

CIPS: Two thirds of SA businesses admit to having supply chain "blind spots"

Only a small minority of South African businesses can fully account for where their products and services have come from and go to, according to the Chartered Institute of Procurement and Supply (CIPS).



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A wake up call

In a new survey of 645 supply chain managers worldwide, 65% of South African supply chain managers said they did not have complete visibility of their business's supply chains, with the majority (58%) having zero visibility beyond the second tier of their chain.

Supply chain managers are responsible for managing the flow of goods in and out of the country through South Africa's importers, exporters and multinational companies. The results raise serious concerns about supply chain practices and standards in the country. According to the survey, three in five businesses have no relationship with the suppliers in their second tier - an important mechanism for preventing fraud, minimising disruptions and finding corruption.

Supply chain industry badly prepared

The opaque nature of South Africa's supply chains means that nearly three in five businesses (56%) are unable to guarantee there is no malpractice (such as child labour, fraud or corruption) in their supply chain. South African businesses also lack the processes to cope with an unexpected disruption, such as a natural disaster, economic crisis or even armed conflict in a region they rely on for exports or imports. Should a supply chain disruption take hold, only 40% of South African businesses are aware of a risk mitigation strategy which encompasses their whole supply chain.

The survey also reveals the unseen disasters being averted by South African businesses on a regular basis. Over two-thirds of businesses (67%) have avoided a major crisis in the last 12 months as a direct result of strong supplier relationships, with almost three quarters (73%) avoiding a smaller disruption. With only 50% of businesses in the rest of the world claiming to have averted a crisis through the same means, the figures highlight the scale of the challenge facing

South African businesses as well as the benefits of closer supplier links.

The survey does reveal some good news for South African businesses, however, as 70% of procurement professionals in the country would take full responsibility for any malpractice found - considerably higher than in both Australia (43%) and the UK (40%).

Andre Coetzee of the Chartered Institute of Procurement and Supply (CIPS), Africa said:

"These figures must surely be a wake-up call for South African businesses."

"The extent of South Africa's supply chain blind spots threatens to put consumers and the economy at serious risk."

"South African businesses embracing best practice supply chain management are protecting the country from major crises on a regular basis, but more must be done."

"Only by investing in skilled professionals with a licence to practise who interrogating their supply chains can South African businesses free themselves from the risks of corruption fraud and malpractice."

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