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Invitation to ISCRIM members:

4th International Research Seminar on Risk and the Supply Chain at Michigan State University, East Lansing, MI, USA

The Department of Marketing and Supply Chain Management at Michigan State University will be hosting the 4th Annual International Research Seminar on Risk and the Supply Chain. The tentative dates for this seminar are October 18-20, 2004. The seminar will take place at the James B. Henry Center for Executive Development. For detailed information on this facility, please refer to the following website link. <http://www.bus.msu.edu/edc>

The state of Michigan is nothing short of spectacular during October, where the leaves are changing colors, and the temperatures are beginning to cool down. In addition to the educational activities, presentations, and knowledge sharing that will occur at the meeting, everyone is also highly encouraged to spend additional time here to enjoy what Michigan has to offer. For example, co-located with the Henry Center is a golf shop and a recently remodeled golf course. Unfortunately, the weekend prior to the seminar, our Football team will not be playing, and therefore we regret that our European friends will not have the ability to watch an American football game in our stadium that holds over 70,000 people.

Please schedule time for the week of October 18 to attend and participate in this seminar. It is our hope to provide additional information about the seminar in time for the next newsletter publication. If you have any questions or concerns before then, please feel free to contact me at zsidisin@msu.edu, or by telephone at (517) 353-6381. We look forward to seeing you in October.

George A. Zsidisin

PS from the editor:

The seminar is normally only open to ISCRIM members and invited guests.
/Ulf

"It is not only physical inventory that flows through the network. Many of modern business's most prized assets are distributed throughout the network. Market information and Intellectual Property must be shared with many members of the network, making protection more difficult. To put it bluntly - the focal organisation's brand value is now in the hands of the members of the network".

(Brenchley, Richard (2004): "Supply network vulnerability – Why we are all connected, and what should be done", *InfoRM magazine*, January 2004.

Articles, reports and literature

Printed articles

Brenchley, Richard (2004) "Supply network vulnerability – Why we are all connected, and what should be done". *InfoRM magazine*, January 2004. [A journal edited by the Institute of Risk Management.]

Hamel, Gary & Liisa Välikangas (2003) "The quest for resilience," *Harvard Business Review*, Vol. 81(9), pp. 52-63.

Zsidisin, George A. (2003) "A Grounded Definition of Supply Risk", *Journal of Purchasing & Supply Management*, Vol. 9(5/6), pp. 217-224.

Manuscripts under review

Choi, Tsan Ming; Li, Duan & Yan, Houmin (2003) "Optimal returns policy for supply chain with e-marketplace". *International Journal of Production Economics*. In Press, Corrected Proof. 2003.

Hunter, Lisa M. et al. (2003) "A classification of business-to-business buying decisions: risk importance and probability as a framework for e-business benefits". *Industrial Marketing Management*. In Press, Uncorrected Proof. 2003.

Seifert, Ralf W., Thonemann, Ulrich W. & Hausman, Warren H. (2003) "Optimal procurement strategies for online spot markets". *European Journal of Operational Research* In Press, Corrected Proof.

Smyth, Stuart & Phillips, Peter W. B. (2003) "Labeling to manage marketing of GM foods". *Trends in Biotechnology*. In Press, Corrected Proof.

Manuscripts under review, produced by ISCRIM members

Agrell, Per J., Lindroth, Robert & Norrman, Andreas "Risk, information and incentives in telecom supply chains," *International Journal of Production Economics* (forthcoming)

Norrman, Andreas & Jansson, Ulf "Ericsson's Proactive Supply Risk Management-approach after the Albuquerque Accident". *International Journal of Physical Distribution & Logistics Management* (forthcoming).

Zsidisin, George A., Ellram, Lisa M., Carter, Joseph R. & Cavinato, Joseph L. "An Analysis of Supply Risk Assessment Techniques," *International Journal of Physical Distribution & Logistics Management* (forthcoming).

Zsidisin, George A., Ragatz, Gary L. & Melnyk, Steven A. "An Institutional Theory Perspective of Business Continuity Planning for Purchasing and Supply Management," under review at the *International Journal of Production Research*.

Conference papers

Burtonshaw-Gunn, Simon A. "Developments in Construction Supply Chain Management and Prime Contracting". *International Built and Human Environment Research Week*. March 29 - April 2, 2004.

Nason, Robert W., Bowersox, Donald J. Closs, David J. Melnyk, Steven A., Ragatz, Gary L. & Zsidisin, George A. "Lean, Mean, and Fragile: Exploring the Hidden Risks in the Supply Chain". *15th Annual North American Research and Teaching Symposium on Purchasing and Supply Chain Management*, Tempe, AZ, March 25-27, 2004.

Zsidisin, George A., Ragatz, Gary L. & Melnyk, Steven A. "Business Continuity Planning in Supply Management". *89th Annual International Supply Management Conference and Educational Exhibit*, Philadelphia, PA, April 25-28, 2004.

Reports

Two reports from the Cranfield Supply Chain Resilience project can now be downloaded via the web page: www.som.cranfield.ac.uk/som/research/centres/lscm/risk.asp

- "Creating Resilient Supply Chains: A practical Guide" (Peck et al 2003)
- "Understanding Supply Chain Risk: A Self-assessment Workbook"

The full reports in paper format can be ordered from the same web page.

Literature

Pfohl, Hans-Christian (ed) (2002) Risiko- und Chancenmanagement in der Supply Chain: proaktiv - ganzheitlich - nachhaltig. Erich Schmidt Verlag, Berlin 2002.

Call for papers

Special issue of *International Journal of Operations & Production Management* on "Supply Management: The Emergence of an Academic Discipline?" This Special Issue will cover a range of issues focusing on the development of and future trends for SCM. Guest Editor: Professor Paul D Cousins. Deadline: June, 2004. Articles covering the following topics (but not limited to them) are welcome for this Special Issue: SCM Trends for the future, SCM Strategy Development, SCM and Technology Management, SCM and People.

More information: <http://isacco.emeraldinsight.com/vl=1955733/cl=62/nw=1/rpsv/journals/ijopm/call2.htm>

Books in progress

The Event of 2004 is on its way.

The eagerly awaited reader on Risk Management is now complete and with the publisher. You will recall that we first mooted this idea in the autumn of 2002 in response to the absence of texts relating to this particular specialist field. We also viewed this project as one which would help to cement the international research relationships already established between members of the ISCRIM network.

This has proved to be a very challenging task in writing and editing such a text within this relatively short timescale. Thanks go to all of our colleagues who contributed to the writing of the articles and especially to the editor Dr. Clare Brindley whose commitment has seen this project through to its successful conclusion. I am also sure that this will be the first of a number of successful joint projects between members of the ISCRIM network.

By way of advance information I have included below a summary of the papers and authors that will be published in the text. As soon as we know the publication date we will inform colleagues so that you may publicise this more widely.

Bob Ritchie

Contents

- 1 Introduction
Dr. Clare Brindley & Prof. Bob Ritchie
- 2 Categorization of Supply Chain Risk and Risk Management
Dr. Andreas Norrman & Robert Lindroth
- 3 Risk Characteristics of the Supply Chain – A Contingency Framework
Prof. Bob Ritchie & Dr. Clare Brindley
- 4 Risk Management In Supplier Relationships And Networks
Jukka Hallikas & Dr. Veli-Matti Virolainen
- 5 Risk Towards Customers
Dr. Clare Brindley
- 6 Supply Chain Risk Management
Ulf Paulsson
- 7 Examining Risk and Supply Chain Collaborative Working in the UK Construction Industry
Dr. Simon A. Burtonshaw-Gunn
- 8 Early Supplier Involvement as a Tool for Reducing Supply Risk
Dr. George A. Zsidisin & Michael E. Smith
- 9 A Risk Analysis Framework for Marine Transport of Packaged Dangerous Goods
Arben Mullai
- 10 Outsourcing Advanced Logistics: Shipper's and Provider's Perspective on Risks
Dr. Dan Andersson & Dr Andreas Norrman
- 11 Effective Practices and Tools for Ensuring Supply Continuity
Dr. George A. Zsidisin, Dr. Gary L. Ragatz & Prof. Steven A. Melnyk
- 12 Conclusions

Conferences

IPSERA 2004. Catania, Italy. April, 4-7. www.ipsera04.dica.unit.it

NOFOMA 2004. Linköping, Sweden. June 7-8, 2004. Deadline for abstracts: January 16; deadline for papers: March 17. www.nofoma.org

ISL 2004. Bangalore, India. July 11-14. Deadline for papers: 16 April. www.ISL21.org

RIRL 2004. Fortaleza, Brazil. August 13-25. www.rirl2004.com.br

LRN 2004. Dublin, Ireland. September 9-10. Deadline for abstracts: March 8. www.iolt.org.uk/pages/lrnetwork

Research Methodologies in Supply Chain Management. University of Oldenburg, Germany. September 27-28. www.uni-oldenburg.de/produktion/1647.shtml

The 4th International Research Seminar on Supply Chain Risk Management. October 18-20, 2004. Michigan State University. East Lansing, MI. USA. The seminar is open only to members of the ISCRIM network and invited guests.

ICLS 2004. Tokyo, Japan. November 22-24. Deadline for papers: 1 September. <http://166.104.245.94/jogboard4/content.asp?board=kscm&num=35&page=1>

Appointments

Dr. Clare Brindley has been appointed acting professor and head of the department of Business and Management. Manchester Metropolitan University, England.

Dr. Simon A. Burtonshaw-Gunn has been appointed to the Scientific Committee - International Built and Human Environment Research Week, University of Salford, UK. Simon is also a member of the Steering committee for EPSRC funded research at the University of Reading, UK.

Dr. Bob Ritchie, a founder member of ISCRIM has been appointed a Professor of Risk Management at the Lancashire Business School, University of Central Lancashire, UK. He was previously Head of the Business and Management Studies Department at Manchester Metropolitan University.

Delivering Excellence in Risk Diagnosis and Management

Seminar held on 15th December 2003, London

1. The Seminar was organised by the Queen Mary College, University of London as part of their Public Policy Seminar series. Included in the speakers from both the public and private sectors in the UK were the Commissioner of the Audit Commission; Assistant Auditor General from the National Audit Office; Partner from Price-Waterhouse-Coopers; Director of Business Risk – Diageo plc; Chief Executive of the Commission for Local Administration in England; Chief Scientist from the Health and Safety Executive; Deputy Chief Fire Officer from the Merseyside Fire Service; and the Permanent Secretary from the Cabinet Office.
2. The primary aim of the seminar was to share experiences and information not only within the public and private sectors but across them. It was recognised that innovation, change and development were needed to improve the efficiency and effectiveness of public and private sector services to meet the demands of a changing environment and the needs of their clients or customers. Such change brings with it increasing exposure to risk and uncertainty. What was needed, it was argued, are new approaches to risk assessment and management which address such risks and not simply seeking to avoid risk exposure and prevent risk taking through increased regulation and control.
3. Some highlights from the papers presented and the subsequent discussions included:
 - a. Importance of networks both in the public and private sector arenas are not fully recognised nor covered in the literature and the research available. Networks are seen as a vehicle for effective dissemination and communication of information on potential risks and risk exposure (example of Foot and Mouth crisis in the UK – more effective local and national networks may have contained the spread of the disease and reduced the consequences). Such networks may assist both Central and Local Government and other partners to support each other in managing risks more successfully.
 - b. Public and private sector organisations are actively seeking to encourage the ‘risk appetite’ of managers and employees, enhancing their preparedness to assess and take risks as part of their normal decision-taking activities.
 - c. Starting to witness the emergence of greater recognition of the ‘upside’ (e.g. potential benefits and financial rewards) of risk taking rather than the emphasis on ‘downside’ (e.g. potential negative consequences and losses) at both the individual and organisational level. Argues that there is a need for a change in culture towards risk taking and the need to ‘celebrate’ risk taking or the preparedness to do so.
 - d. Changes in the risk taking culture can also be enhanced by avoiding the ‘blame culture’ that may be associated with risky decisions that do result in negative or undesirable consequences. Risk management needs to be viewed as a developmental process both for the individual and the organisation in which lessons are learned and shared for the future.
 - e. Recognition that the aggregation of all of the more routine decisions in terms of risk exposure and consequences (e.g. selecting a supplier) may probably far outweigh the more evident single strategic risky decision (e.g. entry into a new market). This suggests the need for a more widespread programme of training and staff development in relation to risk assessment and management.
 - f. Reports available on the progress in implementing the UK Government’s Risk Management Programme, effectively across all of the government departments is available at : www.risk-support-gov.uk This site also provides coverage of the government’s policies towards implementing risk assessment and risk management together with a useful portal on risk and risk management.
 - g. Suggestions that Risk Assessment and Risk Management approaches need to be imbedded in the ongoing Quality Assurance of systems and procedures in an organisation. The ‘quality audit’ would assess the effectiveness of the information systems, communication and other dimensions associated with risk management at the operational and strategic levels.
 - h. Emphasis is still very much towards the development of systems and procedures as a means to ensuring effective risk assessment and management. Only starting to recognise the importance of building effective relationships as an effective route to managing risks between partners in the supply chain.
4. The overall theme that I detected throughout the day was the recognition of the evolutionary process in developing effective risk management:
 - Initially organisations Concentrate on Structures, Frameworks and Procedures to manage risks.....
 - Attention then turns to the processes involved in managing risks....
 - This then inevitably leads to developing and training people to become effective risk managers.....
 - Emerging recognition of the need to change perceptions, risk preparedness and culture
 - This requires building relationships to ensure confidence and trust...often between partners in the supply chain as well as internally in the organisation
 - Making risk management self-sustaining in any organisation.

In essence, most of the government departments and public service providers were moving into the third stage of this continuum...recognising the need to develop and train those personnel involved in risk assessment and management.

I am able to provide copies of the slides presented if any colleague is interested.

Bob Ritchie

Report on Institute of Small Business Affairs (ISBA) Conference on Small Business Regulation in the UK

23rd January 2004

1. Attended by around 60 representatives from academia, professions, banks, small business support agencies and governmental organisations. Researchers in the field were by far the largest group of contributors. Notable absence of small business personnel themselves though there were members of their representative associations.
2. Theme of the conference was the extent to which government regulations, (i.e. central, regional and local government) impacted on the smaller organisation and its performance.
3. Research papers presented covered a number of dimensions:
 - Tax compliance – VAT, PAYE/NIC and Income Tax Self Assessment
 - Health and Safety
 - Employment Regulation
 - Common Framework for Labour Market Regulation in the EU
 - Employment Rights

Each of these themes was accompanied by presentation of empirical results (Papers not provided on the day but to follow) which were tied into the main theme of the impact of regulation. Most, if not all, of the presenters were established researchers in the SME field with good reputations.

1. A number of common themes emerged throughout the day supported by many of the papers:
 - Many small business managers are unaware of the detail of new legislation, especially that relating to changes in employment rights. Often become aware through either trade union officers or individual's seeking to assert their rights (e.g. paternity leave).
 - Smaller businesses employ fewer professionals with the appropriate disciplinary expertise, hence less aware of the implications.
 - SMEs have a generally negative attitude to legislation, not necessarily in principle but more directed towards the sheer quantity and complexity of the legislation they are required to handle.
 - Some SME managers see positive benefits in maintaining awareness and implementing new legislation. For example, at one level being perceived as a good employer and at another level meeting requirements for Quality Assurance standards such as Investors in People which may have a direct economic benefit.
 - Awareness is often the result of unfortunate occurrences (e.g. accident at the workplace) which result in significant negative consequences for the business as a result of a prosecution or hearing at a employment tribunal.
 - Government agency attempts to improve effectiveness of the communication of new legislation has not proved entirely successful, partially as a consequence of the sheer volume of legislation 'hitting' the small business and the focus of the business manager on the pragmatics of running the business. Another potential reason is the sheer scale of the turnover of businesses (i.e. births and deaths) and the problem of maintaining effective databases.
 - Evidence exists within the taxation field of small businesses deliberately following constrained growth strategies to avoid crossing the size boundary which would trigger different and arguable more punitive tax regulations.
 - Appears that cost of compliance is particularly onerous for the micro business (less than 10 employees typically), especially in the health and safety field.
2. In terms of risk and supply chain management within the SME sector the evidence provides a number of indicators for further research and development.
 - Risk management in the SME sector was generally viewed as weak, especially in the micro businesses
 - Awareness of the sources of risk (e.g. health and safety issues) is limited amongst managers in the SME sector
 - Similarly the manager of the smaller business may not be conscious of the likely impact and consequences of the risks of ignoring or avoiding the regulatory framework (e.g. potential closure of the business if flouting specific Health and Safety regulations)
 - Risk management in the smaller sized business is more implicit than explicit, generally undertaken by the owner/manager without delegation or communication of the process and outcomes to others
 - Evidence that poor risk management may be a function of lack of training as well as the absence of qualified specialist staff (e.g. relating to health and safety issues and potential risks and consequences)
 - Evidence that in some cases where managers may be aware of the legislation but seek deliberately to avoid this – form of risk avoidance strategy.
 - Other alternative is that managers being knowledgeable of the risk choose to ignore the risk exposure, likelihoods and consequences – the classical 'ostrich' mentality that 'it won't happen to me.'
 - Significant potential implication for the supply chain relationships with smaller businesses is that their behaviour in either avoiding or deliberately ignoring such risk exposure may mean that other supply chain partners become increasingly exposed by association (i.e. failure of the supplier will disrupt or dislocate the supply chain efficiency and effectiveness).
 - Conversely, adherence to the new legislation may potentially reduce risk exposure in a number of ways (e.g. greater assurance that supplier is adhering to health and safety factors may reduce both likelihood and severity of potential risk exposure)

If members are interested in receiving copies of the papers when they are made available please let me know and I will mail/e-mail them to you.

Bob Ritchie, Lancashire Business School, and Chris Lovatt, Manchester Metropolitan University

Research projects and research groups

- A forthcoming PhD by Adrian Eberle, University of St. Gallen, St. Gallen, Switzerland covering the topic "Supply Risk Management in Industrial Companies".
- A two year programme at Reading was completed in December 2003, and a report published 12 April 2004 entitled "Learning across Business Sectors: Knowledge Sharing between Aerospace and Construction". The research has been carried out in four main cycles covering Supply Chain Management, Requirements Management, Human Resource Management and, Innovation. The publication is also available from the web: www.icrc.reading.ac.uk The research investigates the extent to which managerial practices can be shared between the aerospace and construction sectors. The research is made especially timely by the current importance attached to 'learning from other industries'. The emergence of integrated procurement methods such as prime contracting in the construction sector make comparisons with the aerospace sector particularly pertinent. Within the aerospace sector, prime contracting has long been the preferred procurement approach. The research seeks not only to investigate specific managerial practices, but also to evaluate a participative methodology for knowledge sharing across business sectors.

International Supply Chain Risk Management Network

Interesting Internet links

CAPS - Centre for Advanced Purchasing Studies.
www.capsresearch.org

Centre for Supply Risk and Resilience at Cranfield
www.som.cranfield.ac.uk/som/research/centres/lscml/risk.as

Globalcontinuity.com - A portal for business continuity and disaster recovery
www.globalcontinuity.com

Procurement Strategy Council
www.psc.executiveboard.com

Risk Transfer Magazine - Useful links to organisations, conferences, books and articles. To get full access to the articles you have to subscribe to the Risk Transfer Magazine
www.risktransfermagazine.com

SCOR - Supply-Chain Council.
www.supply-chain.org

SOLE - The International Society of Logistics.
www.sole.org or www.soleurope.org (European partner organisation)

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

Wharton School, Risk Management and Decision Process Centre
Working papers and newsletter to download.
<http://grace.wharton.upenn.edu/risk>

International journals on risks

Enterprise Risk. Informa Professional, London.

Journal of Risk and Uncertainty. Kluwer.

Journal of Risk Research. (The official journal of the society for Risk analysis Europe and the Society for Risk Analysis Japan). Carfax Publishing.

Risk Analysis – an international journal. Blackwell.

Risk Transfer Magazine. Ark-group Publishing, London.
www.risktransfermagazine.com

Risk Transfer E-bulletin. Ark-group Publishing, London. (Free)
www.risktransfermagazine.com/newsletter.asp

Risk Management. Gale Group. Thomson Corporation Company.

Security Management

Treasury & Risk Management

ISCRIM News

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Download old issues from
www.iscrim.org

There you will also find some information about the ISCRIM Network.

ISCRIM – The International Supply Chain Risk Management Network

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Issue plan for 2004

Issue	Deadline for Contributions	From Print
2004:1	February 1	February 10
2004:2	May 1	May 10
2004:3	December 1	December 10

Anyone interested in being added to the distribution list for the newsletter will be so. Just send an e-mail to newsletter@iscrim.org and express your wish. There is no fee. The newsletter is free.