

PowerAdvocate Annual Survey

Managing Supply Chain Risk

November 2020

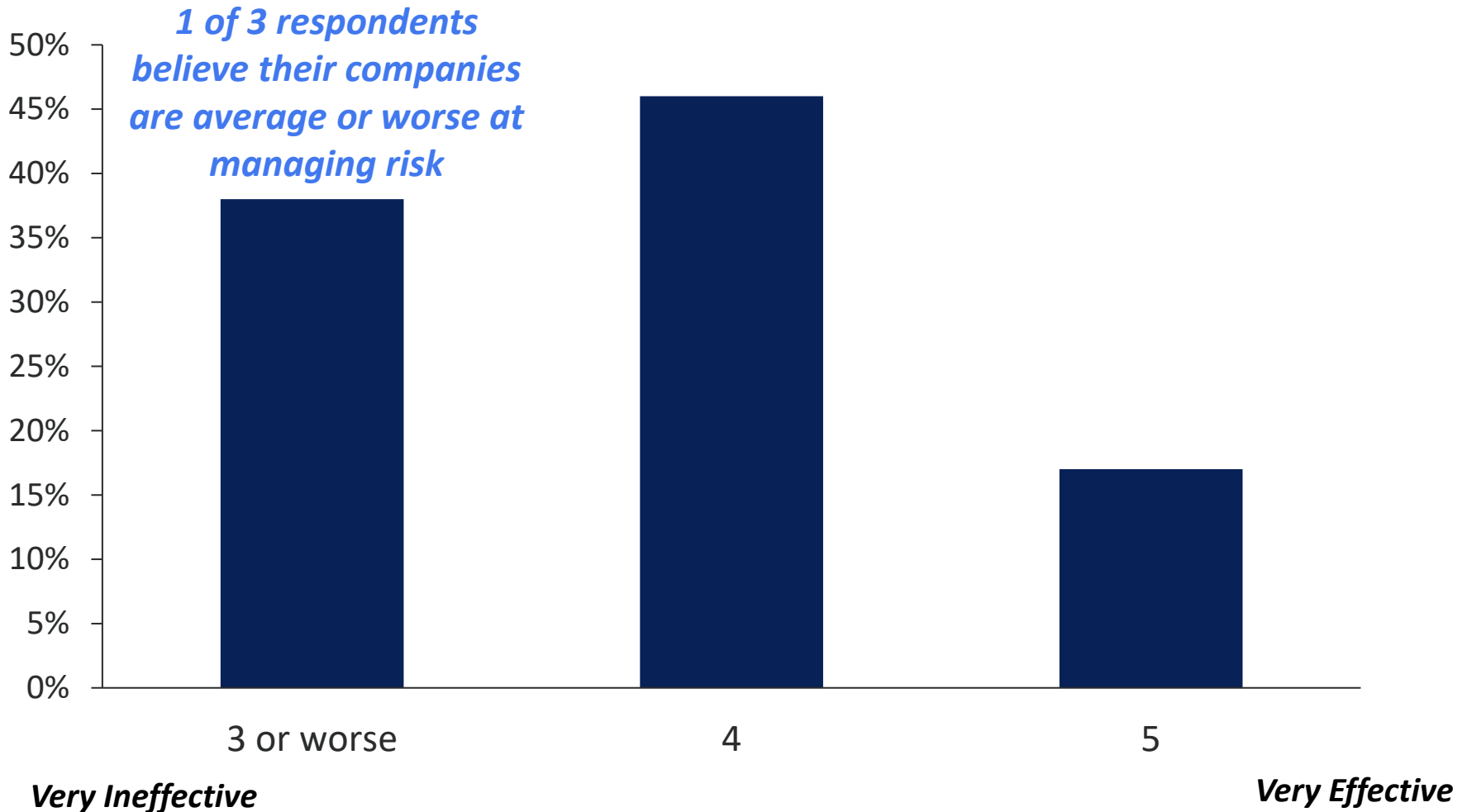


Executive Summary

- Every year we conduct a survey in the energy & natural resources industries
- This year's survey focused on how teams around the world manage supply chain risk, and asked respondents to consider:
 - How effective they believe their organizations are at managing risk today
 - The risk domains (e.g. supplier safety, cybersecurity) that are most important
 - How to best approach risk management (e.g. by supplier, by business unit)
 - The most pressing and persistent impediments to managing risk effectively
- The following document summarizes key insights from the >700 professionals surveyed across >200 organizations in 40 countries globally

Supply Chain Risk Management Performance Today

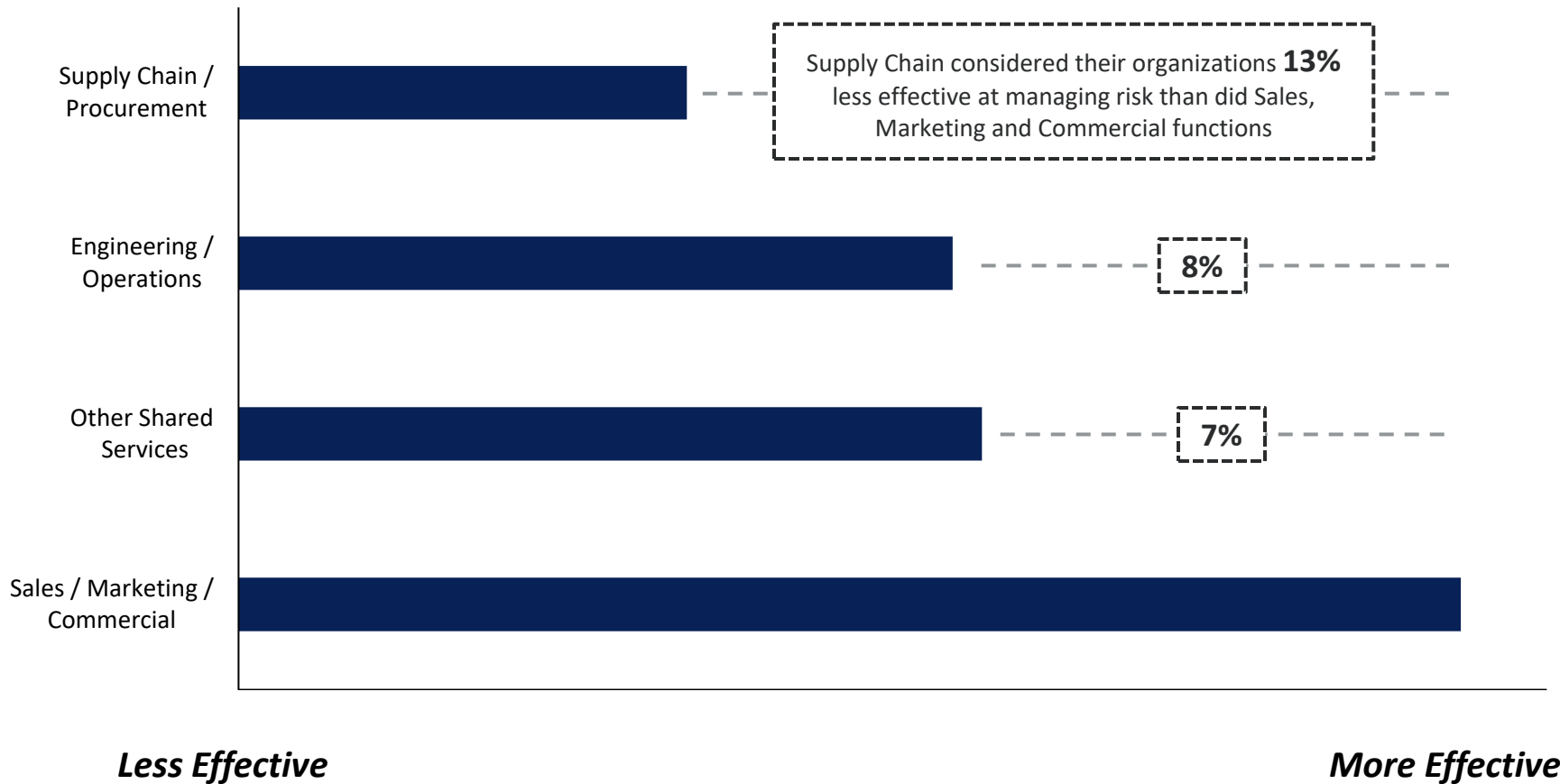
When asked about organizational supply chain risk management, >35% of respondents noted average or worse performance:



How Business Functions View Risk Management Effectiveness

Further review revealed that supply chain functions tend to think less favorably of their organization’s risk management performance than do other functions:

View of Organizational Risk Management Effectiveness by Function



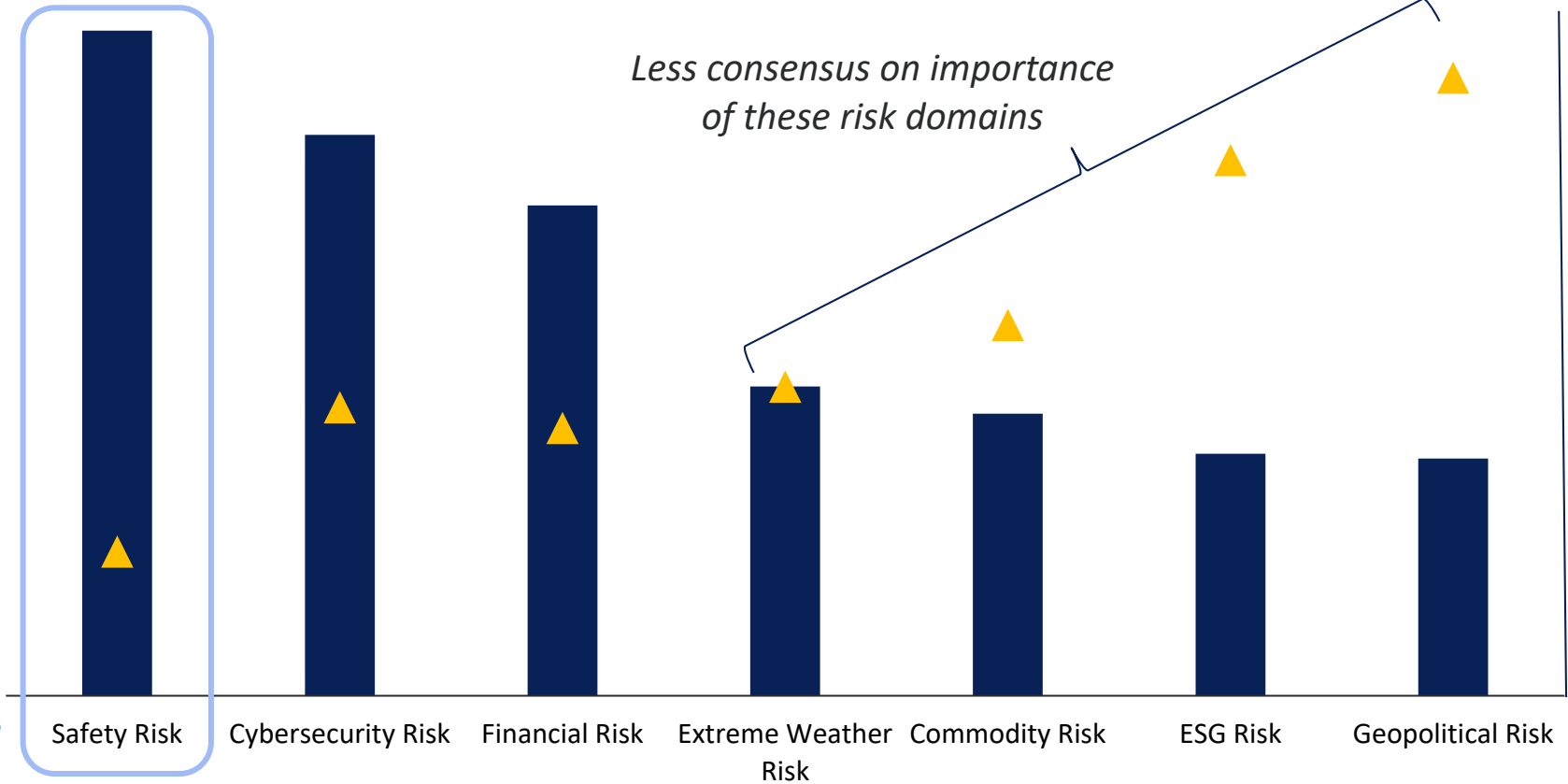
Measuring Consensus on the Importance of Various Types of Risk

When asked about a variety of risk domains, respondents found the most common ground on the importance of supplier safety:

■ Frequency of "most important"

Perceived Importance of Various Risk Domains

▲ Frequency of "least important"



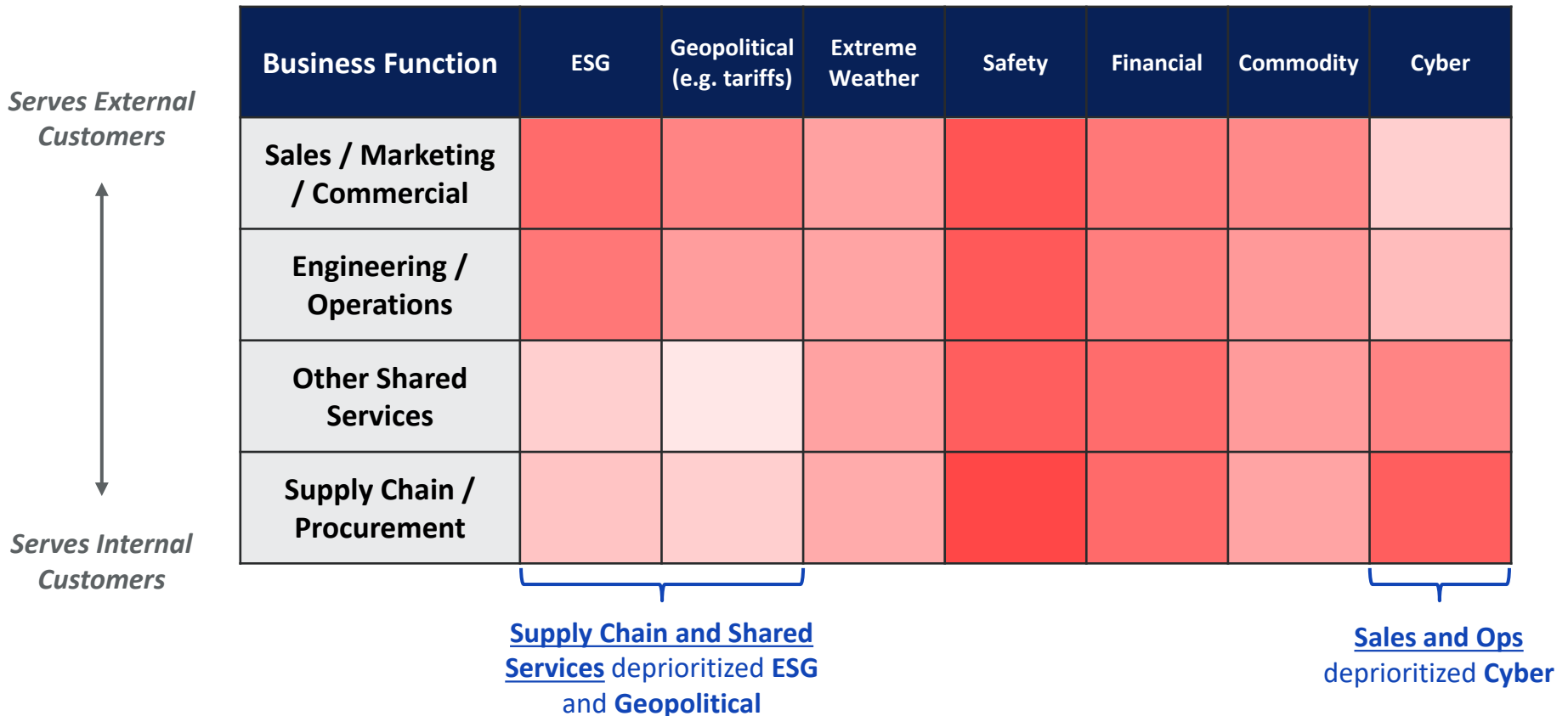
Safety was ranked as the most important the most often, and the least important the least often

Considering Risk Priorities Across Business Functions

While all business functions prioritized certain risks (e.g. Safety, Financial), there were differences in how internal and external functions perceived others (e.g. Cyber, ESG):

Risk Domain Importance by Business Function

Less Important More Important

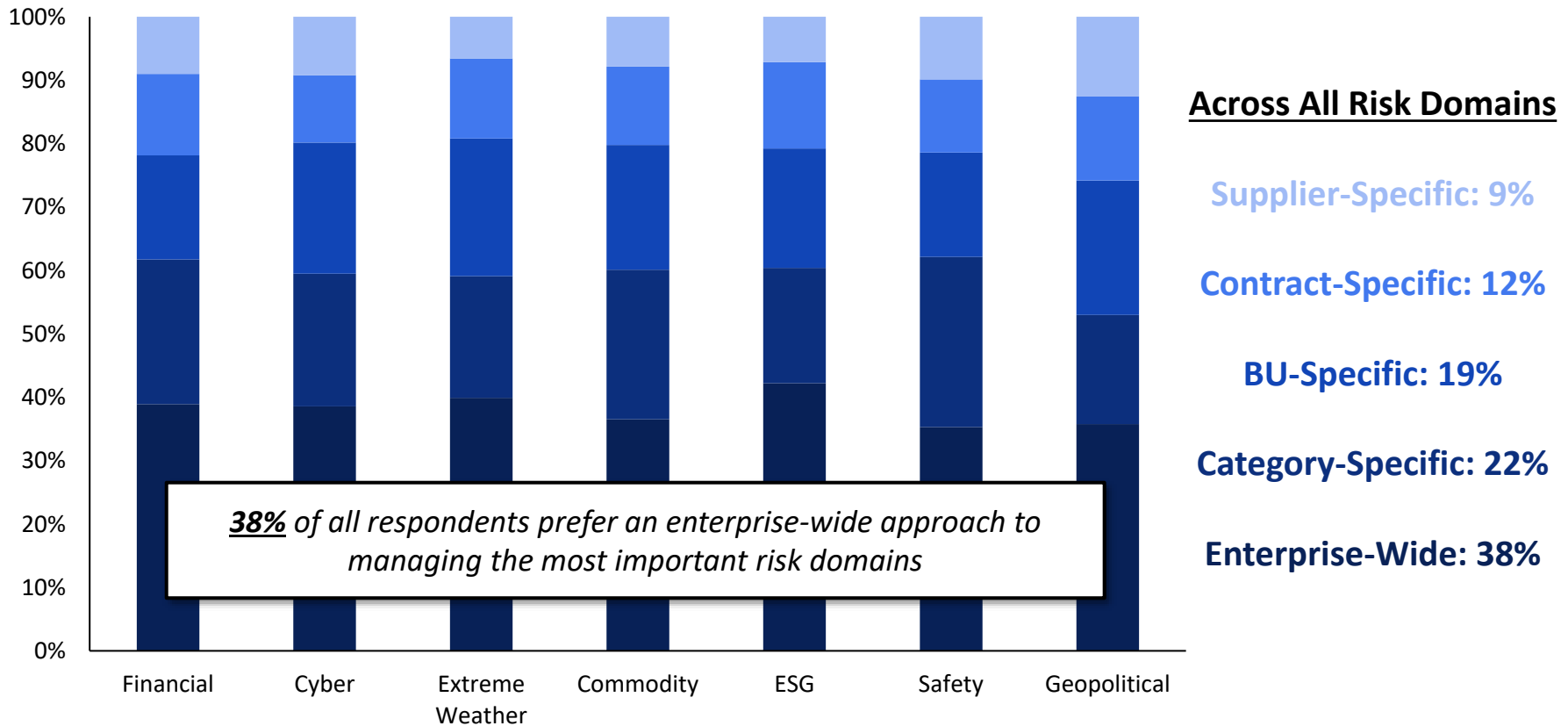


Preferred Risk Strategies by Risk Domain

Respondents, regardless of the risk domains they identified as the most important, were generally aligned on the risk management approaches they preferred:

Risk Management Approaches by Domain

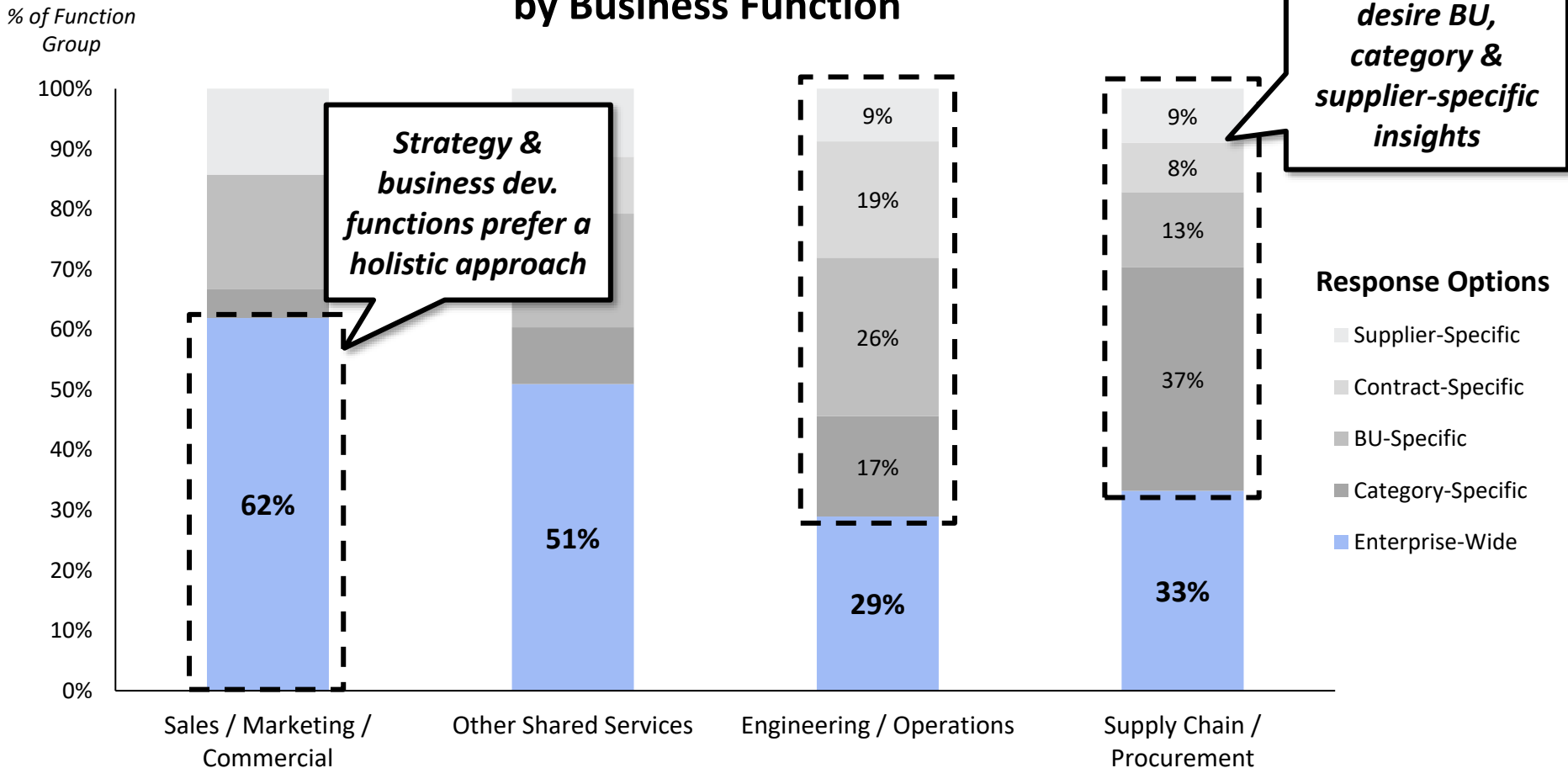
Among Respondents who Prioritized Each Respective Risk Domain



Preferred Risk Strategies by Business Function

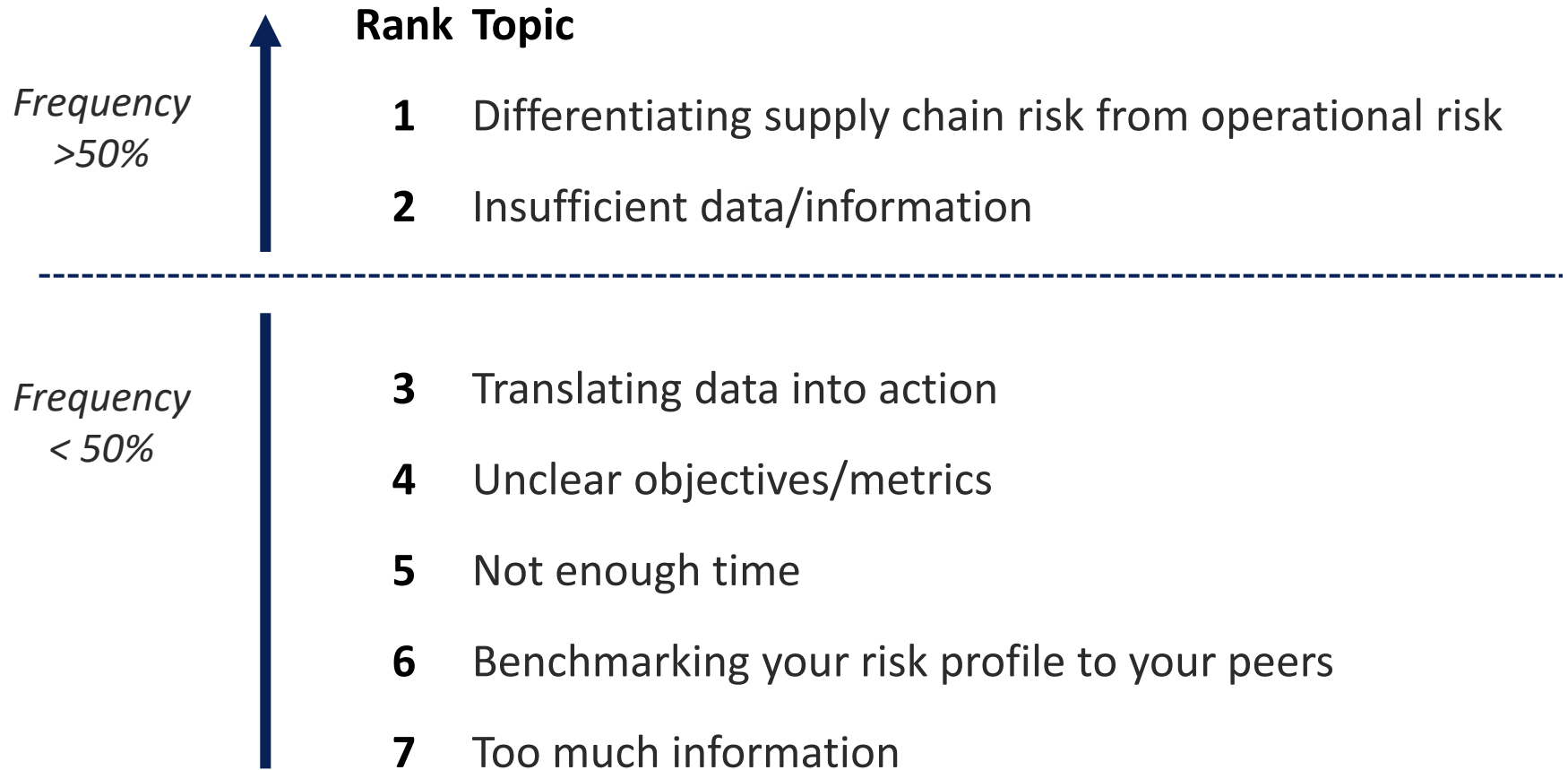
Front-of-house business functions indicated a preference for enterprise-wide approaches to risk management, whereas operations teams preferred more specific strategies:

Preferred Supply Chain Risk Approaches by Business Function



Challenges to Managing Supply Chain Risk

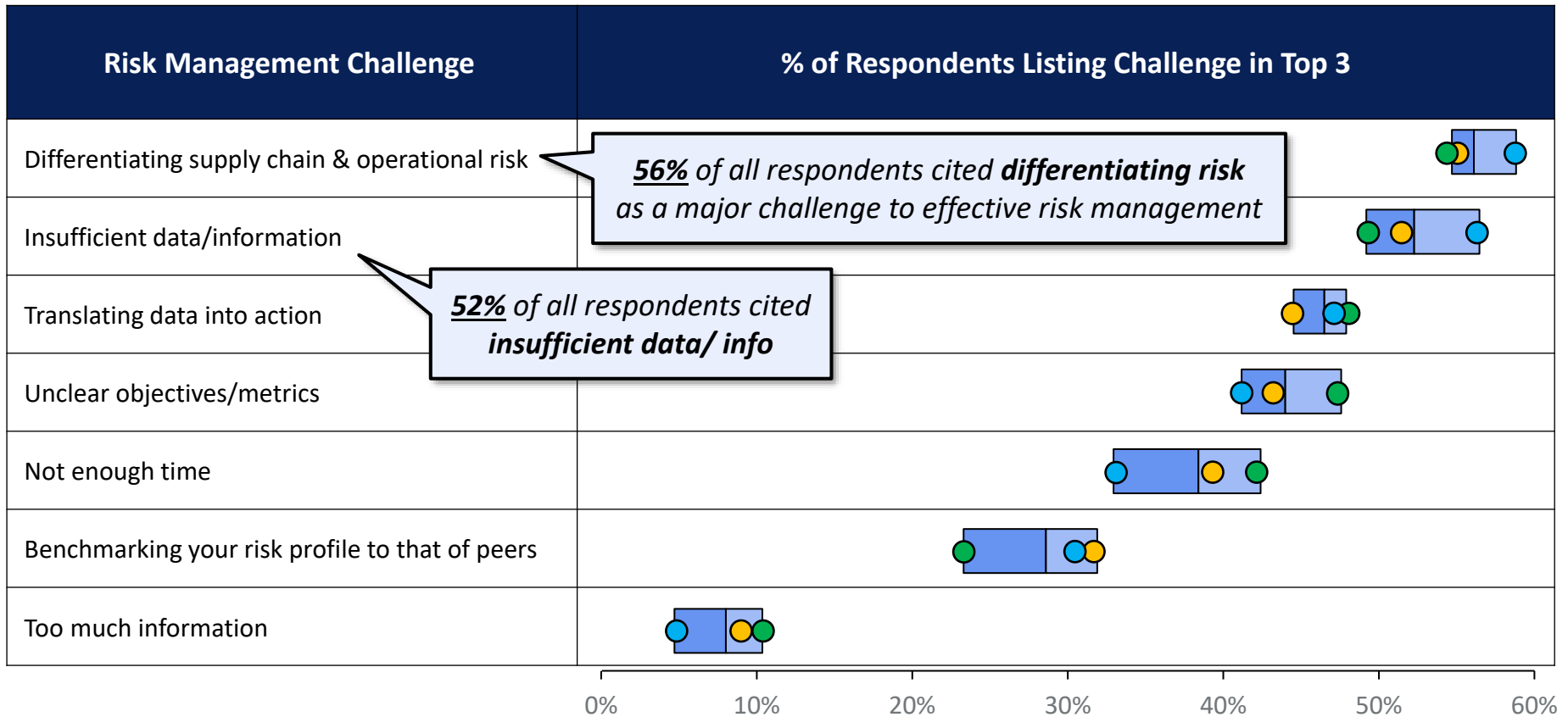
>50% of respondents cited insufficient data and risk differentiation as major challenges in managing supply chain risk:



Biggest Challenges to Managing Supply Chain Risk

Survey responses indicated that professionals across industries are aligned on the primary roadblocks to effective risk management:

Top 3 Roadblocks to Supply Chain Risk Mitigation by Industry



Legend:

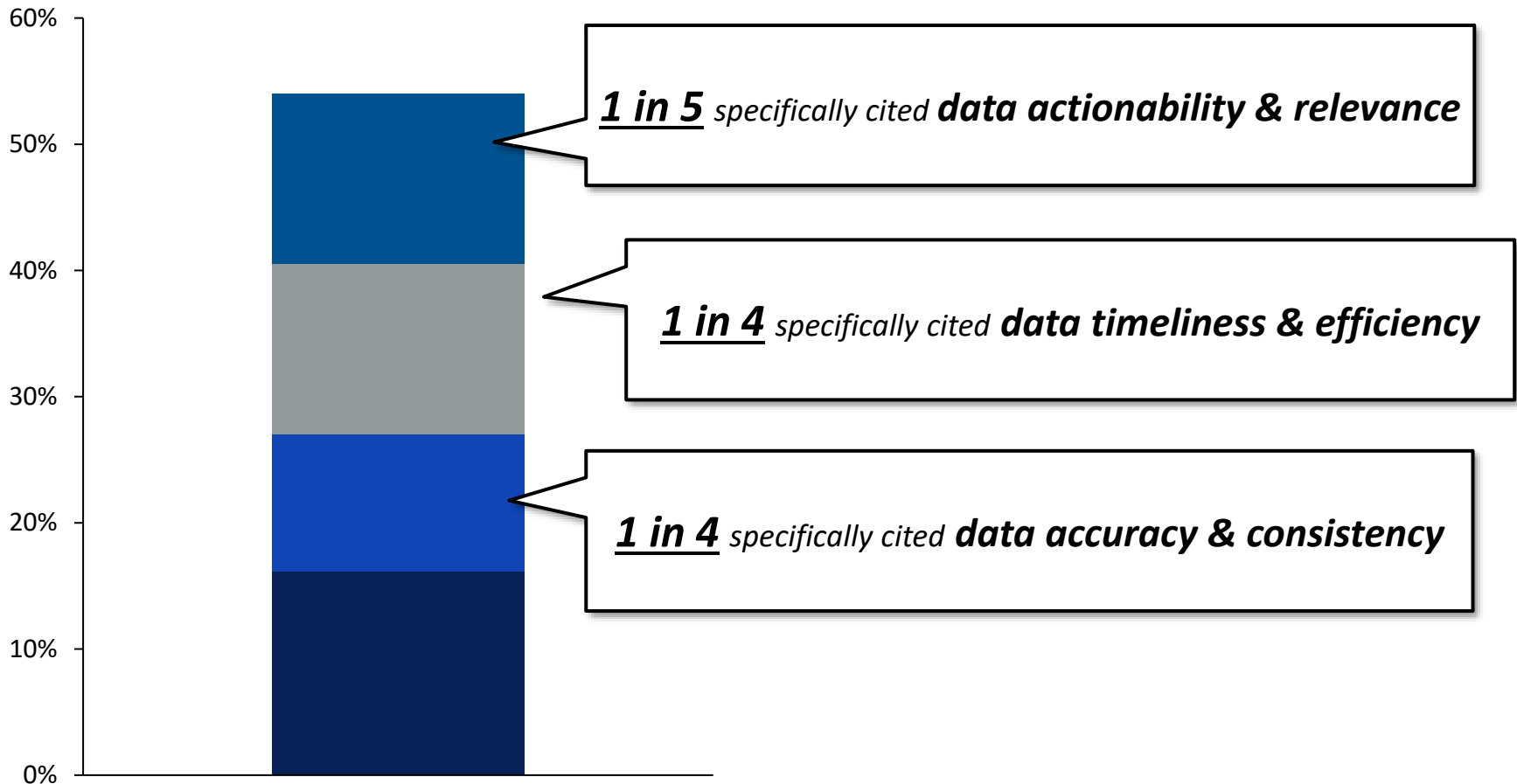
	← Max % of Respondents		Oil & Gas		Mining & Natural Resources
	← Avg % of Respondents		Power & Utilities		
	← Min % of Respondents				

Persistent Challenges Faced in Managing Supply Chain Risk

For respondents who cited “Insufficient Data/Information” as a persistent challenge, there were trends in the specific types of data issues their organizations face:

Respondents Who Cited “Data” as a Top Risk Management Challenge

% of Total Respondents



Persistent Challenges Faced in Managing Supply Chain Risk

Among those who viewed their organization as ineffective at managing risk, several cited challenges with company strategy, processes or timelines:

"A constant challenge is to translate risk data, for cyber for example, into language ops teams will understand"

- North America Utility

"We lack clarity on BU-specific processes"

-EMEA Oil & Gas Firm

"Up to date and useful information is hard to find in a pinch when it's most needed"

-EMEA Oil & Gas Firm

"It's perceived as a nuisance to follow a world class [risk management] process"

-APAC Oil & Gas Firm

"We lack personnel to wade through the data we need to"

-APAC Mining Company

"Our [risk] strategy is immature"

- North America Oil & Gas Firm

"Organization is big to the point where it takes significant time to coordinate risks"

-EMEA Oil & Gas Firm

"The process is overly manual"

-North America Utility

Thank you!

If you have any questions or would like to discuss these results further with our team, please email us at marketing@poweradvocate.com

