

**READING: How the Supply Chain Can Thrive in the Face of Natural Disasters**

**Google Uses Virtual Reality to Highlight Responsible Supply Chains**

As climate change drives up the regularity of natural disasters, supply chains must rely on real time data to thrive.

More devastation from different natural disasters seems to have been reported in the last year than we’re typically used to seeing. Sadly, this is something we should get used to, according to recent research from the United Nations.

Data from the UN’s research on climate change suggests that the commonality of natural disasters will continue to ramp up unless major steps are taken to tackle climate change. In the past year alone wildfires have ravaged California, multiple hurricanes have hit South America, and Indonesia has been rocked by a deadly earthquake and tsunami that caused thousands of fatalities.

There could be hope in sight considering there are currently 194 nations that are committed to the Paris Agreement, which will see each of those nations take measures to reduce greenhouse gas emissions. The hope is that this will drive down the impact of climate change and reduce the frequency of natural disasters.

However, based on the regularity of such disasters over the last 12 months, the world also needs to adapt to the likelihood that further disasters will cause yet more disruption.

**Supply Chains at Risk**

The tragic consequences that natural disasters can cause to human life is readily apparent and covered extensively by the media. What’s less recognized is that natural disasters also wreak immense havoc on global supply chains, because they result in the cancellations of flights, the closure of ports, and the shutting down of highways. In this way, the delivery of raw materials, consumer goods and other components are delayed, sometimes substantially, which can seriously harm the bottom line of businesses.

For example, the catastrophic Tohoku earthquake and tsunami a few years ago resulted in a massive US$210 billion in costs for Japan. Unable to import or export needed parts, Toyota, GM and Nissan all closed down their facilities temporarily in Japan and the United States. In a similar fashion, when Puerto Rico was struck by Hurricane Maria last year, the supply chain of two of the island’s most important industries—pharmaceuticals and medical devices—ground to a complete halt.

How then can your business protect itself from the risks of such overwhelming supply chain disruptions? The key is to see them coming before the mainstream news media even start covering them.

**Real-Time Data Saves the Day**

How much more effective would your planning be if you could get real-time data to help you identify potential risks before they can cause havoc? Digitizing your supply chain management processes can enable you to do just that.

A digital supply chain management platform that monitors tens of thousands of data sources in real time—including weather feeds, port closures, traffic congestion and so forth—can immediately inform users where a supply chain disruption may occur and how that could affect their business.

When this data is displayed in an easy-to-understand graphical interface, you can quickly react and adjust if you know in real time that a storm at sea may affect trade lanes. You could ask yourself whether you have an order on any ships in those lanes, the priority of that cargo and how you should adjust the shipping route. To put it simply, context matters. The faster you’re made aware of “breaking news,” the faster you can address and mitigate potential issues. You’re proactive, not reactive.

In addition to extreme weather events, the right solution should provide data on a range of other potential supply chain disruptions, such as political protests, transport strikes, economic upheaval, or infrastructure damage, allowing you to foresee and minimize the damage that any external event can cause to your supply chain. Your chosen platform should be able to tell you today what is going to happen tomorrow.

**Taking Stock**

The more informed you are about what is going on regarding your business, the better you can make strategic data-led decisions that can help your business grow. You should invest in solutions that provide data on supply chain disruptions, but you shouldn’t limit their knowledge only to that.

You should aim to achieve visibility and transparency into all elements of your supply chain, including the status of vendor bookings, purchase orders and the movement of inventory, using an automated system which updates data instantly rather than relying on manual updates which are slow, error-prone and out of date.

While natural disasters are inevitable, the impact on your organization doesn’t have to be if you are prepared properly with the implementation of a digital supply chain management platform.

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*Source:*  Graham Parker | Jan 15, 2019, *Material Handling & Logistics,* <https://www.mhlnews.com/global-supply-chain/how-supply-chain-can-thrive-face-natural-disasters?NL=IW-09&Issue=IW-09_20190121_IW-09_31&sfvc4enews=42&cl=article_1&utm_rid=CPG03000029914623&utm_campaign=32281&utm_medium=email&elq2=cee5c4b386b744178ab1741372382a80>