

Discover new opportunities in risk to drive **supply chain success.**

Unlocking opportunities in risk can increase profitability by **25%.**



Risks are an inevitable part of the business world. As we emerge from the aftermath of the pandemic, businesses are increasingly concerned about the surrounding risks, threats, and disruptions. As the world continues to globalize in every business sphere, it also brings about vulnerabilities, interruptions, and supply risks owing to constant uncertainty.

Accepting that disruptions and threats will continue to exist within every company's operating landscape also means we must abandon the negative connotation of the word risk. Instead of considering risks as a negative aspect of business, we need to view them as opportunities. The sooner businesses identify the positive impact of taking a risk, the better equipped they are to capitalize on the opportunities.



➤ Why do you need
to embrace risk?

The risk of supply chain disruption increases with complexity. Predicting disruptions in a complex supply chain is challenging, making it difficult to assess their impact on operations.

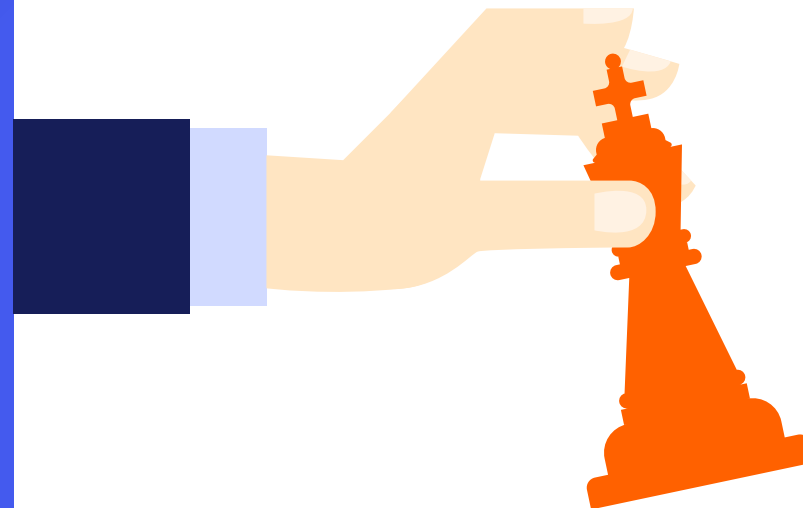
How can you proactively mitigate risk in your company?



Discover it with our experts now

➤ To start, we may describe,

- ✓ **Risk** is the possibility of certain unwanted events within the short or long term coupled with high or low possibility.
- ✓ **Risk appetite** is the willingness to take risks under certain conditions and parameters.
- ✓ **Opportunity** is an advantageous situation or circumstance that arises at the right juncture.



Every company has different uncertainties that create unique risks. As with any organization, external factors such as new competitor strategy, customer needs, unforeseen circumstances, and more can impact your operations.

➤ The key lies in two interrelated concepts



Resilience is the ability of a business to recover from and/or avoid the negative impact of disruption.



Risk is the uncertainty businesses face within and outside their organization.

Decision-makers must identify supply chain risks and define the organization's risk appetite during planning. This ensures daily operations stay controlled and decisions align with corporate strategy.

➤ Risk mitigation has two main objectives



Keeping risks under control

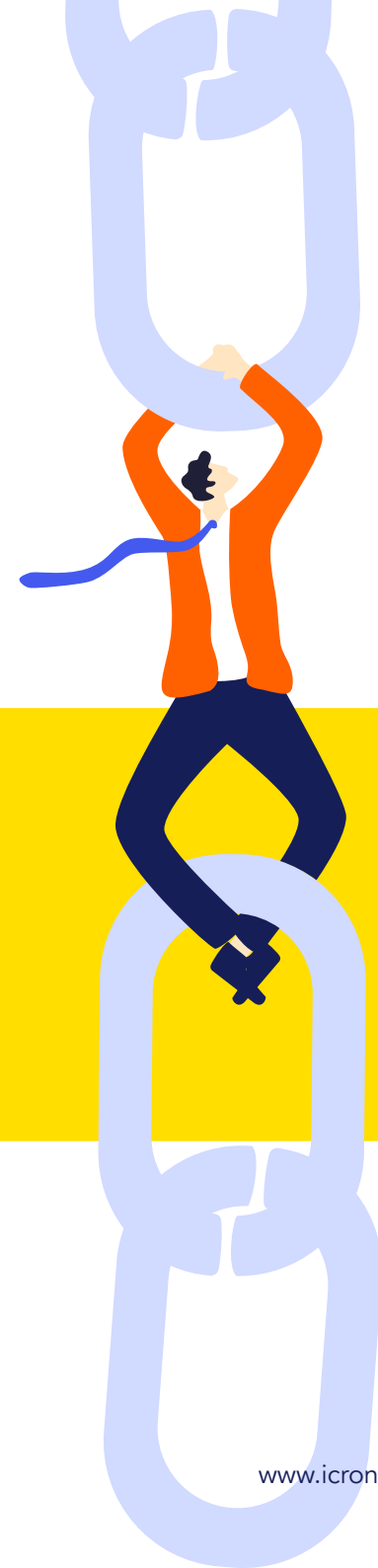


Exploring possible opportunities

Every risk has an opportunity; decision-makers must make an informed choice to identify the risk worth taking based on the pros and cons.

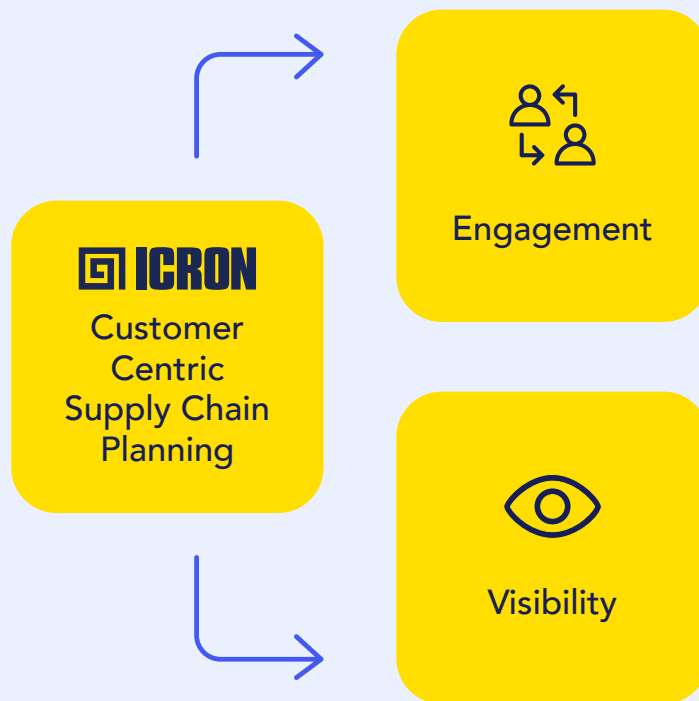
Risk mitigation solutions aim to extenuate supply chain risks within the company's environment. Risk calculation and mitigation are complex processes that involve various constraints. A reliable platform enables decision-makers to identify risks and turn them into opportunities.

Businesses function with the ultimate objective of surviving and thriving in a dynamic and competitive environment. Gaining sufficient information and visibility into possible outcomes helps build defensive layers against unknown risks. It also allows for quick response to disruptive scenarios. Proactive risk mitigation can be vital in determining the success of your organization in the long run.



➤ How ICRON Customer
Centric Supply Chain
Planning **Helps You to
Foresee Risks and Identify
Opportunities**

Customer-centric organizations make resilient plans to minimize disruptions. In a high-risk scenario, the resilience of your plan may be the difference between business success and failure. ICRON Customer Centric Supply Chain Planning enables proactive and resilient operational planning at every level.



► Planning Levels

- ✓ Strategic Level Decisions
- ✓ Tactical Level Decisions
- ✓ Operational Level Decisions

1. Strategic Decisions

A company's corporate strategy determines the amount of risk it is willing to take - we call this your risk profile. At ICRON, your risk profile is crucial to every strategic decision.

Defining a company's risk appetite as part of its risk and opportunity model is key to managing risks, uncovering opportunities, and aligning all business activities with the company's targets.

Defining risk appetite based on your company's strategy profile



Safe

Companies that prefer to operate in secure business conditions and are willing only to make risk-free decisions are in the safe category.



Competitive

Companies with moderate risk tolerance and looking for opportunistic risks to gain a competitive edge in the market are categorized as competitive.



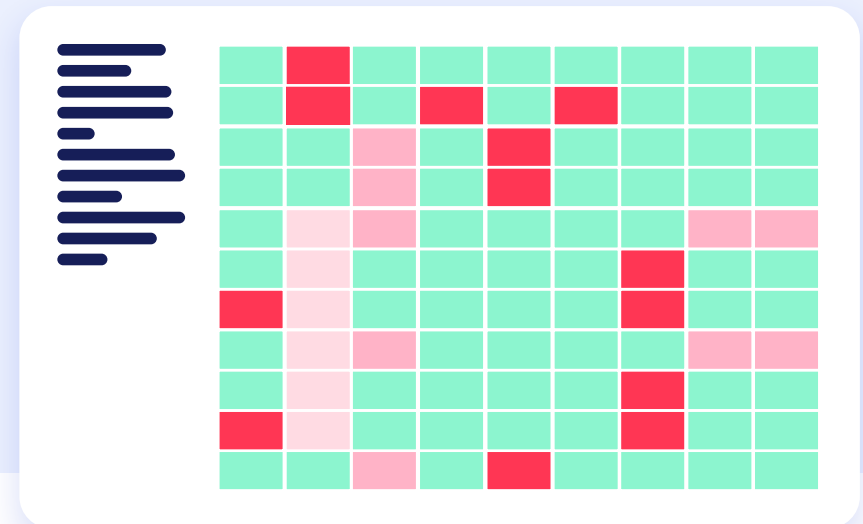
Bold

Companies that understand market volatility, have a high-risk tolerance, and are willing to take risks to grow their business are categorized as bold.

The chosen risk profile is critical to all operational decisions, and all planning is aligned with the risk profile. When implemented for all operational spheres, such strategic decisions at higher levels enable collaboration across the company.

Risks are shown in heat maps for a visual representation of the risks of each decision.

ICRON showcases the impact of risk profiles on all business processes, thus ensuring optimized actions at every operational level.



What about risk appetite?

Every company has a different appetite for risk; therefore, risk calculation and planning cannot be the same for each company.

With ICRON, companies can define their risk appetite and make it an integral part of their planning decisions.

With ICRON Customer Centric Supply Chain Planning

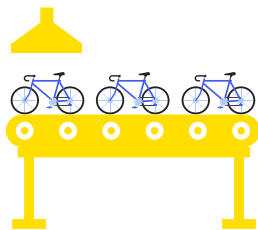
- ✓ Risks are calculated.
- ✓ The production, material, and delivery-related risks within the production plan are highlighted.
- ✓ Risky steps in the supply chain are visualized via heatmaps.
- ✓ Customer orders that are affected can easily be identified with global pegging.

For example,

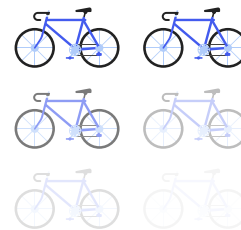
Imagine a bicycle manufacturing company named BICRON with a production capacity of 100 bicycles per day.



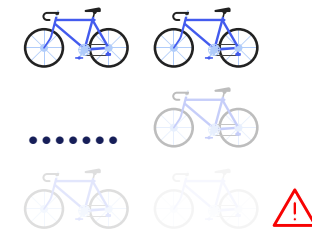
The scheduler plans to produce 100 bicycles per day, and they are queued for production.



Once production starts, the bicycles are produced one after the other as sequenced by the planner.



Each bicycle's "production" possibility decreases as we move along the queue. Delays or other disruptions during the day are expected to impact production, and we might not produce 100 units per day.

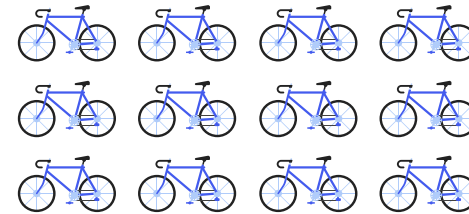


This reality makes it "risky" for bicycles later in the queue. So, the risk of not producing bicycle number 99 is way higher than bicycle number 2.

➤ Risk Appetite #1: BOLD

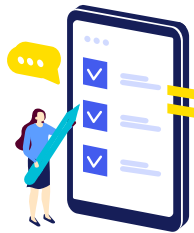


Let's assume BICRON's executives have decided to change their risk appetite. They have decided to take more risks and allow the production line to be overutilized by 20%.

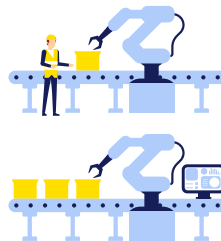


With this change in the risk appetite, ICRON Customer Centric Supply Chain Planning increases the overutilization parameters and confirms bicycle orders even though the production line does not have capacity.

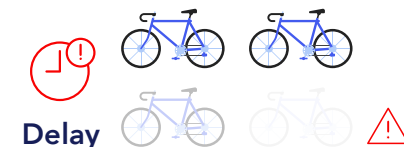
➤ Risk Appetite #2: CONSERVATIVE



Alternatively, BICRON executives may prefer to adopt a conservative risk appetite and play it safe by reserving capacity for other reasons (i.e., reserving for an important client's order).



In this case, ICRON ensures utilization, and risks are calculated according to the updated risk appetite.



Following this change in risk appetite, bicycle number 80 in the queue would be classified with the highest risk. Even the slightest disruption would mean this bicycle would not be produced on that particular day.

2. Tactical Decisions

At a tactical level, ICRON Customer Centric Supply Chain Planning provides three planning options, namely

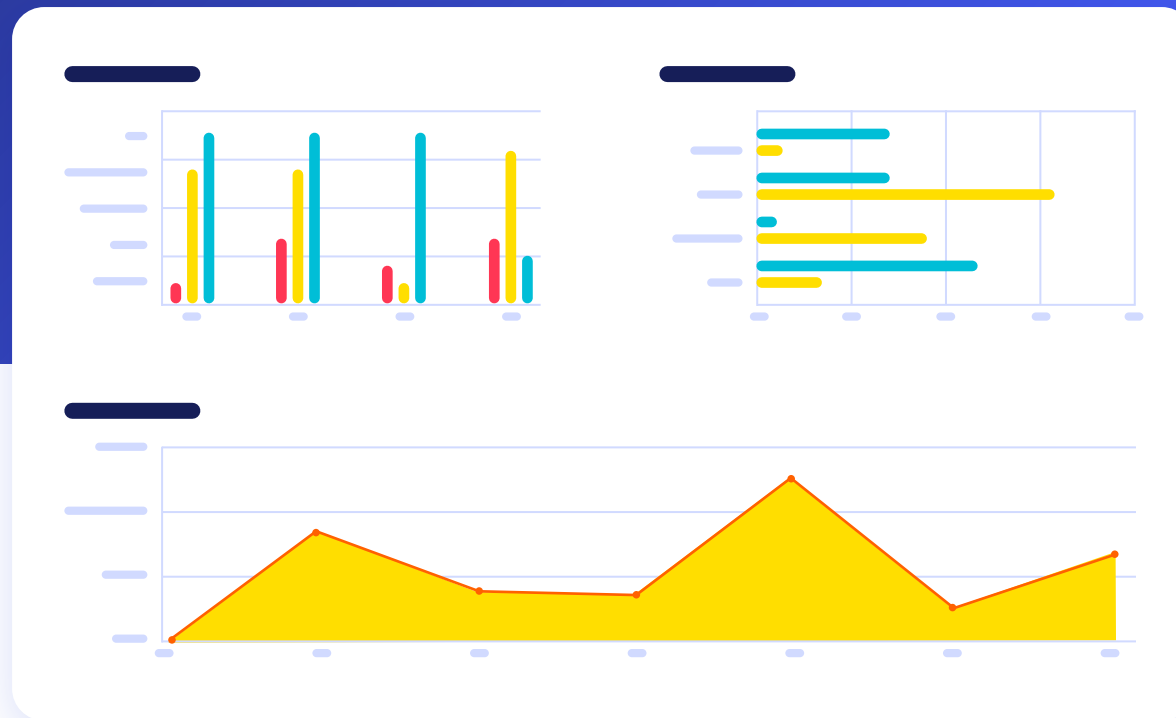
- ✓ **Optimistic**
- ✓ **Standard**
- ✓ **Pessimistic**

It enables companies to model forecasts and choose the best operational strategy. Each planning option generates different scenarios, helping companies make optimal decisions based on the system's outputs.



3. Operational Decisions

By comparing the outputs obtained through different risk profiles, companies can evaluate the total risk and cost associated with their risk profile selection. Comparing different scenarios will allow companies to determine the trade-off between the risk they take and the total cost incurred.



➤ How to Turn Risks
into Opportunities
with ICRON?

At ICRON, we have a unique, multi-faceted approach to handling risks

The most significant risk for your business is overlooking risks (and not turning them into opportunities) as a part of your growth strategy. Regularly review your risk appetite so that your supply chain responds in tandem.

➤ ICRON enables supply chain companies to



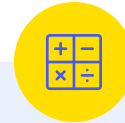
Include their risk appetite while making strategic, tactical, and operational decisions.



Synchronize competitive strategy and performance per the supply chain and operational environment changes.



Provide risk avoidance and opportunity suggestions for the best results within your risk profile.



Calculate risks and opportunities by considering operational constraints and company strategy profile.

ICRON's intelligent optimization and pegging capabilities assess supply and capacity before setting a delivery date. They also consider a company's risk appetite and priorities, weighing the risks of promising a date. This helps mitigate unwarranted risks and seize opportunities.

To achieve that outcome, ICRON provides strong visibility with a user-friendly interface. Companies will be equipped to observe the situation from different angles, create constraints, and analyze the planning outcomes from various viewpoints.

ICRON's risk and opportunity feature ensures that any disruption in your supply chain is flagged early on, and the outcomes of any decision and risk appetite are reflected before any decision is made.

Are you ready to discover the opportunities in your **supply chain**?



Discover it with our experts now



Optimized decisions
made simple

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