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Supply Chain Disruption Amid COVID-19

Webinar

March 30, 2020



Agenda

- A general overview of the “State of Supply Chain Issues”
- Are specific industries being affected more or less than others?
- What can companies do at this point to mitigate the disruption?

(Differences between manufacturing and service companies / domestic supply chains vs. global)

- Is it too late to do supply chain disruption planning? If not, what does that planning look like?
- How “Shelter in Place” orders affects a company in the supply chain for an “essential” business or industry
- Recovery, what can and should companies do to prepare for the post-Covid recovery? Is now an opportunity to “reset” supply chains or improve/rationalize them?

- Q&A

Please submit questions via the Q&A function.

Presenters



Robert B. Handfield, Ph.D.

Executive Director of Supply Chain Resource Cooperative, and Bank of America University Distinguished Professor of Operations and Supply Chain Management, Poole College of Management, North Carolina State University

Bachelor of Science, Mathematics, The University of British Columbia (1985); Ph.D., Operations Management, University of North Carolina at Chapel Hill (1990)



Greg Chabon

Partner, Womble Bond Dickinson (US) LLP

In the Manufacturing and Technology sectors, Greg works with clients in strengthening supply chain networks, expanding channels of distribution, negotiating supply agreements, and dealing with supply disruption and product disputes.

Bachelor of Science, Mechanical Engineering, Clemson University; Master of Business Administration, University of San Diego; Juris Doctor, Florida State University College of Law (with high honors)

A General Overview of the “State of Supply Chain Issues”

What have you seen and heard from companies (US and global) regarding their supply chain status?

- Adjusting to demand (or lack of demand)
 - sales of toilet paper and paper towels have shot up by 70%, rice sales have shot up by 50%, beans 50%, canned meat 40%, and sales of peanut butter, bottled water, and pasta by 30%. Hot dogs, for some reason, have jumped in sales by 300%!
- Aligning demand up and down the supply chain (customers, vendors/suppliers)
- Slow pay, no pay from customers; financing issues
- Personnel challenges (procurement, shipping, QA, etc.)

Are Specific Industries Being Affected More or Less Than Others?

- Masks, medical equip, etc.
- Impact on Chinese manufacturing affecting US companies
- Food production/distribution
- Defense Protection Act
- "Non-essential business" closures; CISA sectors

What can companies do at this point to mitigate the disruption?

- Are there differences between manufacturing and service companies?
Between domestic supply chains vs. global?

- Chinese production and imports – first back? Import available?

Example: An unintended consequence of trade war with China – US tariffs on Chinese medical products may contribute to shortages and higher costs of vital equipment. US trade policy has forced China to divert the sales of these products – including protective gear for doctors and nurses and high-tech equipment to monitor patients – from the United States to other markets. The Administration has temporarily reduced of some tariffs imposed on Chinese products to treat the coronavirus pandemic (but trade war effects still felt).

- Convert production to high need products (masks, gowns, gloves, ventilators)
 - Can a company realistically convert in the modern, technology driving manufacturing environment?
- Force Majeure events and delays
- Financing solutions

B Supply-chain stabilization

Supplier engagement	● Cross-tier risk transparency; supplier restart; order management; new supplier qualifications
Inventory management	● Critical-part identification; parts rationing; location optimization
Production and operations	● Operational-impact assessment; production-capacity optimization
Demand management	● Sales and operations SKU-level demand-signal estimates by microscenario; production and sourcing plans
Logistics	● Ports; logistics-capacity prebooking; route optimization

*Source: COVID-19: Briefing note, March 16, 2020,
McKinsey & Company*

Is it too late to do supply chain disruption planning? If not, what does that planning look like?

- Looking down the road 1, 3, 6, 12 months
- How to be flexible and nimble?
- Should companies try to fundamentally alter their current supply chains, or “ride this out?”

How “Shelter in Place” orders affect a company in the supply chain for an “essential” business or industry

- Many State Orders permit "essential businesses" to operate, as well as the supply chains that support them
- Assessing impact if a company has facilities in multiple States, and employees living, under different Orders
 - Redistribute production and services?
 - Close “nonessential” product lines or operations?

What can and should companies do to prepare for the post-Covid recovery? Is now an opportunity to “reset” supply chains or improve/rationalize them?

- Albert Einstein said, “in the midst of every crisis, lies great opportunity.” What’s the Supply Chain opportunity here?
 - Streamline/rationalize supply chains?
 - Look to creating multiple sources for key materials, components?
 - Solidify vendor and customer relationships?
 - Look for advantages post-Covid based on technology deployed during the crisis (remote work, new software, new systems)?

Q&A and Resources

The slides and recording of today's webinar will be circulated to all attendees.

RESOURCES

- NC State University, Supply Chain Resource Cooperative – Director's Blog
<https://scm.ncsu.edu/scm-articles/article/category/directors-blog>
- Womble Bond Dickinson COVID-19 Hub
<https://www.womblebonddickinson.com/us/navigating-covid19-legal>
- Supply Chain Resource Cooperative, NC State University
<https://scm.ncsu.edu/>

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