

FACT SHEET

SMEs: Be prepared for supply chain risks!



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The overall aim of this ERASMUS+ project is to provide owners, managers, and professionals of small and medium-sized enterprises (SMEs) with the necessary understanding and competences regarding different risks, which can occur in supply chains, to act in effective, efficient, and responsible ways.

Interview Study and Derived Risk Stories

In each partner country of the project consortium (Austria, Germany, Estonia, Greece, Italy, Portugal), qualitative interviews with SME owners or top managers were conducted between December and March 2021. The purpose of these interviews was to gain insights concerning the supply chain risk situation in the different countries.

The SMEs, which participated in the interview study, are very diverse in terms of size and industry. The number of their employees varies between one and 200. Furthermore, these SMEs belong to various industries like for example, cosmetics, engineering, IT, construction, metal, plastic, printing, and transportation.

Based on these interview insights the project partners developed short and concise Risk Stories, which are available on the project website (<https://beprepared-project.eu/outputs/>).

Lessons Learned from Risk Stories

In line with recent EU and national reports, almost all SMEs have experienced severe supply chain risks, which have been additionally increased by the COVID-19 crisis:

- cybersecurity problems (e.g., data breach or phishing attacks);
- challenges in relation to finding and retaining qualified staff;
- critical shortcomings of value chains (e.g., supply chain interruptions and delays).

Also confirming recent studies, the increasing digitalization of SMEs' supply chains has ambivalent impacts on such risks:

- partly enforcing (e.g., cybersecurity, finding qualified staff);
- partly reducing (e.g., enabling of new e-commerce solutions).

Furthermore, SMEs partly have increased sourcing from within Europe and their home countries.

In particular due to the COVID-19 crisis, many SMEs have also experienced increasing and severe communication problems in relation to their supply chain partners, like for example:

- reduced or lacking personal communication;
- response delays, e.g., during e-mail communication.

An overall lesson learned was that still only a small number of SMEs uses formalized risk management approaches.

Takeaways

Risk management should be understood as a top priority and thus a matter for the SME's leadership - and should therefore not be delegated to the IT department / firm's IT specialists.

Visualization of risks - e.g., in the form of a Dashboard or Risk Map - is helpful for being aware of the risks the firms is exposed to at a specific date and thus for taking concrete steps for dealing with these risks.

An SME owner/management should think of actively using job rotation, so that knowledge is shared among several skilled employees.

The communication of SMEs should be based on facts and explanations need to be provided as early as possible to eliminate potential rumors inside as well as outside the company. Moreover, communication channels and frequency of communication should be established to keep the business network (suppliers, partners, and customers) updated and involved.

All organization members should be aware of the pros and cons of both digital meetings and physical meetings and based on that understanding know when to apply to what format.

Each organization member must be made aware of the possible consequences when using social media or other less secure channels for work purposes. In case something happens, i.e., information or knowledge gets leaked, every organization member should understand where to turn to report such incidents.

Long-term partnerships with selected contract manufacturers and strict supplier contracts help to reduce supply chain risks.

A redundancy strategy for suppliers of important products helps to reduce value chain shortcomings.

Re-consideration of stocking, purchasing (e.g. local/regional versus International) and/or transportation strategies (e.g., using own vehicles and drivers) can be possibilities for insuring product availability.

Regular online tests and training for all organization members helps to reduce or even prevent different supply chain risks.

Further information about the project “SMEs: Be Prepared For Supply Chain Risks!” you can find here <https://beprepared-project.eu/>

The partners would like to thank the participating companies who were willing to share their experiences on the topic and thus made a significant contribution to making this fact sheet possible.

