Management Systems for Security in the Supply Chain

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Promoting Security in the Supply Chain

Supplier – Manufacturer – Distributor – Retailer – Logistics

Security and resilience in the supply chain are key components of today's global marketplace

What is a Management System?

- **Management system** refers to what the organization does to manage its processes, or activities, so that it meets objectives it has set itself, such as:
  - satisfying supply chain requirements,
  - complying with regulations, or
  - meeting preparedness and continuity objectives.

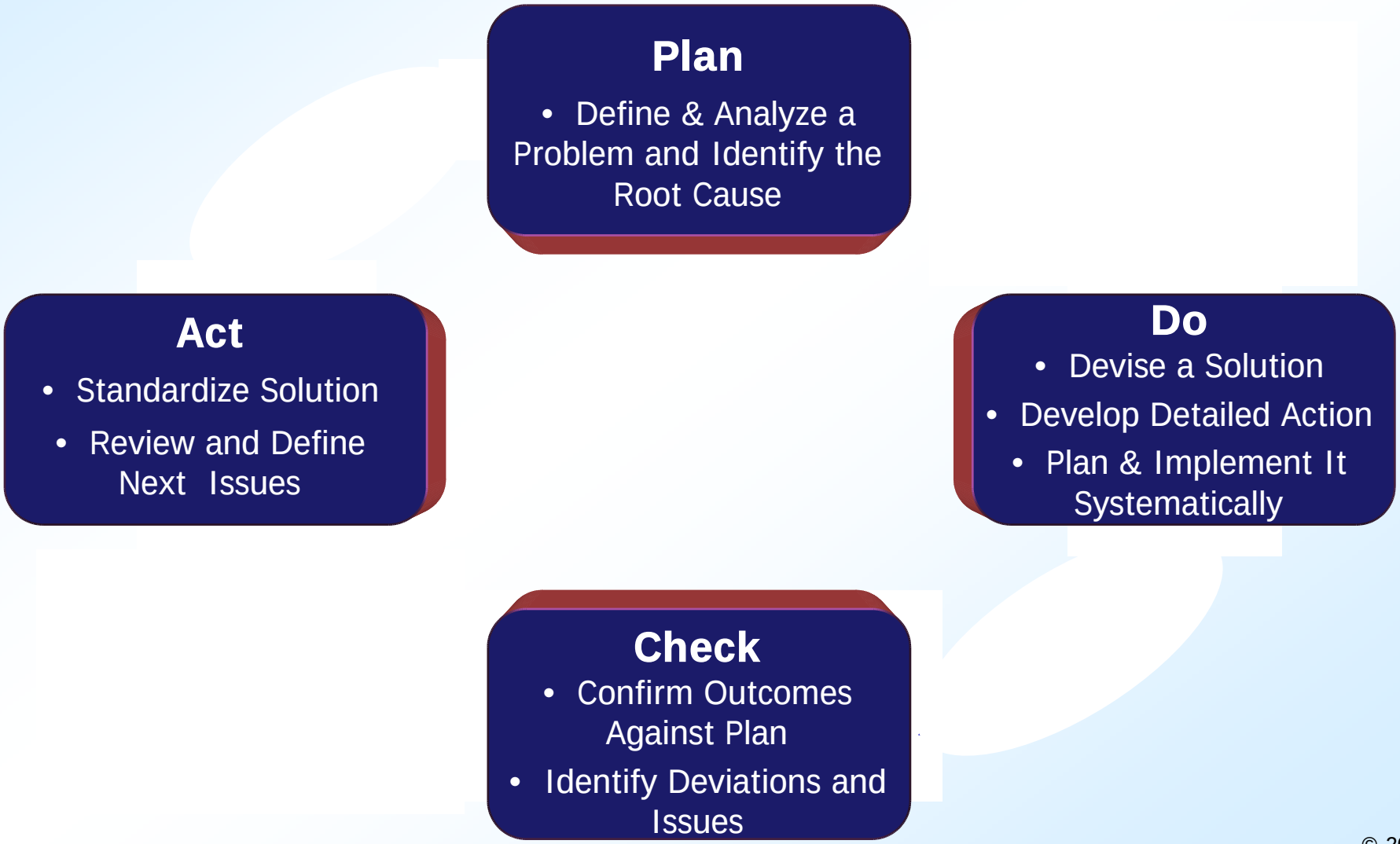
- **Management system standards** provide a model to follow in setting up and operating a management system.

- **The Plan – Do – Check – Act (PDCA) cycle** is the operating principle of ISO's management system standards**.**

PDCA or APCI Model

Approach to structured problem solving

Plan *(Assess)* - **Do** *(Protect)* - **Check** *(Confirm)* - **Act** *(Improve)*



ISO 28000 Series of Standards

- ISO 28000:2007
  - Specification for security management systems for the supply chain
- ISO 28001:2007
  - Security management systems for the supply chain -- Best practices for implementing supply chain security, assessments and plans -- Requirements and guidance
- ISO 28002:xxxx
  - Resilience in the Supply Chain
- ISO 28003:2007
  - Security management systems for the supply chain -- Requirements for bodies providing audit and certification of supply chain security management systems
- ISO 28004:2007
  - Security management systems for the supply chain -- Guidelines for the implementation of ISO 28000

Risk Management

- Establishes risk management as proactive means of protecting the organization
  - Pragmatic and business-centric approach to risk management
  - Promotes risk management as a central component of effective management
  - Key decision making and commitment of resources is based on a process of effective risk assessment

Including Organizational Resilience

- Complementary perspectives with varying weights of focus:
  - Focus bulk of efforts on the avoidance or reduction of risks prior to a disruptive event
  - Emphasize management of a crisis as event unfolds.
  - Focus on preparing for and responding to the impacts and consequences of a disruptive event.

- In determining a strategy for the spectrum of options for management of risks before, during and after a disruptive event, business constrains and realities usually determine where an organization will focus its efforts.

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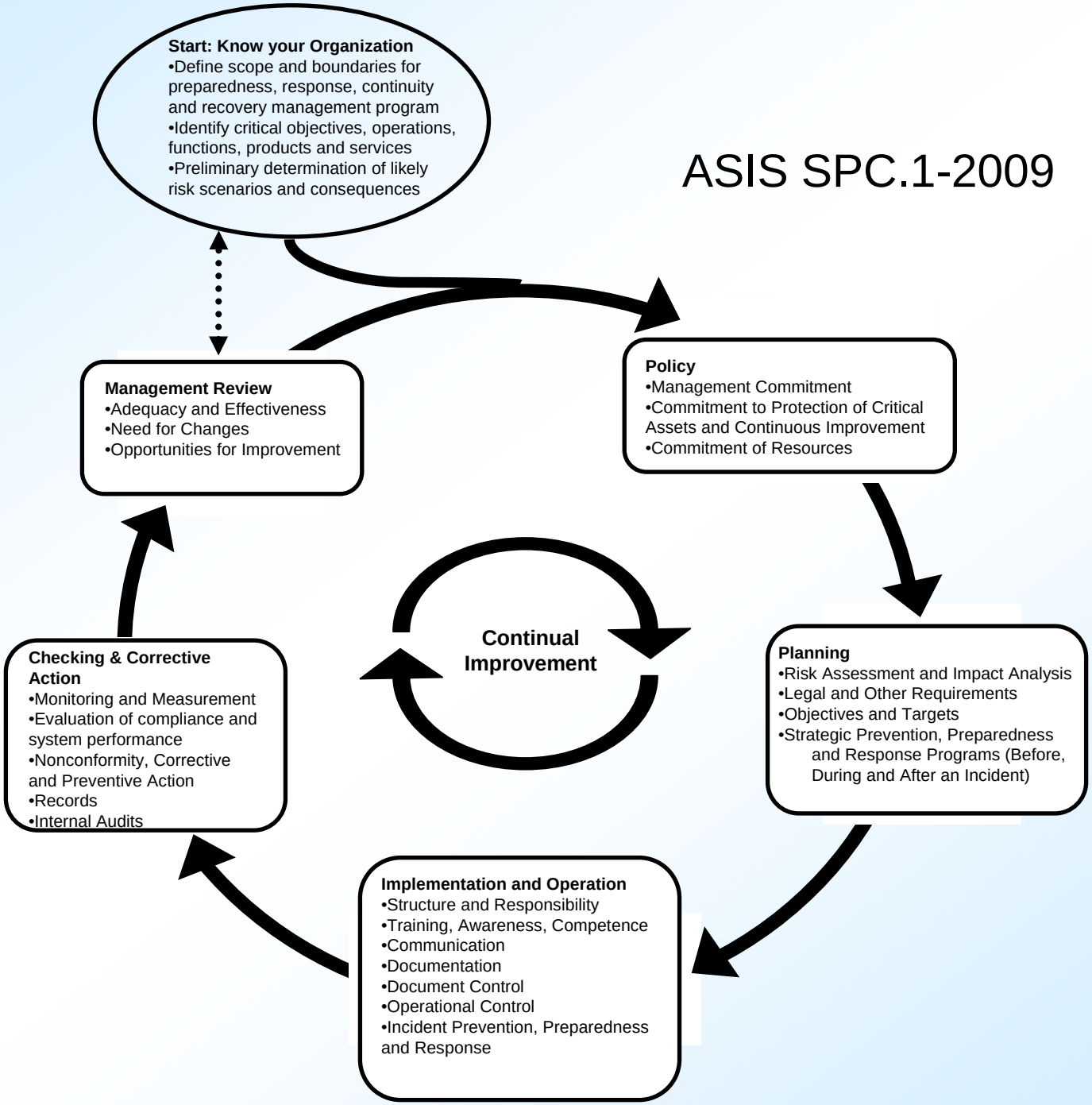
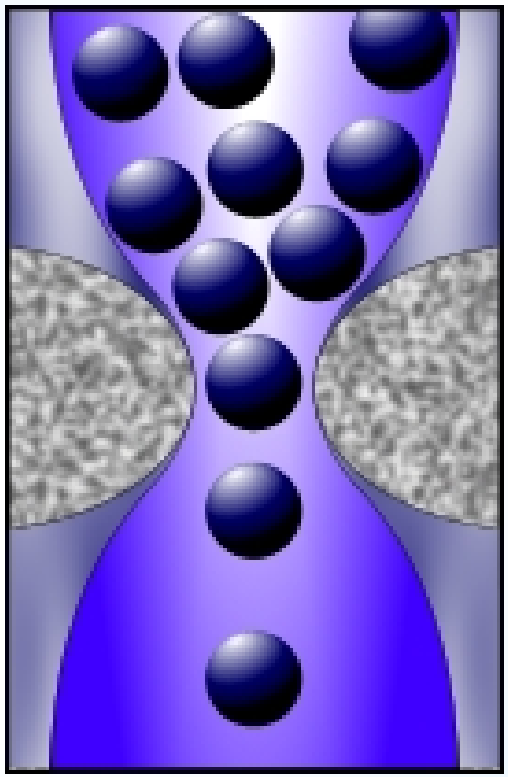


There's a Bottleneck

Lead Auditors Needed



Demand for implementation and certification is currently outpacing the availability of lead auditors

Thank You

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Globalization of Supply Chains

Disruption of the Supply Chain a Rising Threat

- Just-in-time manufacturing
- Outsourcing
- Global sourcing
- Specialized factories
- Centralized distribution
- Supply consolidation
- Reduction of the supplier base
- Volatility of demand
- Lack control procedures

So What Could Happen?

- Human trafficking
- Contraband smuggling
- Theft
- Cyber-crime
- Internal sabotage
- Industrial sabotage
- Terrorism
- Counterfeiting
- Insurgency
- Bio-terrorism
- Wholesale and retail supply loss
- Organized crime
- WMD in containers
- Political disruptions
- $$$ Damages

What are the Consequences of an Incident?

- Damage to tangibles:
  - Human and physical assets – property, products, infrastructure, personnel and the environment
- Damage to intangibles:
  - Non-physical assets - reputation, market position, goodwill
- The harm to the organization may include;
  - Injury or serious harm to persons and property
  - Business integrity
  - Reputation
  - Clients property
  - Standing in industry community
  - Regulatory issues