



**Baker  
McKenzie.**

Thanks for joining us! The webinar  
will begin in a few moments.

**The Reopening Playbook**

# **Strategic Supply Chain Restructuring**

## Housekeeping

- This session is being recorded
- All participants are muted and in listen-only mode
- Slides and recording will be made available following today's session
- If you would like to ask a **question**, please submit using the Q&A function. Questions will be addressed at the end of the presentation

## Today's speakers



**Samuel Kramer**

Partner, Chicago  
+1 312 861 7960  
samuel.kramer  
@bakermckenzie.com



**Amy Barber**

Associate, Chicago  
+1 312 861 8672  
amy.barber  
@bakermckenzie.com

# Keys to Pandemic-Responsiveness in Supply Chains









The global pandemic has had a profound impact on supply chains. Supply chain resilience holds the key to recovery and applying the lessons learned from the pandemic is the key to making supply chains resilient.

- **Rethink each aspect of the supply chain lifecycle to identify pandemic-related risks and opportunities to mitigate the risks**
- **Balance drive for cost reductions with considerations for value creation, compliance and management of uncertainty**
- **Identify and analyze jurisdiction-specific opportunities such as tax optimization, government support, termination flexibility, and supply chain security**



# Architecting a Pandemic-Ready Supply Chain

Rethinking Each Aspect of the Supplier Management Lifecycle to be Pandemic Ready

Management Lifecycle Stage		Key Pandemic-Responsive Considerations
Supplier Identification		Evaluate Pandemic-Related Risk Profile of Sourcing Need
Supplier Qualification		Recognizing Pandemic Readiness and Adaptability
Supplier Review and Selection		Pandemic Informed Risk-Adjusted Contract Drafting
Supplier Onboarding		Creating a Culture of Preparedness
Supplier Performance Management		Agile Performance Management
Supplier Risk Management		Evaluate Financial, Geographic, and Demand Risks
Supplier Relationship Management		Planning for Disruptions through Collaboration and Oversight
Supplier Off-Boarding		Managing Flexibility in Timing of Reverse Transition Services

# Supplier Identification

Evaluate Pandemic-Related Risk Profile of Sourcing Need



**Multi-sourcing to manage pandemic risks geographically**



**Local / regional / international diversification**



**Revised risk assessments based on:**

- Pandemic risks
- Import / export restrictions
- Product specific regulations
- Immigration restrictions



**Revised risk assessments for essential businesses (e.g., does the government where Supplier sits view it as an essential or non-essential business?)**

# Supplier Qualification

## Recognizing Pandemic Readiness and Adaptability



### KYS – Know Your Supplier

- Work from home policy and procedures
  - IT security assessments for at-home workers
  - Trade secret protections
  - Impact on SLAs (e.g., where bandwidth and network coverage is less robust than in a service center)
- Virtual/remote site monitoring and visits
- Collective risk assessment (reliance on third parties or self-assessments where onsite vetting not possible)
- Policies and procedures in the event a significant portion of workforce is impacted by pandemic-related infection

# Supplier Qualification

## Recognizing Pandemic Readiness and Adaptability



Financial due diligence – impact of pandemic on viability of supply chain partners.



Operational due diligence (with respect to workforce management, e.g., social distancing, potential of daily temperature checks for workers prior to shift start, required PPE, documenting positive antibody tests within workforce)



Sustainability



Employment (assessment of back to work plans)



Industry self-regulation or other agreements responsive to pandemic-related matters (e.g., appropriate pandemic hygiene standards)

# Supplier Review and Selection

## Pandemic Informed Risk-Adjusted Contract Drafting



RFP preparation / alternatives



Proposal reviews where travel is restricted



Virtual negotiations



Tax planning and optimization



Contract terms

- Flexibility to
  - Re-source
  - Reduce spend
  - Increase demand
  - Secure scarce inputs



Representations and warranties (e.g., regarding prior pandemic-related infections in the workplace (akin to reps/warranties around prior data breaches))



Termination and planning in the event of insolvency



# Supplier Review and Selection

## Pandemic Informed Risk-Adjusted Contract Drafting



- Business continuity provisions
- Adverse economic impact provisions
- Additional insurance coverages (and potential of pandemic-related exclusions)
- Force Majeure
- Scarcity provisions (e.g., covenants around allocation of scarce resources in event of pandemic)
- Audit rights
- Import/Export
- Governing law (including evaluation and analysis of impact on contractual provisions)
- Dispute resolution

# Supplier Onboarding

Creating a Culture of Preparedness



## Pandemic response training

- Alignment
- Readiness
- Testing
- Execution



## Corporate social responsibility

- Health and safety
- Workplace protections
- Sustainability
- Diversity & inclusion



## Remote onboarding

- Information security
- Reporting
- Interface solutions

# Supplier Performance Management

## Agile Performance Management



### Virtual audit rights

- Access
- Remote support
- Third party verification



### Digital performance review

- SLA dashboards
- Reporting



### Virtual inspections



### Virtual training



### Virtual quality audits

- Travel restrictions
- Remote monitoring
- IoT

# Supplier Risk Management

Evaluate Financial, Geographic, and Demand Risks



## Predictive analytics

- Data collection
- Machine learning
- Remote maintenance and support
- Pandemic risk-rating adjustments



## Demand management

- Multi-supplier supply chain
- Geographic diversification

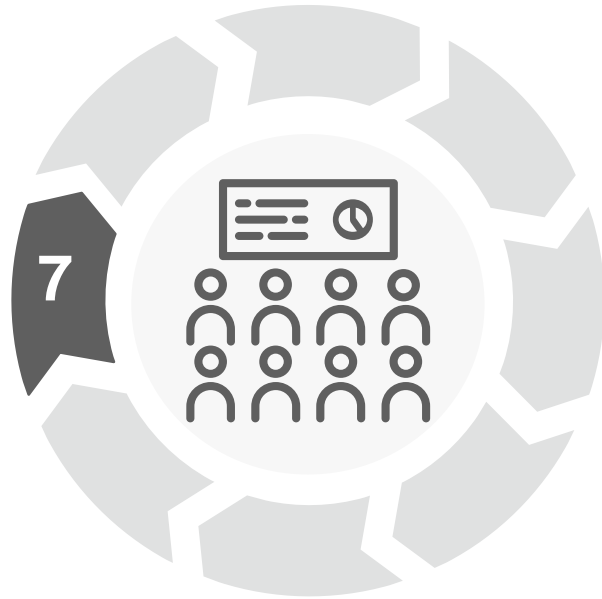


## Financial management

- Supplier solvency assessments
- A/R exposure

# Supplier Relationship Management

## Planning for Disruptions in Collaboration and Oversight



### Governance

- Virtual meetings
- Remote communications



### Remote dispute resolution procedures

- Online escalation process
- Arbitration (virtual)
- Mediation (virtual)
- Litigation (virtual)



### Supplier / customer insolvency

- Planning
- Risk mitigation
- Step-In rights
- Escrow

# Supplier Off-Boarding

## Managing Flexibility in Timing of Reverse Transition Services



### Termination rights

- Just cause
- Dealer protections
- Termination indemnities



### Termination assistance

- Knowledge transfer
- Access to inputs
- Solicitation / non-competes



### Transition (where onsite transition may not be permitted)

- Remote monitoring
- Data protection/security risks

# Thank You



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