



Are your suppliers ready for Brexit?

Brexit Supplier Risk Assessment

You are preparing for Brexit, but have your suppliers assessed all their vulnerabilities and mitigated their risks? Our supplier risk assessment will help give you greater clarity and peace of mind.

<p>Readiness</p> <p>Have your suppliers worked out how Brexit, and the still possible outcome of a no deal, could affect their ability to supply you?</p> <p>If they haven't yet identified the risks and remedies, your business is exposed and you have little time to put it right.</p>	<p>Borders</p> <p>Some companies – possibly including your suppliers – are rethinking their footprint and logistics networks as they prepare for disruption and expense arising from Brexit.</p> <p>Are you their number one customer if they have to ration supply?</p>	<p>Financial</p> <p>Investment delays, working capital strains, the weak pound and potential future tariffs, put pressure on your suppliers' financial health.</p> <p>Could they be passing those costs to you? Are they financially secure?</p>	<p>Regulation</p> <p>Brexit is likely to usher in new controls and compliance burdens, especially for those in heavily regulated sectors, recipients of EU funding or firms handling EU citizens' data.</p> <p>Do you need to amend supplier and customer contracts?</p>	<p>Labour</p> <p>Fewer EU nationals are moving to the UK and more are leaving.</p> <p>Do your suppliers know how they will staff operations and absorb wage pressures if that worsens?</p>
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Have you also considered...

-  System integration challenges?
-  Operating model change?
-  Contractual implications?

How we can help



Understand Brexit

Gain a broader perspective on what companies are doing across the economy to mitigate Brexit and what you need to be concerned about.



Focus on the right suppliers

Our Brexit framework helps you prioritise the right suppliers when you have hundreds, even thousands, to assess.



Going a step further

Join those using Brexit as a strategic opportunity to challenge the status quo, using it to review their operating models and tax implications.



Analyse your suppliers' underlying risks

KPMG's analytics tools quickly identify your suppliers' likely risks and assess their readiness for Brexit.



Build robust mitigation plans

Set a clear roadmap of actions for each critical supplier to identify the no regrets actions that you – and they – should be taking now.

Case study: Securing the supply chain for global pharma

Client Challenge

In 2018, a global player in pharmaceuticals asked KPMG in the UK to make sure their suppliers and supply chain was ready for whatever Brexit might throw at it.

In an industry with some of the most scrutinised and regulated supply chains in the world, the stakes were high. Failure to address potential Brexit supply chain glitches could not only cost the firm millions, it could even threaten its licence to operate in some jurisdictions.

The client's supply chain is global and complex, with over 1,500 suppliers affected by Brexit within the UK, the EU, China and the US. Wide-ranging Brexit risks were found across clinical trials, manufacturing and logistics supply bases. Distinct risks were present within suppliers who provided the same services, depending on: their operating model, logistics routes and regulatory responsibility. There was also the need to manage a deeply complex, globally diverse and multi-functional stakeholder group.

What we did

Understood Brexit: Working with the client, our first task was to uncover the hidden risks: where a failure by a supplier would have the greatest impact on operations and how the company could reduce this potential impact (either on their own, or in partnership with the suppliers).

Focused on the right suppliers: We assessed the readiness of around 100 suppliers across a range of issues such as labour, GDPR, regulation and its ability to cope with border disruption. The survey also looked into the readiness of those suppliers' own supply chains.

Understood the true risks: Driven by survey responses and analysed via our data model, we quickly identified and prioritised the high risk suppliers to understand what their weaknesses might mean for our client's own Brexit preparations.

We then dug deeper, bringing in our specialists in operations, supply chain, regulation and immigration. We talked to 30 of our client's key suppliers and assessed their individual risk and mitigation plans, identifying issues such as the need for duplicated qualified person releases and stockpiling requirements for clinical trials.

Built robust mitigation plans: It was vital to ensure the suppliers' plans dovetailed with their customer – our client. Did suppliers have the right contingency plan to stockpile inventory? Did their alternative logistics plans make sense? Would everything get done in time?

Outcome

Today our client has visibility of Brexit risks among suppliers and the subsequent impact to its own business. It has aligned the supply base to its own preparations, has gained confidence and has shaped suppliers' own mitigation plans.

They are now able to respond to questions from their regulator and other stakeholders promptly, and with confidence. Although Brexit will continue to evolve over the coming months, this is one company that stands ready.



Tim Sarson

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Tim is a board-level advisor and one of our most active partners on Brexit, helping dozens of companies rethink what Brexit means for their value chain, operations and location strategy. His experience on Brexit spans food producers to widget makers, while the pharmaceuticals sector – with its highly-regulated, time-sensitive and exacting supply chains – is a particular area of focus.

Tim has contributed to a number of industry journals on supply chain management and has appeared on TV, radio and in the press speaking about Brexit's impact on industry.



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Caroline leads our supplier readiness assessment work on Brexit. Her approach emphasises the role of collaboration between customers and their suppliers to build relationships and reduce risk. Suppliers for a global pharmaceuticals client of KPMG's described Caroline's Brexit assessment as the most comprehensive they'd been put through – helping them to understand and plan better for Brexit.

KPMG's leading voice on inter-supplier relationships, Caroline has worked in sectors including energy, pharmaceuticals banking, consumer goods and telecoms.

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