

Gartner for Supply Chain

The Elastic Supply Chain

CSCOs: Learn how to support
supply and demand by embracing
geopolitical risk.

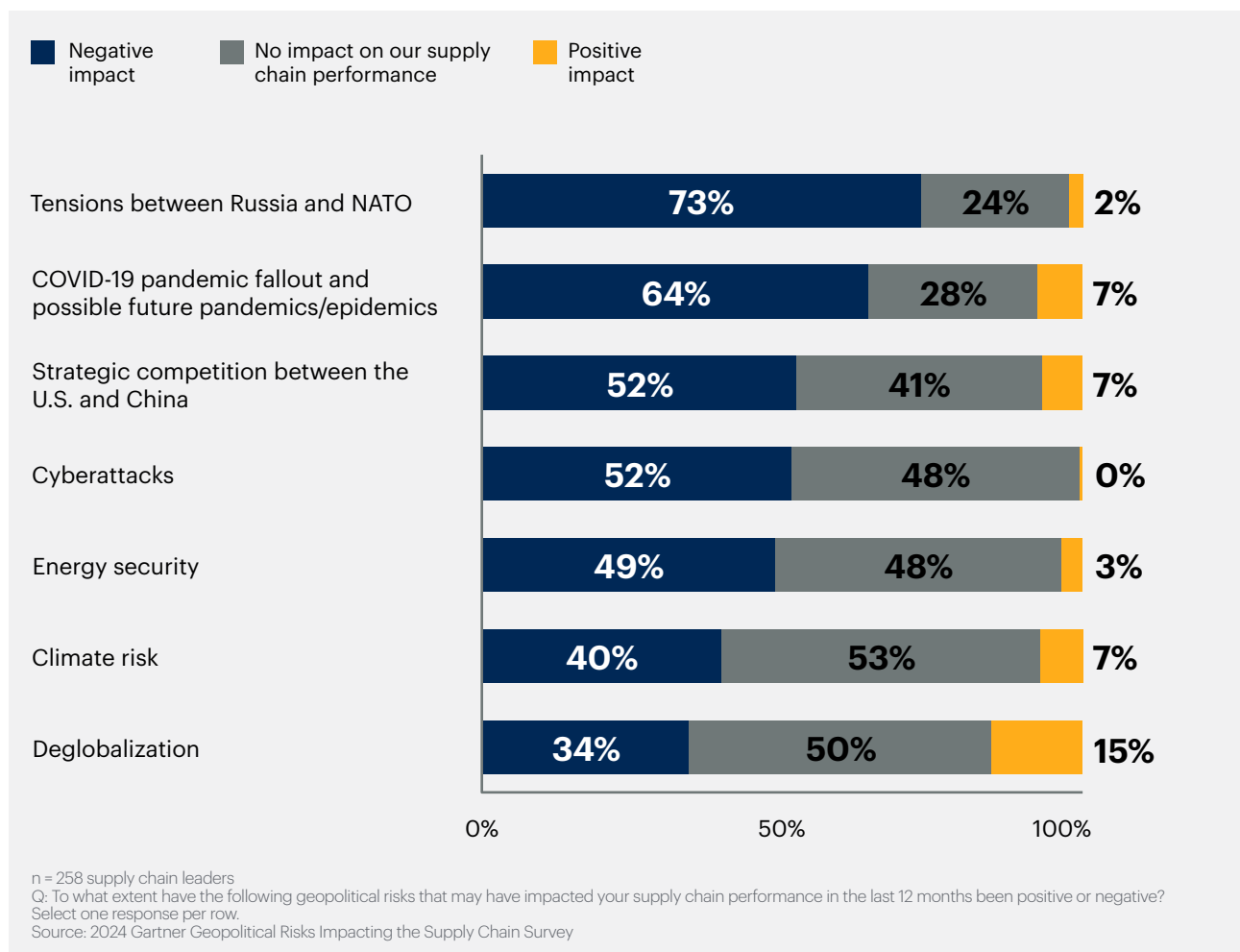


Introduction

According to the 2024 Gartner CEO and Senior Business Executive Survey, CEOs are invariably focused on driving business growth: 59% of respondents in supply-chain-intensive industries identified it as a top 3 priority in 2024 and 2025 (up 26% year over year).

However, for chief supply chain officers (CSCOs) to enable growth, they must deftly manage a vast array of geopolitical risks and disruptive events that threaten revenue growth, global trade, access to resources and operations (see Figure 1).

Figure 1. Geopolitical Risks Impacting the Supply Chain
Percentage of Respondents



The natural response to geopolitical risks, especially when they rapidly emerge or change, is to focus on avoiding loss. For CSCOs this means operating within “trust boundaries” — e.g., the primary geopolitical bloc that the organization operates or is headquartered in, specific trade partnerships and ideological alliances. Operating within trust boundaries can increase the willingness of potential partners to engage in mutually beneficial relationships and trade activities that might lead to strategic partnership development or an orientation toward reshoring, friendshoring or nearshoring supply. However, this approach may limit opportunities for growth.

An alternative that embraces geopolitical risk and provides flexibility to support supply and demand outside of a geopolitical bloc is to develop what Gartner terms an “elastic supply chain.” To shift from a rigid to elastic supply chain, CSCOs must take three actions:

<p>Clarify the supply chain’s operating boundaries.</p> 	<p>Assess the elastic supply chain opportunity.</p> 	<p>Conduct scenario analysis for geopolitical risk events.</p> 
---	---	--

This report explores these three actions in greater detail, enabling CSCOs to design their supply chain for growth even amid geopolitical risk.

Clarify the supply chain's operating boundaries

The complexity of today's global environment makes it necessary for large supply-chain-driven organizations to operate amid geopolitical risks and across geopolitical blocs to generate revenue, obtain raw materials and/or manufacture goods. This means that CSCOs must frequently operate outside of their trust boundaries and in doing so need to prepare to make tough decisions in the face of geopolitical risks associated with each bloc.

Determine your organization's operational limits by analyzing key stakeholders, including the level of value or risk they bring to the business, across the markets you do business in. Key stakeholders may include employees, partners, customers, consumers, citizens, politicians and more.



Assess the elastic supply chain opportunity

When remits for network change call for product supply to occur across geopolitical blocs, and/or the business is looking to change manufacturing or sourcing networks, CSCOs should consider an elastic supply chain approach. Drivers may include increasing global capacity, expanding in new markets, or mitigating business continuity risks due to recent or anticipated changes in geopolitics. But beware that greater elasticity to geopolitical risk might increase supply chain complexity, costs and inventory.



Conduct scenario analysis for geopolitical risk events

Many geopolitical risks tend to move fast, are unpredictable and are interconnected with a complex array of other risks. Without preemptive scenario planning, businesses are often forced to make urgent decisions with limited information or options.

Further, 88% of respondents to our 2024 Geopolitical Risks Impacting the Supply Chain Survey expect a moderate to very high positive impact from scenario planning use when facing geopolitical risk. These same supply chain leaders also view scenario planning as the most likely to have very low to moderate costs associated with it.

To determine the top geopolitical risks facing your supply chain, conduct a geopolitical risk analysis. This can be done through surveys, interviews and/or workshops, as well as external insights into the geopolitical risk landscape, such as those identified in Table 1 and the [Gartner Quarterly Emerging Risk Benchmarking Tool](#).



Table 1: Sample List of Geopolitical Risks

Geopolitical Risk Type	Threat Category
Country-specific risks	<ul style="list-style-type: none"> • Tax policies • Rule of law • Regulations • Barriers to trade • State-sponsored espionage or sabotage • National austerity measures • Nationalization of assets (including intellectual property) • State failure
Global system or regional-stability-related risks	<ul style="list-style-type: none"> • Global commons risks • Decline of international institutions • Changes in strategic parity • Satellite-based conflict • Armed conflict • Risks related to weapons of mass destruction • Technonationalism
Macroeconomic risks	<ul style="list-style-type: none"> • Risks related to economic contraction • Sector-specific risks • Inflation
Transnational risks	<ul style="list-style-type: none"> • Environmental, social and governance (ESG) • Social change or instability • Pandemics • Terrorism

Source: Gartner

Once top-priority geopolitical risks are identified, their potential to impact the revenue, resources or operations of key markets must be assessed. And because of high levels of geopolitical uncertainty, this future-focused scenario planning must be done regularly — at the very least every time the organization’s network footprint is evaluated or a new supply chain strategy is developed. Advanced analytics, AI technologies and supplier collaboration can help develop visibility into the geopolitical events that require an elastic supply chain capability.

Actionable, objective insight

Position your supply chain organization for success. Explore these additional complimentary resources and tools for supply chain leaders:



Tool

Monthly Supply Chain Alert

Get a data-driven view of the operating context for global supply chains from this interactive, self-service tool.

[Learn More](#)



Webinar

Antifragile Supply Chain — Thriving Due to Uncertainty

CSCOs: Transform how your supply chain performs in uncertain times to support a growth agenda.

[Watch Now](#)



Guide

4 Ways to Better Manage Your Complex Supply Base

Implement an effective supplier segmentation strategy based on supplier value, criticality and revenue at risk.

[Download Guide](#)



Report

CSCOs: Embrace Supply Chain Employee Turnover

Turnover is here to stay. It's time to reimagine your supply chain talent management.

[Read Report](#)

Already a client?

Get access to even more resources in your client portal. [Log In](#)

Connect With Us

Get actionable, objective insight that drives smarter decisions and stronger performance on your mission-critical priorities. Contact us to become a client:

U.S.: 1 855 811 7593

International: +44 (0) 3330 607 044

[Become a Client](#)

Learn more about Gartner for Supply Chain Leaders

gartner.com/en/supply-chain/products/gartner-for-supply-chain

Stay connected to the latest insights



Attend a Gartner conference

[View Conference](#)