

SMALL ENTERPRISE PORTUGAL

The risk story 1



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Small enterprise from Portugal

Context of the Company and the Supply Chain

With less than 20 employees, the company works in paper transformation for the most varied sectors, being a market leader in solutions for car refinishing, cutting, and wrapping tables (roll and sheet). Partner of the largest paper producers worldwide, it is one of the biggest national suppliers for the automotive industry's Original Equipment Manufacturers (OEM). The customer base includes several renowned companies in many sectors throughout Europe.

Digitalization of SC

Having experienced slowness, failures to access, and inoperability of the IT system, the company decided to step up its digitalization. Despite some unanticipated problems such as delays, wrong migrations, and security issues, the benefits came soon after.

The company made a considerable investment of about €1.5 million in 2020 to dematerialize processes and acquire state-of-the-art applications for supply chain digitization. Blockchain and analytic technologies have already been considered for adoption.

Presently, the company uses a digital platform to interact both with suppliers and customers. The platform enables suppliers to confirm the purchase orders with automatic registering in the company's ERP system with immediate repercussion in production planning. Using Robotic Process Automation (RPA) to process customers' orders, suppliers receive most purchase orders without human intervention.

The company has been working since October 2020 with a Portuguese software company specialized in tech-based B2B implementation for customized products targeted at SMEs, making available the product catalog in a digital platform. In addition, a QR code system is under development to enable better inventory control in customers' warehouses and facilitate inventory replenishment.

There is also a push for the digitization of quality assessment and management in the supply chain.

Risk Management

Practice of Risk Management

For the last two years, the company has followed ISO 9001 for commercial risks. Regarding business initiatives that are considered vital, the commercial manager identifies the risks according to the plan of action for decision-making defined for a year.

The company identifies commercial risks with a risk assessment matrix using a signaling system and identifying preventive and corrective measures.

The company backs up its information in the cloud, and the IT manager gives instructions to workers about good practices and safety procedures.

Risks

The most significant risk in the company is the excessive dependence on a single human resource for all matters related to IT management. It is a risk that the company is not ready to deal with, as there is no risk assessment for the possibility of the absence of this resource. There is also the risk of unconformities resulting from the lack of uniformity between the quality management systems of suppliers and customers. The problem most feared by the company's top management is the failure and stoppage of the machinery.

When making interventions at the IT infrastructure level, the increasing dependency on digital integration has not considered the digital risks, namely for customers. This lack of awareness of digital threats and risk assessment at the top management level could become even more of a problem as the supply chain and the industry become more digital.

Operational risks

The company suffered a database system failure in December. Top management acknowledged this failure which drove the company to invest in more reliable IT, acquiring new servers six months after the disruption. This failure took two full days to fix, but since the company does not quantify the impacts of risks and disruptions, the top management lacks awareness of the real dangers of such events.

Covid-19 related risks

The company delayed a planned project with a supplier due to the global pandemic.

Benefits of risk management:

By using a risk assessment matrix and identifying preventive and corrective measures, the company can manage commercial risks more effectively.

Due to considerable operational disruption, the company became more aware of such risks and began trying to prevent and mitigate such risks.