

# New index helps forecast US supply chain risks

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The Supply Chain Risk Management Index reports quarterly on supply chain risks across 10 categories. Credit: Lehigh University

Lehigh University College of Business has launched the [Lehigh Business Supply Chain Risk Management Index](#). The LRMI will report quarterly on how supply chain managers rank 10 broad areas of supply chain risk. A unique aspect of the LRMI is that the quarterly reports include a sampling of candid comments from supply chain managers about each risk category that goes beyond the numbers. The next report comes out Sept. 15, 2020.

The LRMI was developed by the Center for Supply Chain Research at Lehigh University and the Council of Supply Chain Management Professionals to help distinguish critical risks from standard risks. "This

new tool originated in one of our six centers where students and faculty collaborate on [real world](#), relevant business issues," said Georgette Phillips, the Kevin L. and Lisa A. Clayton Dean of Lehigh's College of Business. "This is what distinguishes Lehigh Business as both a learning and research facility."

"Managers tend to be focused on issues that are immediately pressing," said Zach Zacharia , Ph.D., associate professor of Supply Chain Management and director of the Center for Supply Chain Research at Lehigh. "They don't have time to check with their peers and get a sense of the bigger picture. Now, LRMI does that for you."

The total LRMI rating for each quarter is the average level of risk, as seen by the [supply chain](#) managers, on a scale of 0-100, across 10 categories. The categories are:

- Customer Risk
- Cyber Security Risk
- Economic Risk
- Environmental Risk
- Government Intervention Risk
- Operational Risk
- Quality Risk
- Supplier Risk
- Technological Risk
- Transportation Risk

A number above 50 suggests there is a higher level of risk. Based on the ranking of risk factors, supply chain managers can determine how the risks apply to them and decide what particular areas they need to concentrate on. The LRMI number for the 3rd quarter of 2020 is 69.49.

"A number near 70 is extremely high risk," Zacharia said. "With the

high amount of disruption and uncertainty associated with the pandemic it is easy for managers to believe that everything is high risk, but the LRMI assesses what particular set of risks stand out as especially problematic."

For the 3rd quarter of 2020 these are the top four areas, according to supply chain managers, when compared head-to-head:

- Economic Risk
- Supplier Risk
- Customer Risk
- Transportation Disruption Risk

Zacharia said as they collect more [historical data](#) they will be able to report on trends and further increase the understanding of supply chain risks. LRMI reports will be available every quarter on Sept. 15, Dec. 15, March 15 and June 15.

**More information:** [business.lehigh.edu/centers/ce ... anagement-risk-index](https://business.lehigh.edu/centers/center-for-supply-chain-management-risk-index)

Provided by Lehigh University

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