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Adopting an "indifference principle"

Last autumn I spent a couple a months out in a big international company looking at their supply chain risks and learnt a lot. One of the lessons was that the link in the chain that has the best possibilities to handle a risk, e.g. by taking preventive measures, seldom has the incentive to fully do so simply because the main negative consequences of a disturbance spreading to other links are often taken by those other links and not by the link that "caused" the disturbance.

What is needed is, as I see it, the introduction and implementation of a "disturbance causer pays-principle", like the "polluter pays-principle" that exists within the environmental area. Implementation of such a principle for the focal company on e.g. the supply side would mean that there are two equal alternatives. Either is the flow normal and the focal company will hopefully make a profit out of it. Or is the flow disturbed and the focal company will get full compensation from the disturbance causer, e.g. a supplier not delivering on time, for the negative economic consequences that the disturbance has caused it including lost profit. The two alternatives would be "equal" and the focal company indifferent. An "indifference principle" has been adopted.

Adoption of such a principle is vital because the present situation with its *lack of incentives* makes the supply chain more vulnerable than it would have been otherwise, and consequently *less competitive* – at least in the long run.

Best regards

Ulf

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

Articles, papers and literature

Printed articles

Chopra, Sunil & Sodhi, ManMohan (2004): "Managing Risk to Avoid Supply-Chain Breakdown", *Sloan Management Review*, Fall 2004, Vol. 46(1), pp. 53-61.

Christopher, Martin & Peck, Helen (2004): "Building the Resilient Supply Chain". *International Journal of Logistics Management*, Vol.15(2), pp. 1-14.

Zsidisin, George A., Ragatz, Gary L. & Melnyk, Steven A. (2005): "Principles of Supply Continuity," *Inside Supply Management*, January, 2005, pp. 21-26.

Fortcoming contributions by ISCRIM members

Burtonshaw-Gunn, Siman A. & Ritchie, Robert L. (2005): "*Developments in Construction Supply Chain Management: the Impact on People and Cultural Change*". Book chapter in: *People and Culture in Construction: A Reader*. Edited by A. Dainty, S. D. Green & B. Bagilhole.

Chapell, A. and Peck, Helen (2005): "*The Application of a Six Sigma Methodology to Military Supply Chain Processes*". (abstract accepted for the EUROMA 2005 conference in Budapest).

Paulsson, Ulf (2005): "*Developing a Supply Chain Flow Risk Model*". (abstract accepted for the NOFOMA 2005 conference in Copenhagen).

Peck, Helen (2005): "The Drivers of Supply Chain Vulnerability: An Integrated Framework", *International Journal of Physical Distribution and Logistics Management*, Vol. 35(4), ISSN 0960 0035. (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*.

Zsidisin, George A., Ragatz, Gary L. & Melnyk, Steven A. "Managing the 'Dark Side' of Supply Chain Management," forthcoming in *Supply Chain Management Review*.

Zsidisin, George A., "Supply Risk in a Sensitive Business Climate," in *The Purchasing Handbook*, Joseph Cavinato & Ralph Kaufmann, (ed), forthcoming.

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.

Special issues

International Journal of Physical Distribution & Logistics Management, Vol. 34(5) is a special issue on "Logistics and Supply Chain Risk and Uncertainty". Guest editor is Professor Joseph L. Cavinato.

International Journal of Operations & Production Management, special issue 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 is professor Paul D Cousins. More information: <http://isacco.emeraldinsight.com/vl=1955733/cl=62/mw=1/rpsvljournals/ijopm/call2.htm>

Books

Brindley, Claire (ed) (2004) *Supply Chain Risk: A Reader*, Ashgate Publishing Limited, UK.

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

Coming conferences

IPSERA 2005. Archamps, France. March 20-23, 2005. "Supply risk management" is among the topics. www.ipsera.org

NOFOMA 2005. Copenhagen, Denmark. June 9-10, 2004. Deadline for abstracts January 7; full papers February 28. Supply chain risk management is among the topics. www.nofoma.org

ISL 2005. Lisbon, Portugal. July 3-5, 2005. www.ISL21.org

ICsEng'05. Las Vegas, USA, August 16-18, 2005. The 18th international conference on systems engineering. One of two main themes is "Risk management". www.icseng.info/strm.htm

LRN 2005. Plymouth, UK. September 7-9, 2005. "International Logistics and Supply Chain Management". www.lrn2005.com

The 5th International Research Seminar on Supply Chain Risk Management. Centre for Supply Risk and Resilience. Cranfield School of Management on September 12-13, 2005. Cranfield University. Co-ordinator: Chris Rutherford. More information to come. The seminar is normally only open to ISCRIM members and invited guests.

Supply Chain World-Europe 2005. Copenhagen, Denmark. Was planned to take place May 26-27 but has been rescheduled to later this year, most likely in October, 2005. Conference theme: "Exchanging knowledge: Coping with Supply Chain Risks". The conference is hosted by the European chapter of the Supply Chain Council. www.supply-chain.org

Appointments

Dr Helen Peck is leaving Cranfield CLSCM in May to take up a new post elsewhere within Cranfield University. From 16th May she will be Senior Lecturer in Risk and Corporate Security and Head of Research for the Resilience Centre, Royal Military College of Science, Shrivenham, SN6 8LA. Her email address will remain the same.

Research projects and research groups

Helen Peck: "Resilience in the Food Chain: A Study of Business Continuity Management in the Food and Drink Industry". Conducted for the UK Department for the Environment, Food and Rural Affairs (Food and Drink Industry Division)

Helen Peck: "Risk management in purchasing and supply". A survey for the Chartered Institute of Purchasing & Supply.

Helen Peck: "Developing DLO Strategy - risk implications of strategic choices for the Defence Logistics Organisation". (Director Strategy, DLO HQ).

Conferences during 2004

Zaragoza International Logistics Summit. Zaragoza, Spain. March 25-26, 2004. www.mit.edu/zlc/summit2004.htm

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

NOFOMA 2004. Linköping, Sweden. June 7-8. 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, 2004. www.uni-oldenburg.de/produktion/1647.shtml

North American Cargo Security Forum 2004. 3rd eyefortransport conference and workshop. Washington DC, USA, October 18-19, 2004.

The 4th International Research Seminar on Supply Chain Risk Management. Michigan State University. East Lansing, MI. USA. October 18-20, 2004.

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

Performance and Risk Measurement: Operation, Logistics and Supply chains. Workshop Bocconi University, Milan, Italy. December 8-10, 2004. <http://critom.unibocconi.it>

Interesting Internet links

ASIS – An almost 50 year old organisation for the security profession with 33'000 members worldwide. www.asisonline.org

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/lscm/risk.as

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

The Institute of Risk Management
www.theirm.org

IRMI.com - The homepage for International Risk Management Institute, Inc.
A database over risk management articles and other useful information.
www.irmi.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>

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 2005

Issue	Deadline for Contributions	From Print
2005:1	March 1	March 10
2005:2	September 1	September 10
2005:3	December 1	December 10

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