SCRLC April

Supply Chain Risk Leadership Council

April 2009 Meeting

Contents

Founding Members

? → Observer

Welcome Prospective Members

Celestica
John Deere
Genentech
IN BUSINESS FOR LIFE
IBM
FOXCONN
The Coca-Cola Company
Medtronic
DELL
Expeditors
imagination at work
U.S. AIR FORCE
RAND
CORPORATION
MARINES
THE FEW. THE PROUD.
LMI
GOVERNMENT CONSULTING
Rolls-Royce
Johnson & Johnson

SCRLC Objectives

- Expand overall awareness of SCRM and increase membership on the SCRLC
- Contribute useful content for ISO 28002 "Resilience in the Supply Chain" and ensure it comprehends industry proven SCRM practices
  - SCRLC Member Participation is essential
- Build an influence and "sense and respond" capability regarding Regulatory and Legislative agencies that affect our supply chains

SCRLC Proposed Tracks

Tracks include a Governance team and six working groups

1. Supply Chain Risk Quantification & Measurement
2. Business Continuity Planning & Preparedness
3. Supply Chain Monitoring & Crisis Management
4. Manufacturing, Transportation and Logistics Resiliency
5. Product and Materials Resiliency
6. Supply Chain Security

SCRLC Governance
Membership Structure

Membership Structure

Core Council

Role

Comprising Industry Practitioners. Responsible for governance of the council. Proposal: Working Group Leaders form the core council

Company Representation

Director/Senior Manager level involvement with VP sponsorship. Must participate on at least one Working Group. Does not include for-profit consulting firms.

Estimated Commitment

Quarterly Council meeting (1½ days quarterly)

Working group participation

- ❑ Leadership of semi-monthly Working Group meetings (2 hours monthly)
- ❑ Working group standards development (2-4 hours monthly)

Membership Structure
Working Groups (tracks)

Role
Responsible for defining industry best practices and developing content for 28002 “Resilience in the supply chain”

Company Representation
Ownership/Responsibility for the applicable supply chain process and/or program. Does not include for-profit consulting firms.

Estimated Commitment
Quarterly Council meeting (1 ½ days quarterly)—optional

Working Group participation

- ❑ Semi-monthly Working Group meeting (2 hours monthly)
- ❑ Working group standards development (4-6 hours monthly)

Membership Structure
Community Member

Objective

ISO 28002 certified supply chains; Starts with creating a community of supply chain partners that are aware of the emerging practice and standards for supply chain risk management.

Role

Awareness and preparation for compliance. Access to the SCRLC website, and quarterly newsletter recipient. Opportunities to provide input to SCRLC working groups

Contents

CISCO SCRM Program

Supply Chain Risk Management

SCRM Program Overview

SCRM Programs: Business Continuity

- Supplier recovery mapping
- Part recovery mapping
- BCP planning
- Site audits & drills

SCRM Programs: Crisis Management

- Global event monitoring
- Incident notification
- Impact analysis
- Response management

SCRM Programs: Product Resiliency

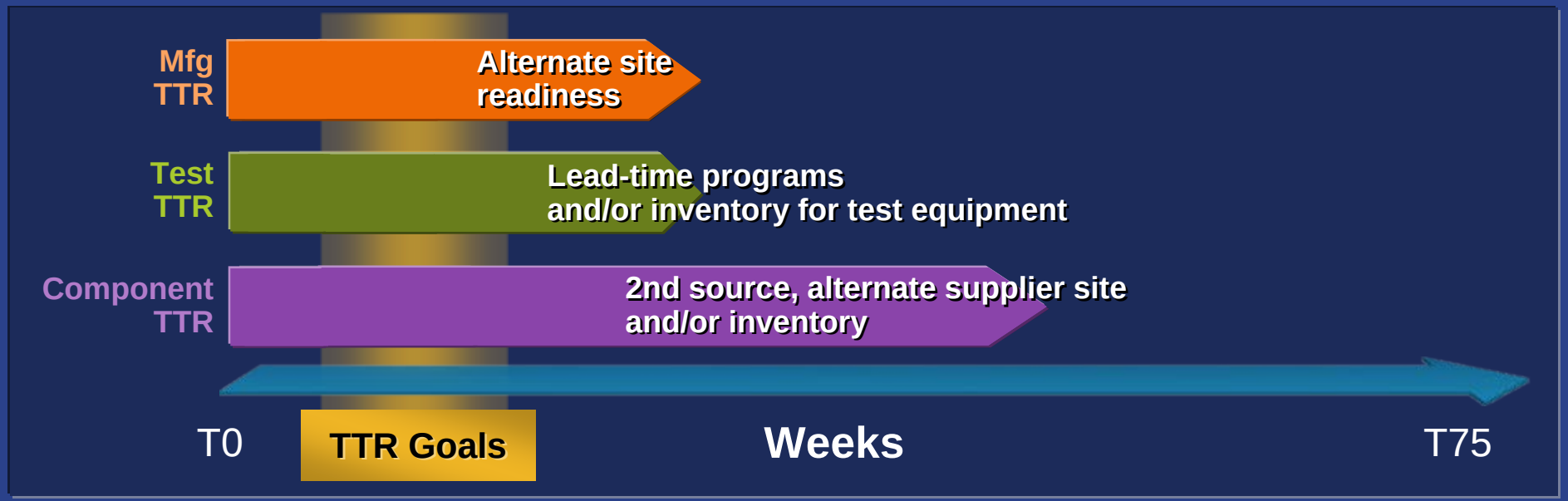
- Component mitigation
- Supplier mitigation
- Design for Risk

SCRM Programs: Supply Chain Resiliency

- Manufacturing resiliency
- Test resiliency
- Logistics resiliency
- Risk inventory

How We Deliver Resiliency

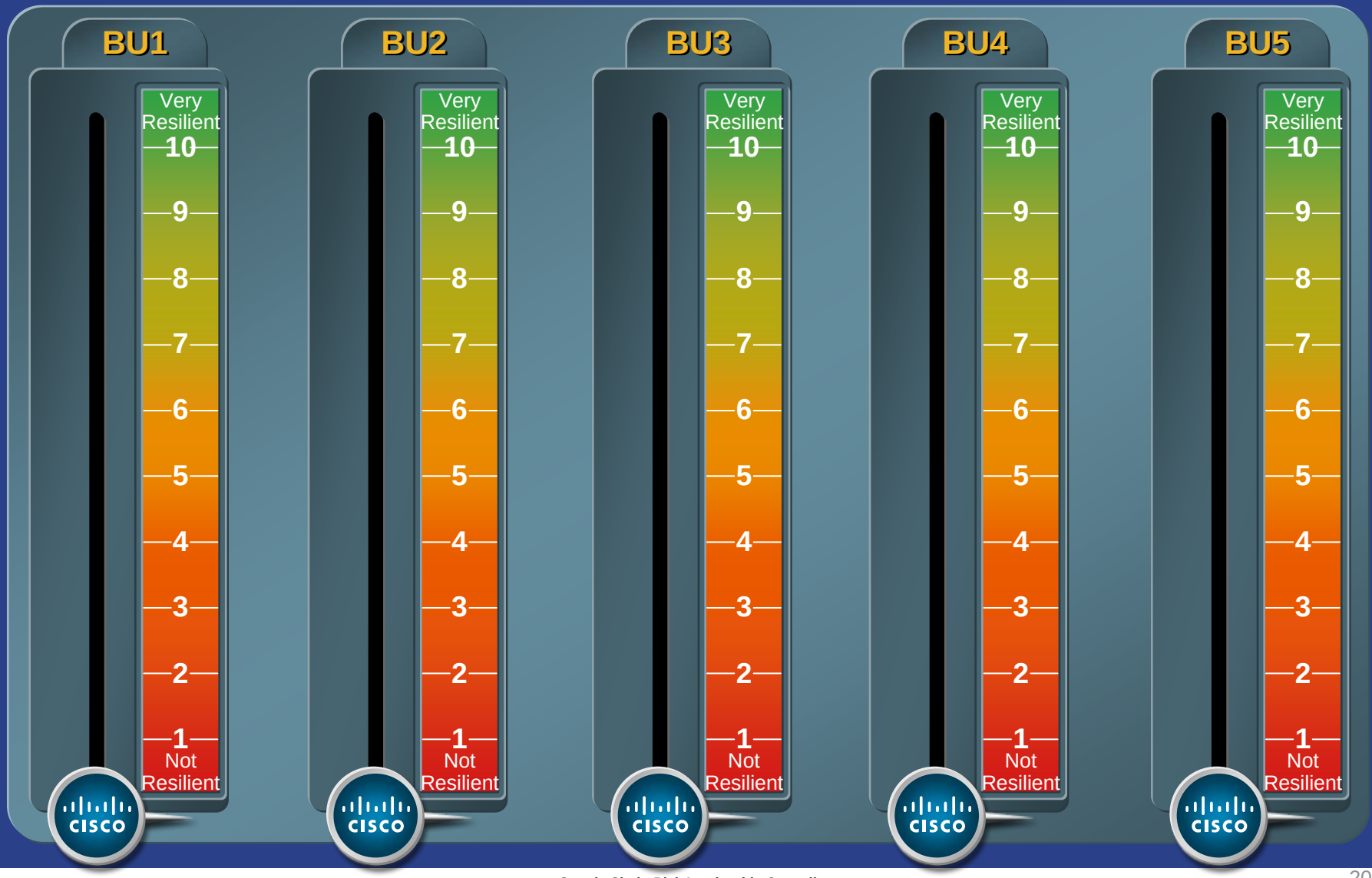
Time to Recover (TTR): number of weeks required to restore 100% operational output following a supply chain disruption



Resiliency Index – Sustaining Products

Index Metrics	Goal
Mfg Alternate Readiness	*Alternate Site Qualified
Manufacturing Recovery Time	X Weeks
Test Recovery Time	X Weeks
Component Recovery Time	X Weeks
% Single / Sole Sourced Parts	<xx%

Resiliency Index Dashboard



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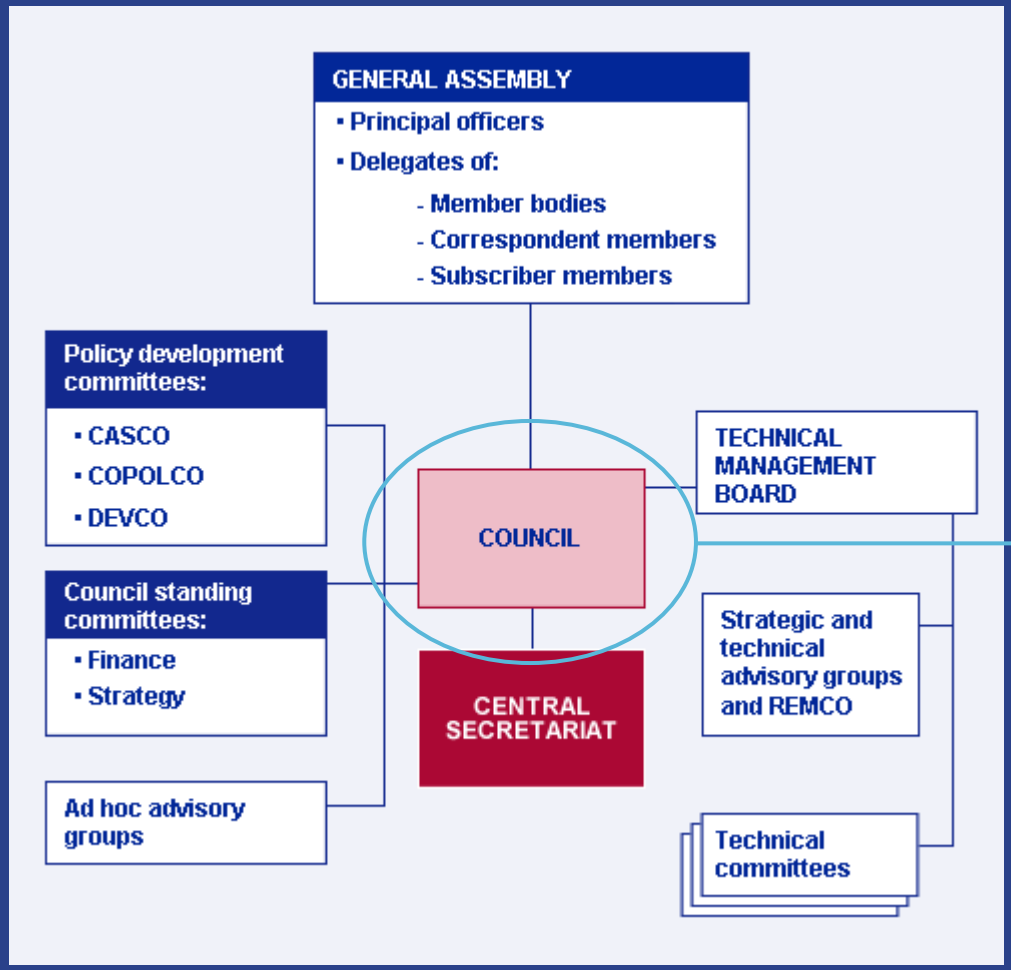
The ISO System

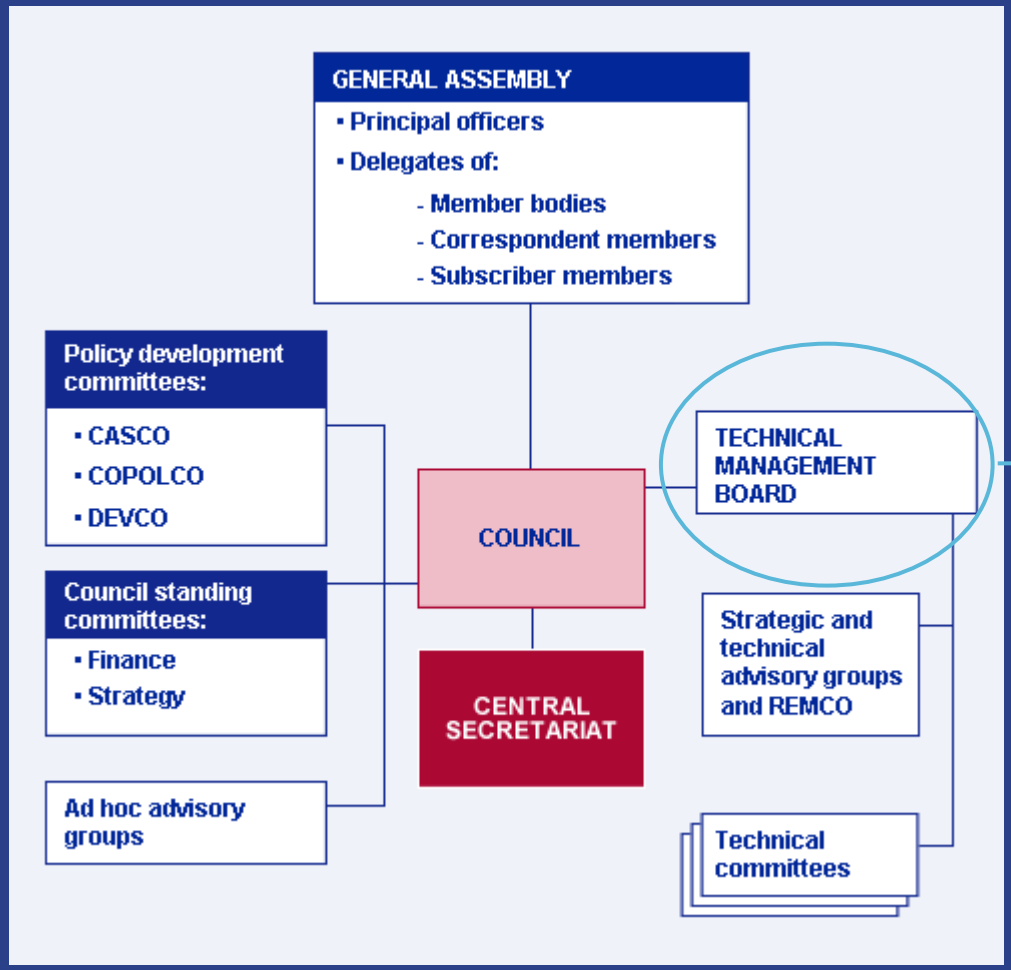
Alka Jarvis, Chair – US Technical Advisory Group to Technical Committee 176 (ISO 9000)

ISO Structure



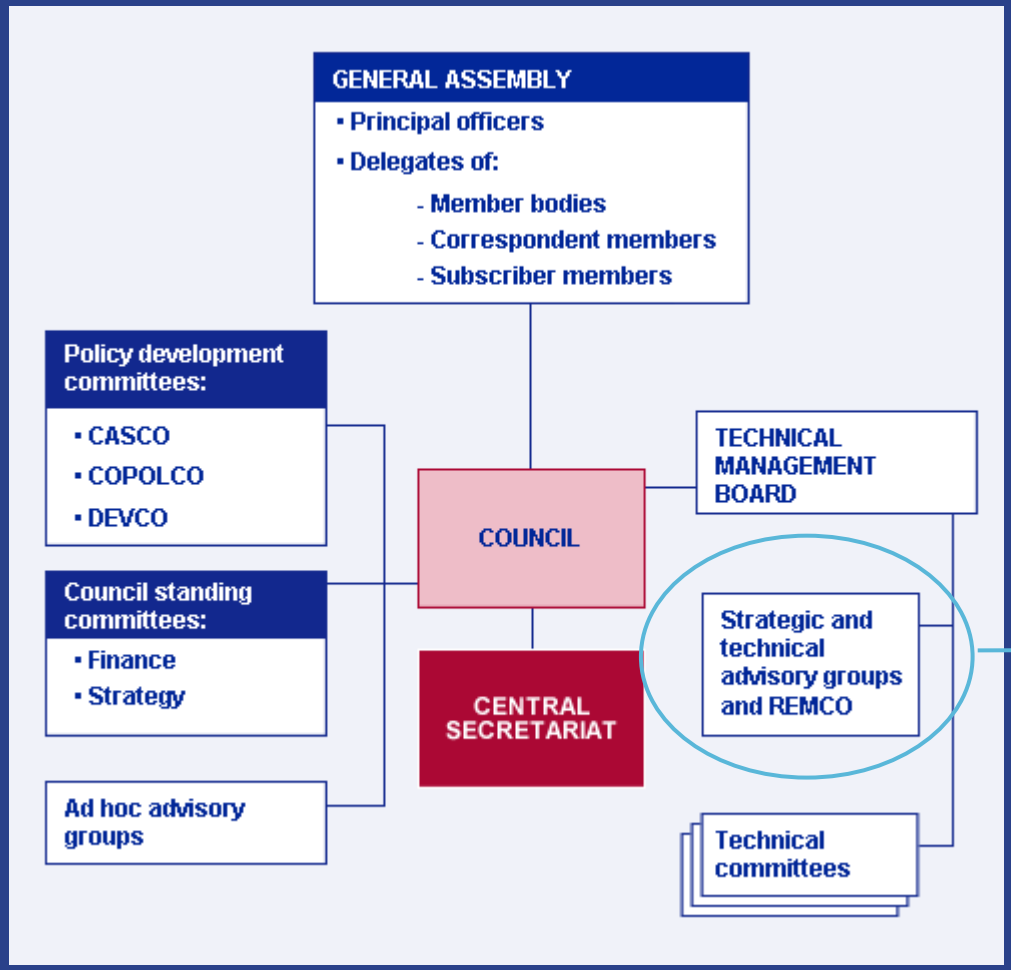
The operations of ISO are governed by the Council, consisting of the Officers and eighteen elected member bodies (ANSI, BSI, etc)

ISO Structure



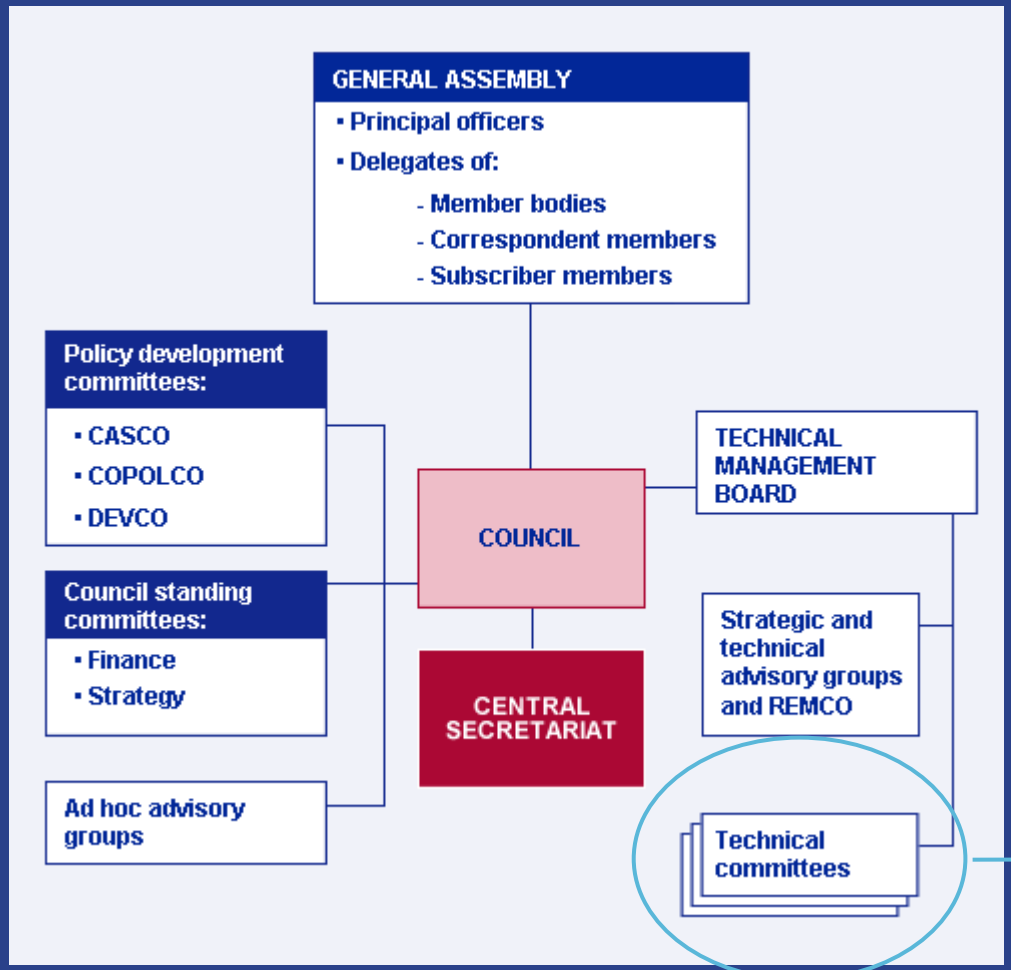
The TMB oversees the work of the Technical Committees (TC), appoints TC Chairs, and reports to and advises the council

ISO Structure



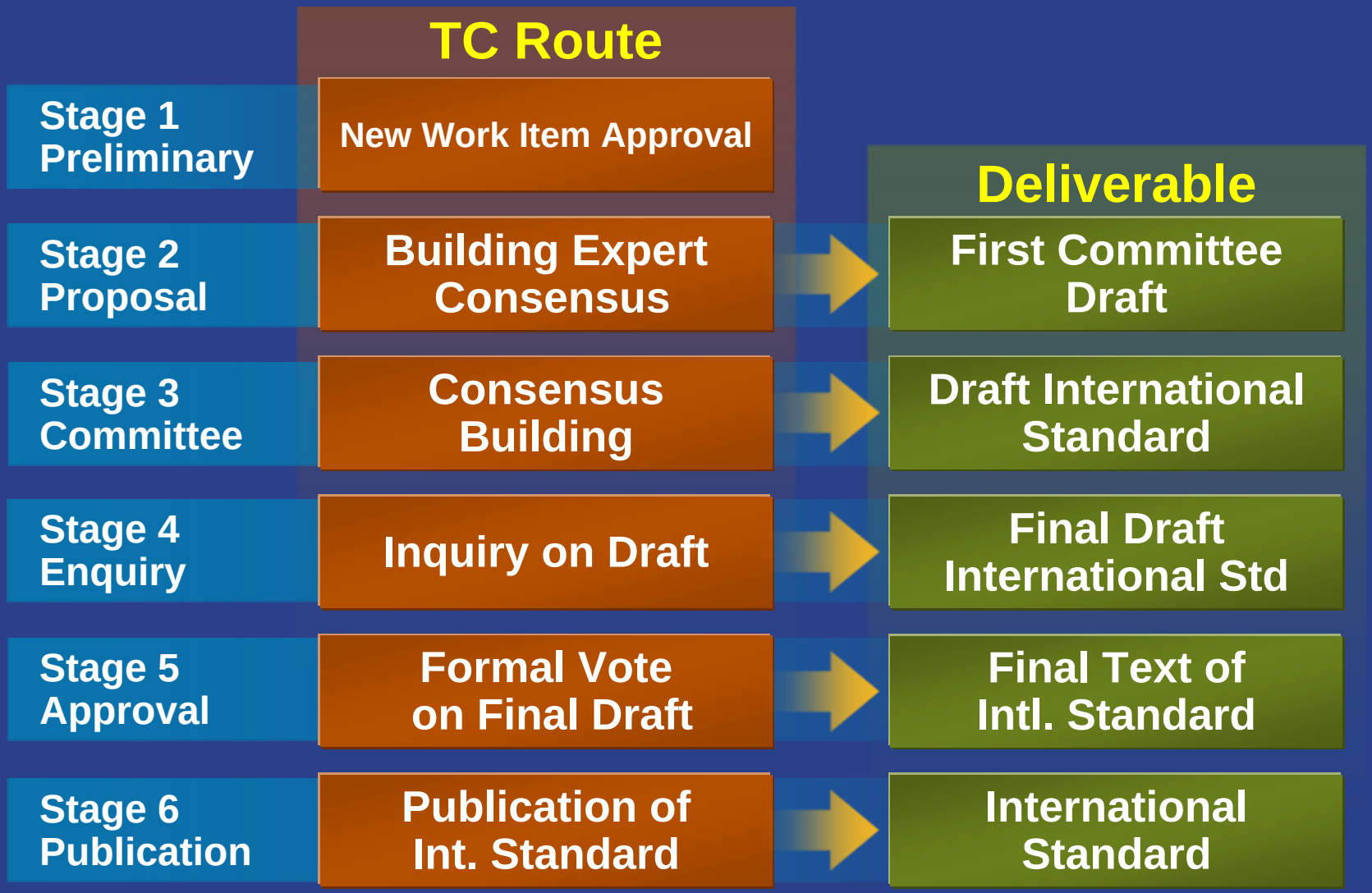
Strategic/Technical Advisory Groups (SAG/TAG) are appointed by the TMB to provide strategic oversight of TC's (as required)

ISO Structure



There are 208 Technical Committees that make-up ISO. The largest, TC176 is responsible for ISO9000

Formation of a Standard



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Resilience in the Supply Chain

New Work Item 28002

Dr. Marc Siegel, Security Systems Consultant, ASIS International

ISO Standard Development

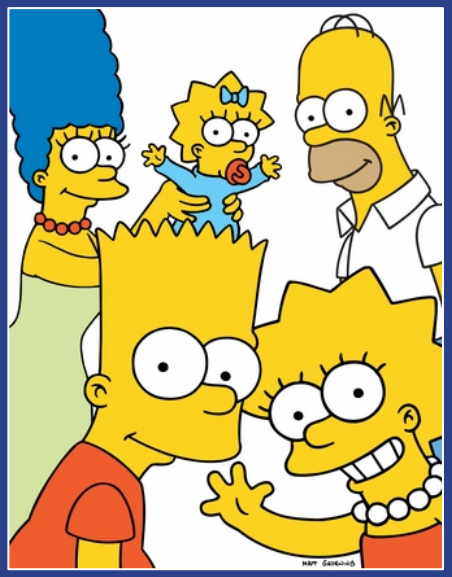
The risk management and resiliency standards (international and national) available today are incomplete and fragmented between the various components that comprise resiliency.

Voluntary Preparedness Report

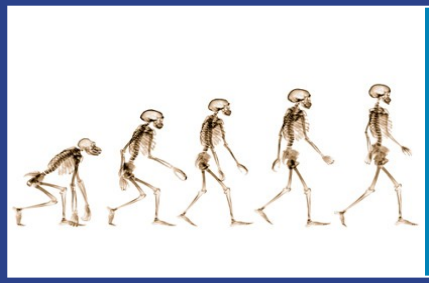
Adobe Acrobat Document

Security/Continuity Management Standards

The Security/Continuity Families:



- ISO/IEC 27001 Family
  - Information Security Management
- ISO 28000 Family
  - Supply Chain management
- ISO 22300 Family
  - Societal Security (Security, Preparedness and Continuity Management)
- ISO 31000 Family
  - Risk Management



All ISO Families have evolved from the original ISO 9000 Family

28002 Resilience in the Supply Chain

To assure resilience in the supply chain, organizations throughout the supply chain, of all sizes and types, must engage in a comprehensive and systematic process of prevention, preparedness, readiness, mitigation, response, continuity and recovery

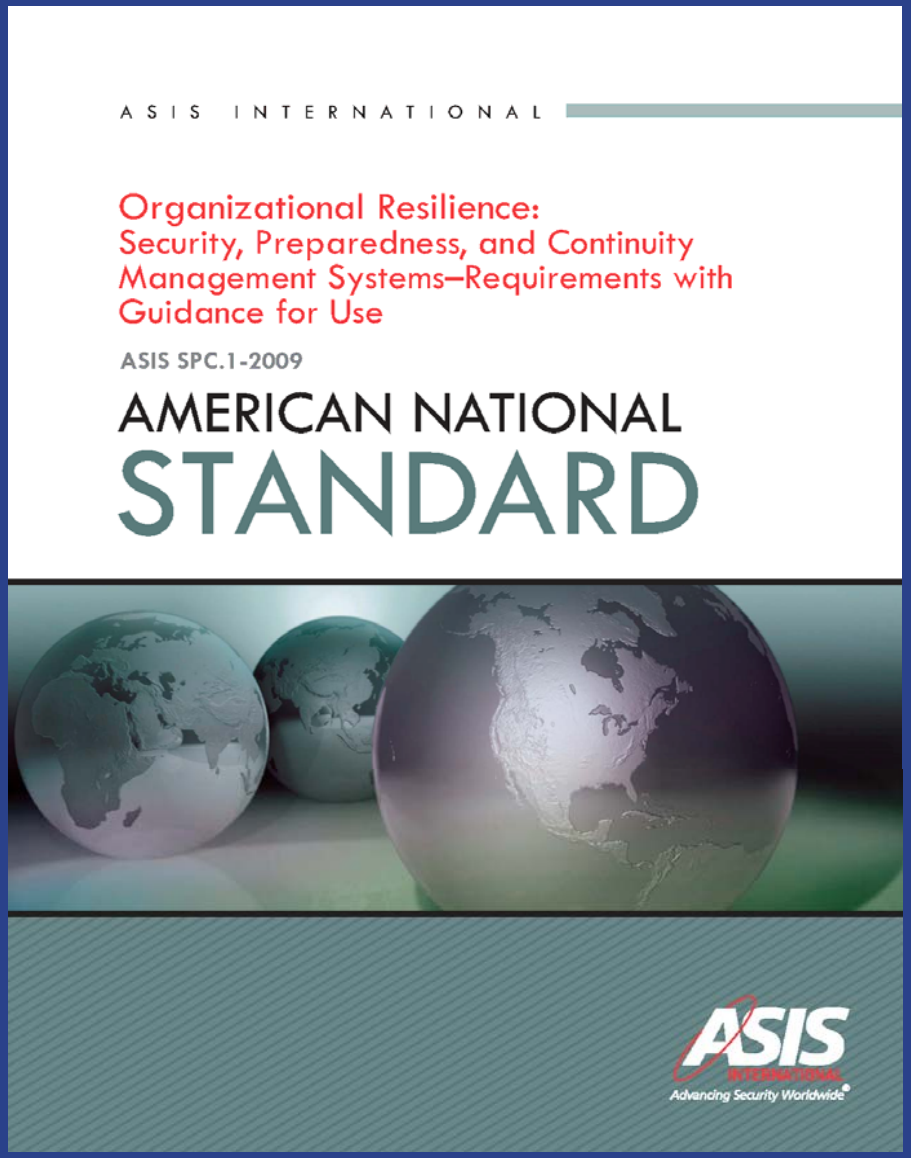
ISO/AWI 28002

Specification for security management for the supply chain -- Resilience in security in the supply chain

General information

Number of Pages:

Edition: 1	**ICS:** 47.020.99
Status: Under development	**Stage:** 20.00 (2008-11-03)
TC/SC: TC 8	**Target publication date:** 2011-10-31



ASIS SPC.1-2009

Organizational Resilience: Security, Preparedness and Continuity Management Systems – Requirements with Guidance for Use

Will serve as the framework for ISO 28002

ISO 28000 Series of Standards

ISO 28000:2007

- Specification for security management systems for the supply chain

ISO 28001:2007

- Security management systems for the supply chain -- Best practices for implementing supply chain security, assessments and plans -- Requirements and guidance

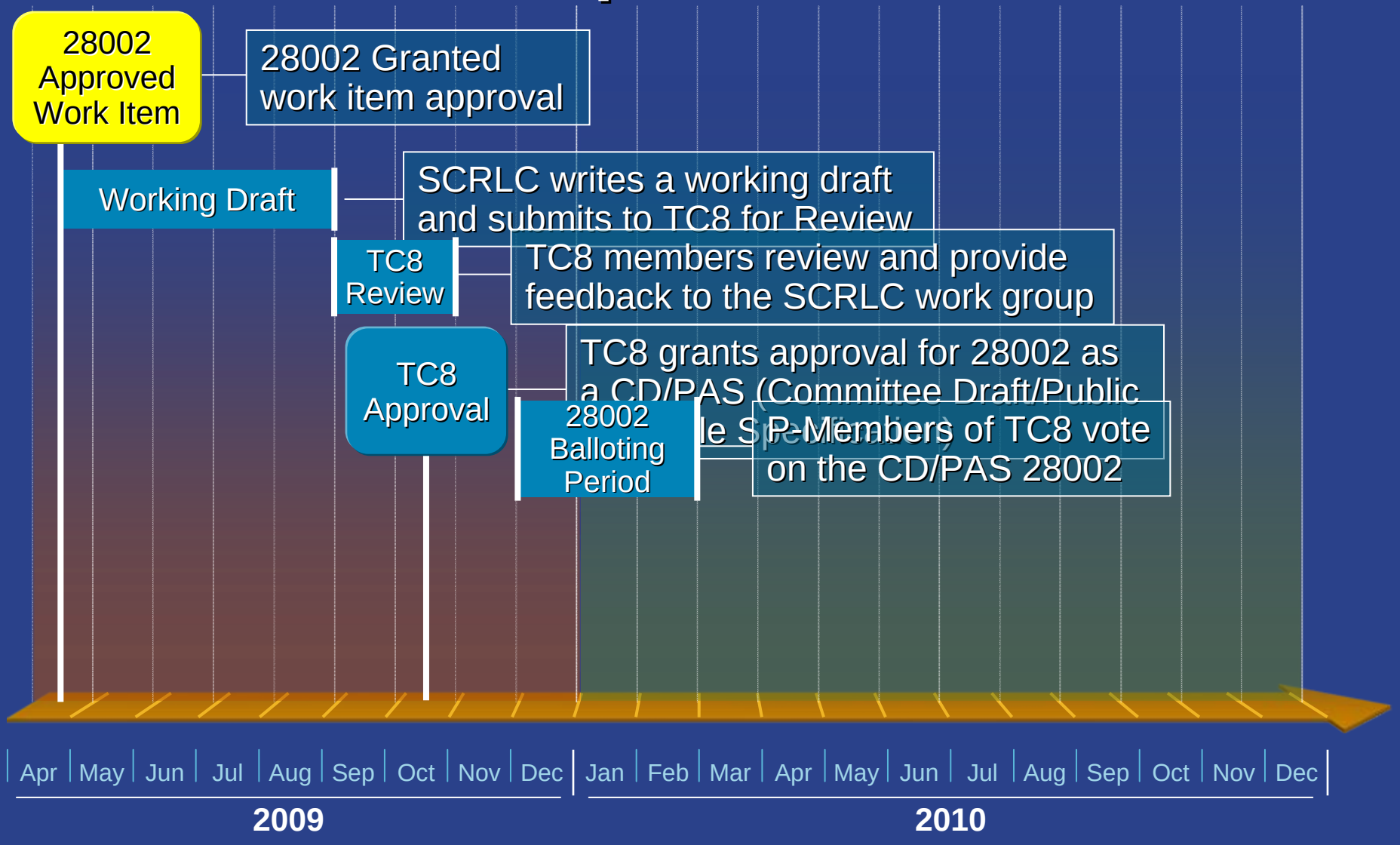
ISO 28003:2007

- Security management systems for the supply chain -- Requirements for bodies providing audit and certification of supply chain security management systems

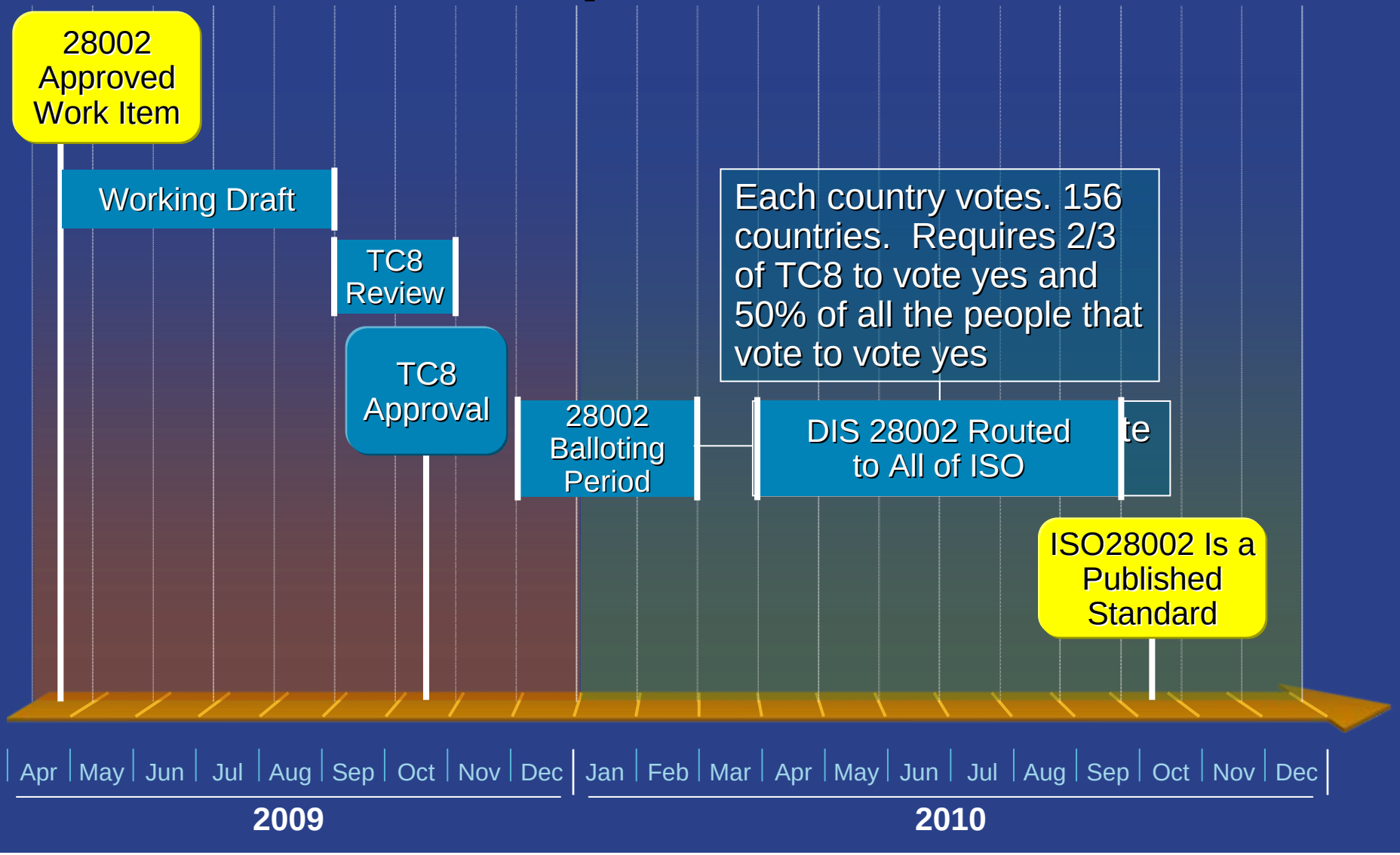
ISO 28004:2007

- Security management systems for the supply chain -- Guidelines for the implementation of ISO 28000

28002 Development Timeline



28002 Development Timeline



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SCRLC Survey Results

Your Feedback

SCRLC April 2009

Top Supply Chain Concerns

1. Supplier Reliability: supply disruption due to supplier materials quality, supplier bankruptcy
2. Risk Monitoring: not knowing if world events are impacting your extended supply chain, i.e. weather, geo-political
3. Regulatory: becoming non-compliant with new regulatory requirements
4. IT Failure or Disruption
5. Pricing and Availability of Fuel
6. Counterfeiting and theft of product

Track Interest

Name	A. Council Governance (Tier 1 membership required)	B. Supply Chain Risk Quantification & Measurement	C. Business Continuity Planning & Preparedness	D. Supply Chain Monitoring & Crisis Management	E. Manufacturing, Transportation & Logistics Resiliency	G. Supply Chain Security	Other
Linda Conrad		1	1	1			media communications
Randy DiGirolamo		1	1	1	1	1	
Tim Astley		1	1	1			
Robert Larson	1	1	1	1	1	1	
Nancy Young Moore		1		1			
Howard Mitchell	1		1		1		
Bob Weronik	1	1		1			
Ken Konigsmark	1	1	1	1		1	
John J. Brown	1						
Stephen Tso				1			
Jason Lao			1	1			
Taylor Wilkerson		1		1			
Andrew Cox		1					
Brad Bracher		1		1	1		
Karen Juhl			1	1	1		

Focus

Name	A. Plan	B. Sourc	C. Make	D. Delive	E. Retur	F. Other	Other (please specify)
Linda Conrad						F. Other	assessment and risk mitigation
Randy DiGirolamo	A. Plan			D. Deliver		F. Other	Business Continuity and Disaster Recovery
Tim Astley						F. Other	Risk assessment and transfer
Robert Larson							All, Central Strategic Function
Nancy Young Moore						F. Other	All of the above
Howard Mitchell				D. Deliver	E. Return	F. Other	distribution and warehousing
Bob Weronik	A. Plan		C. Make				
Ken Konigsmark						F. Other	Supply chain security
John J. Brown						F. Other	End-to-end supply chain risk management
Stephen Tso		B. Source					
Jason Lao		B. Source	C. Make	D. Deliver			
Taylor Wilkerson	A. Plan					F. Other	We support all aspects of government supply chain operations
Andrew Cox						F. Other	Security
Brad Bracher	A. Plan	B. Source					
Karen Juhl							Business Preparedness planning
	A. Plan	B. Source	C. Make	D. Deliver			

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SCRLC Track Discussion

Best Practices and Content for 28002

SCRLC April 2009

28002 "Resilience in the Supply Chain"

In addition to management system elements, the comprehensive Resilience in the Supply Chain will address the following components:

In Scope	Out of Scope
☑ Supply Chain Risk Quantification & Measurement	☒ Demand Risk
☑ Preparedness, Business Continuity, and Recovery Planning	☒
☑ Security Risk Management	
☑ Supply Chain Monitoring & Crisis Management	
☑ Manufacturing, Transportation and Logistics Resiliency	
☑ Product and Materials Resiliency	
☑ Others?	

Supply Chain Risk Quantification & Measurement

Team:

In Scope	Out of Scope
☑ Risk Assessment – best practices for performing a risk assessment and impact analysis in the supply chain ☑ Resiliency Metrics – metrics for recovery time objectives in the supply chain.	☒ ?

Preparedness, Business Continuity, and Recovery Planning

Team:

In Scope	Out of Scope
☑ Internal preparedness – focused on the individual organization ☑ External preparedness – focused on "Suppliers" and the extended supply chain ☑ Supply Chain Footprint	☒ Crisis Management ☒ Supply Chain Monitoring

Security Risk Management

Team:

In Scope	Out of Scope
☑ Risk minimization – best practices for prevention, avoidance, deterrence security threats in the supply chain ☑ Intermodal Supply Chain Security – expanding on the ISO28000	☒ ?

Supply Chain Monitoring & Crisis Management

Team:

In Scope	Out of Scope
☑ Monitoring – financials, weather, political, regulatory changes ☑ Crisis Team Structure and Communication ☑ Crisis communications both internal and external	☒ ?

Manufacturing, Transportation and Logistics Resiliency

Team:

In Scope	Out of Scope
☑ Node Recovery – alternate manufacturing and logistics recovery plans in the event of Near Term or Long Term Disruptions. ☑ Supply Chain Design - Elements of a robust supply chain that minimizes exposure to known risks, including methodologies to gather intelligence and utilize risk assessment data.	☒ ?

Product and Materials Resiliency

Team:

In Scope	Out of Scope
☑ Component/Raw Material Mitigation – methods for prioritizing which products and components to mitigate and mitigation best practices ☑ Design for Resiliency - identify the design elements and decisions which impact resiliency. Identify the consequences of making optimal risk choices and acceptable mitigations for known risks	☒ ?

Other Tracks?

Team:

In Scope	Out of Scope
☑ ?	☒ ?