

## Pure Research's BFS Risk Assessment Framework is the Answer to your Supply Chain Disruptions

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With supply chain disruptions on the rise, Pure Research's supplier risk assessment framework – BFS – can be used to ensure you are aware of any and every risk in your supply chain.

In a recent research report published by Business Continuity Institute (BCI), 74% of more than 500 respondents surveyed mentioned that they have experienced at least one instance of supply chain disruption in the past 12 months. These disruptions have led to loss of productivity, poor customer experience, increased costs, and loss of revenue. In fact, 14% of the respondents reported losses in excess of more than EUR 1 million due to supply chain disruptions.

While organisations are trying to adopt risk management process for supply chains, most of them restrict themselves to conducting financial assessment of suppliers – looking at growth, debt and a few financial ratios to assess their suppliers.

Ankit Kohli, Co-founder of Pure Research, who wants to change that mind-set said, "Buying organisations need risk assessments where the analysis of financial health is complemented by the assessment of business performance and sustainability performance of suppliers, to identify risk signals ahead of time and gain greater visibility into risk areas."

"Therefore, we have developed a proprietary risk assessment framework – BFS – that identifies and monitors supplier risk across 250+ Business, Financial & Sustainability risk categories. Our experienced analysts use this framework to prepare comprehensive and easy to understand reports on each supplier. These reports cover a 360 degree analysis of the supplier, and give early warning signals to the CPO's office about potential risks which their critical suppliers might be exposed to," he added.

The survey from BCI also highlights some of the top causes of supply chain disruptions – unplanned IT or telecom outage; cyber-attack and data breach; loss of talent/skills; new laws or regulations; and currency exchange volatility. A standalone financial assessment would surely not be able to identify any of these risks. However, here is how Pure Research's BFS framework identifies these risks:

- **Unplanned IT or telecom outage:** As a part of the sustainability assessment of the suppliers, BFS checks if the supplier has a business continuity plan or a disaster management plan in place. It also checks if the suppliers have relevant certifications for their Business Continuity Management System.
- **Cyber-attack and data breach:** As a part of the business analysis, BFS analyses the supplier's information security management system for relevant certifications and coverage across organisation. It also checks if the supplier has recently been involved in any incidence related to data breach, and how did it respond to such an incidence.
- **Loss of Talent/Skills:** As a part of the sustainability assessment, BFS assesses the employee engagement, employee benefits, as well as employee training practices adopted by the supplier. It uses a best-in-class approach to evaluate each supplier and identify risks which can emanate from gaps in employee practices.
- **New laws or regulations:** BFS scans the supplier's ecosystem for any new regulatory changes that can impact the performance of the supplier, as a part of the business assessment.

- **Currency volatility:** As a part of the business assessment, BFS also checks the supplier's exposure to various major currencies and analyses the potential impact the forex play can have on the supplier's bottom-line. It also conduct a macroeconomic analysis to estimate future currency movements, so that the clients can accordingly plan for the affected suppliers.

In addition to these factors, the BFS framework allows buying organisations to identify many other factors which might cause supply chain disruptions, if not monitored or addressed.

Remember, these are the underlying factors which impact supplier performance, and financial results are nothing but a by-product of these factors. So unless procurement organisations analyse suppliers on such parameters, they will always be a step behind in proactively identifying risks in their supply chains, as standalone financial assessments are reactive at best.

*To discuss your supply chain risk requirement or to request a sample of a [BFS](#) risk assessment report, please write to us at [contact@pureresearch.co](mailto:contact@pureresearch.co)*

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