



Navigating Supplier

A Q&A with Colgate-P
Former Chief Supply C

Procurement & Supply Chain

Navigating Supplier Risk: A Q&A with Colgate-Palmolive's Former Chief Supply Chain Officer

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Disruption and uncertainty. These have been defining features of the supply chain industry over the past few years, and that isn't likely to change soon. With geopolitical conflicts, an ongoing pandemic, record-high inflation, and more, companies must be

equipped to understand and manage a variety of complex risks in their supply chains.

Mike Corbo is a supply chain leader and former Chief Supply Chain Officer at Colgate-Palmolive and a new member of Craft's Supply Chain Advisory Board. We recently sat down with Mike to ask him a few questions about his time at Colgate-Palmolive leading the global supply chain operation, lessons learned, and what supply chain and procurement leaders should know about the changing risk landscape.

Why did Colgate-Palmolive combine procurement and supply chain under the Chief Supply Chain Officer?

Many organizations separate the procurement and supply chain departments. But we found that that division would silo knowledge and create inefficiencies. For instance, if procurement just focuses on procurement, the team won't understand how materials flow through the supply chain to the customer. And if the plant is just working on the efficiency of production, they will sub-optimize customer service and procurement.

By combining the departments under one umbrella, we found we could better streamline operations for everyone. This allowed us to really understand how goods were being made, how they were being used, and how it all was being delivered.

What were some of the challenges you had to overcome during your tenure as Chief Supply Chain Officer?

Initially, the company's supply chain was completely localized. Every country-and even some U.S. regions-had its own plant and production process. So one challenge was growing that supply chain out to larger regions and eventually to global networks to leverage the scale of production. While this improved efficiency, that scale of operations needed constant attention and risk analysis.

For example, when we chose a certain country as the location for our next toothpaste plant, the country was experiencing rapid economic growth with

expanding reach. So it seemed like a great investment. But when their economic growth suddenly slowed, that put our supply chain at risk. So we learned very quickly that we can't put all our eggs in one basket.

We were constantly analyzing our local and regional sources to understand "Is this a risk still worth taking?" And the answer is always changing. You can't be stagnant with supply chain management-it has to be fluid.

How did your team define risk?

Colgate-Palmolive had invested in robust contingency planning for decades. I also sat on the enterprise risk management team, and every year we'd work with a consultant and go through a hypothetical scenario. For example, we'd ask, "What if another Chernobyl happened?" Then we would scope out everything we'd need to do to address it.

We planned for risks like natural disasters and geopolitical issues and even conducted annual test runs to ensure preparedness. The aim was to have a plan to restore 70-80% of production within 90 days.

However, with COVID, while we had done a lot of the necessary planning, what we didn't plan for is that there would be more than one facility shut down at the same time. Plus, we never anticipated the duration of the crisis being longer than that 90 days window. So that definitely shifted the risk calculus for everyone.

There is a lot of talk about resilience now-any time you hear someone say "resilience" in supply chain, that's supply risk management. Every supply chain team should invest in business continuity planning and risk management.

Today, you need to have a comprehensive, one-stop shop for tracking all types of risk. You don't want to have to go to one source for sustainability risk, another for geopolitical risk, and so forth. With so many variables to consider within such complex supply networks, it's important to have all or most of the supply risk information in one centralized place.

How have these contingency planning sessions changed, if at all, since COVID?

The interesting thing is that the contingency planning sessions were remote before COVID, so we already had the tools in place. Harkening back to 9/11, when planes were shut down across the U.S., we planned for similar scenarios where travel might be impacted. So we had a Plan A and a Plan B for leadership to meet during a crisis. For example, if Plan A was for everyone to get together in New York, then Plan B was to meet in our satellite office nearby in Connecticut, where everyone could drive to.

We also had backup system capabilities that enabled us to start up a remote office in 24 hours and satellite phones (which we tested annually), to ensure communication in case of disaster.

If your risk management system was largely Excel-based, what would compel you to move to another solution?

It would have had to have been a comprehensive supplier intelligence tool, something like Craft. Just within procurement, there were four or five separate ways to get data to track suppliers. Even with “mini crises” where something went wrong, it took our procurement team two weeks to figure out what exactly would happen, because they had to collect different types of data from different sources.

So for us to change systems, the new solution would have to have been able to get data from only one or two places, and also ensure the data was accurate and up-to-date, which is often something that falls by the wayside.

Understanding n-tier networks and the critical parts of the supply chain for that product to get to market is more important than ever. How did you handle that at Colgate-Palmolive?

We looked at it in this way: 80% of our materials come from 20% of our suppliers. And we would then put the onus on those suppliers to tell us where the product is coming from all the way back to, for example, the palm oil plantation.

When we worked with a certain chemical supplier, we told them we needed to track the palm oil sourcing. So they communicated with their suppliers to track that data. The challenge is that palm oil is produced by thousands of small farms, so this pushed these larger producers to consolidate their networks to better track that data.

That is what we are seeing companies being forced to do more and more through stricter ESG requirements and efforts. And you're going to have to collect all of that data into one supplier intelligence platform. Not every company or supplier is going to have that information, but when governments and regulatory groups start to get more involved, which they are, you're going to have to be much more precise with your data, and you won't have a choice as to whether or not you collect it.

Even when procurement, supply chain, and compliance teams report to the same person, each team tracks risk differently. Could you talk about what risk domains each team tracked, and how you worked to break down any silos in terms of risk mitigation?

It wasn't uncommon to run across that issue. Compliance teams care about regulatory risk, supply chain teams are looking at risks by location and transportation and logistics, and procurement was looking at the cost of services and where those goods were coming from.

This put them each in their own risk management siloes. So it was important that we bring everybody together throughout the year and make sure each team knew what the other was tracking and working on. For instance, we had a group from the compliance team present the compliance risks they were seeing every quarter. It can be a real challenge to get people thinking about risk outside their own area, but they are often interconnected, so it's important to get that context.

Build a resilient future with Craft

One of the biggest challenges supply chain leaders face today is aggregating accurate and fresh supplier data. Procurement, compliance, and supply chain teams all track different risk areas. This leads to disparate data sources, information silos, and gaps in analyses—all of which can lead to costly delays in insights and leave organizations vulnerable to changing risk landscapes.

Craft solves this problem by bringing all your supplier data and insights into one easy-to-use platform. Track suppliers across 450+ data points and multiple key risk domains for an integrated, 360-degree view of your supply chain. Craft pulls data automatically from a variety of trusted sources, to bring you the most reliable information. And with n-tier mapping features, you can go beyond your direct suppliers to uncover hidden risks and identify new opportunities for a more robust and diversified supplier network.

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