

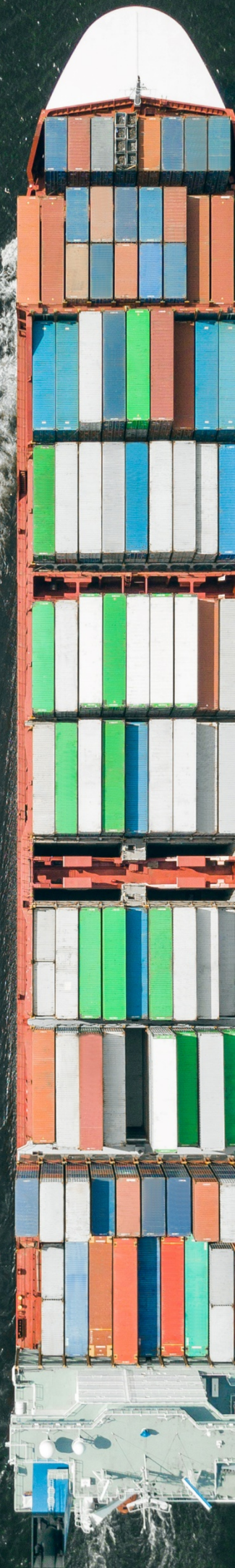


**Rethinking Supply Chains:**

# Restarting supply chain operations in the new normal

**Special briefing**

August 2020





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## **The world is ready to move on from COVID-19. Are you?**

As state shutdowns come to an end and travel restrictions ease in some part of the world, supply chain leaders must plan and react carefully when reopening factory and operations doors.

With this comes the harsh new reality that has now set in: the new normal for plant managers will mean far more than just issuing masks and gloves to factory and warehouse professionals.

With plant and operations managers around the world ramping up production and distribution come new processes and procedures as well as new risk protocols to protect workers, customers, and strategic business partners. And with this, will emerge new challenges and risks that business leaders cannot afford to ignore.

### **Fact: Ramping up is riskier than shutting down**

Without understanding the impact of COVID-19 on the entire value chain, supply chain leaders may restart operations too quickly and subject themselves to unnecessary risks:

- Lack of visibility over the whole supply chain operation can lead to a deterioration of current operational difficulties caused by the current crisis.
- Incurring unnecessary costs in the process of reopening operations can negatively affect the profitability of businesses.
- An inadequate understanding of key customer behavior patterns (online and/or offline) may lead to ineffective re-orienting of supply chains in this 'new normal'.
- Further disruptions in supply chain operations may impact customer service and loyalty.

It is therefore critical that supply chain leaders evaluate the state of their entire value chain before moving ahead to reopen factory doors. One can expect ambiguity from customers and suppliers that may not be ready to collaborate. As such, we recommend first assessing the overall impact of COVID-19's fall out on your key suppliers, customers, and third-party service providers.

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# Key considerations before restarting operations

When addressing the key pressing issues at hand for restarting supply chain operations, business leaders may overlook certain areas or fail to look at things holistically. This could lead to ‘surprises’ that could be minimized, or even altogether avoided.

The four major categories that businesses need to consider when it comes to supply chain operations risk assessments are **People**, **Material**, **Operations**, and **Customer**. This comprehensive approach is necessary for businesses to successfully deliver their services or goods to customers over today’s complicated and varied business models.



## Consider these:

### People

- How do I bring my workforce back to work?
- How do I provide a safe/healthy work environment?
- How do I reconfigure my operations workflows to meet new health, safety, and regulatory guidelines?

### Material

- How do I get an accurate understanding of what inventory exists across my supply chain network?
- How do I collaborate with my suppliers to bring raw material levels back? Do I need a Tier 2 source as well?
- How do I work with distressed suppliers that have been impacted by COVID-19?

### Operations

- How do I refresh my manufacturing & distribution capacity (both within four walls and external 3PL/providers)?
- How do I leverage third party service providers/contractors and carriers to supplement the shortage of skilled labor?
- How do I ensure idle and new assets can start up with available resources and MRO inventory?

### Customer

- How do I identify which customers’ operations are ready to reopen and accept orders?
- How do I fulfil my current/backlog orders?
- How do I continue to refresh the sales & operations plan with new demand fluctuations, signals and constraints?

## Re-establishing solid foundations in supply chain operations – Two key phases

### Phase 1

- Understand the impact of state and local reopening schedules
- Establish processes to monitor readiness once the doors open
- Determine financial strength and manage delivery ramp-up schedule
- Determine the impact on recent customer and supplier commitments

### Phase 2

- Evaluate potential demand recovery patterns based on different regions and customers
- Outline staffing models to support logistics and customer service operations
- Determine inventory build strategy as potential bridge stock
- Evaluate “at risk” resources, suppliers, and customers

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# 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 return 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.**

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