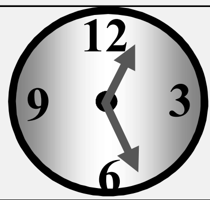
Political, legal and socio-cultural factors

Factors to consider	*How they can impact upon supply*
Political stability	♦ Jeopardise long term-availability ♦ Changes in attitudes to international trade ♦ Disturbances in business conditions
The state of the relationships between governments	♦ Export or import licenses ♦ Trade sanctions 
Threat of war 	♦ Disrupt production or higher acquisition costs. ♦ Dissuade other potential buyers, creating excess capacity

Political, legal and socio-cultural factors

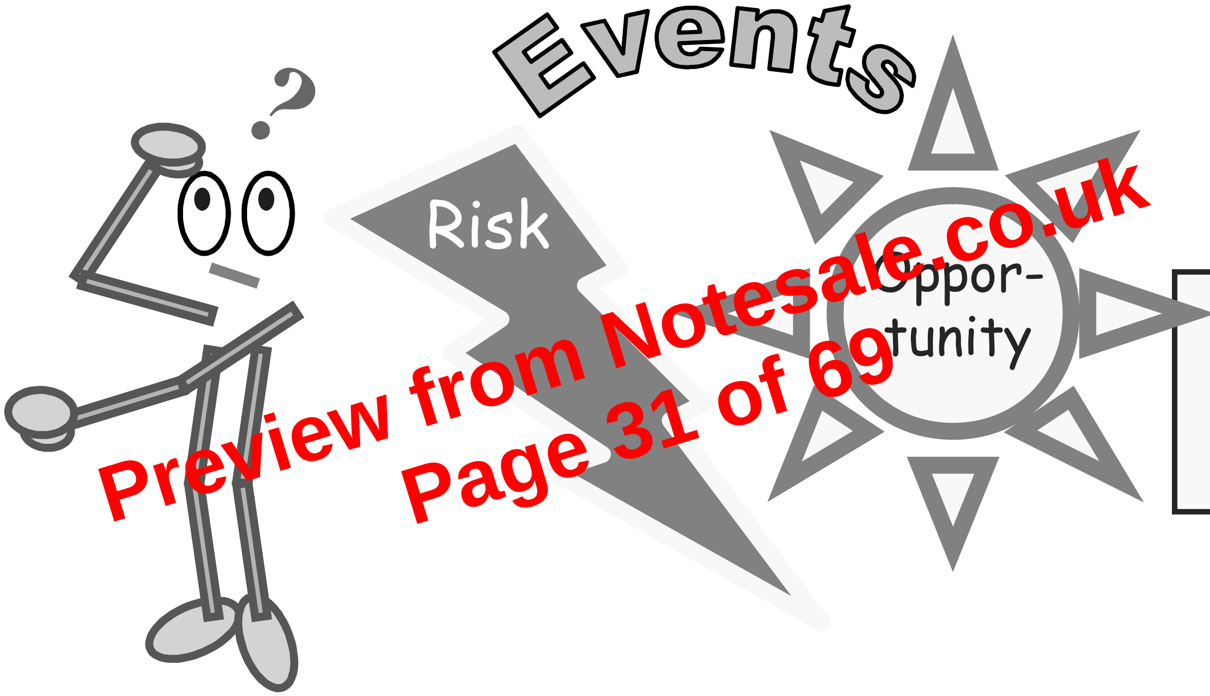
Factors to consider	*How they can impact upon supply*
Labour relations	♦ Labour relations affect immediate availability, quality and costs ♦ Strikes lead to late deliveries
Culture, religion, and language	♦ Impact the quality of communication ♦ Result in unforeseen difficulties
Time zones 	♦ Limit or delay essential real-time communication

Key inputs to the supply market ...

... that might affect sourcing from this country:

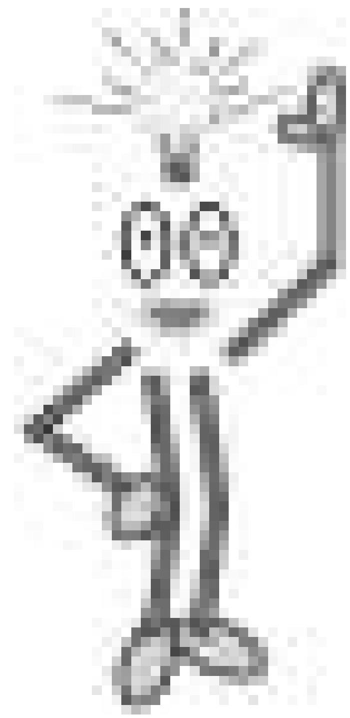
Technology factors ...

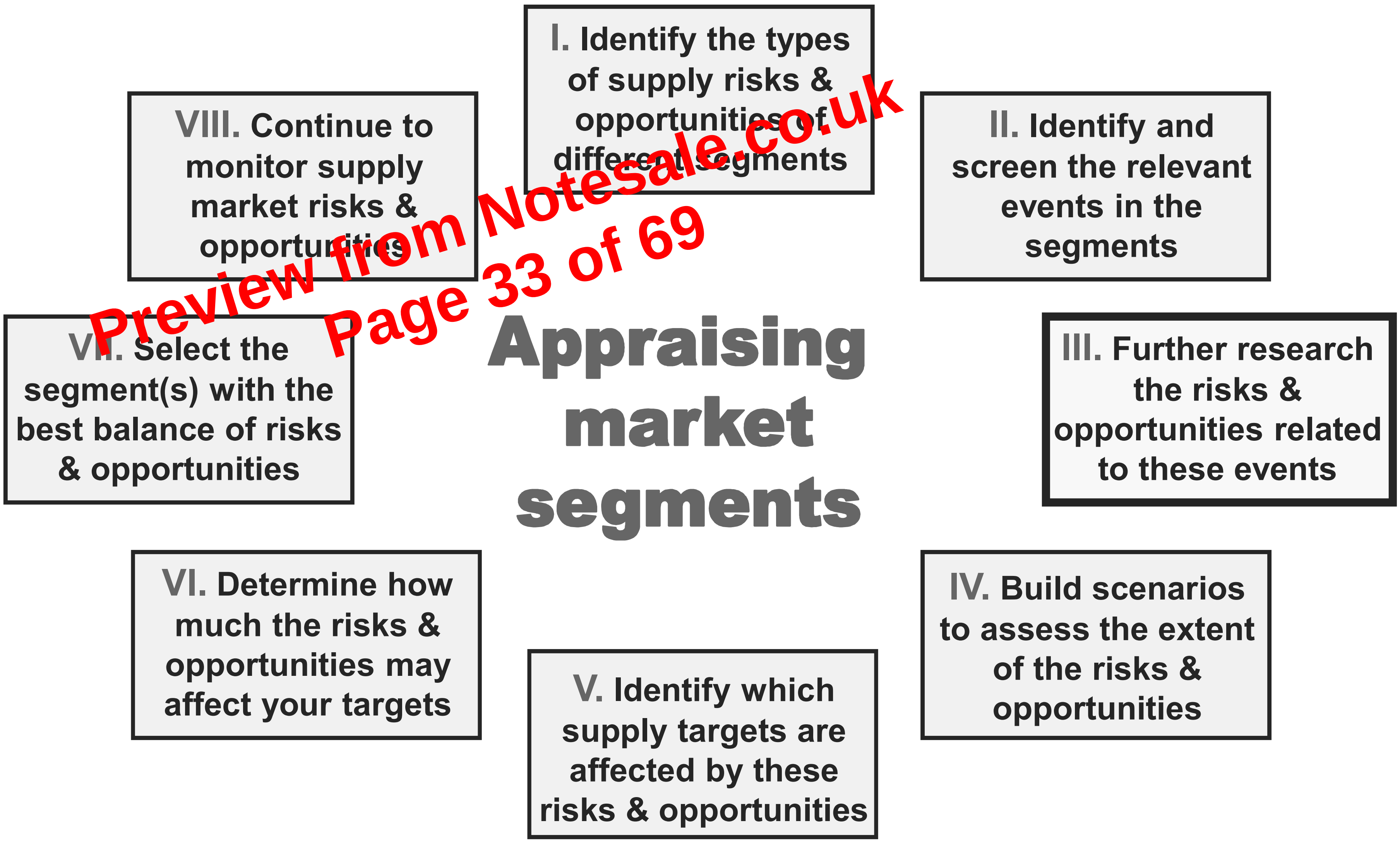
... that might affect sourcing from this country:



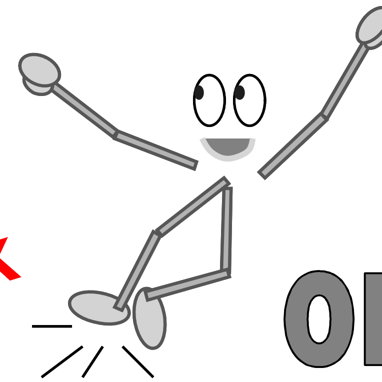
II. Identify and screen the relevant events in the segments

Start with your own knowledge
& common sense...

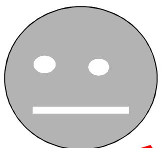



Appraising market segments
I. Identify the types of supply risks & opportunities of different segments
II. Identify and screen the relevant events in the segments
III. Further research the risks & opportunities related to these events
IV. Build scenarios to assess the extent of the risks & opportunities
V. Identify which supply targets are affected by these risks & opportunities
VI. Determine how much the risks & opportunities may affect your targets
VII. Select the segment(s) with the best balance of risks & opportunities
VIII. Continue to monitor supply market risks & opportunities

Best case scenario

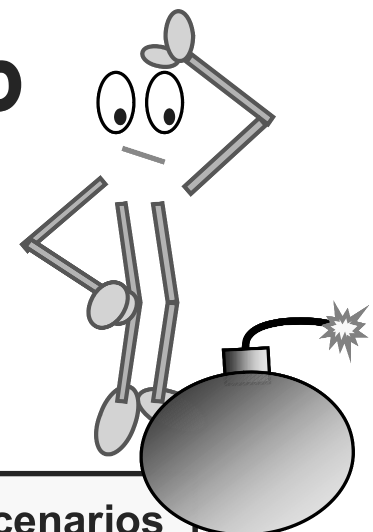


or...



Most likely case scenario

Worst case scenario



IV. Build scenarios to assess the extent of the risks & opportunities

Impact of Risk and Opportunity Scenarios on Supply Targets

Product/service: *Clunks* Segment (geographic): *Someland*

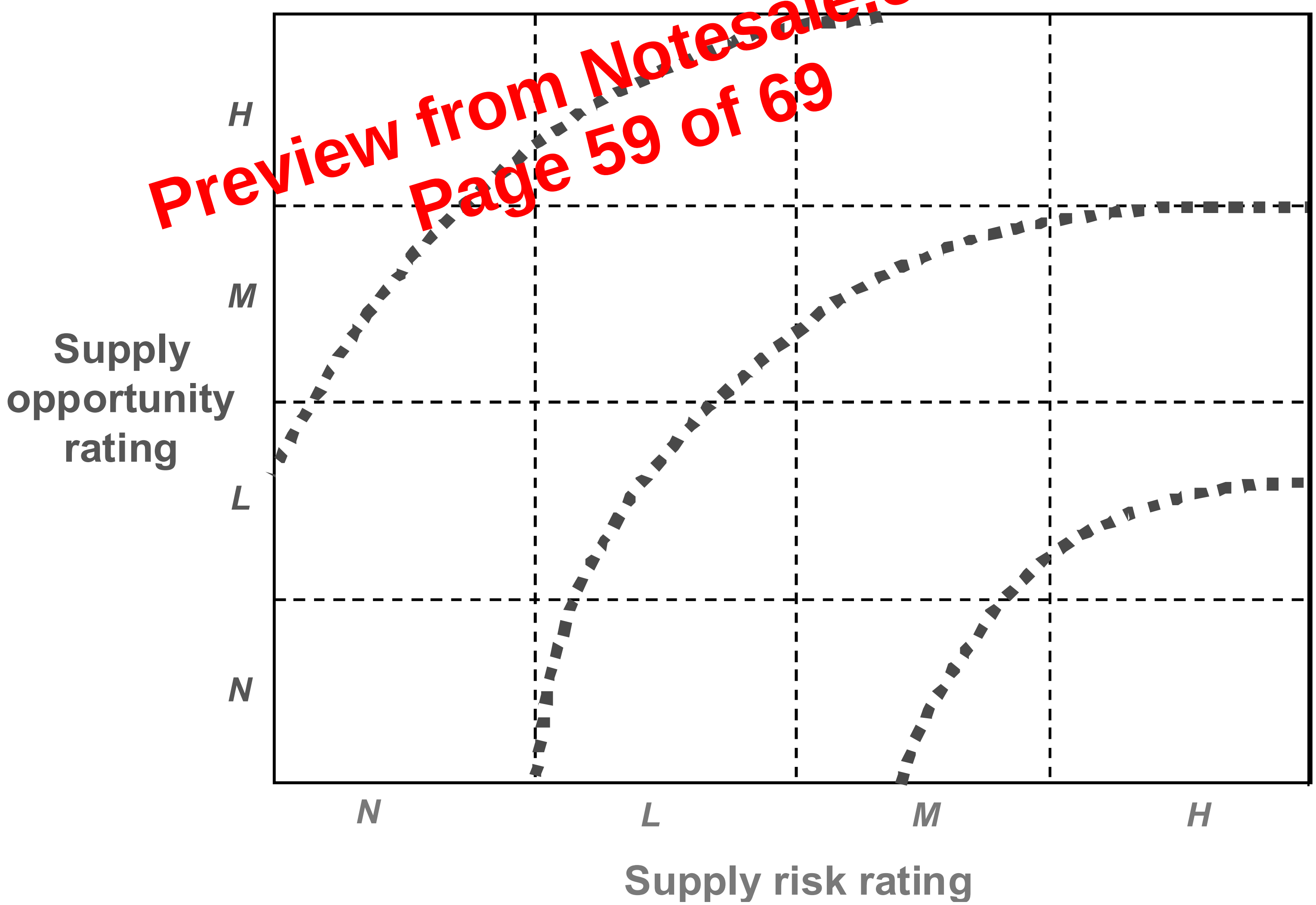
Supply Target: *Reduce average lead-time to 20 days*
(current lead-time estimate for Someland is 14-16 days)

Significant events		Best case scenario	Most likely case scenario	Worst case scenario
P	*Recent labour unrest in various industry sectors. Situation still unresolved.*	Broad-based labour agreement reached quickly. ***No delays.***	Quick settlements in some sectors, with sporadic work stoppages in others. ***Delays of 2-3 days over next 2 months.***	Lengthy labour disputes continue in various sectors, leading to widespread stoppages. ***Delays of up to 5 days over next 6 months.***
Aggre-gated impact on supply target	*Short-term (up to 1 year)*	***I day reduction in lead-time***	***7-8 days increase in lead-time***	***20 days increase in lead-time***
	Intermediate-term (more than 1 year	***3-4 days reduction in lead-time***	***1-2 days reduction in lead-time***	***15 days increase in lead-time***

VI. Determine how much the risks & opportunities may affect your targets

Comparing segments based on supply opportunity and risk

Comparing supply opportunity/risk



Preferences:

1. ______
2. ______
3. ______
4. ______
5. ______
6. ______

Appraising market segments

I. Identify the types of supply risks & opportunities of different segments

II. Identify and screen the relevant events in the segments

III. Further research the risks & opportunities related to these events

IV. Build scenarios to assess the extent of the risks & opportunities

V. Identify which supply targets are affected by these risks & opportunities

VI. Determine how much the risks & opportunities may affect your targets

VII. Select the segment(s) with the best balance of risks & opportunities

VIII. Continue to monitor supply market risks & opportunities

Monitoring of supply risks & opportunities - when to do it?

- You are waiting to take a supply decision
- You have taken a decision, but wish to keep backup options under consideration
- You are buying from a supply market that is relatively risky