

Supply chain management in a global market

Turning complexity into clarity for the
challenges of the future



Empowering Trust®



Optimizing management for success

While growing market complexity and the scattered nature of today's supply chains prove to be a great challenge, consumer expectations and legal and regulatory scrutiny also make understanding and gaining control of the supply chain a business imperative. As global expansion becomes the norm, the lack of visibility and insight can have devastating impacts on competitiveness, profitability and brand reputation. Understanding the advantages and disadvantages of sourcing and management of your supply chain base is critical to having an efficient and effective system for the manufacturing of products and/or the delivery of services.



The benefits of effective supply chain management cannot be overstated due to the critical role a supplier plays in helping organizations create defect-free products and services which are delivered in accordance with contract requirements.

Consumers have endless options for their purchasing power, and these unlimited options mean intense competition. As the market stands today:

- 69% of organizations do not have full visibility of their supply chains¹
- 87% of consumers stated they base purchases on values²
- 76% of consumers would boycott a brand if it supported an issue contrary to their beliefs³
- 94% of consumers would be loyal to a brand offering complete transparency⁴

As consumer awareness increases, brands must maintain constant vigilance over their processes. Through closer examination of their environmental, social and governance (ESG) propositions, companies experience far more positive (63%) findings than negative (8%).⁵

However, the detailed attention required can be difficult to deliver as responsibilities mount and attention is divided. 41% of companies understand this well, ranking supply chain disruption as one of their top priorities.⁶ In a global market where both manufacturers and consumers

are ranking quality as the most important driver for their success⁷, leaders can't afford to keep their processes at arm's length. Effective supply chain management is no longer an option; it's a necessity.



OF THOSE SURVEYED,
90% *of manufacturers see a need for improvement in*
quality, sustainability,
traceability and transparency.⁷



Taking a closer look

Now more than ever, companies are opting for increased assurance in their suppliers. With mounting evidence that consumers crave value-based products, managing your supply chain effectively, sustainably and with transparency is quickly becoming a top priority for global companies. This transparency can be achieved with a supply chain audit.

Supply chain audits help companies of all sizes identify potential risks and process improvements through comprehensive, full-system audits. These detailed inspections help you create a clear pathway to higher performance.

A supply chain audit creates the clarity that consumers are looking for and reveals the efficiencies and insights leaders need to compete and excel. These audits are relevant to many different business sectors due to their customizable nature.

An ideal supply chain audit will provide:

- An accurate and comprehensive assessment of the supply chain
- A detailed analysis of the opportunities available to and the risks faced by an organization
- Reporting from an independent, third-party service provider with proven efficacy and acceptance from code authorities

Opting for a supply chain audit adds a new layer of transparency to processes. Consumers are increasingly craving this transparency and they understand how it relates to quality. A supply chain audit allows leadership to effectively demonstrate a strong commitment to both.

Beyond these benefits, a thorough analysis of the supply chain can reveal opportunities for increased sustainability. Efforts to be more environmentally friendly can be financially advantageous; manufacturers know that 68% of consumers will be willing to pay more for the end product if they know it is more eco-friendly than a competing option⁷.

Additionally, security in the supply chain can address one of the largest threats facing manufacturers today – cybersecurity breaches. Limiting supplier access to data can prevent opportunities for information security theft.

Consistency in deliverables — every step of the way

Effective supply chain management begins with a plan. For decision makers, that typically includes selecting, vetting and validating a supplier's ability to meet their needs on a continual basis and supply material, components and services at a competitive price. While there is no universal process, every supplier can benefit from these key steps.

Take a holistic approach to data

While research like supplier surveys or preliminary meetings may seem sufficient to award a supplier with a contract, gathering all the information necessary can be much more complex. This is especially true if the supplier you're seeking will be manufacturing critical components or providing proprietary services, and frequently requires an in-person visit or an audit of the facility. Supply chain audit services include specific terms and conditions that must be met, resulting in a more complete understanding of an organization's capabilities, the potential outcome and contractual expectations.

Each management situation is unique. Consider opting for specialized certifications as well as a service provider who offers customized solutions to optimize your systems.

These specialized certifications can help you through providing:



A methodical approach that begins with a clear understanding of the customer's internal processes



Modifications and updates to your processes, adjusting them to reflect industry best practices



A final report that demonstrates changes suggested, taken and implemented and their immediate effects



Consistent and reliable involvement in the progression of new processes to work toward sustained success

Embracing market complexity with data and intelligence

Optimize your processes

Investing in transparency offers a multitude of benefits. Throughout the audit process, efficiencies appear and wastefulness is alleviated. Collaboration with suppliers on the shared goal of visibility helps reduce production gaps and lower exposure to risk from supply chain disruptions, recalls and legal and regulatory penalties while strengthening internal relationships. Implementing digital technologies to aid in data transparency can minimize missed deadlines and damaged deliveries. Addressing issues before they affect consumers is an essential component of brand protection for business leaders.

When selecting a third-party auditor for the supply chain, look for one who works with you to optimize your company's service network. Supply chain audit services should be tailored to fit each organization's unique needs.

Trends to note

Supply chain audit services represent a solution for many of the business complexities companies experience every day.

Important trends to note as the new decade progresses include:

- Manufacturers are focusing their activities on their main areas of expertise. Any support production or activities are outsourced.
- Increased consumer demand for customization. Users expect their products to reflect their individual expectations and requests.
- The supply chain has become truly global and complex. Even the smallest of components could originate from another continent and progress through many other countries before the product hits the shelf. What this brings companies in options brings increased management difficulties too.





Solutions that empower

Meeting consumer demand in an increasingly complex and rapidly advancing digital global economy is possible. Curating supply chains and identifying opportunities enables businesses and their leaders to make the quick, accurate decisions needed to keep their supply chains operating efficiently and sustainably. A supply chain audit increases consumer trust in products, services and more while satisfying their desires for transparency.

With all the various global challenges businesses face today, knowing what happens up and down the supply chain is a must to avoid risk and reputational damage. No matter an organization's visibility challenges, with the right digital tools and external assistance these complex structures can be efficiently managed. Investing in supply chain improvements leads to cut costs, improved operations and long-term success for businesses and brands.

UL works around the globe to help customers, purchasers and policymakers navigate market risk and complexity. We possess a unique expertise in developing data security frameworks, implementing innovations and maintaining customer trust while increasing market access. As a partner and collaborator, UL creates standards and policies that make the world a safer place. We invite you to take advantage of our leading-edge insights and domain experts today to position your brand for long-term, sustainable and transparent success.

Supply chains are complicated. We can help. Learn more at [UL.com/PSS](https://www.ul.com/PSS).



Endnotes

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