



The State of Supply Chain

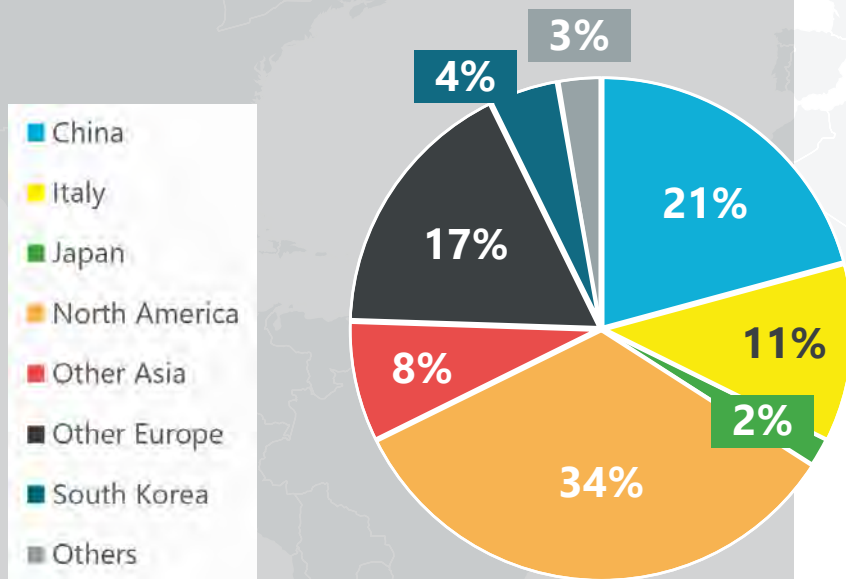
2020:

The Age of **COVID-19**

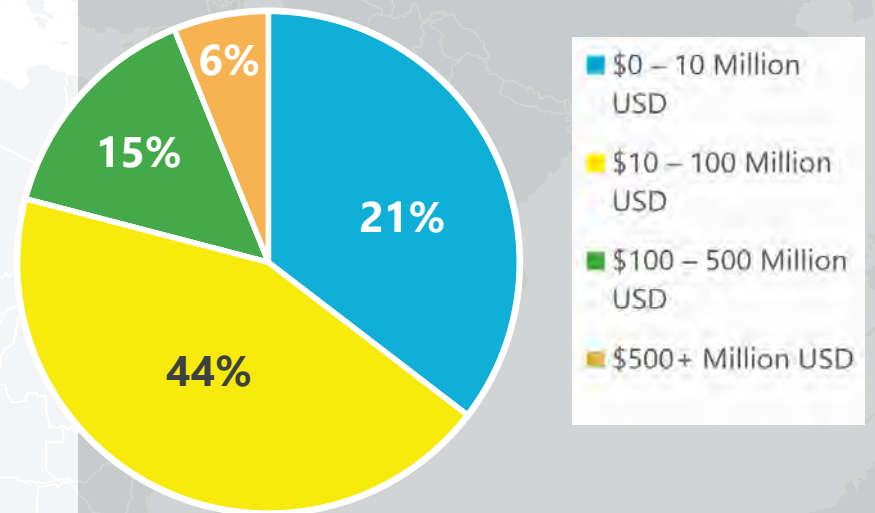
COVID-19 has disrupted supply chains worldwide, causing unprecedented uncertainty. To get a clearer view of how suppliers are faring, RapidRatings conducted a global survey in March; receiving over thirteen hundred responses from private companies worldwide across most industries including metals, chemicals, textiles and services. Most respondents are from countries most impacted by the crisis (Italy, China, South Korea and Japan) as well as from Europe and the U.S., representing frontline insights on supplier business continuity measures and anticipated disruptions to global supply chains as the pandemic unfolds.

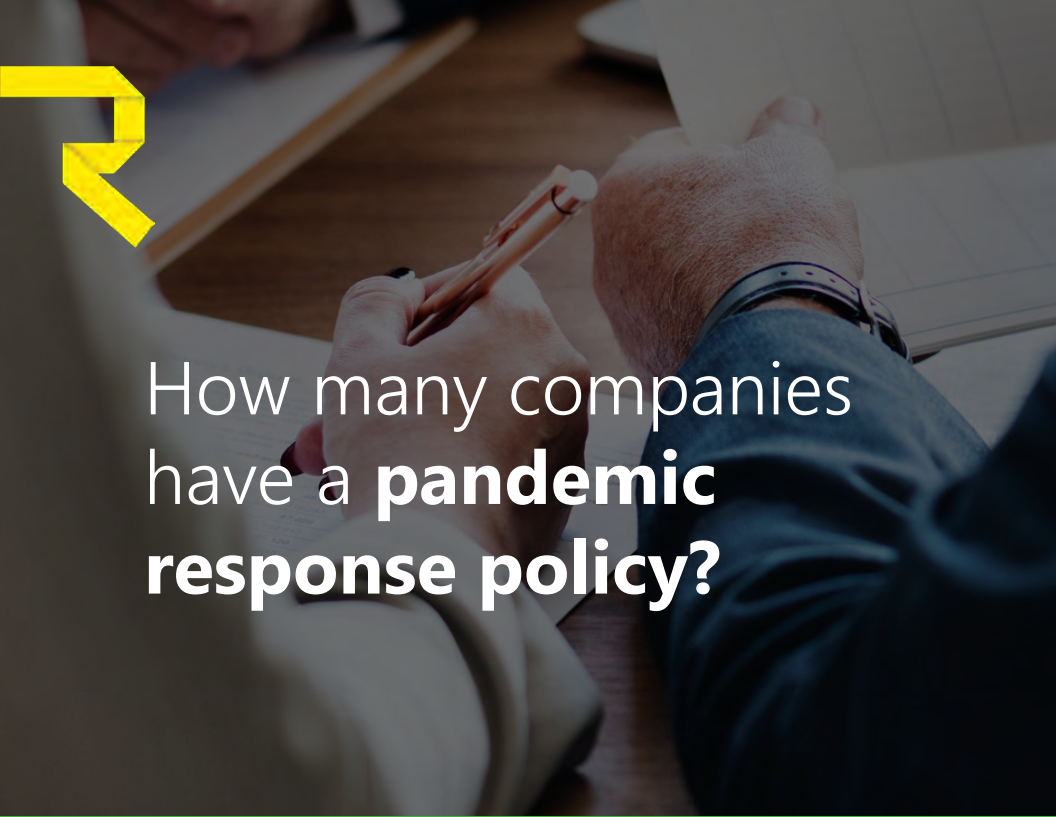
The Numbers Behind the Survey

Numbers by Location



Numbers by Company Size





How many companies have a **pandemic response policy**?

REGIONAL

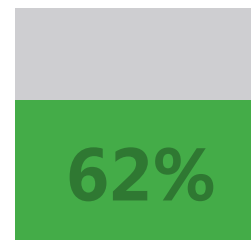


43%

Only **43% of Italian companies** said they had a pandemic response policy

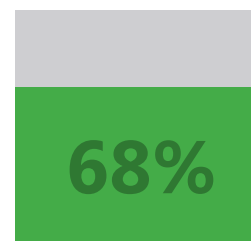
GLOBAL

Pandemic response policy



Companies are reacting to the current challenge positively, with 62% of companies reporting to have a pandemic response policy.

Committee or working group



68% of companies have a committee or working group

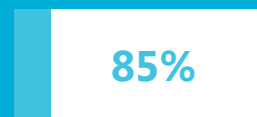
Are companies **closing** facilities?

INDUSTRY

Services

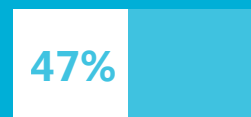
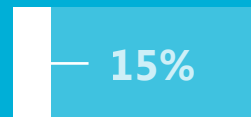


Closed some or all facilities

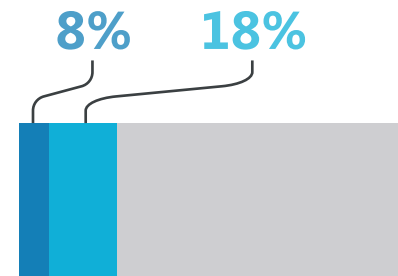


Won't open for 2+ weeks

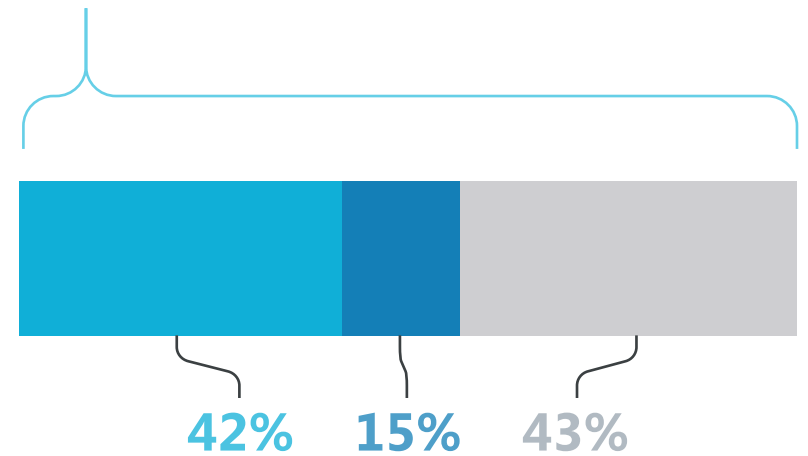
Manufacturing



GLOBAL



18% of companies have closed down facilities and **8%** expect to close within the next 3 months.



Of companies that closed, **43%** expect to open in under 2 weeks, **42%** don't expect to open for another 2-4 weeks, and **15%** don't expect to open for over a month.



Are companies **closing** facilities? [regional]

China is particularly hard hit with **40%** of companies closing facilities, but **57%** of companies who have closed facilities said they would open again in **under 2 weeks**.



CHINA

Only **3%** of companies in China expect more facility closures in the next 3 months



EUROPE

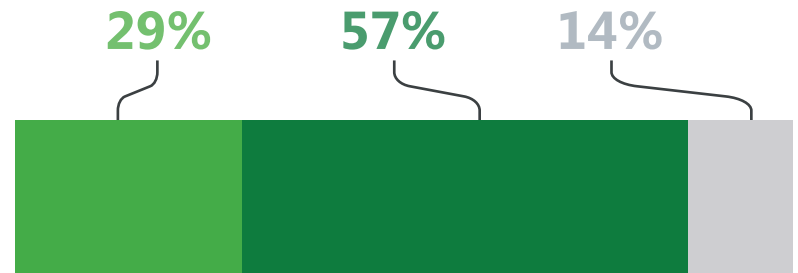
19% of European countries (excluding Italy) expect to close facilities in the next 3 months





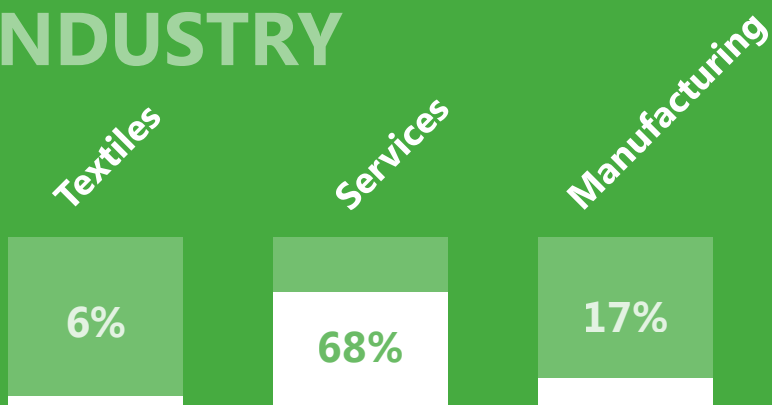
Will working from home impact operations?

GLOBAL



Only **29%** of companies said they could continue to be fully operational while working from home. **57%** said they could partially continue, while **14%** said not at all.

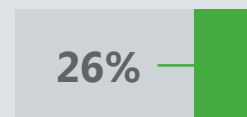
INDUSTRY



Only 17% of manufacturing companies said they **could be fully operational from home** as compared to 68% of services companies. Only 6% of textile companies said they could.

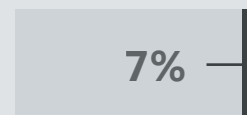
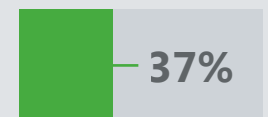
REGIONAL

China

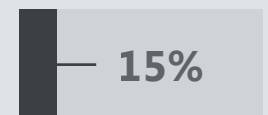


Fully operational working remotely

North America



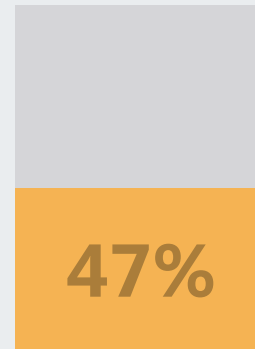
Could **not** operate remotely at all





Will closures affect shipments?

GLOBAL

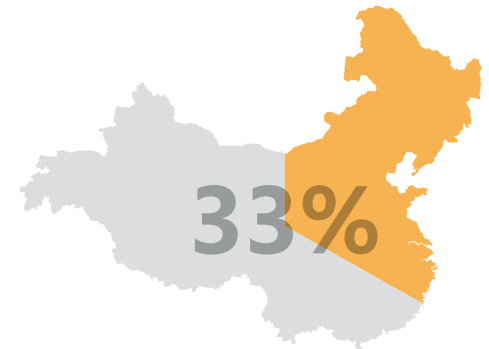
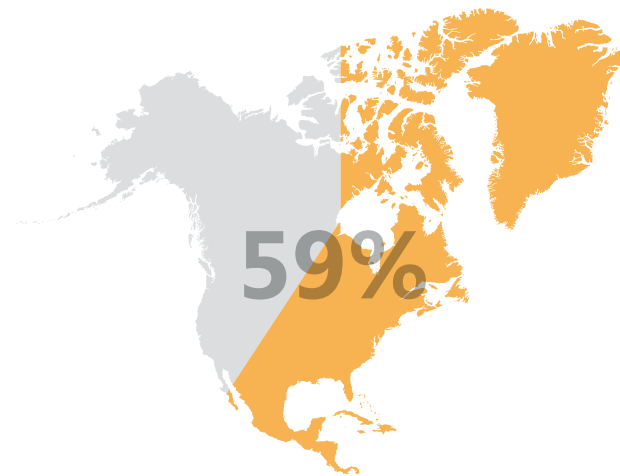


47% of companies will **not** be able to continue shipments **within 2 weeks of closing a facility.**

REGIONAL

In North America, 59% said they **would not be able to continue shipments in under 2 weeks of closing a facility.**

China fared much better at 33%.





Will closures affect shipments? [Industry]

52% of manufacturing firms said they would not be able to continue shipments in under 2 weeks of closing a facility. Only 27% of services firms said they wouldn't be able to continue to provide their services after 2 weeks of closing. For other industries, it was approximately 47%

Companies unable to continue shipments in under 2 weeks of closing a facility

Manufacturing

52%

Services

27%



Are suppliers' customers being **helpful** during the pandemic?

GLOBAL

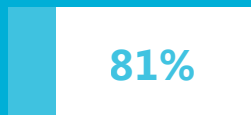


71% of companies said their customers were helping

71%

INDUSTRY

Services



Customers being helpful

Manufacturing



81% of service industry companies said their customers were being helpful as compared to manufacturing at 65%

REGIONAL

China

63%



Italy

63%



North America

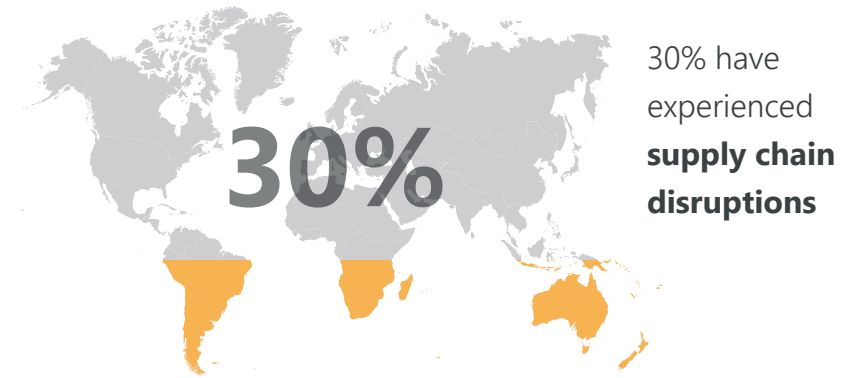
82%



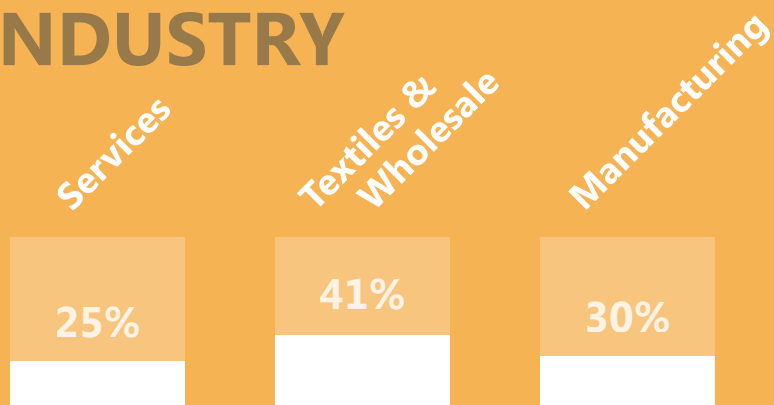
Customers are being helpful in North America (82%), higher than in Italy and China who were both at 63%

How prevalent are supplier disruptions?

GLOBAL



INDUSTRY



41% of wholesalers and textile firms said they had **experienced supplier disruptions** as compared to service firms at 25% and Manufacturers at 30%

REGIONAL

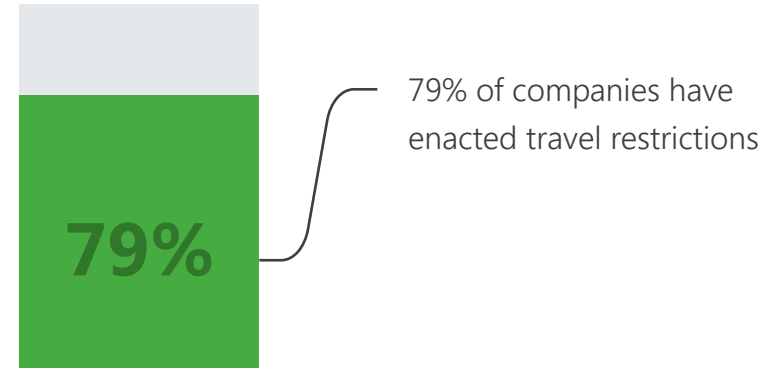


40% of companies in China have suppliers who have experienced disruptions as compared to 22% in Italy



Other interesting figures

TRAVEL RESTRICTION

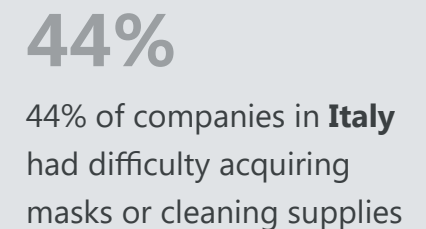
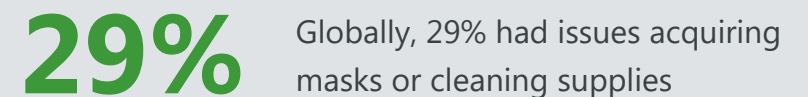


SUPPLY CHAIN VISIBILITY



85% said they had **some measure of visibility** into their supply chains

CLEANING & SAFETY





5 Common Survey Answers on **How Customers Can Help Suppliers**

01

Foster **clear, open and honest communication** about their current business situation

02

Follow health recommendations such as remote working, online meetings and wearing of face masks

03

Convey the **change in demand** for their products

04

Allow for more **flexible delivery dates and pricing**

05

Try to **operate as normal as possible** given the situation

Bonus tip:

Do not overreact due to fear and purchase significantly more than your demand



What's the **biggest lesson** of the survey?

Whether your main goal now is to manage supplier relationships more closely, prevent further disruptions, or protect your bottom line, the key comes down to **transparency**.

With operational transparency, you can use the numbers to understand the red flags within your supply chain, and then have informed conversations about the future plans of your suppliers and how they will manage this pandemic.

Trusting your suppliers will be able to meet your business demands requires a shifting mindset – it defies the traditional transactional exchanges and works towards building a partnership.



Why **transparency** is so key right now

Enhance stability, operational resilience, and business continuity

Supplier collaboration helps stabilize the supply chain. Greater visibility into supplier risks will result in faster recovery from this pandemic. By having continuous and open dialogue with suppliers, you can address issues within the supply chain and react more quickly.

Improve risk management

Knowledge is power when it comes to risk management. Understanding a supplier's key strengths and weaknesses allows you to more effectively plan for the now-more-uncertain future. Having more knowledge and making better decisions means fewer costly surprises in your supply chain. Transparency will optimize your ability to make decisions on resourcing, reputational risk, and further disruptions.

Uncover hidden opportunities

Once things start to settle and business starts to improve, you need to know if your suppliers can not only continue but grow with you. Increased and ongoing communication allows you to know your supplier more deeply, understand their potential for both stability and growth, and ultimately see if there's alignment with your recovery goals.



Why should you trust the survey?

Want more insight into how **COVID-19** is affecting supply chain?

RapidRatings works with public and private companies across 140 countries and all industries to provide supply chain transparency.

For more than a decade, we've provided financial health ratings and analysis of private companies, so now that we're in the thick of the COVID-19 crisis, we have a strong foundation to understand suppliers and the difficulties they're facing.

Companies in countries hit hard by Covid-19 are directly communicating with us, telling us about impacts of recent changes like company closures, deliveries, and workforce productivity overall.

We've had enthusiastic responses from more than 1300 private companies in critical supply chains, and we've distilled them down to these actionable insights.

Visit our dedicated **resource center** >