

SUPPLY CHAIN

10 Ways Supply Chain Disruption Has Impacted Aspects of Business

FINANCIAL PERFORMANCE •

Inflation is straining many companies' business models and presenting challenges in forecasting financials.

Companies' inability to fulfill consumer demand can also present reputational risk that can affect their financial performance and investor confidence.

CONSTRUCTION DEFECTS •

The lack of skilled craftsmen and materials can lead to material substitutions and quality issues, which can elevate construction defect risks.

QUALITY CHALLENGES

Supply issues have left companies looking for new vendors to help complete orders. But fast-tracking vendor selection and a lack of experienced staff can lead to quality control issues and open businesses to

HIGH IMPACT

LABOR SHORTAGE •

Having untrained, unskilled, or overworked staff can present workers compensation risks. One **third of**



work-related, nonfatal injuries affect employees who've been on the job less than a year.

INCREASED COST OF INSURANCE •

Labor and materials shortages have driven up property and auto repair prices, increasing claims costs. Additionally, delays to secure parts can cause prolonged equipment downtimes. These rising costs may be reflected in the cost of risk over time.

ENERGY PRICE INCREASES •

Increased tariffs, a global pandemic and the ongoing war in Ukraine have led to increased energy prices, which elevate raw material and transportation costs throughout the supply chain.



OIL

HIGH FREQUENCY

BULLWHIP EFFECT •

product liability claims.

To offset the risk of future inventory

shortages, companies
may look to secure larger
quantities of materials,
compounding inefficiencies as
inventory gets stockpiled
throughout the supply
chain. Property coverages
may need to scale to match
changing inventory levels.

SHIPPING DELAYS •

Ports are severely backlogged as global shipping volumes varied dramatically over the past two years. A shortage of truck drivers created additional strain,

further compounding the increased cost to transport goods.



BREACH OF CONTRACT •

Unfulfilled or delayed orders can be seen

as breach of contract. This presents a **D&O risk against** suppliers. Contract scrutiny and incorporating flexibility into terms can help protect businesses.

LOW FREQUENCY



RISING INTEREST RATES •



To combat inflation, the Federal Reserve is increasing interest rates, which can affect companies' ability to secure financing for their operations.

LOW IMPACT