



# Adapting to Covid & Supply Chain Issues

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# The Time to Act Is Now



# Agenda



- What happened?
- How do we adapt to this new environment?
- Examples of new technology to help with the process
- What do we need to do moving forward?
- Questions

# What happened?



Covid-19 Virus has changed the way we do business

- Factories around the globe have had to temporary shutdown because of the surge in Coronavirus
- Lack of shipping containers
  - Caused huge backups at the ports and warehouse around the world
- Lingering effects of Covid 19 mitigating strategies have reduced the production of goods and services
- This has created shortages and have depleted any inventory that companies may have had.

## What happened? (continued)



- There is an ongoing shortage of truckers and drivers to deliver both raw and finished goods.
- Companies had to change the way they qualify suppliers for their raw ingredients.
  - This includes auditing them to make sure they are following Food Safety Guidelines.
  - Product specifications have been revised due to lack of availability of certain ingredients.
- Companies had to adapt to packaging supplies shortages, including:
  - Resin shortages for plastic bottles
  - Aluminum & glass shortages

# How do we adapt?



- Look at your product profile and focus on core brands.
- Modify your “just in time” inventory process to stockpile products that have limited suppliers, especially those that are outside the U.S.
- Qualify more suppliers on goods with limited shelf life.
- Utilize technology to do your supplier audits.
  - Virtual audits can utilize electronic audit forms and camera systems to allow the auditor to see the site and direct site personnel as they tour the facility.

# What is remote auditing?

A remote audit, also known as virtual audit, is the method of conducting an audit remotely, using electronic methods such as video conferencing, email and telephone to obtain audit evidence, just like you would during an on-site audit. This can also include camera systems that will allow the auditor to see your site as you walk around the facility.



# Equipment for Remote Auditing





# Key factors to make the remote audit a success



- The site needs to be able to demonstrate that they understand all the requirements and regulations needed to operate the facility as designed.
- Facility personnel should have a good understanding of their roles and responsibilities.
- Facility Leadership must be willing to experiment with the remote audit process



# What is the process today?



## What you need to do to prepare for a remote audit

- Identify the Key Personnel in the Company.
- Plan the Process
  - Identify the needs of the audit team.
  - Develop effective strategies for sharing documents remotely
  - Gather all the documentation for the auditors.
  - Make sure your documentation is in a format to be shared. (PDF)
  - Determine the process for doing remote interviews.
  - Check the Internet Connection.
  - Determine what process you will use to allow site reconnaissance.
  - Set up a closing meeting.



# Limitations of remote audit

- First-hand observations cannot be replaced
- Remote auditing makes it hard to build rapport with auditors
- The lack of in-person interaction opens other opportunities for fraud



# Advantages of a Remote Audit



- Restoration of a much-needed sense of normalcy
- Reduced travel costs
- An expanded pool of available auditors
- Expanded coverage
- Expanded use of specialists
- Improved documentation review
- Improved use of available technology strengthens documentation and reporting
- The audit burden to facility operations is mitigated.
- Improved organization and confirmation of required documentation.



# What do we need to do to move forward?



- Develop accurate demand forecasting.
- Develop an efficient supply chain management system.
- Develop a time phased replenishment program.
- Utilize global certified third-party auditors to visit sites that you can't do virtually.
- Look into more cross-training for your employees and engage them in this training process.
- Optimize inventory by:
  - Looking at all your product formulas to develop alternatives to some of your raw materials. This will give your business more options when supply issues develop.

## Q&A



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