

WHAT HAPPENS AFTER COVID-19?

An Evolving Landscape and an Inevitable Future
for Supply Chains

Gearing Up for the Post-COVID Future

At some point soon, the worst of the COVID impact will have passed. And so, organizations need to work now to preserve the integrity of their supply chains, protect their workforce and prepare to ramp up operations in the post-COVID world. Clearly, organizations have an arduous task in front of them to recover from the pandemic.

Decision-makers at the helm of their organizations need to take appropriate measures to prevent the next unforeseen wave of disruption from having a similar impact.

The urgency to take drastic measures is more immediate for procurement leaders, as globally supply chains have been worst hit by the pandemic. For now, the initial short-term efforts of procurement leaders have mostly revolved around managing upstream disruptions among Tier 1 contractors. Going forward, however, they'll have to focus on long-term resilience of the supply chain and transparency of supplier networks.

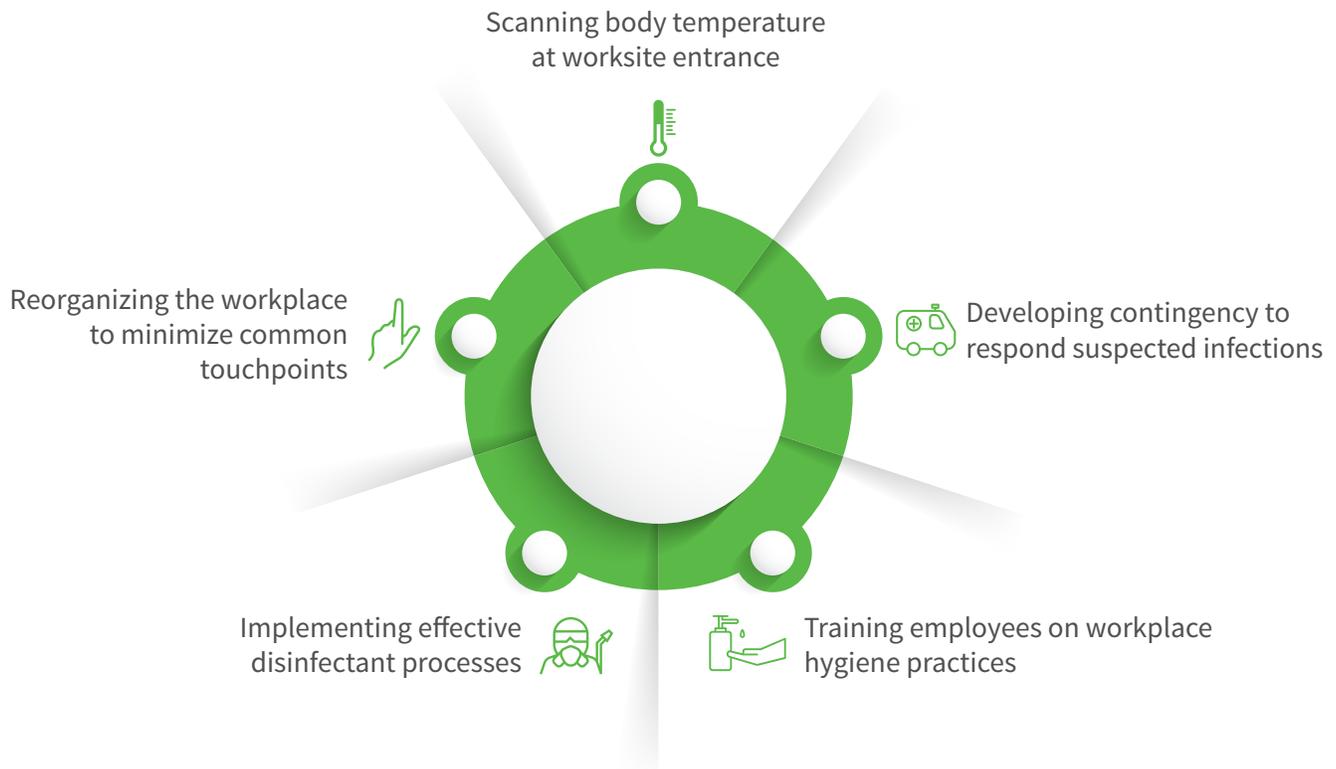


The Supply Chain Response – Short-Term Measures

With lockdown restrictions easing across the globe, returning to a regular work schedule is imminent for workers. As companies initiate operations and workers return to the worksite, organizations will have to resort to several immediate response measures to ensure that there aren't any further health risks posed by the pandemic.

According to research, “return-to-work” preparations are mostly in their early stages with only 10% of executives stating that they have done proper planning.ⁱ

Some of the basic near-term measures include:



Supply chain pioneers, procurement leaders, and contractors need to consider the following response measures along with the ones mentioned above in order to ensure a smooth transition to the normal way of work:



1. Plan a Phased Reintroduction to Worksites

A large number of workers returning to a shared worksite pose a significant risk of the virus spreading in the workplace. The higher the number of workers the higher the risk of contagion. Remember that managing the number of workers entering a worksite will be critical in ensuring overall workplace health in a post-COVID world. You need to, therefore, plan a phased reintroduction of your workforce to the worksite.

Establish a clear-cut process where a group of workers operate from the site every few days. Alternatively, you can create multiple shifts or flexible work timings across functional lines in order to ensure enough coverage across roles while promoting employee distancing. It's better to resist opening the doors to all the workers on the same day – the risk after all, won't be worth the effort.



2. Revisit the Workplace Setup

Granting worksite access to employees doesn't essentially mean removing all the restrictions imposed during the COVID-19 outbreak. You will still need to closely follow all the government regulations pertaining to employee gatherings, social distancing and workplace hygiene best practices. And, it's likely that the pre-COVID working environment will be unsuitable for these new restrictions to be implemented.

Start taking proactive measures to reconfigure workspaces before the workers return. For instance, the requirement for six feet distance between employees may compel you to rethink individual sitting patterns within offices or public areas like cafeteria. In order to maximize capacity and space planning, you can change conference rooms, learning labs and break out spaces into seating areas. According to Forrester, organizations need to adhere to the following guidelines to properly manage and reconfigure workplaces post-COVIDⁱⁱ:

Increase the physical distance between personal workspaces or workstations

Limit the number of people in each in-person meeting

Mandate temperature checks and travel histories for visitors prior to entry in the worksite

Maintain a rigorous cleaning schedule for facilities

Remove common touch points (ie. Leave doors open where possible, keep light switches on all day)



3. Transport Inventory and Operations to Non-Affected Areas

Most of the regions affected by the COVID-19 pandemic are at the heart of several global supply chains. Sudden supply shortages from these regions or over-dependence on a single supplier for inventory in these regions may lead to operational delays. Shifting inventory and production lines elsewhere or opting for local sourcing alternatives can help lower your risk exposure. Additionally, you can also start sourcing pre-approved inventory or raw-material substitutions from regions where a primary supplier has been impacted but a Tier 2 supplier is still operational.

If you have multiple sourcing options, activating secondary supplier relationships to secure additional inventory or capacity may be beneficial. On the other hand, if you have significant exposure to suppliers operating across the heavily impacted regions, then you need to identify alternative suppliers other areas of the world. Alternate sourcing markets are expected to vary greatly by manufacturing and supply chain expertise post pandemic. Several countries are likely to evolve as procurement hotspots as companies diversify their supplier portfolios beyond Chinaⁱⁱⁱ.



4. Mobilize Support Structures for the Extended Enterprise

While resuming operations, you need to ensure you have complete visibility of your network of contractors and subcontractors beyond the first layer. If you have a complex contractor network and don't have tools that provide extended visibility of your supply chain, then conventional approaches to getting visibility beyond Tier 1 suppliers will likely be insufficient in mitigating supply-side risk completely.

Proper technology can help you quantify the pandemic's relative impact on contractors' supply chains. Leverage advanced cloud-based workforce management platforms to collaborate with workers working on remote far-off locations. Keep communication as consistent and frequent as possible to remediate pitfalls.



A Long-term Outlook: Preparing for Post-COVID-19 World

Short-term measures will provide businesses and supply chains with the much-needed foundation for proactive resilience. However, enterprises are steadily coming to terms with the fact that the COVID-19 pandemic has clearly and irreversibly transformed the future of supply chains. In order to ensure long-term pandemic-proofing of global supply chains, organizations need to take several measures. These are:

Stay Prepared for a Rebound:

Ensure your suppliers, along with their subcontractors, have robust business continuity plans (BCP) in place in order to avoid future disruptions, from pandemics or otherwise. What will differentiate organizations that thrive post of the pandemic from the ones who don't is whether they are prepared for the rebound. If you are able to move faster than your competitors in a post COVID world, you will have a better chance to capture a larger share of the pent-up demand and solidify your relationships with the best of suppliers and customers out there.

Map All Contractors beyond Tier 1:

There's no denying, COVID-19 has established the need for greater visibility across all tiers of the supply chain, since the pandemic has caused systemic disruption across the world. It is thus, extremely critical for you to have complete visibility of your supply chain components and inter-dependencies. You need to also have access to technology, data, and analytics to identify and mitigate potential operational and compliance loopholes, plan and manage short-term contingencies and to create resilient supply chains in the long term.

Actions to be taken:



1. Form a task force and harness data analytics to generate actionable insights

To assess the long-term challenges posed by the pandemic to your supplier network and quantify their impact on your business.



2. Assess risk across all tiers of your supply chain

To comprehend the resilience of your extended supply chain and identify proactive actions that can be taken in order to mitigate the risks.



3. Conduct rigorous scenario planning

To identify the long term financial and operational implications that the pandemic will have on your business

How can Avetta help?

With Avetta's global supply chain intelligence and world-class data-analytics solutions, you can rapidly map suppliers/contractors, while analyzing both individual contractor and wider vendor risks. Avetta's analytics and contractor management solutions can help you better understand interdependencies between suppliers and identify the ones who may be facing issues across high-risk geographies.

Avetta monitors critical risk indicators and KPIs to help ensure that you get to work with contractors who maintain the right health and safety, sustainability, and quality standards. With Avetta's worker management system, you can constantly monitor risk profiles of every individual contractor and take timely decisions.

In this fast-changing market environment, Avetta can help you monitor international exposure trends, changing regulations, new restrictions and reliefs for your contractor network.

Thoroughly Screen and Prequalify your Contractors and Subcontractors

In order to safeguard your contractor network from any potential disruptions, you will have to screen and prequalify suppliers not only by high-risk geographies but also by sector and risk exposure. Through prequalification and audits, you can collate critical supplier documentation, create a list of high-risk contractors, scrutinize their financials and compliance standards to understand risks under downturns and gauge your exposure to the risk.

Few More Things to Keep in Mind – The Digital Imperative

While both the short-term and long-term measures can set the foundation for building resilience into supply chain networks in a post COVID world, there are several challenges that businesses will need to overcome in this “new normal”. Going forward as operations resume, a huge influx of contractor and subcontractor data will require constant monitoring and management.

As a function, contractor/supplier management has been traditionally reliant on paper-based processes. The pandemic has made it clear that operations that are over-reliant on physical assets like paper can face severe disruptions in a situation where physical operations are not possible. Additionally, procurement decision-makers that rely on paper-based contractor documentation can lose visibility on contractor performance and compliance in crisis situations that a global pandemic unfolds.

Given the circumstances, digitization is no more an option but a necessity for smooth functioning of supply chains. In order to limit the impact of a disruption to your supply chain, ensure that you are making data available to all key stakeholders through advanced cloud-based contractor database management systems. Going forward, businesses with strong digital infrastructure will be better placed to deal with supply chain disruptions than those without.

Avetta with its expansive portfolio of advanced technology-driven contractor management, worker management, prequalification, and audit solutions can be your ideal partner in your quest for supply chain resiliency and digital maturity. Avetta’s cloud-based supplier prequalification, audit and contractor management solutions helps you move away from manual, paper-driven processes and streamline your contractor selection and management process.

These solutions allow you to save time and money by letting you collate critical supplier documentation in one single-source database system, verify on an up-to-date basis and make actionable decisions based on insights. Additionally, with Avetta’s supplier auditing solution you can execute in-depth scrutiny of your contractor and subcontractors business continuity plan, workplace safety, sustainability and quality standards to select the best partner.

contracts

References

ⁱ **Source: SPECIAL REPORT: HOW COMPANIES ARE ENGAGING EMPLOYEES DURING COVID-19;**
<https://instituteforpr.org/how-companies-are-engaging-employees-during-covid-19/>

ⁱⁱ **Source: Entering The New Normal: How To Safely Bring Your Workforce Back;**
<https://go.forrester.com/blogs/entering-the-new-normal-how-to-safely-bring-your-workforce-back/>

ⁱⁱⁱ **Source: Companies will shift supply chains away from China after coronavirus crisis, Mark Mobius predicts;**
<https://www.cnbc.com/2020/04/21/supply-chains-will-move-away-from-china-after-coronavirus-mark-mobius.html>



About Avetta

Avetta connects leading global organizations with more than 95,000 qualified suppliers, contractors, and vendors across 100+ countries. We support the sustainable growth of supply chains through our trusted contractor prequalification, supplier audits, insurance monitoring, robust analytics and more. With real results in helping companies reduce TRIR, our highly configurable solutions elevate safety and sustainability in workplaces around the world—helping workers get home to their families each night.

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