

COVID-19 Survey: Impacts On Global Supply Chains

Institute for Supply Management® study reveals virus' supply chain effects



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TEMPE, Ariz., March 11, 2020 /PRNewswire/ -- Today the Institute for Supply Management® (ISM®) revealed the first-round results of a survey focused on coronavirus disease 2019 (COVID-19) business and supply chain impacts.

Notably, nearly 75 percent of companies report supply chain disruptions in some capacity due to coronavirus-related transportation restrictions, and more than 80 percent believe that their organization will experience some impact because of COVID-19 disruptions. Of those, one in six (16%) companies report adjusting revenue targets downward an average of 5.6 percent due to the coronavirus.

"The story the data tells is that companies are faced with a lengthy recovery to normal operations in the wake of the virus outbreak," said Thomas W. Derry, Chief Executive Officer of ISM. "For a majority of U.S. businesses, lead times have

doubled, and that shortage is compounded by the shortage of air and ocean freight options to move product to the United States -- even if they can get orders filled."

Primary reported supply chain impacts include the following:

- 57 percent noted longer lead times for tier-1 China-sourced components, with average lead times more than doubling compared to the end of 2019.
- Manufacturers in China report operating at 50 percent capacity with 56 percent of normal staff.
- More than 44 percent of respondents do not have a plan in place to address supply disruption from China. Of those, a majority (23 percent of respondents) report current disruptions.
- Of the companies expecting supply chain impacts, the severity anticipated increases after the first quarter of 2020.
- Six in 10 (62%) respondents are experiencing delays in receiving orders from China.
- More than half (53%) are having difficulty getting supply chain information from China.
- Nearly one-half are experiencing delays moving goods within China (48%).
- Almost one-half (46%) report delays loading goods at Chinese ports.

"We're seeing that organizations who diversified their supplier base after experiencing tariff impacts, are potentially more equipped to address the effects of COVID-19 on their supply chains," said Derry.

More than 60 percent of companies that ordinarily travel to China have no plans to do so over the next six months. Additionally, nearly one-half (47%) note travel to other international areas is subject to extra scrutiny or limitations, with the most mentioned areas being Korea, Italy, Japan, broadly Europe, Hong Kong and Singapore.

Conducted between February 22 and March 5, the survey's 628 respondents largely represent U.S. manufacturing (52%) and non-manufacturing (48%) organizations, 81 percent of which have revenues of less than US\$10 billion. Respondent roles range from emerging practitioner (4%), to chief procurement officer (6%), with 73 percent being experienced practitioners, managers and directors in a supply chain management role.

Another round of data collection will be conducted by ISM to continue to assess the coronavirus' evolving global and regional supply chain implications. To access ISM's dedicated resources regarding COVID-19, please visit: <https://weareism.org/coronavirus-ism.html>.

About Institute for Supply Management®

Institute for Supply Management® (ISM®) is the first and leading not-for-profit professional supply management organization worldwide. Its 47,000 members in more than 90 countries around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM empowers and leads the profession through the ISM Report On Business®, its highly-regarded certification and training programs, corporate services, events and the ISM Mastery Model®. Its Manufacturing and Non-Manufacturing ISM Report On Business® are two of the most reliable economic indicators available, providing guidance to supply management professionals, economists, analysts, and government and business leaders. For more information, please visit instituteforsupplymanagement.org.

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