

Transforming Contractor Management

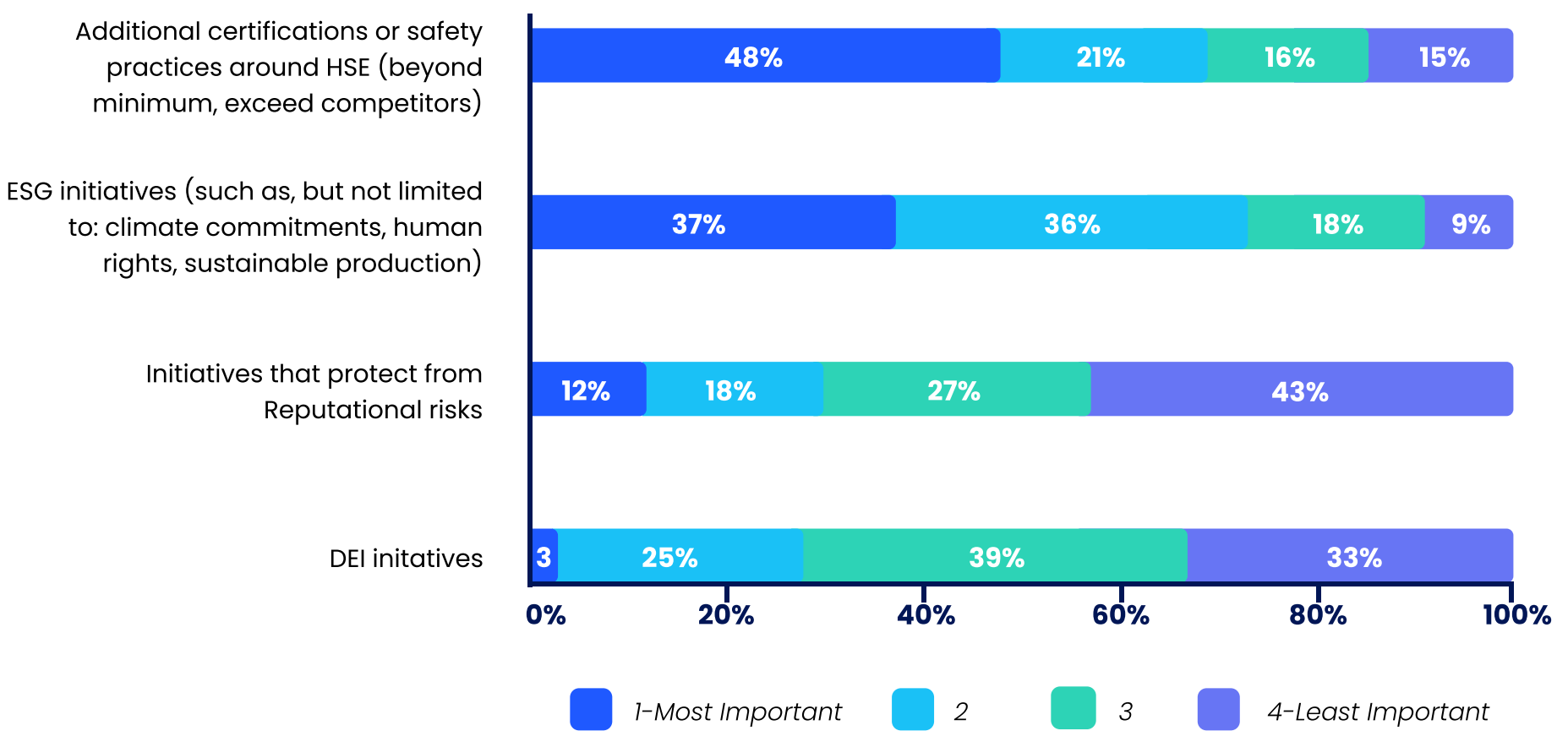
5 Key Indicators Overlooked in Supplier Risk Management

Managing a network with tens, hundreds, or thousands of contractors is a resource-intensive process that can expose hiring clients to hidden risk. In this infographic, we'll explore five aspects of contractor management that are often overlooked.

Supplier Factor Differentiators

How important are these differentiators when choosing a supplier?

Often times during the procurement process, downstream issues relating to assurances, supplier diversity, and physical element threats may not find their way into upstream reviews. Certifications beyond minimum compliance came in as the top factor safety leaders considered from suppliers.



N=100
Note: Data labels are rounded to zero decimal places; percentages less than 6% are written as numbers.

Lack of Cyber Risk Considerations

When surveyed on how supplier performance is rated, cyber risk was one of the lowest selected across all categories. When compared across the industries. It is becoming increasingly vital, to overall operations to close this gap, with some sources with some sources stating that approximately 75% of software breaches occur via supply chain IT software suites. Recent events, such as the 2023 Bank of America breach, highlight how cyber-attacks can impact physical operations beyond just data breaches and regulatory fines.



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Slow Recognition of Sustainability Regulations

Regulations, such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) will require approximately 17,000 firms to both identify and mitigate supply chain risks. These pertain to both human rights and environmental conditions and protections. With regulation popping up around the world in recent years, organizations must be prepared to handle reporting requirements and regulations.



Hazards Generated due to Increase in Extreme Weather



With the increase in extreme weather events, supply chains have been increasingly exposed to disruption. Blockages in the Suez Canal held back shipments of materials, droughts in Taiwan have created global semiconductor shortages, and critical manufacturing plant downtimes have slowed the production of other key materials. Having a deeper understanding of supply chain locations and the operators involved along the value chain can enable firms to build a resilient, efficient supply chain.

Third-Party Liabilities Stretching Insurance Requirements

Insurance risk, while ranked low, potentially has some of the biggest benefits for firms exposed to extreme events or contractor accidents. Contractors working at construction or oil and gas rigs are exposed to a large number of potentially deadly hazards every day, and at the same time are responsible for the smooth operation of these projects. Ensuring that these firms not only have the proper health insurance but also are covered by liability measures to reduce the hiring firms' exposure, can mitigate the financial and reputational fallout which can occur.



For more information read the report

“Moving Towards the Future: Holistic Supply Chain Risk Management.”

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