Fleet tip sheet:

How to manage supply chain disruption

The automobile industry is one of North America's most important economic engines. In times of economic strife, automobile production supply chains are often disrupted. Ultimately this can impact fleets. Cars cannot be built without suppliers delivering components including semiconductors, engines, and electronic modules, and fleets are stalled when they can't easily repair or replace vehicles. Read on for tips on how to mitigate the current supply chain disruption we're experiencing globally.

TIP #1

Focus on resilience

Boost your resilience planning programs. **Resilience planning** includes:

1. Risk assessment:

- Identify and categorize potential risks systematically.
- Evaluate the likelihood and potential impact of each identified risk.
- Prioritize risks based on their severity. This will allow you to focus resources effectively.

2. Mitigation strategies:

- Develop proactive strategies aimed at preventing risks or minimizing their potential impact.
- Ensure supplier diversity across geographical locations, company sizes, financial stability, and the possibility of dual-sourcing essential components and materials.
- Broaden customer reach by expanding sales channels to help generate diverse revenue.
- Invest in technology and automation to enhance efficiency and reduce vulnerabilities.

3. Business continuity:

- Establish clear and tested procedures to ensure the continuation of essential business functions during disruptions.
- Develop robust backup systems for your data and comprehensive data recovery plans to minimize downtime.

4. Stakeholder communication:

- Establish clear and consistent communication channels with all stakeholders.
- Provide regular updates on the organization's status and potential disruptions.
- Proactively address concerns and manage expectations to maintain trust and confidence.

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TIP #2

Reallocate resources

- Diversify your supplier lists.
- Contract with local or nearshore suppliers.
- Reallocate where resources originate and tighten the supply chain when supplies are less accessible.

TIP #3

Incorporate supply chain strategy in C Suite discussions

- Increase your supply chain focus internally.
- Harness problems arising from supply chain unpredictability.
- Turn supply chain into a top-level, standalone concern.
- When in planning and strategy sessions add a supply chain line item to the agenda.

TIP #4

Use AI for forecasting and planning

- Develop AI tools to forecast and plan for unexpected events, including supply chain disruption.
- If you don't yet have a business resilience plan, AI is a helpful partner.
- As with any use of AI, place people within the process to guard against glitches, false information, and misleading biases.

TIP #5

Emphasize flexibility and relationships

- Buyer/supplier relationships contribute to a stronger outcome when facing economic instability and disruption.
- A team's ability to maintain a flexible supply chain strategy also contributes.
- Fleets with strong and enduring supplier relationships form bonds that can transcend disruption.
- Encourage interdependence between these two roles, because strong relationships help both meet their goals.
- Build supplier relationships that are more than purely transactional and involve trust, shared information, joint problem-solving, and aligned strategic objectives.

The road ahead—how fleets can mitigate supply chain disruption and power forward

Look at your supply chains and build concrete strategies to react when faced with disruption. Focus on resilience, reallocating resources to nearshore or local, elevating supply chain strategy within the org, using AI for forecasting and planning, and continuing to nurture your provider and supplier relationships.

For a deeper understanding of supply chain disruption, read our white paper, **"Supply chain disruption: Impacts on fleet management."**

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