

PRESS RELEASE

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Lehigh Business Supply Chain Risk Management Index at All-time Low

Supply chain managers see a reduction of supply chain concerns in all 10 risk categories.

[Lehigh Business Supply Chain Risk Management Index](#) for the fourth quarter of 2022, is showing the average risk index is the lowest it's ever been. This suggests an overall reduction in supply chain concerns in the upcoming fourth quarter based on the responses of supply chain professionals, who participated in the LRMI survey.

For the first time in the last two years, the LRMI is showing a reduction in all 10 categories of supply chain risk. In addition, the average risk index of 65.04 is the lowest it has ever been.



“Economic risk has dropped significantly from quarter three, but still has the highest risk index across all risk categories suggesting energy costs, price volatility, and labor shortages are still issues companies need to deal with,” said [Zach G. Zacharia, Ph.D.](#), associate professor of supply chain management and director of the Center for Supply Chain Research at Lehigh.

Transportation Risk and Supplier Risk, the second and third highest risk in the third quarter, had the highest drop, almost 20 points, in risk across all risk categories. This has enabled Cybersecurity/Data Risk and Government Intervention Risk to become more of a concern and among the top 3 risks for the fourth quarter of 2022.

“Transportation demand is soft right now,” said Zacharia. “Big box stores have over-purchased and are now swimming in inventory, so no one is shipping goods. This will likely lead to heavy discounting after the holidays, benefitting the discount stores as the major retailers will have to clear inventory.”

The total average risk index for the fourth quarter of 2022 is 65.04, more than seven points lower than last quarter.

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 fourth quarter report include:

- Energy costs will continue to go up due to misguided "green" initiatives ... Sustainability is imperative; but political shell games are tanking our economy.
- Labor shortages are likely to impact productivity.
- We have a team working on migration and short- and long-term security needs, so we should stay flat.
- Desperate state actors and election cycle (domestic) activities represent a discernible risk to our SaaS platforms and internal data in Q4.
- More restrictions on all things coming from China has injected a lot of risk into our supply chain.
- (California) implementing AB 5 gig worker law has thrown the legal status of 70,000 truckers into jeopardy.

- Customer pressure to contain costs will lead to volatility to maintain existing relationships.
- Customer base may be chasing unicorns with low-cost approach in the logistics industry.
- [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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