Protecting the Global Supply Chain:

The world hasn't gotten much safer since Sept. 11. Fortunately, the benefits of securing your supply chain are real and quantifiable.

IF YOU THINK THAT THE WORLD HAS gotten safer since security measures were put in place post-Sept. 11, think again. In her annual State of Logistics Report for the Council of Supply Chain Management Professionals, supply chain consultant Rosalyn Wilson points out that "more disruptions are occurring and are having a more significant impact." Wilson notes that not only are international terrorist incidents on the rise, but also that "severe weather that strikes anywhere on the globe is now more likely to threaten far-farflung global supply chains."

Ironically, the lengthening of supply chains across international borders and sometimes entire hemispheres has resulted in both cheaper labor and more expensive security measures. "The interconnectedness and mutual dependencies of global critical infrastructures such as ports, highways, railroads, airports, telecommunications links, and power plants, coupled with the advent of lean business processes that minimize standing inventories increase the collective risk from what would once have been relatively minor disruptions," Wilson observes.

In addition, "the continual threat of disruptive events, such as severe weather, political upheaval and terrorist attacks in the globalized and interconnected world can severely disrupt normal patterns and cause changes in the free flow of goods."

So what's a manufacturer to do? Wilson suggests that companies should manage security as a core business function by integrating security prerogatives throughout all supply chain activities. Cargo security technology and monitoring solutions, for instance, "can provide significant return on investment, and often at bargain prices considering the value of the capital that could be lost by a disruption in the global container shipping."

According to Theo Fletcher, head of security for high-tech giant IBMCorp., the number one best practice manufacturers should adopt-if they haven't already-is to participate in the Customs-Trade Partnership Against Terrorism (C-TPAT) program, which establishes collaboration between government and industry intended to encourage the implementation of security practices by companies throughout their global supply chain. A creation of the U.S. Customs and Border Protection, the C-TPAT program certifies known shippers through self-appraisals of security procedures, coupled with customs audits and verifications.

Once companies are approved C-TPAT shippers, Fletcher notes, they derive immediate benefit because "their goods will flow more quickly through customs because of fewer inspections, so that they can have a more predictable supply chain as well as one that yields efficiencies and a competitive advantage versus those who do not participate in supply chain security initiatives."