

Third-Party Risk & Resiliency: Building a Bridge Between Compliance & Supply Chain Management

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About the Presenter



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Josh Reid is a principal in the consulting group at Crowe and specializes in governance, risk, and compliance solutions. He has over 16 years of experience providing IT governance, risk management, and compliance solutions to clients in a variety of industries including financial services, insurance, energy, retail, and government.

Josh builds integrated risk management programs that give organizations access to the information they need to make smart business decisions and to provide high-quality documentation about their programs. His solutions also allow multiple functions, such as information security, risk management, compliance, and internal audit, to work together and share information effectively across an organization.



2021 – Opportunity for Compliance Teams

In 2021, compliance professionals have an unparalleled opportunity to contribute their expertise to the overarching supplier risk management strategy and build a bridge to the supply chain team.



Fragility of Supply Chains

- The inability to obtain the raw materials needed to create products
- The inability to purchase or import products needed to support an emergency response
- A decrease in demand for products, which resulted in slow movement and capital being tied up in inventory

Influences:

- Political instability or sanctions
- Pandemic-disrupted logistics
- Environmental, social, and governance (ESG) risk
- Regulations impacting third-party data security



Don't Underestimate Supply Chain Risk

- Siloed with differing Compliance and Supply Chain teams
 - Compliance teams often prioritize bribery and corruption within the supply chain
 - Supply Chain teams prioritize the stability of suppliers and reputational damage
- Address these issues holistically as they are interconnected





Build a Bridge Between Compliance and Supply Chain Management

- Speak the language of supply chain—logistics, redundancy, and business continuity
- Understand supply chain management priorities
- Look for areas of overlap of third-party oversight responsibilities between functions
- Ensure that third party risk management technology can view and prioritize all risk areas



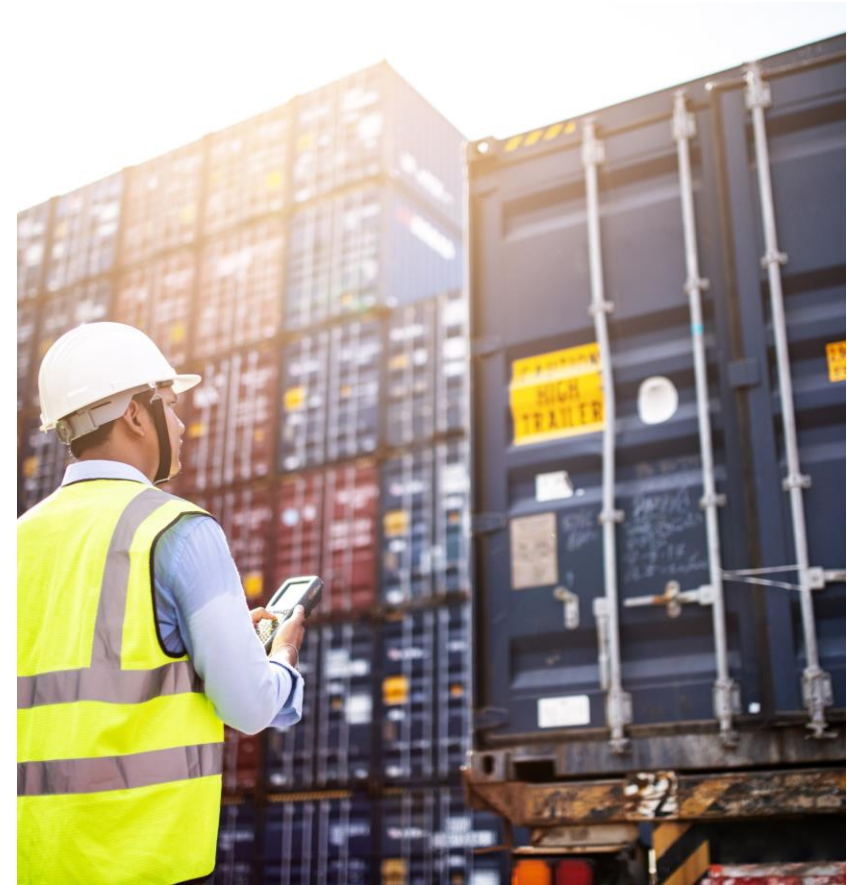
Assess Opportunities for Disruption and Points of Failure

- Take a top-down approach to your company's value chain
 - Top products/services that generate revenue
 - Top suppliers who enable these products/services
- Risk-rank your suppliers using key factors:
 - Contributed revenue
 - Country
 - Product line
- Address compliance, reputational risks, and ESG risks in the segmentation and ranking
- Identify suppliers affected by volume changes
- Develop risk mitigation plans and actions for high-risk suppliers



Strategize Supply-Chain Options

- Understand potential impacts on high-risk products, including supplier overlaps, the supplier's financial viability, and country or political risk
- Define key risk performance measures to monitor high-risk suppliers
- Determine which key contract and service level agreements might be affected by changes in volume and demand
- Identify necessary action items during a disruption, making sure to consider different types and categories of disruptions
- Understand if technology could support risk monitoring and what supplier data is needed to implement that technology
- Implement the right technology to support risk monitoring



Execute and Manage Change

- Get organizational buy-in; which is necessary to execute across the organization
- Drive the “heavy lifting” while managing unintended impacts
- Implement processes with metrics to sustain benefits
- Deploy proactive processes for resiliency and visibility. Organizations need to go on the offensive for future disruptions



Optimize for Future Supply-Chain Disruption

- Plan for future improvement and identify resources and developing strategies
- Develop, monitor, and update change management activities and procedures regularly
- Use supplier changes to develop or update a business continuity management plan
- Provide visibility to the plan and consider the organizational impact with global supply chains





Thank You!

