



MEDIUM ENTERPRISE PORTUGAL

The risk story 5



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Medium enterprise from Portugal

Context of the Company and the Supply Chain

The company, a medium-sized enterprise, is one of the four business units of a group, three of which are in Portugal and one in Brazil. Molds manufacturing accounts for 65% of the revenues and injection molding for the remaining 35%. There is no continuous relationship with the clients because every project starts from scratch, tailored to the clients' requirements for each order or negotiation. The company purchases raw materials, namely steel, accessories, and injection systems, from local representatives of international suppliers. The main customers in molds manufacturing are other small and medium-sized companies in the automotive value chain industry. Injection molding is a local business; logistics is costly, and thus customers are within a 100 km radius.

Digitalization of SC

The company uses an ERP system, but its integration is weak, for example, to assess the actual cost and profit of a mold produced across the different group business units. The ERP is also inadequate to deal with the significant variability in production, typically engineer-to-order. Despite the efforts, no adequate IT solution has been found so far in the market.

The company intends to evolve into online sales. However, the size of the business, for now, does not justify the investment required to implement more advanced digital solutions.

In terms of manufacturing technology, the company keeps up to date with the best in the world.

Risk Management

Practice of Risk Management

There is considerable dependence on the automotive industry for companies in injection molding. As a result, the company has been trying to diversify the customer base to decrease a high customer concentration risk in that particular sector. In the case of the injection molding area, the company avoids customers that supply the automotive industry.

The company is not ISO 27001 certified but tries to follow the norms. When doing business with large companies, non-disclosure agreements are required.

The interaction with customers is rigorous. First, while there is negotiation, the interaction is only with a salesperson. Then, once the negotiation is closed, henceforth, all interaction is with a project manager.

The employees have limited access to the company's data; each sector only has access to the information they specifically need. The company backs up daily the data on-premise and on the cloud.

However, when an employee leaves the enterprise, the company does not manage and measure the losses regarding knowledge risks.

There is no digital risk evaluation, and the employees aren't adequately aware of the risks and their consequences.

Risks

Every order is a new project, and the company is very dependent on the salesperson to get an order and start a new project.

The company has been trying to broaden its customer base, but there is still a considerable dependency on the automotive industry.

As part of a group experiencing hundreds of cyberattacks, the company has a robust system to prevent them.

Employees leaving the company, potentially to competitors, present a significant risk for the loss of knowledge.

Covid-19 related risks

As a result of the pandemic measures and travel restrictions, the company could no longer travel to meet clients in other countries and participate in job fairs and conferences, thus losing many deals and potential customers.

Benefits of risk management:

Non-disclosure agreements, limited data access for employees, strict communication with customers make it easier for the company to protect its data and knowledge. Furthermore, daily local and cloud backups and a robust system to face cyber-attacks prevent the loss of valuable information.