

THE ISCRIM NEWSLETTER

The *Newsletter* for

the

INTERNATIONAL SUPPLY CHAIN RISK MANAGEMENT (ISCRIM)

Network

Issue 1, May 27th, 2002

Words from the editor

Dear friends,

here is the first issue of our newsletter and I hope that each one of you will find something interesting and useful in it. Because if you don't, you might not be interested in contributing to the newsletter in the future which probably would mean the end of it. For the basic idea behind the newsletter is that it is created by contributions from the readers. It is planned to be at least 4 issues a year and 2 weeks before a new issue there will be a call for contributions distributed to each of you.

At this stage (the rules might be changed later) anyone who wants to be added on the distribution list for the newsletter just have to send me an e-mail expressing their wish and I will put them on the list. (But they are not automatically members of the ISCRIMnetwork).

It will probably take some time before the newsletter has found its form. I am therefore very grateful for opinions and suggestions about the structure and contents of the newsletter.

Already this first issue contains a number of interesting articlereferences, comments, links etc. and there are reasons to believe that the contents will become more and more thrilling for each issue.

Best regards

Ulf

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Articles and literature

Printed

Agrell, Lindroth & Norrman (2002): "Risk, Information, and Rewards in Supply Chains: Agency Mechanisms for Multi-Level Co-ordination in Telecom". Published in: *Twelfth International Working Seminar on Production Economics*, Igls/Innsbruck, Austria, February 18-22 2002, Pre-Prints Volume 3, pp.1-20.

Johnson, Eric (2001): "Learning from toys: Lessons in managing supply chain risks from the toy industry". *California management review*. Vol. 43, no.3, spring 2001.

Ritchie, B. & Brindley, C. (2002): "Reassessing the management of the global supply chain". *Integrated Manufacturing Systems*. 13/2 2002. Page 110-116.

Supply Chain Vulnerability (2002). Report. Cranfield University. UK. January 2002.

Manuscripts under review by ISCRIM members

Agrell, P. S., Lindroth, R. & Norrman, A.: "Risk, Information, and Incentives in Telecom Supply Chains". Submitted to *International Journal of Production Economics*.

Zsidisin, George A. and Lisa M. Ellram, "Purchasing Organization Implementation of Uncertainty and Impact Reduction Techniques to Manage Supply Risk". Submitted to the *Journal of Supply Chain Management*.

Zsidisin, George A., "Managerial Perceptions of Supply Risk". Submitted to the *Journal of Supply Chain Management*.

Zsidisin, George A., "A Grounded Definition of Supply Risk". Submitted to the *European Journal of Purchasing & Supply Management*.

Comments on articles and literature

Comments by George Zsidisin:

There have been several recent publications in the *International Journal of Physical Distribution & Logistics Management* examining vulnerability issues in the supply chain. These articles, written by Goran Svensson (Vaxjo University and Goteborg University, Sweden), provide a conceptual framework for analyzing inbound and outbound supply vulnerabilities. These findings are grounded from an in-depth case study of Volvo, and tested using a survey-based instrument. Svensson's work has a direct relationship in studying supply chain risk, and brings in the dimension of dependence as a significant factor. Below are three articles that may be of interest to the network:

Svensson, G. (2000), "A Conceptual Framework for the Analysis of Vulnerability in Supply Chains," *International Journal of Physical Distribution & Logistics Management*, Vol. 30, No. 9, pp. 731-749.

Svensson, G. (2002), "A Conceptual Framework of Vulnerability in Firms' Inbound and Outbound Logistics Flows," *International Journal of Physical Distribution & Logistics Management*, Vol. 32, No. 2, pp. 110-134.

Svensson, G. (2002), "A Typology of Vulnerability Scenarios Towards Suppliers and Customers in Supply Chains Based Upon Perceived Time and Relationship Dependencies," *International Journal of Physical Distribution & Logistics Management*, Vol. 32, No. 3, pp. 168-187.

Comments by Ulf Paulsson:

The doctoral thesis mentioned above by George is:

Svensson, Göran (2001): *Sårbarhet i logistikkanaler - En studie av svensk fordonsindustri*. Doktorsavhandling. Handelshögskolan vid Göteborgs universitet. Företagsekonomiska institutionen.

Unfortunately the thesis is written in Swedish and has only a one page abstract in English so I guess that most of you have to read the articles instead.

Johnson, Eric (2001): "Learning from toys: Lessons in managing supply chain risks from the toy industry". *California management review*. Vol. 43, no.3, spring 2001.

The author divides supply chain risk management into two different parts: To manage supply risks and to manage demand risks. For each part four different "risk areas" are identified and for each risk area suitable risk methods/risk means are identified and practical examples are given on their application. To sum up: A very interesting article both from a theoretical and practical point of view. The empirical material is taken from the toy industry, an industry characterised of rapid changes in demand and variability in supply.

Conferences and workshops

Conferences/work-shops that have taken place

"Managing Risk in the International Supply Chain - exploring critical aspects of logistics effectiveness". 25-26th October 1999. The Copthorne Tara Hotel, Kensington, London. Organised by Triangle Management Services Ltd, Beaconsfield, UK.

"The Inaugural International Research Seminar on Risk and the Supply Chain". 15-17th October 2001. Crewe and Alsager Faculty, Manchester Metropolitan University. Crewe. UK.

"Managing Risk in the Supply Chain". 12-14th March 2002. European Supply Chain Forum. Dorint Cognac Hotel. Eindhoven. Netherlands.

"Supply Chain Vulnerability". 25th April 2002. Cranfield School of Management. Cranfield. <http://www.som.cranfield.ac.uk/som/>

Conferences/work-shops to be

"ILC 2002 - 18th International Logistics Congress and Exhibition". Theme of the conference: "Outsourcing Life Cycle Support - Sharing the Risks, Sharing the Opportunities". Munich, Germany, 6th-9th October 2002. Arranged by SOLEurope.

"The 2nd International Research Work-shop on Supply Chain Risk Management". 14-16th October 2002. Engineering Logistics, Lund Institute of Technology, Lund University, Lund, Sweden. (Only open to members in the ISCRIM network)

Reports/Summaries from conferences and workshops that has taken place

Seminar on "Supply Chain Vulnerability". 25th April 2002. Cranfield School of Management. Cranfield. Report by Lars Bøge Sørensen, CBS, Copenhagen.

Just starting my thesis on Supply Chain Integration and Risk Management, the seminar at Cranfield sounded quite interesting to me. I'm sure my perception of being lost in no-mans-land is familiar to every PhD student, I was (am) in a position where "all knowledge is good knowledge". I was therefore quite excited when my supervisor, Professor Tage Skjøtt-Larsen, brought the seminar to my attention and encouraged me to go visit his old friend and colleague, professor Martin Christopher.

Arriving at Cranfield, located in the middle of xxxxxxxx nowhere, I was ready to go see the sights and perhaps grab a beer or two. Seeing the sights in Cranfield left me plenty of time to taste the local brew at the Social Club (a run-down pub located in the middle of campus) and chat about football with a couple of the locals.

Next morning the seminar started at 9 o'clock, and was kicked off by Professor Martin Christopher, who gave a brief introduction to the subject, its relevance and the people involved. Dr. Richard Wilding, also Cranfield School of Management, gave a lecture on Supply Chain Vulnerability and introduced the 3P's framework – Philosophy, Principles & Process. The last lecture before lunch was given by Alan Braithwaite on Supply Chain Risk – Tools and Techniques. Mr. Braithwaite is the CEO of Logistics Consulting Partners, and has years of experience in consultancy within logistics. The key points from his lecture was Risk Identification and keeping and continuously updating a Risk Register.

During lunch, discussions with the other participants gave insight into the knowledge and experience of working with risk assessment and management. The diversity was astounding, varying from a participant from Colgate who seemed to be very familiar with terms and techniques to other (who shall remain anonymous) who demonstrated a limited knowledge of the subject. The lack of knowledge was no hindrance to the discussion !

In the afternoon, a number of lectures were given by practitioners and researchers both. Besides the lectures, there was allocated time to group discussions. The participants were divided into focus groups, and were sent off to discuss issues of special interest. The seminar ended at 5, after another brief talk by professor Martin Christopher.

Taking a critical look at the theoretical content of the seminar itself, I probably would spend the money differently today. The participants simply didn't have the relevant experience, and the lectures reflected that. Cranfield is a commercial university, earning a large portion of its fund from seminars like this – their seminars has to be in synch with the demand from their customers, the UK companies. But that doesn't necessarily mean that the research done at Cranfield is inferior. Each participant received (besides various commercial material) a copy of the report 'Supply Chain Vulnerability' which gives insight into the current state of supply chain risk in the UK companies today.

The most important outcome of the seminar, though, was to get acquainted with other researchers within Supply Chain Risk Management, I'm therefore grateful for the invitation to join the Supply Chain Risk Management network. Look forward to sharing ideas with you !

Research projects and research groups

Zsidisin, George A. and Michael E. Smith, "Reducing Supply Risk With Early Supplier Involvement." Research in Progress.

Interesting links

www.riskpublications.com (Publications about financial risks)

Risk Management Bulletin. (useful links to organisations, conferences, books and articles. To get full access to the articles you have to subscribe to the Risk Management Bulletin)

www.rmbulletin.com

CAPS - Center for Advanced Purchasing Studies.

www.capsresearch.org.

SCOR - Supply-Chain Council.

www.supply-chain.org

SOLE - The International Society of Logistics.

www.sole.org

SOLEurope - The International Society of Logistics - European partner organisation

www.soleurope.org

SURVIVE - The Business Continuity Group. An international, industry-wide group for business continuity practitioners with 3000 members.

www.survive.com

Debate

Others of interest

International journals on risks

Journal of Risk and Uncertainty. Kluwer.

Risk Analysis – an international journal. Blackwell.

Risk Management Bulletin. Ark Publishing. London.

Risk Management Bulletin Newsletter. Ark Publishing. London. (Free)

Risk Management. Gale Group. Thomson Corporation Company.

Security Management

Treasury & Risk Management

Books on risks in general

Bernstein, Peter L. (1996): *Against the Gods*. John Wiley & Sons Inc. New York.

A classic giving you a description of how the way we look at risk and the methods used have changed during the last eight centuries.

Borge, Dan (2001): *The Book of Risk*. John Wiley & Sons Inc. New York.

Gives a broad and very easily accessible introduction to risk management and helps both lay people and professionals to understand what risk management is all about.

Deloach, James W. (2000): *Enterprise-wide Risk Management*. Arthur Andersen. Financial Times, Prentice Hall. London.

How one of the leading consulting firms in the world look at business risks and how to cope with them. The opportunity side of risk management is also stressed.

Hiles, Andrew & Barnes, Peter (2001): *The Definitive Handbook of Business Continuity Management*. John Wiley and Sons. London.

Business Continuity Management (BCM) is a rapidly expanding area and this new handbook gives a good overview of the different types of risks that are treated within BCM. Focus are on disasters and catastrophes and up to now very much of the attention has been directed towards the vulnerability in the IT-systems but now the scope of interest seems to be broaden. In the book there is a special chapter for "Business continuity strategies for manufacturing and logistics".

Old issues

Old issues can be downloaded from

<http://www.tlog.lth.se/researchnetwork.asp?ID=2>

where you also will find some information from the ISCRIM Network.

Next issue

Is planned to be distributed in the middle of September 2002.