



IRVIN VARKONYI

Breaking down silos in supply-chain security

Supply-chain security. Securing the supply chain. Take your pick of either expression or perhaps hundreds of others and consider what they mean. The answer depends on whether you are a logistician, a financial analyst, an information-systems manager, a security professional or from another business unit. In today's streamlined, flattened organization, we may also refer to these as "silos." There are even differences in the meaning of "supply chain" in publications as diverse as *Inbound Logistics*, *CFO Magazine*, *Security Technology Design*, *ASIS Dynamics*, and *The Journal of Commerce*, reflecting the diversity of their target readers.

Why? Supply-chain professionals offer differing definitions that rightly evolve over time. If the supply-chain community differs in definition, then why wouldn't that of the non-supply-chain professional? Yet the hot topic of supply-chain security assumes readers agree on its meaning.

Perhaps among the first of the logisticians to boldly associate security with the supply chain were the co-authors of "Securing the Supply Chain," Drs. Keith Helferich and Robert Cook of Central Michigan University, in a work sponsored by the Council of Logistics Management (now the Council of Supply Chain Management Professionals) and published shortly after the Sept. 11 terrorist attacks. The book actually was written before Sept. 11 but was updated and released officially after the attacks. Even before Sept. 11, CLM sensed growing concerns that the supply chain was vulnerable to disruptions beyond the capabilities of security professionals and logisticians. More worri-

some was the gap between these two business units, the role of the business continuity and a lack of understanding of the power of collaboration by senior executives in the corporate suite.

Since Sept. 11, businesses have attempted to overcome their earlier lack of collaboration between corporate security and logistics.

Who is responsible for minimizing the organization's vulnerability? The chief security officer? Marketing? Engineering-quality control? The chief financial officer and/or the chief risk officer? Helferich and Cook offer tools to help answer the question of whether a company's supply chain is brittle or malleable in dealing with disruptions from all hazards, including theft, terrorism, natural disasters and accidents. These tools revolve around planning, detection, mitigation, response and recovery — the basics of disaster logistics.

As logisticians continue to squeeze costs out by stretching the supply chain ever thinner, they utilize supply-chain basics of visibility, variability, velocity and value. But it is concern about vulnerability that is changing transportation and supply-chain security. Has anyone noticed that the downward trend of inventory seen in the 1990s has actually slightly reversed, despite the popular concepts of just-in-time? Should business feel immune to natural disasters, mechanical accidents or terrorists? Should risk management decide to take certain risks because it might cost less than instituting security measures?

Most serious of all is our inability to answer one question: Who is in charge? If the marketing group seeks market share and sales, is it interested in becoming more security-conscious? If the security group, without training in

logistics, is viewed as just a cost center, then how effective is it in instituting systemic changes to protect assets?

It appears that the reactions caused by Sept. 11 have not precipitated a full root-cause analysis of supply-chain vulnerability. Does the Department of Homeland Security have a duty to show how business should protect itself? Isn't that the job of the chief executive and board of directors? In reality, supply-chain preparedness is a matter of concern to an organization's shareholders, employees and customers.

Does the DHS focus too narrowly on imports as the greatest risk to the security of the country? Acceptance of the Customs-Trade Partnership Against Terrorism and the stamp of approval by Customs and Border Protection is now equated to security. Should it be? C-TPAT can be a constructive process to help focus a business on securing its supply chain because it makes firms rethink global relationships. But it does not necessarily contribute to improving interaction among business units if the enterprise deals with the symptoms of disruptions instead of its root causes.

The Helferich-Cook model can deter business collapse in the face of a disaster. Breaking down the silos (business units) will allow a company to focus on mitigating disasters to rapidly recover. The evolution of a just-in-time system should take into effect the brittle nature of supply-chain practices.

Irvin Varkonyi is director of education at the Trade Security Institute in Fairfax, Va., and teaches transportation security at George Mason University. He can be reached at (703) 863-9686, or e-mail, ivarkonyi@tradesecinstitute.com.

