

PRESS RELEASE

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Economic Risk Threatens Supply Chain in the 3rd Quarter

Supply chain managers are concerned about increasing energy costs, commodity price volatility and labor shortages.

According to the [Lehigh Business Supply Chain Risk Management Index](#) for the third quarter of 2022, Economic Risk is the top concern among supply chain professionals, who participated in the LRMI survey.

Economic Risk include increasing energy costs, commodity price volatility, labor shortages, sudden demand shocks, global energy shortages and border delays. With a score of 90.72, Economic Risk has the highest score across all categories since the creation of the LRMI in the third quarter of 2020.



Economic Risk has consistently been among the top three risk categories. “Supply chain professionals are seeing increasing operational costs combining with reduced demand as a recipe for increased competition and subsequently economic risk,” said [Zach G. Zacharia, Ph.D.](#), associate professor of supply chain management and director of the Center for Supply Chain Research at Lehigh. “They also have an eye on the continuing effects of the Ukraine-Russia war.”

The total average risk index for the third quarter of 2022 is 72.36, almost two and a half points higher than last quarter.

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

“For the last four quarters the number one risk has been alternating between economic and transportation disruption,” said Zacharia. “Driver and equipment shortages along with the cost of fuel remain immediate concerns.”

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 new third quarter report include:

- Raw material costs, lead-times and labor continue to be issues.
- Inflation is very high and Ukraine conflict is elongating the period of high prices.
- Demand has decreased in recent weeks and is expected to continue which is decreasing freight costs for truckloads despite rising fuel costs.
- We are actively pursuing initiatives to reduce single/sole suppliers, suppliers from one geographical region, delivery schedule inconsistencies.
- Cyber warfare is at a magnitude we've never seen before. No one really knows what's next.
- Sanctions are affecting raw material availability and our sales plans.
- [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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