Case Study
Supply Chain Risk Management

Prevention of loss of sales and ensuring of parts supply.
CHALLENGES
Risk management in multi-tier supply chains is a component that is critical to success for Belimo in terms of ensuring company-wide parts supply, and helps support existing supplier management. Important reasons for initiating supply chain risk management included:

- Prevention of loss of sales as a result of disruptions in supply relationships
- Monitoring of supplier stability
- Supporting the sourcing and supplier management process

SOLUTION
Belimo uses the Supply Risk Network from riskmethods to monitor various risks in the entire supply chain. Natural hazards, political disruptions and macro-economic factors as well as supplier-related aspects such as corruption, financial stability and regulatory restrictions are constantly monitored. In addition, the interaction with the Belimo Sourcing/SRM system offers a solid base for improved contract award decisions as a result of increased risk transparency.

BENEFIT
Belimo scans all risks along supply relationships: Countries, locations, suppliers and their pre-suppliers are monitored in near real time in respect of threats such as political risks (strikes, civil unrest etc.), natural disasters (flooding, earthquakes etc.) or events such as insolvencies or breaches of ethical standards. The early warning system together with an analysis of the supply chain data then enables risk prevention, so as to safeguard the corporate image and ensure parts supply, among others.
“Prevention of loss of sales and ensuring of parts supply”

Risk management along the entire supply chain is a critical component to success for Belimo in terms of ensuring company-wide parts supply: With high external value creation – more than ¾ of the Belimo turnover is procured externally – suppliers are of great importance. Existing processes for supplier management and eSourcing take into account performance and quality aspects such as data for financial stability. However, a key component was missing: information on risks along the supply chain for:

- Prevention of loss of sales as a result of disruptions in multi-tier supply chains
- Integrated monitoring of supplier stability
- Supporting the sourcing and supplier management processes

Belimo uses the Supply Risk Network from riskmethods to monitor numerous risks in the supply chain by means of a uniform approach. In terms of the supply chain, all levels of external added value are taken into account, i.e. the supply chains of pre-suppliers are also subject to analysis. Natural hazards of any type, political disruptions and macro-economic factors as well as supplier-related aspects such as corruption and financial stability are constantly monitored. The existing integration of numerous data sources in the Supply Risk Network allows for highly automated information procurement. In this way, a degree of automation of over 90% is possible through linking of data sources such as MunichRE NATHAN Risk Suite (natural hazards), World Bank, United Nations Data, CIA (country risks), Transparency International (image risks) and riskmethods’ Risk Research. Risk Research scans more than 300,000 online sources, thereby enabling automatic provision of near-real-time information on disasters that have occurred, such as explosions on factory premises, corruption cases, unrest or strikes.

As soon as the risk radar of the Supply Risk Network determines that the tolerance ranges for risk potential defined by Belimo have been exceeded, an alert is generated and sent to the responsible purchasers: As country and location-based information on tsunamis or general strikes, for example, are geocoded in the software, this alert message also shows the affected supply chains including details on suppliers, locations, warehouses and affected categories of goods, besides the actual risk. This obviates the need for costly and time-consuming additional research.

In addition, so-called background risks can be automatically identified to initiate preventive actions: Risk potential is reduced and possible losses are countered at an early stage by Belimo through appropriate action plans. Examples of action plans include flooding protection, adaptation of inventories along the supply chain, setting up of alternative suppliers or conclusion of insurance cover for operational interruption of the supply chain. Furthermore, the interaction with the Belimo Sourcing/SRM sys-

Christian Burgener
Head of Global Sourcing Division

“With external added value of over 80%, functioning supply relationships are of great importance for Belimo.”
About BELIMO

Belimo is an international group of companies based in Switzerland with more than 1200 employees worldwide. Belimo is the global market leader in the development, manufacture and distribution of drive solutions for regulating and controlling heating, ventilation and air-conditioning systems. The core business is made up of actuators and water actuators. Belimo products can be found in rail vehicles and ships, as well as in buildings such as the Burj Khalifa in Dubai, the National Aquatic Center in Beijing and the Empire State Building in New York.

Peter Neumüller
Senior Procurement Engineer

„Supply chain risk management along all tiers of the supply chain and across all relevant risks means further professionalisation of our procurement.“

System offers a solid base for improved contract award decisions as a result of increased risk transparency, and consequently also for reliable supplier relationships.

As a next step, participation in the design of the “Impact Validator” and “Action Planner” modules is planned, besides the Risk Radar module, which is already in use worldwide. These new modules will provide support for determining supplier criticality as well as for evaluating the impact from risk events that have occurred. Suggestions for reactive or preventive actions based on the relevant current situation and based on the corresponding risk are also already being recommended to the user. Combined with the Risk Radar for determination of the current risks, this will result in a complete control loop for long-term optimisation of risk exposure in Belimo’s multi-tier supply chains.