



## **LOGISTICS RISK MANAGEMENT: FRENCH BUSINESSES CONTINUE TO FLY SOLO**

Results of the Generix Group study  
involving 145 French companies

- > **French businesses see reducing logistics risks as one of their top priorities (52%), just behind reducing costs (54%) and improving performance (62%).**
- > **The risk that poses the greatest concern to French companies is information system unavailability (48%).**
- > **Collaborative working is something of a poor relation when it comes to risk management, with only 19% of businesses making full use of their ecosystem.**
- > **Some 11% of the companies that responded to the survey admitted that they did not have a risk management policy, while 5% had no idea how to approach this subject.**

**Paris, 16 December 2015** – Although media attention is focused firmly on deliveries and the major technological leaps that have been made in this area, collaborative solution developer Generix Group decided to focus on risk management, another essential yet largely unknown aspect of the sector. Without an effective logistics risk management policy, businesses will be unable to deliver on-time. Generix Group surveyed around 145 French companies\* from all sectors and industries to identify the major logistics threats that they face and to determine the corresponding financial impacts and existing management mechanisms. The results are in...

### **I. SAFEGUARDING LOGISTICS OPERATIONS: A KEY PRIORITY**

#### **1) Performance, costs and risks: the three priorities of the Supply Chain**

Unsurprisingly, performance improvement (62%) and cost reduction (54%) came top of the list in terms of the major priorities facing logistics managers. Risk reduction (52%) was the third most common concern. The survey found differences in emphasis, depending on the sector and geographical coverage of the company in question. On the one hand, companies that conduct a significant proportion of their operations abroad (accounting for more than 50% of their total business) see greater flexibility as a major concern. On the other hand, performance improvement is a common priority across all sectors (distribution, consumer goods and services), with only the manufacturing and electronics sectors bucking this trend.

Risk management, meanwhile, is the second most pressing concern in the distribution and service sectors, as well as for businesses with a lower level of international operations (less than 10%).

## **2) Logistics risk management: a concern for 8 out of 10 businesses**

Some 8 out of 10 businesses see operational risk management as a key concern.

The survey found that it was a major concern for 49% of logistics managers, and a medium-level concern for 30%.

One of the most pressing risks for French companies is information system unavailability (46%). This was cited as the highest-impact risk across all sectors, closely followed by the one-off failure of a supplier (37.6%) and unexpected volume peaks (37.1%).

## **II. INEFFECTIVE RISK MANAGEMENT PRACTICES**

### **1) Risk prevention: Supply Chain Managers on the front line**

Some 65% of respondents to the survey stated that Supply Chain Managers were on the front line when it came to logistics risk management within their organisation. This was the case for all companies operating in the distribution and consumer goods sectors.

### **2) Collaborative working: the poor relation of logistics risk management**

Only a minority of the companies questioned stated that they made full use of their ecosystem as part of their logistics risk management efforts. Less than one-third of respondents (31%) indicated that they had an external partner alert system in place, and barely 19% stated that they made proactive efforts to organise the ecosystem surrounding their business.

When looking to handle logistics risks, the vast majority of companies focus on internal aspects. For example, almost two-thirds of the businesses questioned (65%) see the reporting of internal events as a priority. The survey results indicate that this is a key priority for businesses of all types, irrespective of their international operations or sector (distribution, consumer goods, manufacturing).

### **3) No collaborative working without visibility**

Opacity remains one of the dominating features of the logistics chain, i.e. the company, its freight forwarders, its carriers, its customers and its suppliers. The results show that 58% of business have almost no visibility over potential risks involving their freight forwarders, 49% over risks impacting their suppliers, and 46% over risks affecting their carriers. Conversely, this figure falls to 37% when it comes to risks relating to their customers.

Due to this lack of visibility, companies are almost certainly unable to implement an effective, collaborative risk management process.

### **4) Some 16% of respondents are playing with fire**

In total, 11% of the companies that responded to the survey admitted that they did not have a risk management policy. Worryingly, 5% had no idea how to approach this subject.

This combination of naivety and incompetence is particularly concerning, especially where businesses are unaware of the potential impacts (both major and minor) of ineffective risk management. These impacts include indirect costs (disorganisation, disputes) (61%), direct costs (credit notes, penalties) (58.7%), damage to the company's reputation (45%) and even the loss of customers (31%).

***"The findings of this survey show that Supply Chain Managers are fully aware of the importance of effective logistics chain oversight, particularly when it comes to boosting customer satisfaction. Yet the results also demonstrate that, in many cases, businesses have failed to implement an effective risk management system capable of safeguarding the entire logistics chain. It is important to stress that Supply Chain Managers cannot be expected to eliminate all risks, since each stakeholder in the chain poses its own specific risks. Their job is to mitigate these risks. How can they achieve this aim?***

***Through visibility and information. In other words, Supply Chain Managers must be able to identify an unexpected event quickly when it occurs in the logistics chain, including events occurring outside their own organisation. They must also have access to the information they need to make informed decisions and mitigate the impact of this event on customer activities.***

***This is one of the main reasons why Generix Group has developed Easy Order Tracking – an innovative new solution designed to provide greater risk visibility and enhance collaborative risk management,"*** explains Isabelle Badoc, Supply Chain Product Marketing Manager at Generix Group.

*\*Methodology*

**Online survey** involving **145** companies, conducted in August and September 2015

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## About Generix Group

Generix Group, a software editor of collaborative applications, helps its customers to face the challenges of the digital enterprise: facilitating buying journeys, building a digital supply chain and dematerializing all data flows. By building differentiating services, Generix Group optimizes the overall performance of the company within its ecosystem, enabling it to meet customers' changing expectations.

Over 5,000 international players have helped establish Generix Group as a European leader with close to €54 million in turnover.

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