



sources in 16 languages to capture, analyse and quantify ESG risks, such as health and safety issues, human rights' abuses and corruption, whether they occur in a company's own operations or in its supply chain. All the data collected helps identify where the pockets of risk are in an organisation's business.

Grottola believes new technologies have an important role to play in supply chain quality management, saying that in future supply chain ecosystems, efficiency and speed will be achieved by granting fast and selectively transparent access to information.

"A significant portion of value is attached to the massive amount of data produced in the ecosystem; value which may be unlocked through adoption of the new technologies. Each participant in the supply chain ecosystem will need to ensure an accurate, effective and true provision of information, while also connecting all collected data to each specific product item."

In fact, new technologies are rapidly becoming available in the area of traceability of products and their components, "with the potential to make the leap from batch-level traceability to serialisation at affordable costs."

Grottola mentions that the diffusion of blockchain-powered supply-chain platforms, and the adoption of industry-wide standards on specific issues such as digital identity, will act as the catalyst in turning supply chains into something more digital.

Blockchain technology assures a continuously growing list of records, called blocks, which are linked and secured using cryptography.

Grottola believes the combination of blockchain and "tagging/track and trace" digital technologies already provides solutions that are attractive and valuable



enough, in their ability to minimise risks in the supply chain ecosystem, which go beyond justifying their cost.

"In the future, such solutions are set to create new market opportunities for brand owners and retailers across industries, while increasing transparency and ensuring a better experience to customers and users.

"Blockchain will provide the right level of trust needed to share, with proper permission and security levels, supply assurance information that so far has been considered part of corporations' know-how.

"Blockchain has the potential to merge all kinds of transactions (financial, informational, physical), thus reducing significantly frictions that today are limiting supply chain efficiency." ■

"The question is whether you are auditing the supplier that really needs to be audited"

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EXTERNAL SUPPLY CHAIN RISKS

Demand risks: caused by unpredictable or misunderstood customer or end-customer demand.

Supply risks: caused by any interruptions to the flow of product, whether raw material or parts, within your supply chain.

Environmental risks: from outside the supply chain, usually related to economic, social, governmental and climate factors.

Business risks: caused by factors such as a supplier's financial or management stability, or purchase and sale of supplier companies.

Physical plant risks: caused by the condition of a supplier's physical facility and regulatory compliance.

INTERNAL SUPPLY CHAIN RISKS

Manufacturing risks: caused by disruptions of internal operations or processes.

Business risks: caused by changes in key personnel, management, reporting structures or business processes, such as the way purchasers communicate with suppliers and customers.

Planning and control risks: caused by inadequate assessment and planning, which amounts to ineffective management.

Mitigation and contingency risks: caused by not putting contingencies (or alternative solutions) in place, in case something goes wrong.

Cultural risks: caused by a business's cultural tendency to hide or delay negative information. Such businesses are generally slower to react when impacted by unexpected events.

Source: Business Queensland, Queensland Government

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