating model to begin with:

- Customers requirements are becoming increasingly more specific and require something other than a “one size fits all” approach.
- The variety and speed necessary to satisfy new customers can no longer be achieved.
- The traditional supply chain model is vulnerable to trade tensions.

The growing frequency and intensity of supply chain disruptions such as COVID-19 as well ever-evolving trade tensions have only made this need to find alternative supply chain models more urgent.



An alternative worth exploring – Micro supply chains

Micro supply chains are finite, agile “mini operating models” with flexible contracts and manufacturing closer to the point of purchase.

By adopting a decentralized approach, micro supply chains create as much value as possible, as close to

the customer as possible. This independence benefits organizations greatly, especially in times of crisis.

Micros supply chains are also less vulnerable to other macro phenomena such as volatile interest and exchange rates, tax regime changes, and trade tariffs.

Features of Micro Supply Chains

Highly flexible and decentralized

More agile and localized with altered production and delivery

Ability to scale volumes and introduce new products at short notice

Benefits of the micro supply chain model

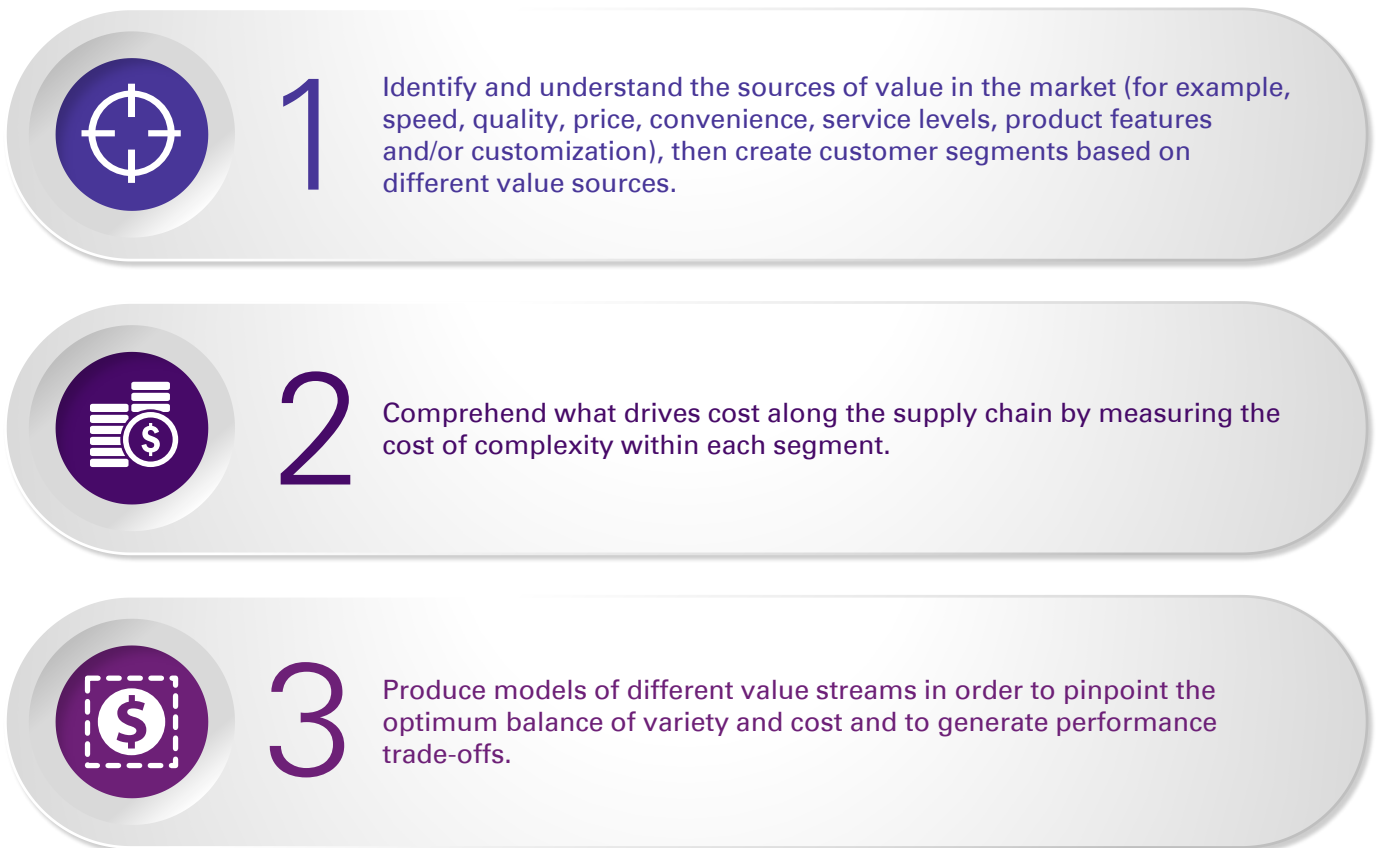


Consider them independent mini operating models

As micro supply chains are largely independent mini operating models, the way in which one customer segment is served should not impact other segments. Companies can run multiple standard work processes in parallel. This reduces the costs of complexity that would typically be associated with multiple variations of products.

In this way, tomorrow's supply chain leaders will be able to balance complexity and variety by recognizing the sources of value (speed, service and/or cost), then optimizing their fulfilment systems to provide unique value to all customer segments, all by using standard processes.

Key steps to building a micro supply chain



How we can help

Organizations everywhere are asking mission-critical questions pertaining to the supplier and operations risks that have emerged as a result of the COVID-19 environment. We recognize that during this time, business leaders don't only need solutions, but reliable consultants as well.

KPMG's Supply Chain team is here to support you in navigating this unprecedented situation.

KPMG's worldwide network of member firms offer more than 2,000 supply chain, strategy, and value chain management professionals who can help you address the

issues of today – from crisis response planning and rapid diagnostics for supply and demand risks across your operation, to scenario analysis and contingency planning.

Our professionals are skilled across all areas of supply chain operations, whether it be strategy and analytics, supply chain risks, planning and execution, or logistics and distribution.

We also have the capabilities to help you integrate tax planning into your business operations to help minimize expenses and risk, enhance returns on investment, and drive efficiencies across operations.

About Rethinking Supply Chains

KPMG Rethinking Supply Chains highlights the latest issues in Supply Chain Operations, impending changes to current practices, and potential problem areas that may impact your company.

As certain issues discussed herein are time sensitive, it is advisable to make plans accordingly. Rethinking Supply Chains is issued exclusively for the information of clients and staff of KPMG Services Pte. Ltd. and should not be used or relied upon as a substitute for detailed advice or a basis for formulating business decisions.

To uncover more insights on how you can navigate the future of supply chains, click [here](#). Alternatively, feel free to contact us to discuss supply chain issues and to find out how we can help take your supply chain operations forward.

Contact us



Rakesh Agarwal
Partner,
Advisory

E: rakeshagarwal@kpmg.com.sg

T: +65 6411 8165

KPMG

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

T: +65 6213 3388

F: +65 6220 9419

kpmg.com.sg



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