



Voice of the CSCO

A recurring conversation with CSCOs
on the state of their supply chains



September 2024

CSCOs consider the journey to visibility

Based on conversations with chief supply chain officers (CSCOs), we know visibility is the goal. Visibility opens the door to risk management, forecasting, regulatory compliance, and more. Visibility is also fraught with challenges. A key hurdle is accessing supplier data. Suppliers don't like to give up their data or, when they do, it's often lacking in quality or consistency. A regulation could help mandate data sharing, but regulations are not always favored by supply chains. The European Union (EU) has a corner market on regulations. Supply chains favor

other options like an industry collaboration to teach suppliers about the value of data sharing. Even so, the goal of visibility is more a journey with a two-year commitment. Given the disruptions, supply chains are also turning to hardening techniques like involving information technology (IT) and cybersecurity. Even the US government has a role in hardening supply chains with a risk assessment tool that will equip the Department of Commerce to be more proactive and strategic in addressing supply chain risk.

On the CSCO agenda

Journey to visibility

Supplier data and governance

Revisiting regulations

Mandating data sharing

Managing disruptions

Hardening the supply chain

Journey to visibility

Supplier data and governance

Visibility is every supply chain's holy grail. With visibility upstream, a supply chain can identify risks and proactively make mode or lane shifts or change suppliers before issues occur. Or, the supply chain can improve forecast accuracy due to visibility into the inventory.

Blythe Chorn, managing director at KPMG with a focus on supply chain sustainability, is a big proponent of an enterprise-wide approach to visibility.

"One of the ways we're seeing enterprise-wide visibility drive risk management is with a command center or control tower that

houses data and technology with users across the company accessing data for reports, to make informed decisions, and comply with regulations."

Most supply chains with far-flung operations are on a journey toward visibility. A key challenge is getting data from suppliers and securing output from legacy systems. Technology helps with processing, but suppliers often resist sharing their data.

The CSCO for an auto manufacturer with thousands of suppliers around the world dealt with a language barrier.

"With Chinese suppliers, it was an array of different data points," said the CSCO. "We were able to set up an automation system to intake data from a specific country or language. The system translated and ensured the data fields appeared the same across the supplier network."

For any supply chain embarking on the journey to visibility, it's quickly realized that industry unicorns do not exist. For most, it's a two-year commitment, and best practice calls for starting small and expanding outward like focusing first on Tier 1 suppliers. Start with your best, most reliable suppliers initially

because they have the most to gain from sharing their data. Even with this smaller sample size, the next challenge is just around the corner.

"We're in the early stages of implementing data requirements with our Tier 1 suppliers," said a consumer and retail CSCO. "The data is there, but quality in terms of reliability and accuracy is lacking."

Data governance helps with ensuring quality data from suppliers. Technology solutions curate supplier data to provide the quality needed for analysis and analytics. The fruit of that labor is having suppliers on board with sharing data.

"Risks and expectations have never been higher for supply chains."

— Blythe Chorn, Managing Director, KPMG LLP

Revisiting regulations

Mandating data sharing

Could regulations help supply chains in some areas or make things easier? A regulation that mandates suppliers to share data would be a tall ask. Other considerations are a framework, best practices, or a minimum requirement.

The EU is the leading proponent of regulations governing supply chains and protecting human health and the environment from chemical risks. Some US supply chains are not reacting to an EU regulation as much as seeking alternatives or making a business decision to exit lines like forever chemicals.

For Blythe Chorn, we're moving

beyond reporting regulations to meeting due diligence requirements like the Uyghur Forced Labor Prevention Act.

"Due diligence that requires showing documentation covers the supply chain all the way back to raw material extraction. These requirements are making the case for visibility that would not only meet requirements but also drive efficiency and improve incident response."

The challenge with a specific regulation isn't yet another regulation specific to supply chains. The issue is compounded by the

global aspect of supply chains. A CSCO with a pharmaceutical company put it this way: "When you have suppliers across the globe, how do you ensure the data delivered is secure and accurate? It's hard to have a regulation when we're not yet there on visibility."

For other supply chains, the roadblock of a regulation is a contract manufacturer that doesn't want to reveal where the product is made. The wrong regulation makes compliance a paper action, not a driver of change. A better idea would be an industry collaboration.

"With an industry collaboration,

suppliers are compelled to participate and learn best practices," said a CSCO of a healthcare company. "They show up and learn rather than forcing them to do these ten cyber things."

It doesn't take a regulation for supply chains to think more proactively. The upcoming election, for example, has supply chains considering a what-if analysis regardless of which candidate wins. One company's leadership stepped up employee communications to convey what is appropriate in the workplace. They're even game planning for situations that could happen around the election.

"Board members increasingly want CSCOs to report on what is happening with the supply chain."

— Mary Rollman, US Supply Chain Advisory Leader, KPMG LLP

Managing disruptions

Hardening the supply chain

Visibility would go a long way in helping supply chains avert disruptions like inaccurate forecasts, bottleneck congestions, and cyberattacks. Alas, most supply chains haven't cracked the code for visibility yet. To borrow a software term—hardening—supply chains should harden their supply chains to become more resilient against disruptions to operations.

An experienced CSCO knows the shortcoming of business continuity plans that many supply chains rely on during a disruption and the value of hardening.

“Business continuity plans offer dress rehearsals, but you really must simulate everything working together

in a coordinated fashion. There is a whole range of moving parts and activities that need to be accounted for. Do everything to harden the supply chain but also be ready for the moment when a disruption occurs.”

A lot of coordination is assembling the right resources and pulling the team together. Supply chains often see value in collaborating with the IT group and cybersecurity. The work of a cross-functional team can reveal vulnerabilities that can be addressed.

In those situations, the technical side can speak the language with supplier's IT while the CSCO's team has overall responsibility for supplier risk

management. In a nutshell, the CSCO's team is on the front lines utilizing resources from the other teams, which takes confidence in what they're presenting and recommending.

“Our centralized team rolls out the program to our suppliers. Suppliers need to feel like we know what we're doing,” said the CSCO of a consumer and retail brand.

Even the US government has a role in hardening supply chains. Mary Rollman, KPMG US Supply Chain Advisory leader, participated in a supply chain summit and learned about the Department of Commerce's new diagnostic supply chain risk

assessment tool known as SCALE. It will enable the government to be more proactive and strategic in addressing supply chain risk. SCALE will compare risks across industries and provide an in-depth assessment of what is driving those risks.

“The more tools like SCALE we have for managing supply chain risk, the better,” said Rollman. “Board members increasingly want CSCOs to report on what is happening with the supply chain.”

Considerations

- Start with Tier 1 suppliers on a data sharing policy
- Review tech solutions for data management and visibility
- Form a cross-functional team involving IT and cybersecurity

Additional resources

[The disruption dilemma in supply chain](#)

[Expectations fulfilled: Transforming a CPG's supply chain](#)

[Cognitive demand planning helps drive greater business value](#)



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