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FT LONGITUDE



Course for Change: Mastering supply chain resilience in an unconventional world



ALL THE WAY

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The supply chain resilience gap

To say that the current business landscape is more fluid than businesses are used to would be an understatement. Climate change impact, conflict in the Ukraine and the Middle East, semiconductor shortages and evolving tariff regimes are just a few of the disruptive forces creating unusually testing business conditions for even the most resilient supply chains.

Supply chain leaders need to set up their organisations to navigate these frequent, volatile and overlapping risks with calm assurance.

Resilience in supply chains is no longer optional – it's essential for survival in this environment. It is time to set a new course for change in this unconventional world and in this report you will learn from the best – the frontrunners of supply chain resilience.

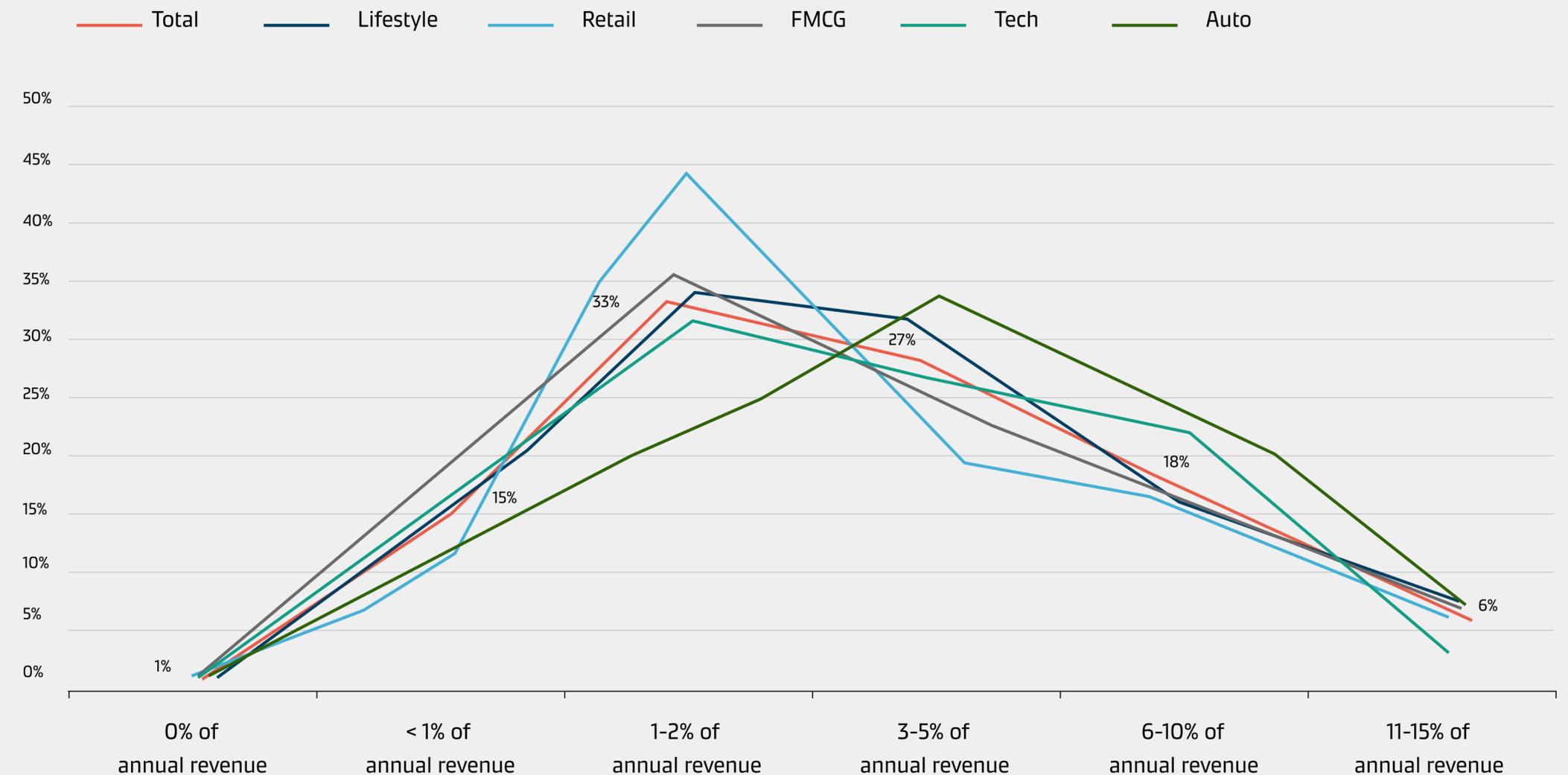


Our latest research – conducted by FT Longitude on behalf of Maersk – shows that many are still some way off. We surveyed 950 senior supply chain, procurement, logistics and operations leaders to chart the current resilience of organisations worldwide in the automotive, lifestyle, fast-moving consumer goods (FMCG), retail and technology industries.

Many are struggling to deal with supply chain disruption, and their bottom lines are taking the hit. Companies in our survey lost, on average, business worth 3.9% of revenue in their most recent fiscal year. These losses ranged from an average of 3.6% in the retail sector to 4.7% in automotive – an industry with a particularly complex, geographically widespread supply chain (see chart 1).

Despite being stung by painful losses, almost two-thirds claim they have a more resilient supply chain than their peers. Statistically, though, not everyone can be ahead of the curve. The conclusion has to be that many are more confident in their resilience than they should be – and it's easy for overconfidence to turn into complacency.

Chart 1: Percentage of annual revenue lost due to supply chain disruptions (e.g., delayed shipments, penalties, or lost sales)



If supply chain risk management isn't a top priority, operations can grind to a halt. Chris Walker, supply chain director of Rolls-Royce's nuclear submarine division, warns: "When a single node in your supply chain collapses, you may no longer be able to produce the products you promised your customers."

Our research shows how more resilient organisations anticipate problems, while working on better response times and becoming more reliable on delivery. In short, they are laser-focused on performing better for their customers.

The ability to manage supply chain risk has become a way of standing out from the competition, says Frank McKay, chief supply chain and procurement officer at global manufacturing business Jabil. "It's become a clear mandate from our customers: the best way to add value to our relationship is delivering absolute supply chain resilience."

So, how can organisations close the resilience gap? We identified a cohort of out performers that can offer some answers.

Representing just under 15% of organisations, these 'resilience frontrunners' show revenue losses of less than 1% due to supply chain disruption. This superior resilience has also driven revenue growth and stronger profit margins.

To understand how these frontrunners achieve the results they do, we analysed their approach to building supply chain resilience and managing disruption across three key pillars.

The frontrunners show best practices in each of these areas, which other organisations seeking to improve supply chain resilience – and learn how to prevent supply chain disruption – can use as a template.



01. How leadership, people and skills drive supply chain resilience



02. Technology's role in supply chain resilience: predict, prevent, perform



03. Building resilience through collaboration with partners and peers

"When a single node in your supply chain collapses, you may no longer be able to produce."

Chris Walker,
Rolls-Royce

01. How leadership, people and skills drive supply chain resilience

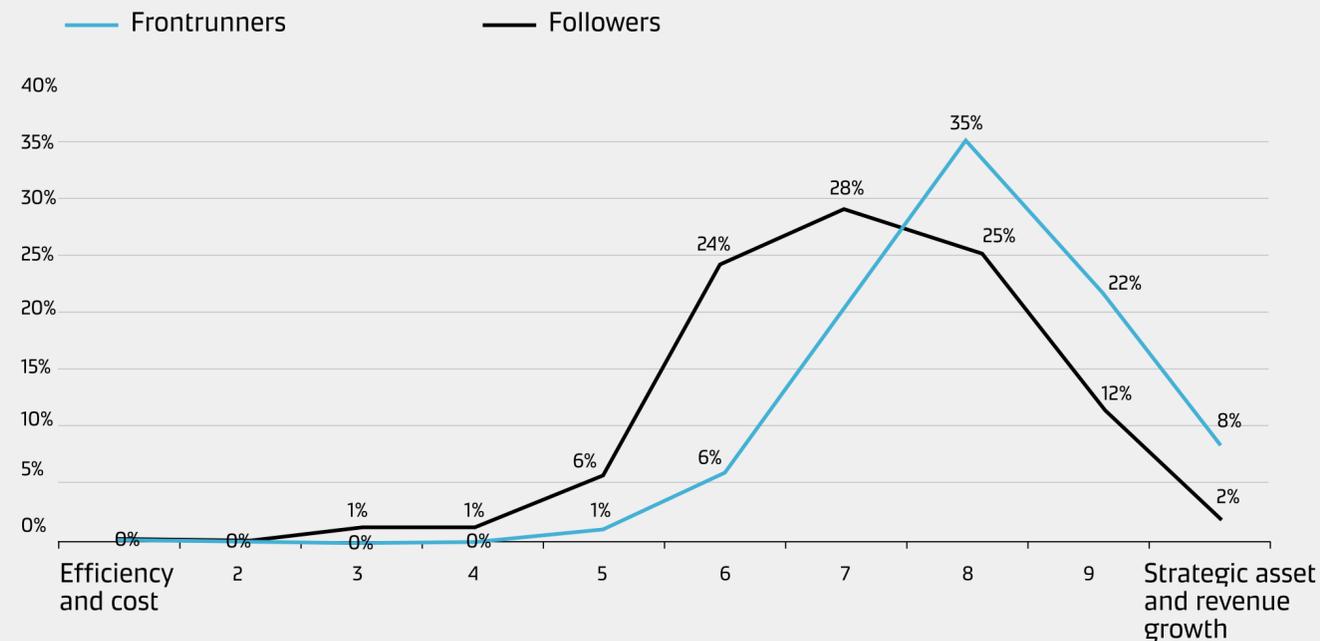
The frontrunners recognise that supply chain resilience is critical to overall business performance. In these organisations, the chief supply chain officer (CSCO) role tends to position the supply chain as a strategic asset and revenue driver. As Jabil's Frank McKay puts it: "The strategic importance of the CSCO role is everything – we'd score it at 11 out of 10."



At Rolls-Royce, Chris Walker explains, the company board keeps a close eye on supply chain issues. "Our CEO is very aware of the crucial role of supply chain resilience in overall success," Walker says. "For us, the impact of supply chain disruption on the end-customer can be significant and more or less instantaneous. That's why Rolls-Royce invests a lot of time and effort into making sure we have a resilient supply chain."

In contrast, at the 'followers' in the research – those companies with revenue losses of above 5% over the past year due to supply chain disruption – the CSCO tends to be less strategic, and more focused on supply chain 'nuts and bolts': operational efficiency and cost control (see chart 2).

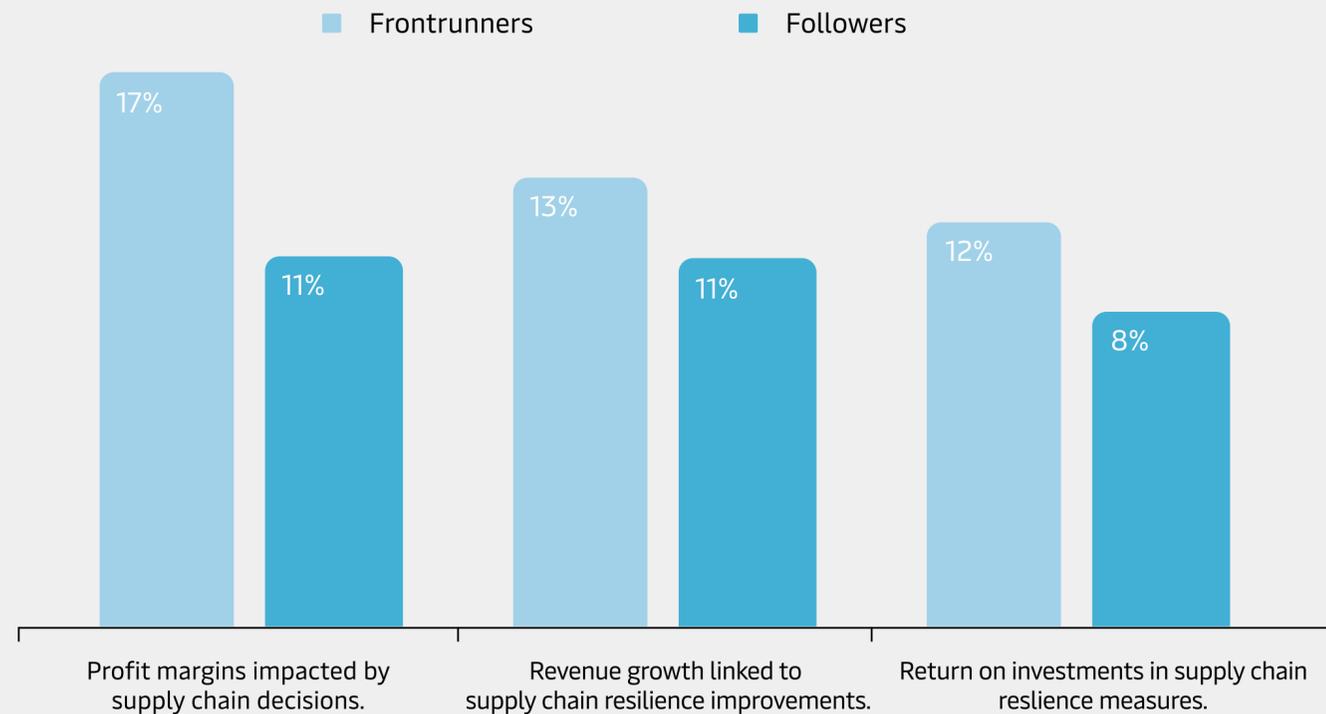
Chart 2: What best reflects the function of CSCOs (chief supply chain officers)



"The strategic importance of the CSCO role is everything."

Frank McKay,
Jabil

Chart 3: Areas in the past two years where organisations have experienced the greatest successes in balancing cost-efficiency and supply chain resilience



Clearly, the frontrunners' (losing less than 1% of annual revenue due to disruptions) approach pays off. This is reflected in their increased revenue and profit margins over the past two years (see chart 3).

"We really look at the supply chain function as a contributor to revenues," says Matteo Pecci, COO at domestic appliances manufacturer De'Longhi. "We organise all our operations to optimise our service to consumers."

For the CSCO to deliver on their more strategic mandate, they must be backed by a supply chain function that can deal with a broad range of challenges. It's not a surprise, then, that talent strategy is seen as a top-three priority for resilience frontrunners, while, for the followers, it's back in sixth place.

Frontrunners put strong focus on building up the supply chain function's geopolitical risk management and data skills.

To emphasise this divide, 46% of frontrunners expect to need an understanding of regulatory compliance and geopolitical risk management over the next 12 months. Only 37% of followers (losing more than 5% of annual revenue due to disruptions) voice this concern. Data analytics and interpretation skills are a priority for 45% of frontrunners versus 37% of followers. Clearly, when it comes to supply chain resilience, data and technology are a big deal.

To get the data and technology-related skills they need, 18% of frontrunners have launched targeted upskilling and reskilling programmes, almost twice as many as among followers (10%).

Many organisations also see a key role for supply chain partners, turning to technology vendors and logistics services providers (LSPs) to access talent and skills not available in-house. Across all the companies in our research, 42% identify this as one of the top three ways to fill technology skills gaps.

02. Technology's role in resilient supply chains: Predict, prevent, perform

For more than one-fifth of companies – and more than a third of frontrunners – , predictive analytics tools are mission-critical for supply chain planning. But these and other technology solutions are going to become even more important. Take digital twins – digital simulations of planned or existing physical operations. These allow organisations to model different scenarios and test the potential consequences of critical decisions without real-life jeopardy.

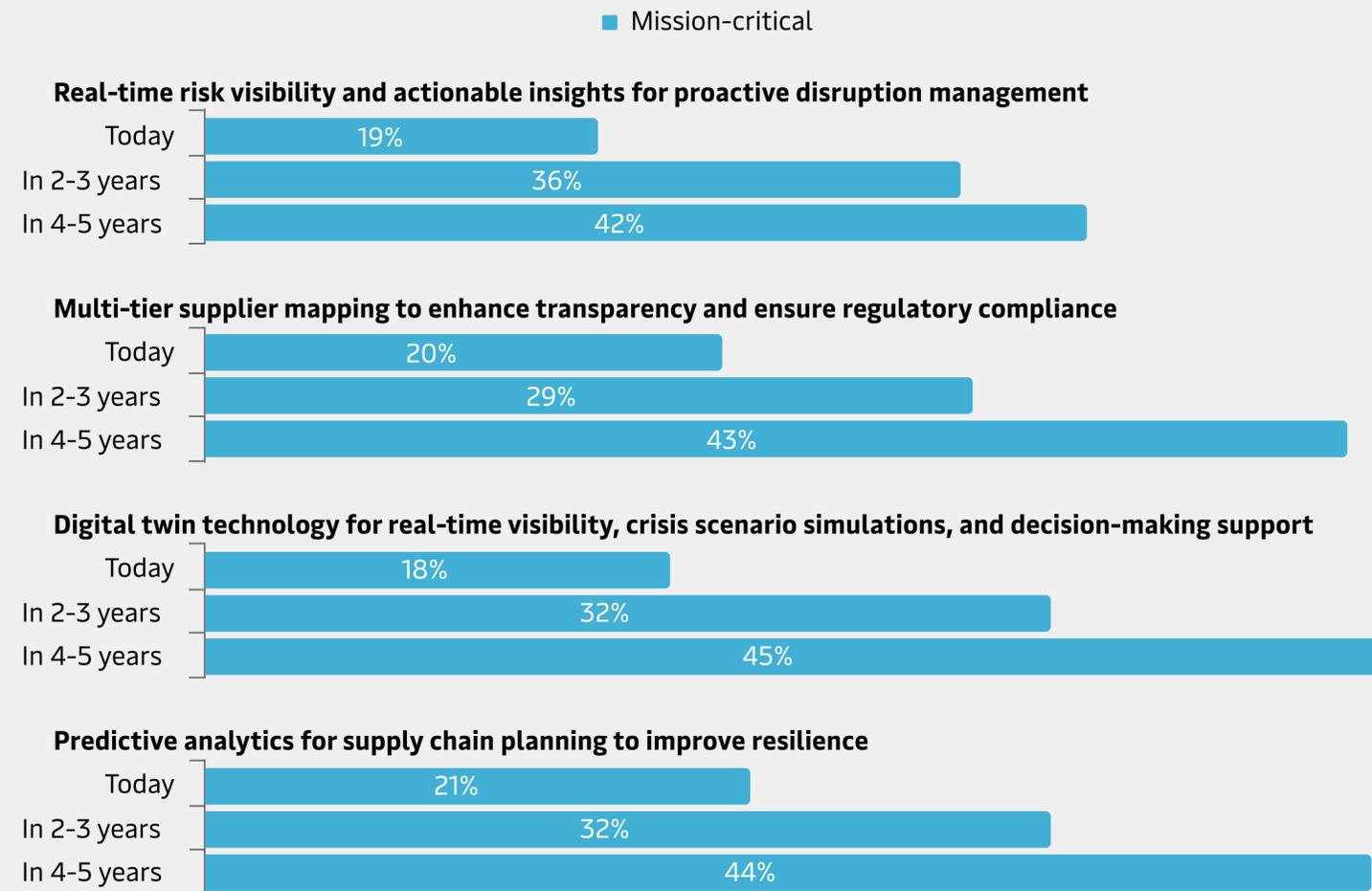


Today, 18% of organisations describe digital twin technology as already mission-critical but 45% expect it to be within the next four to five years (see chart 4).

Tanja Fend, head of global supply chain strategy and development at Swarovski, the crystal manufacturer with a fully vertically integrated supply chain, points to the potential value of AI in demand forecasting. "In the retail sector, demand is very volatile. But AI can use real-time data to help us make sure we're producing what customers need, while minimising waste," she says. "We see AI helping us to improve our forecasting accuracy."

But unless they can secure a reliable source of comprehensive and accurate data, organisations will struggle to get the most out of new supply chain technologies, De'Longhi's Matteo Pecci warns. "AI is a great tool, but the quality of the output is not yet as good as expected," he says. "You need clean data."

Chart 4: Importance of the following technologies for maximising supply chain resilience today/in the future



"We see AI helping us to improve our forecasting accuracy."

Tanja Fend,
Swarovski

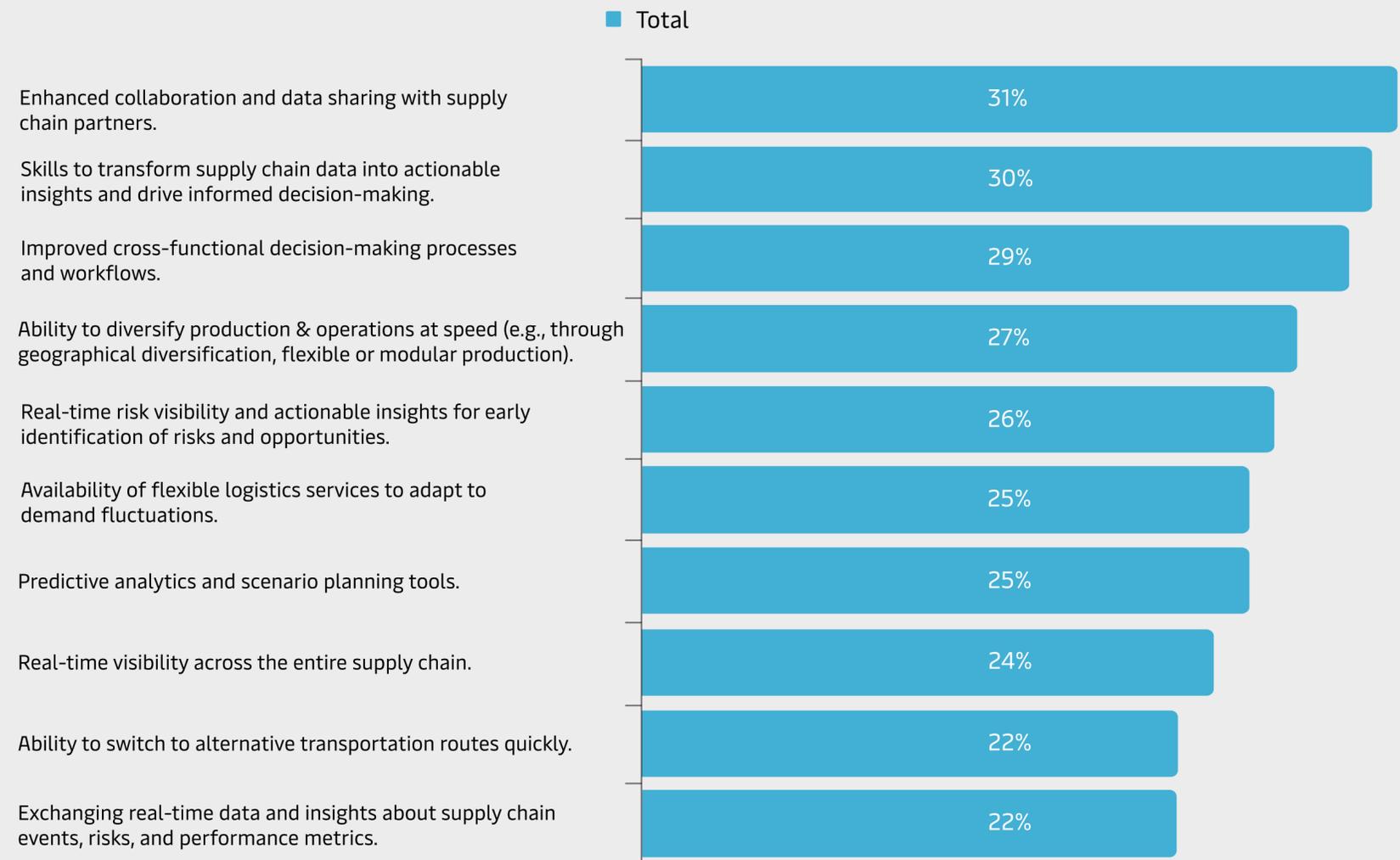
“Sharing insights helps us achieve our overall goals.”

Chris Walker,
Rolls Royce

Many companies need to improve their access to quality data: When asked what is top of their supply chain wish-lists to balance agility with long-term stability, supply chain experts most often ask for enhanced data sharing with supply chain partners and the data skills to extract useful insights (see chart 5). Data sharing and data skills are even particularly urgent for the followers to solve.

As our survey suggests, supply chain partners could prove invaluable. “We share a great deal of data with the prime contractors,” says Rolls-Royce’s Chris Walker. “We’re working as a joint enterprise, rather than in competition, so sharing insights helps us achieve our overall goals.”

Chart 5: Resources and capabilities currently not available but considered to be most helpful to balance supply chain agility with long-term stability



03. Building resilience through collaboration with partners and peers

Building a supply chain that can withstand the headwinds swirling about global markets requires a comprehensive, collaborative response. Supply chain leaders must build stronger links across a broad network of partners, within their own organisations and externally.



Most companies in our research have grasped this. At the frontrunners in particular, supply chain leaders see their peers across the organisation as critical partners. Almost all say cross-functional expertise, collaboration, and partnerships are crucial in preparing for supply chain disruption. Around three-quarters of followers also agree.

De'Longhi's Matteo Pecci puts it this way: "We have a traditional supply chain function, but we also have cross-functional processes," he explains. "In the past, we had a more traditional approach, with each function performing well individually. What was missing was the link to the customer."

Beyond the business, frontrunners are far more ready than followers to collaborate, co-ordinate and share knowledge across their networks. For example, 84% of these businesses already collaborate to map and understand their entire supplier network. Only 59% of follower businesses say the same (see chart 6).

Chart 6: To improve supply chain resilience organisations are willing to collaborate with their eco-systems (suppliers, logistics service providers etc) in these ways

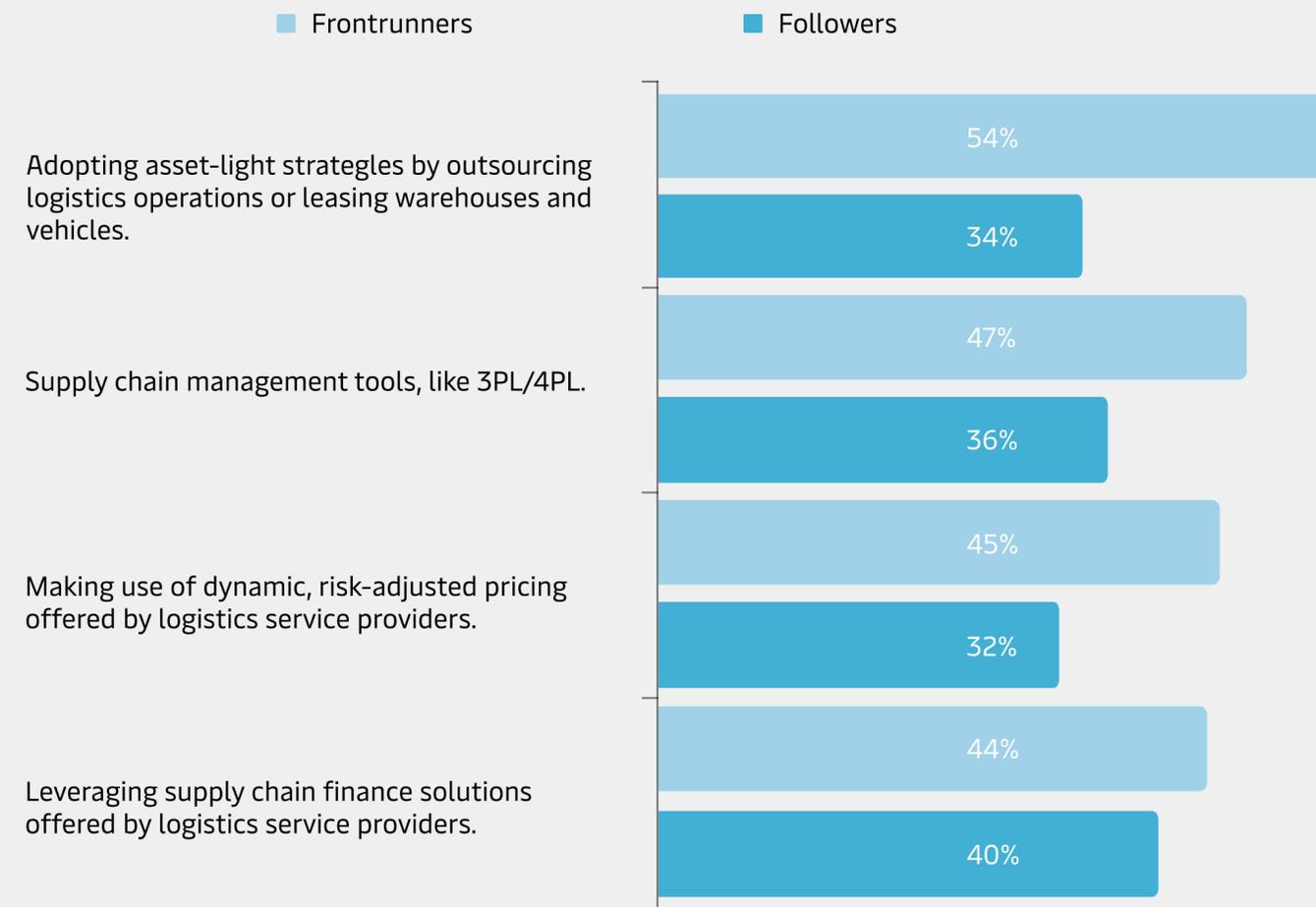


"If we sneeze, they get a cold, and if they sneeze, we get a cold," points out Frank McKay of Jabil. "That's why we treat our suppliers like customers and develop close-knit, mutually beneficial partnerships." Jabil has long had in place a dedicated supplier relationship management team to look after its top tier of around 120 key suppliers.

Working with third parties can unlock access to improved data and help to bridge skills gaps. But these relationships open other opportunities, too. Swarovski, for example, is working with an LSP to harness innovative technologies. "We're aiming to implement digital twin capabilities," Tanja Fend explains. "We're working with our outsourcing partner to build control towers to track our products from the factories to the customers' shelves."

Another example is boosting financial resilience in the supply chain. Here, the frontrunners are miles ahead of the rest, many using LSPs to help them absorb shocks without locking up capital in fixed assets. For instance, the majority have adopted asset-light strategies by outsourcing logistics operations or leasing warehouses and vehicles (see chart 7).

Chart 7: Tools and measures used to increase financial resilience in the supply chain



"If we sneeze, they get a cold, and if they sneeze, we get a cold."

Frank McKay,
Jabil

Course for change: Five critical questions to elevate supply chain resilience

The frontrunners in our research show the course for change: recipes for building resilient supply chains that work. They deliver tangible business performance gains and mitigate risk.

To move forwards, supply chain leaders need to answer five key questions:

1. Does our organisation position supply chain resilience as a strategic driver of growth?
2. Are we developing the right mix of internal capabilities and external partnerships to build resilience at speed?
3. Have we integrated our tools, systems and data into a cohesive resilience strategy?
4. Are we doing enough to collect and manage both internal and external data – and extract vital intelligence and insight from it?
5. Do we collaborate proactively – internally across functions and with external partners across our entire supply chain ecosystem – or only when things go wrong?



About the research

The findings in this report are based on an international survey of 950 business executives, conducted in January and February 2025. Every participant worked for a business generating at least US\$500m in annual revenue. 65% generate more than US\$1b in annual revenue while 12% generated between US\$10-50bn in annual revenue. Geographically North America, Europe and Asia Pacific each represents 26% whereas Latin America and India/Middle East/Africa each represents 11% of the respondents

The respondents worked in the following sectors:

- Automotive OEM
- EV charging infrastructure
- Sports and outdoor
- Apparel
- Footwear
- Food and non-alcoholic drinks production
- Retail (including E-tailers)
- Home improvement retailers
- Supermarkets and hypermarkets
- Alcoholic beverages production
- Beauty and personal care
- Manufacturing of home appliances
- Manufacturing of consumer electronics
- Power management and automation
- Detergents and cleaning supplies
- Luxury goods
- Consumer electronics
- Wearable tech
- Speciality retailers
- Convenience stores
- Discount retailers

To supplement the survey, we carried out interviews with:

Frank McKay, Chief Supply Chain and Procurement Officer, Jabil
Chris Walker, Supply Chain Director, Rolls-Royce's nuclear submarine division
Tanja Fend, Head of Global Supply Chain Strategy and Development, Swarovski
Matteo Pecci, COO, De'Longhi



