



# Supply Chain Disruption: Instability is the new normal



A practical guide to protecting continuity, value and customer commitments  
through persistent disruption

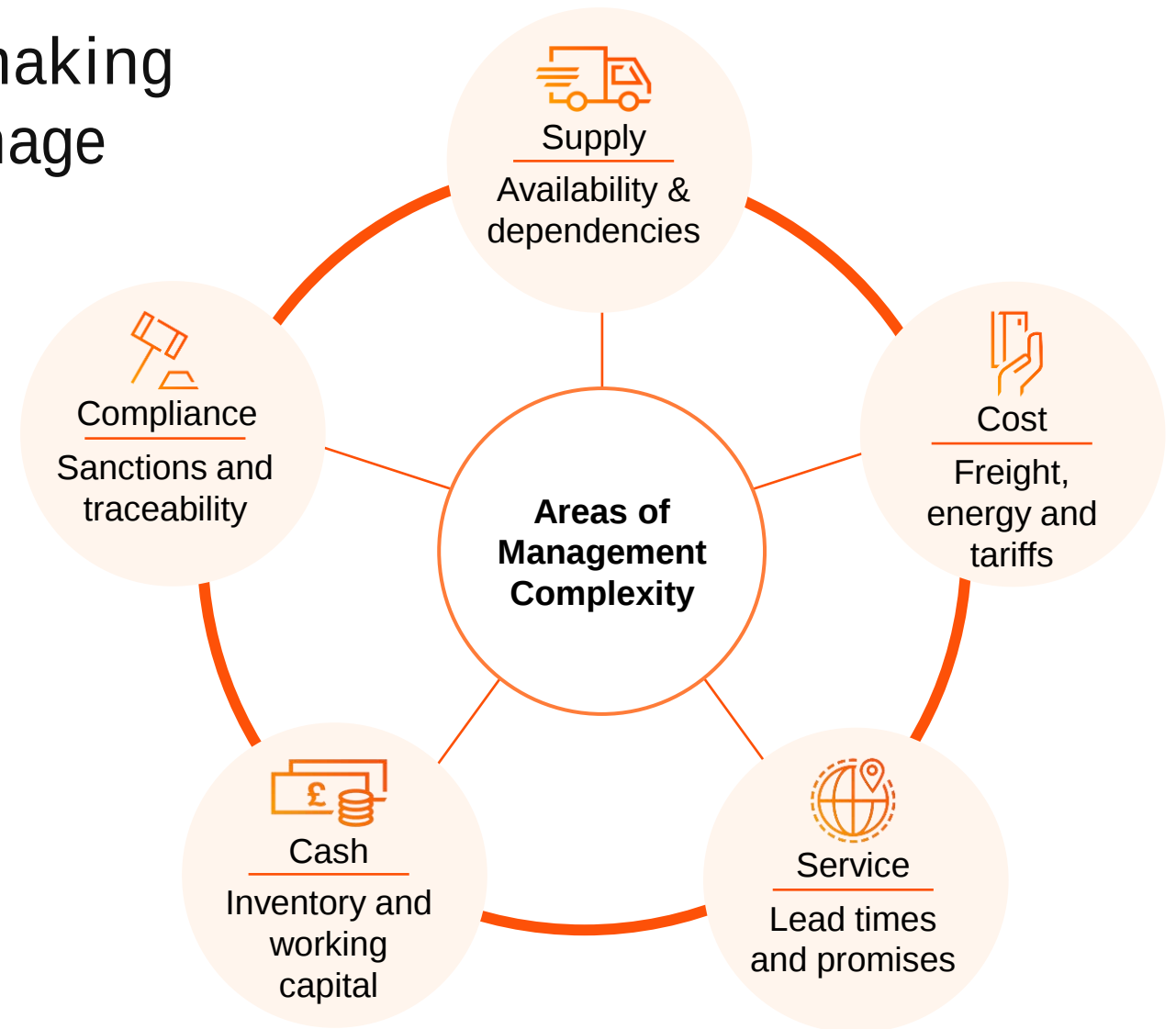
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# Executive summary: disruption is making supply chains more complex to manage

The challenge is no longer predicting the next shock; it is managing compound disruption across supply, cost, service, regulation, cyber and demand.

## Overview

- Supply chain **disruption is no longer a series of isolated shocks**
- **The dominant risk is of compound disruption:** energy shocks, route closures, tariffs, sanctions, climate events, cyber incidents, supplier failures and demand swings happening at the same time.
- The **supply chains that fail in the next major disruption** will not necessarily be the most global or the most complex. They **will be the ones with unseen dependencies**, slow decisions, brittle contracts, poor data and no commercial plan for scarcity



**Management shift: from planning for isolated shocks to managing connected constraints in real time.**

# Key Findings: resilience now depends on visibility, optionality and faster decisions

- **Geopolitics is now a supply chain design issue** - Middle East escalation, Ukraine and Taiwan risk can affect energy, shipping routes, airspace, sanctions, semiconductors, food, metals and insurance
- **Trade policy can make supply unavailable overnight** - Tariffs, sanctions, export controls, forced-labour rules and origin requirements can turn a working supplier into a commercial or legal risk
- **Climate and resource constraints are operational risks** - Water stress, heat, floods, droughts and wildfires can disrupt sourcing, production, warehousing and logistics
- **AI is both a resilience tool and a new dependency** - AI can improve sensing, forecasting and planning, but increases reliance on solutions keyholders and has global manufacturing and environmental impacts
- **The biggest risks are often hidden below tier 1** - Supplier resilience depends on visibility into lower-tier dependencies, shared logistics nodes, scarce inputs, financial stress and traceability
- **Demand is also being disrupted** - Affordability pressure, trading down, ethical concerns and changing customer expectations affect volume, mix, pricing, returns and service promises.

## What this means for Supply Chain Leaders

Supply Chain Leaders need to manage multiple variables at once: supply availability, route reliability, landed cost volatility, regulation changes, working capital and customer commitments. Resilience cannot sit only in procurement or logistics; it needs joined-up decisions across commercial, operations, finance, risk and technology

## Board-level conclusion

The supply chains that fail in the next major disruption will not necessarily be the most global or the most complex. They will be the ones with unseen dependencies, slow decisions, brittle contracts, poor data, weak cyber resilience and no commercial plan for scarcity.

The board-level task is to simplify decision-making in a more complex environment: improve visibility, create options and agree trade-offs before disruption forces them - the winning model will be:

- Regionally balanced, not blindly onshore;
- Digitally enabled, not blindly automated;
- Traceable to tier N, not just tier 1
- Designed for optionality, not only efficiency;
- Governed by fast decision rights, not annual planning cycles;
- Resilient across Plan, Source, Make, Deliver, Return and Enable

**Strategic shift: from lowest cost at stable service to profitable continuity under constraint.**

# Invest in four capabilities to protect value through disruption

The goal is not to eliminate every risk. It is to see exposure earlier, create executable alternatives and make faster trade-offs under pressure.



## Capability 1: Visibility

Transparency across suppliers, inventory, logistics and cost provides earlier disruption warning and clearer evidence for decisions.



## Capability 2: Optionality

Diversified suppliers, regions and routes create practical alternatives when disruption occurs.



## Capability 3: Agility

Dynamic planning and execution enable rapid responses to demand shifts, constraints, lead-time changes and cost volatility.



## Capability 4: Control

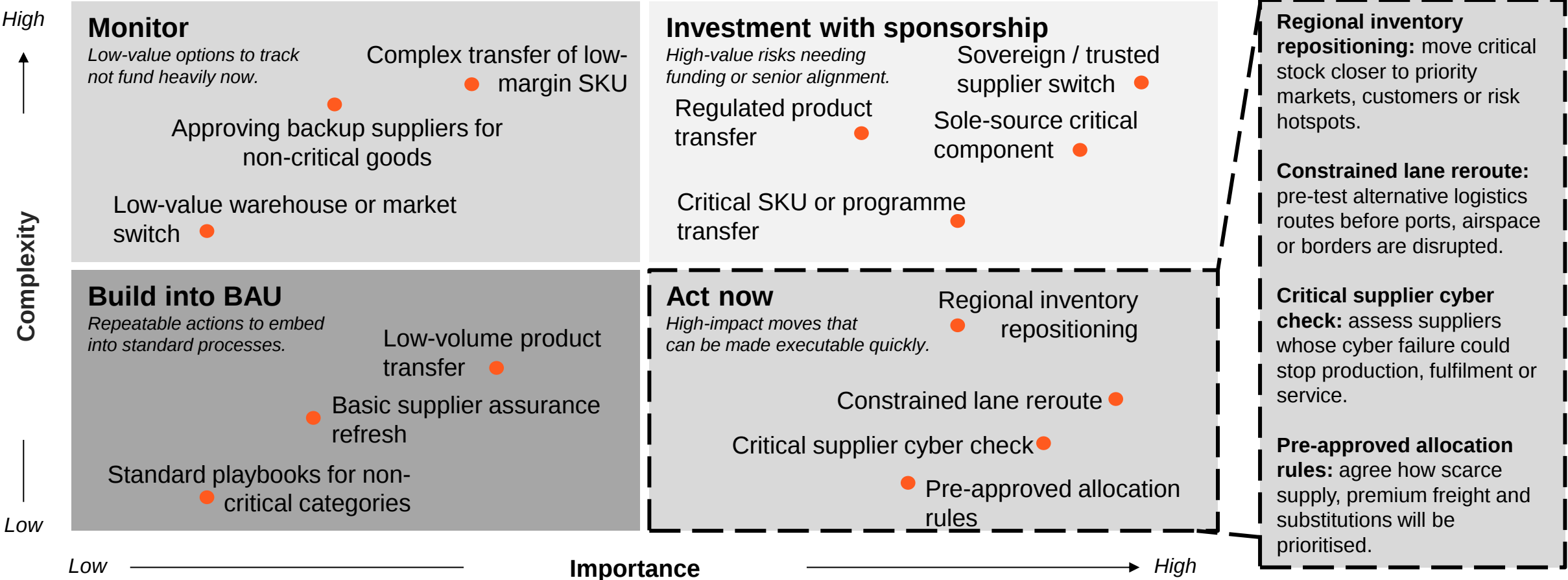
Clear thresholds, decision rights and governance enable faster, more disciplined trade-offs under pressure.

| Area of management complexity                                                                         | Value to protect             | Management outcome                                                        | Illustrative moves                                                     |
|-------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------|
|  <b>Supply</b>       | Continuity                   | Reduce hidden dependencies and single points of failure.                  | Map Tier-N exposure; qualify alternatives; pre-test routes             |
|  <b>Cost</b>         | Margin                       | Understand landed-cost volatility and disruption premiums early.          | Scenario modelling; cost-to-serve analysis; contract options           |
|  <b>Service</b>     | Revenue and customer promise | Prioritise critical products, customers and commitments under constraint. | Dynamic allocation; segmented service; response playbooks              |
|  <b>Cash</b>       | Working capital              | Hold the right buffer in the right place without over-protecting.         | Inventory segmentation; pooling; postponement                          |
|  <b>Compliance</b> | Trust and market access      | Respond quickly to trade, cyber and traceability requirements.            | Supplier assurance; sanctions controls; critical supplier cyber checks |

**The capabilities are cross-cutting: each must operate across supply, cost, service, cash and compliance - not within a single functional silo.**

# Translate resilience capabilities into targeted investment

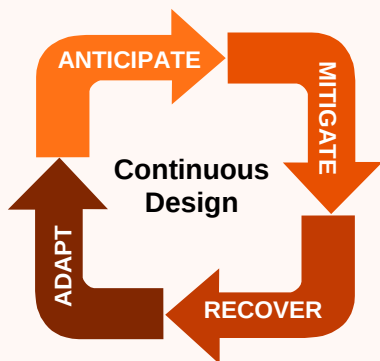
Prioritise the actions across supply, cost, service, cash and compliance that protect the most value and can be made executable before disruption hits.



**Resilience investment should be targeted:** prioritise the moves that protect the most value and can be made executable before disruption hits.

# Leaders have stopped asking ‘when is the next disruption’ and started designing for resilience

A continuous loop of resilience needs to be built into everyday processes



A continuous loop of anticipating risk, mitigating it, building resilience to recover if needed, and adapting your supply chain to improve performance will enable confidence in ability to weather the ‘poly-crisis’ caused by multiple avenues of disruption.

## Step 1: Anticipate

- Scan continuously for emerging supply chain risks, identifying disruptions, geopolitical shifts, and supplier vulnerabilities before they escalate
- Model plausible scenarios and pre-define response playbooks so the business can act decisively the moment early warning signals appear

## Step 2: Mitigate

- Diversify sourcing and rebalance the supplier network to remove single points of failure, building agility into Supply Chain and Sourcing strategies
- Stress-test new sources of supply with simulation models, balancing capacity, capability, cost, and service to mitigate disruption before it lands

## Step 3: Recover

- Activate Business Continuity and Crisis Management plans with clear ownership and governance to restore operations quickly after a disruption
- Remediate impacted systems and harden Cyber Security defences so the business returns to a stronger posture than before the incident

## Step 4: Adapt

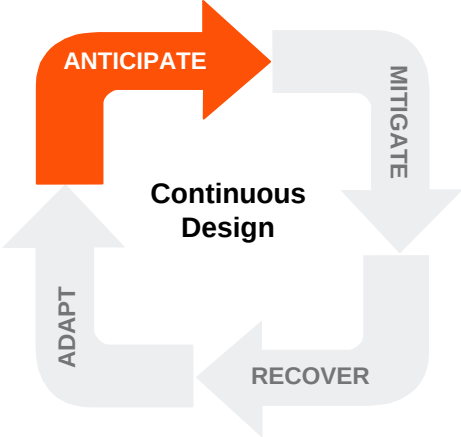
- Reshape Supply Chain Orchestration by re-balancing demand vs supply trade-offs, refreshing the Integrated Business Plan, and updating playbooks and dashboards
- Adapt toward a sustainable, circular Supply Chain by quantifying ecological impact, prioritising opportunities, and building the partner network to execute

Enacting a detailed set of activities enables resilience improvement

| Phase      | Step                                    | Activities                                                                                                                                                                                                                                                          |
|------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anticipate | Resilience Management Framework         | <ul style="list-style-type: none"> <li>• Develop 3-4 plausible business scenarios</li> <li>• Identify &amp; prioritise Supply Chain Risks</li> <li>• Define Resilience criteria</li> <li>• Map out Governance process</li> </ul>                                    |
|            | N-Tier Mapping & Network Analysis       | <ul style="list-style-type: none"> <li>• Uncover sub-tier supply relationships</li> <li>• Analyse and verify Supply Network</li> <li>• Enrich Supply Network with internal data</li> <li>• Switch on Supplier feeds</li> </ul>                                      |
|            | Risk Management                         | <ul style="list-style-type: none"> <li>• Select and configure Risk filters</li> <li>• Adjust Risk Scoring methodology</li> <li>• Select and configure Risk monitoring feeds</li> <li>• Adapt Supplier Dashboard &amp; Reports</li> </ul>                            |
| Mitigate   | Sourcing Agility                        | <ul style="list-style-type: none"> <li>• Review Supplier dependencies &amp; Network bottlenecks</li> <li>• Test against Resilience criteria</li> <li>• Revise Supply Chain &amp; Sourcing strategies</li> <li>• Run Sourcing events</li> </ul>                      |
|            | Network Optionality                     | <ul style="list-style-type: none"> <li>• Assess new Sources of Supply impact on capacity, capability, cost and service level</li> <li>• Design and run Simulation Models to support Sourcing &amp; Resilience decisions</li> </ul>                                  |
| Recover    | Business Continuity & Crisis Management | <ul style="list-style-type: none"> <li>• Identify key Crisis scenarios and prioritise impact responses</li> <li>• Develop Business Continuity plans</li> <li>• Assign plan ownership</li> <li>• Establish Governance process</li> </ul>                             |
|            | Cyber Security Management               | <ul style="list-style-type: none"> <li>• Map out infrastructure &amp; network nodes</li> <li>• Assess and rank weaknesses</li> <li>• Develop remediation plans &amp; business cases</li> <li>• Implement prioritised Cyber Security solutions</li> </ul>            |
| Adapt      | Supply Chain Orchestration              | <ul style="list-style-type: none"> <li>• Review Demand vs Supply trade-offs</li> <li>• Enhance Integrated Business Plan</li> <li>• Revise key processes &amp; Orchestration Playbooks</li> <li>• Refine dashboards</li> </ul>                                       |
|            | Sustainable Supply Chain                | <ul style="list-style-type: none"> <li>• Review supply chain ecological footprint</li> <li>• Identify, quantify &amp; prioritise opportunities</li> <li>• Focus on circularity potential &amp; identify partner network</li> <li>• Define Circular model</li> </ul> |

# Get started now on Anticipate, the first step to resilience

Anticipate is the foundation of the Resilience loop and sets the direction of the remaining activities



**Objective:**

- Scan continuously for emerging supply chain risks, identifying disruptions, geopolitical shifts, and supplier vulnerabilities before they escalate
- Model plausible scenarios and pre-define response playbooks so the business can act decisively the moment early warning signals appear

| Step                                               | What needs to be done                                                                                                                                               | Why it's important                                                                                                                                                                                     | Key activities                                                                                                                                                                                                                       |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Step 1: Define a Resilience Management Framework   | Define what 'resilient' means for the business and who owns it — the scenarios, thresholds and governance that decisions will be made against.                      | Without agreed scenarios, criteria and governance, the business defaults to 'fire-station' crisis response. The framework turns compound disruption from surprise into prepared, board-ready response. | <ul style="list-style-type: none"><li>• Develop 3–4 plausible business scenarios</li><li>• Identify &amp; prioritise supply chain risks</li><li>• Define resilience criteria</li><li>• Map out governance process</li></ul>          |
| Step 2: Complete N-Tier Mapping & Network Analysis | Make the supply network visible beyond Tier 1 by mapping sub-tier suppliers, shared logistics nodes and scarce inputs — verified and enriched with internal data.   | The biggest risks — the ones that broke COVID and Red Sea routes — sit below Tier 1 in hidden dependencies, financial stress and traceability gaps the standard risk register cannot see.              | <ul style="list-style-type: none"><li>• Uncover sub-tier supply relationships</li><li>• Analyse and verify supply network</li><li>• Enrich supply network with internal data</li><li>• Switch on supplier feeds</li></ul>            |
| Step 3: Risk Management                            | Turn the framework and the network map into live monitoring — what to track, how to score it, and dashboards that surface early warning signals to decision makers. | Continuous risk monitoring turns the framework and the map from a one-off exercise into a daily capability, converting weak signals into governed action long before disruption escalates.             | <ul style="list-style-type: none"><li>• Select and configure risk filters</li><li>• Adjust risk scoring methodology</li><li>• Select and configure risk monitoring feeds</li><li>• Adapt supplier dashboards &amp; reports</li></ul> |

Interested in hearing more, get in touch:



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# Thank you