

Increasing Supply Chain Resilience for SMEs – the Case of Christopher Ward Watchmaker

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Thesis advisors : Prof. Dr. Jörg Grimm, Dr. Maria Franco Mosquera
Industrial partner : Christopher Ward, Biel

Critical events such as the COVID-19 pandemic or the Ever Given disaster in the Suez Canal may cause disruptions in supply chains. These disturbances confront companies with major challenges to ensure supplies to their customers and prevent economic damage. This thesis analyses opportunities and strategies to increase supply chain resilience for small and medium enterprises (SMEs) and particularly for a Swiss watchmaker.

Introduction

Due to the economic, political and technological development of the last decades, supply chains have become longer, increasingly global and multi-tiered. As a result, supply chains are more vulnerable, i.e. disruptive events have most likely a direct effect on supply chain performance. A key challenge in supply chain management is to mitigate these negative impacts of disruptions using resilience enhancement strategies. Together with the Swiss-British watchmaker Christopher Ward (CW), the following research questions are addressed:

- Which level of transparency can be achieved in CW's supply chain?
- Which resilience enhancement strategies can be applied in CW's supply chain based on their achieved supply chain transparency?

Approach

The research followed an exploratory field study approach. In a first phase, qualitative supplier data was collected through interviews and workshops with CW. In a second phase, data collection from tier-1, tier-2 and tier-3 suppliers took place. A total of 21 tier-1 suppliers were contacted, whereas 4 of them did not provide information about their sub-suppliers. A total of 41 tier-2 and 16 tier-3 suppliers were identified. In a third phase, an assessment of supply chain vulnerabilities and capabilities was carried out in workshop settings with CW. The assessment was grounded on a resilience framework, which was developed based on scientific literature. Recommendations to increase supply chain resilience were formulated and general managerial implications, were derived.

Results

The production of components for the watch industry requires highly specialized techniques. Hence, watchmakers rely on specific high-quality suppliers from Switzerland. The Asian market around Hong Kong provides high qualitative case, hands and dial suppli-

ers. At tier-2 level, transparency could be significantly increased; at tier-3 level, only qualitative information from a few anonymous suppliers were identified. Achieving further transparency at tier-4 level was not possible.

The assessment indicated that CW considers variations in lead times, power dependencies and missing supply chain visibility as major vulnerabilities. Single sourcing of critical components and geographically concentrated suppliers were not considered as threats. Improvements were revealed in increased collaborative information exchange, sustainable supply chain alignment, increased transparency and an early supply chain risk warning system. Multi-sourcing was less considered as an option due to the lack of capable suppliers and potential quality differences of purchased products.



Marcel Jaun
079 532 67 34
jaunmarcel@hotmail.ch

Managerial Implications

For SMEs, the relationship to their direct suppliers is crucial to identify higher tier sub-suppliers. In situations where the buying company is in a dependent or not powerful situation, it is less likely to achieve high level of transparency. To get transparency up to the tier-3 level, SMEs are dependent on cooperation with their tier-1 suppliers and subsequently with tier-2 suppliers (directly or indirectly).

It could be assumed that SMEs tend to be reactive rather than proactive: If the consequences of disruptions are not severe to their operational performance, they will not invest in resilience enhancement strategies. SMEs face even further barriers. There is a lack of financial and technical resources to implement effective strategies. Furthermore, internal organizational structures such as an explicit supply chain management function are often missing.

Although COVID-19 highlighted the importance of resilience, the sources of uncertainty in (efficient) supply chains do not appear to be severe enough to justify the costs of a more resilient supply chain.