

PRESS RELEASE

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Economic Risk Now the Biggest Threat to the Supply Chain

Supply chain managers have their hands full with everything from border delays to labor shortages to a global energy crisis.

According to the [Lehigh Business Supply Chain Risk Management Index](#) for the first quarter of 2022, Economic Risk, having gone up over six points since the last quarter, is the top concern among supply chain managers, who participated in the LRMI survey. Economic Risks include increasing energy costs, commodity price volatility, labor shortages, sudden demand shocks and border delays. With a score of 88.36, Economic Risk has the highest score across all categories since the creation of the LRMI in the third quarter of 2020.



Transportation Disruption Risk has moved down into the second spot after being on top in three of the previous four quarters. "Transportation capacity is still a very serious concern but supply chain managers are expecting a decrease in demand likely leading to lower prices and decrease lead times," said [Zach G. Zacharia, Ph.D.](#), associate professor of supply chain management and director of the Center for Supply Chain Research at Lehigh.

The total average risk index for the first quarter of 2022 is 72.79, almost 2.5 points higher than last quarter and the highest it has been since the LRMI was created in the third quarter of 2020. It has been on the rise for five straight quarters.

The LRMI identified the same top four risk categories as last quarter, just in different rank order, for the first quarter of 2022 when compared head-to-head. They are economic, transportation, supplier, and cybersecurity risks. The other six categories are government intervention, environmental, customer, operational, quality and technological risk.

"The risk of cybersecurity and data theft jumped almost as much as Economic Risk (over six points) for the first quarter," said Zacharia. "Global hackers are penetrating computer networks through employees who are working from home. One supply chain professional reported that his company's cybersecurity blocks 50% of daily incoming emails because they are suspicious."

According to Zacharia, the LRMI allows executives and supply chain managers to look ahead and prepare for risks that will become important in planning for the next quarter.

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 takes you beyond the numbers. Comments from the first quarter report include:

- Inflation is going to be crazy over the next couple of years.
- The demand "shock" has already happened. This means we're in a new demand "normal."
- We are paying premium rates (for fuel) outside of our contracted rates.
- We expect increase capacity in the container market which will lower prices and decrease lead times.
- Onshoring may begin in the latter half of 2022. That will take time and expertise.
- [Read more comments.](#)

The LRMI was developed by the [Center for Supply Chain Research at Lehigh University](#) and the [Council of Supply Chain Management Professionals](#) in order to rank 10 broad categories of supply chain risks.

LRMI reports are available every quarter in March, June, Sept. and Dec.

To get the latest report for free and to find out how supply chain managers can take the LRMI survey for the next quarter go to: business.lehigh.edu/LRMI.

About the Center for Supply Chain Research at Lehigh

CSCRL bridges theory and practice to promote a collaborative exchange of ideas on critical issues affecting supply chain management. By leveraging Lehigh's faculty, students, alumni and industry partners, the Center brings the latest developments in research and best practices together to generate new ideas for education and future knowledge in the field of supply chain management. [Learn more.](#)

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