

Managing Supply Chain Risk [L5M2]

Target Audience: Provides senior buyers, contract and supply chain managers with the expertise to improve organisational procurement and to fulfil organisational objectives. It gives you the knowledge base to reduce cost, improve quality and timescales, manage the supply chain and deal with legal issues

Hours: 60 Hours

Pre-requisite: You will need to have achieved the CIPS Level 4 Diploma in Procurement and Supply.

1.0 Understand the nature of risk affecting supply chains

1.1 Define the different types of risk that can impact on

supply chains

- Definition of risks, hazards, exposure and risk appetite
- Positive and negative consequences of risk
- Direct and indirect losses
- Internal and external sources of risk
- Categories of risk: financial, strategic, operational and hazard
- Risks from the wider environment: STEEPLED - social, technological (failure including cyber risks and crime), economic, environmental, political, legislative, ethical (labour standards and sourcing aspects) and demographic
- The nature of fraud in organisations and supply chains, why fraud takes place and different types of fraud

1.2 Assess operational risks in supply chains

- Contract failure
- Financial risks such as currency, supplier cash flow and insolvency
- Quality failure
- Security of supply

- Technology
- Logistics complexity
- Risks in outsourcing and offshoring

1.3 Compare methods for eliminating bribery, corruption and fraud in supply chains

- Define bribery, corruption and fraud in organisations and supply chains
- The different types of corruption
- The different types of fraud
- Legislation affecting bribery and corruption
- The use of ethical codes including the CIPS Ethical Code

Code

- Corporate governance including corporate accountability to stakeholders
- The Sarbanes-Oxley regulations

1.4 Contrast risks in supply chains that can impact on organisational corporate social responsibility and sustainability standards

- Defining corporate social responsibility and sustainability
- Assessing corporate risks and risks associated with brand
- Standards for sustainable procurement, such as; United Nations (UN), International Labour Organization (ILO), and the Ethical Trading Initiative (ETI) standards
- ISO20400 – Sustainable Procurement Standard

2.0 Understand processes in managing risk in supply chains

2.1 Examine the use of contractual remedies for

managing risks in supply chains

- Indemnities and liabilities
- Ownership of IPR (Intellectual Property Rights)
- The use of force majeure clauses
- Clauses for testing, inspection and acceptance
- Global sourcing considerations and ensuring compliance to standards
- Model Form Contracts such as NEC (New Engineering Contract) and FIDIC (The International Federation of Consulting Engineers) provisions for the use of risk registers, notices and compensation events

2.2 Analyse the use of outsourced third parties in risk management in supply chains

- The use of outsourced third party providers for credit rating and other business services
- The use of outsourced third party providers for auditing risks in supply chains
- The use of outsourced third party providers for disaster recovery services

2.3 Assess the use of insurances for protection against risks in supply chains

- The use of insurance in hedging against risks
- The categories of insurance: employers and public liability, professional indemnity, product liability and trade credit
- Legal principles of insurance
- Underwriting and claims

2.4 Examine the use of contingency plans to overcome risks in supply chains

- The implications of a contingency plan
- The components of a business continuity plan and

disaster recovery plan

3.0 Understand risk mitigation strategies in supply chains

3.1 Identify the use of probability and impact assessments

to manage risks in supply chains

- Methodologies for assessing the probability and impact of risk
- Vulnerability assessments
- Collating statistical evidence of risks
- The use of probability theory
- Assessing the probability of events using the normal distribution
- The binomial and poisson distributions

3.2 Analyse a risk assessment and a risk register to mitigate risks in a supply chain

- The use of templates for risk assessments and risk registers
- Completing risk assessments and risk registers
- Engaging stakeholders in the development of risk assessment and registers

3.3 Explain the development of a risk management culture and strategy to improve supply chains

- International standards for risk management such as ISO 31000 and ISO 28000
- The risk management process
- External reporting of risks in corporate accounts
- Resources required to achieve improved risk management in supply chains

3.4 Compare strategic approaches to mitigate risks in supply chains

- Developing risk management strategies to mitigate risks

- Preparing a contingency plan
- Preparing a business continuity plan and disaster recovery plan