



# Solving 3 Complex Supply Chain Challenges

Supply chains are intricate and complex ecosystems that ultimately deliver something of value to a customer. But as consumer demands change, and products evolve to become more differentiated, supply chains get even more complex and carry greater levels of risk. RapidRatings helps organizations with complex supply chains to navigate risk and develop high levels of resilience. Our team of **Supply Chain Experts** outline solutions employed by the world's largest supply chains to address these challenges.

# 1 GLOBALIZATION

The pressure of meeting cost reduction targets is driving companies to source critical components and key resources from an expanding network of international partners. The economic advantages of sourcing globally cannot be ignored, however the rewards offered by these new markets bring greater risk and competition.

## Key Challenges

Many countries with relatively low labor and manufacturing costs also tend to have unstable currencies and complex geo-political issues. These factors present challenges, such as currency fluctuations and sudden regulatory or policy changes, which can swiftly disrupt suppliers who lack the financial stability to adapt to these shifts.

## Solution

When entering new markets or dealing with suppliers in multiple locations, it's critical to understand their financial health at a granular level. Transparency into their core financial health enables you to accurately forecast whether they can withstand the impact of currency fluctuations and economic shifts, or whether undercapitalization will impact their operations and ultimately disrupt your business.

**The FHR** is the only rating based on the businesses' financial statements, it provides a full financial analysis of the businesses' financial standing and identifies any underlying issues. The FHR is supported by reports with detailed questions to guide discussions with your suppliers, so that you can clarify any areas of concern in a straightforward, effective manner. This combination of ratings and reports helps even those with a limited background in financial statements or accounting practices to hold productive conversations with critical partners and make informed business decisions.

# OUTSOURCING & MULTI-SOURCING

Companies often choose to focus resources on their areas of core competency and outsource other business functions to suppliers and vendors who specialize in those areas. Outsourcing parts of your supply chain allows you to innovate better products and services, strengthen customer relations, and implement growth strategies.

## Key Challenges

As a result, companies become extremely reliant on their suppliers. Our supply chains must remain sustainable as they become more dependent on outside partners. That is why there has been an increased shift towards **multi-sourcing**, a strategy that involves finding multiple suppliers for a critical part to reduce over reliance on a single source. This strategy presents many opportunities, if you get it right and execute it in an effective timeframe. So, how do you swiftly sift through dozens if not hundreds of potential suppliers, spot the gems, and weed out those lacking the stability to fulfil your requirements?

## Solution

The solution requires a two-pronged approach. An initial assessment to eliminate the chaff followed by exacting due diligence to ensure the best fit. The combination of **HealthMark** and **the FHR** enables you to perform an instant review of all contenders, disqualifying those above a medium risk level, and then narrowing your focus to analyze a select field with FHRs to find the strongest options.

This combination of HealthMark and the FHR is also an effective solution for complex supply chains with extensive longtails that need judicious monitoring. It gives you the flexibility of continuous monitoring with instant results, and the ability to delve deeper when needed.

# CUSTOMER EXPERIENCE meets INVENTORY MANAGEMENT

The digital age has changed the expectations of today's consumer. Next-day and even same day delivery are now the norm for Fast Moving Consumer Goods (FMCGs). Moreover, instant price comparison sites and volume pricing strategies are creating added cost pressures for retailers and manufacturers.

## Key Challenges

There are a lot of moving parts in just one manufacturing operation, and in this hyper-competitive environment, manufacturers can't just do the bare minimum. They need to work cross-functionally to innovate and differentiate their products from competitors, reduce manufacturing costs to protect margins, and have robust supply chain and logistics operations to keep the wheels turning. This requires the fast sourcing of new suppliers, specifically suppliers who can drive innovation and keep materials and components costs low, all while ensuring inventory and stock level can fulfil manufacturing and order distribution needs. That's a lot of people to keep happy.

## Solution

Keep the right stakeholders looped in with critical decision-making data that procurement, supply chain, inventory and logistics teams can leverage centrally. APIs pull critical risk management data into your systems to enable a unified view. This provides both better organizational oversight of risk hotspots within your supply chain and a means to evaluate opportunities with new suppliers.

Both the FHR and HealthMark API modules deliver supplier risk ratings and data analysis directly into your ERP, GRC or other systems. The FHR APIs allow users to request ratings, generate FHRs from their own data, compile reports, and perform financial and portfolio analysis based on supplier financial data to assess risk and identify opportunities.

# Impact & What comes next

Businesses must secure their supply chain to maintain a competitive edge, perform effectively, and protect their revenues. Every part of their business flows from functioning supply chain—product delivery, quality, innovation, reputation, and ultimately success.

- Accurate risk analysis systems save you time and money.
- Elevated levels of accuracy remove guesswork from decision-making.
- High quality data via API allows you to assess opportunities and manage risk in real-time.



## Thank you offer

Thank you for reading our thoughts on best practice in supply chain risk management. We know you're busy and focused on business. To show our appreciation we'd like to offer you a same-day supply chain health check. **To accept this offer, email [marketing@rapidratings.com](mailto:marketing@rapidratings.com)** to fill out a brief questionnaire and your report will be issued to you shortly.