



The Resilience Gap

Assessing the Risks and Readiness of Global Supply Chains

SCALA

www.scalagroup.co.uk

Contents

03	Introduction
04	The state of play
05	What this report will cover
06	Methodology
07	The state of play: A mixed picture
08	Implementing a resilience strategy
09	Readiness: Revealed
12	Geographic footprints & country dependencies
14	Nearshoring or offshoring
15	Sales concentration & customer dependence
16	Warehousing, distribution and stock levels
17	Strengthening resilience
18	From awareness to action: A playbook for building supply chain resilience
19	Conclusion: Closing the resilience gap

Introduction



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The last few years have shown that disruption is no longer the exception; it is the day-to-day environment for supply chain and logistics leaders to contend with. Businesses that fail to build resilience into their supply chains now are not just risking operational setbacks; they are putting their entire commercial future at stake.

Chris Clowes,
executive director at global supply chain and logistics consultancy, SCALA.

The state of play

If the past few years have taught us anything, it's that supply chain disruption no longer knocks politely before entering; it barrels straight through the loading bay doors.

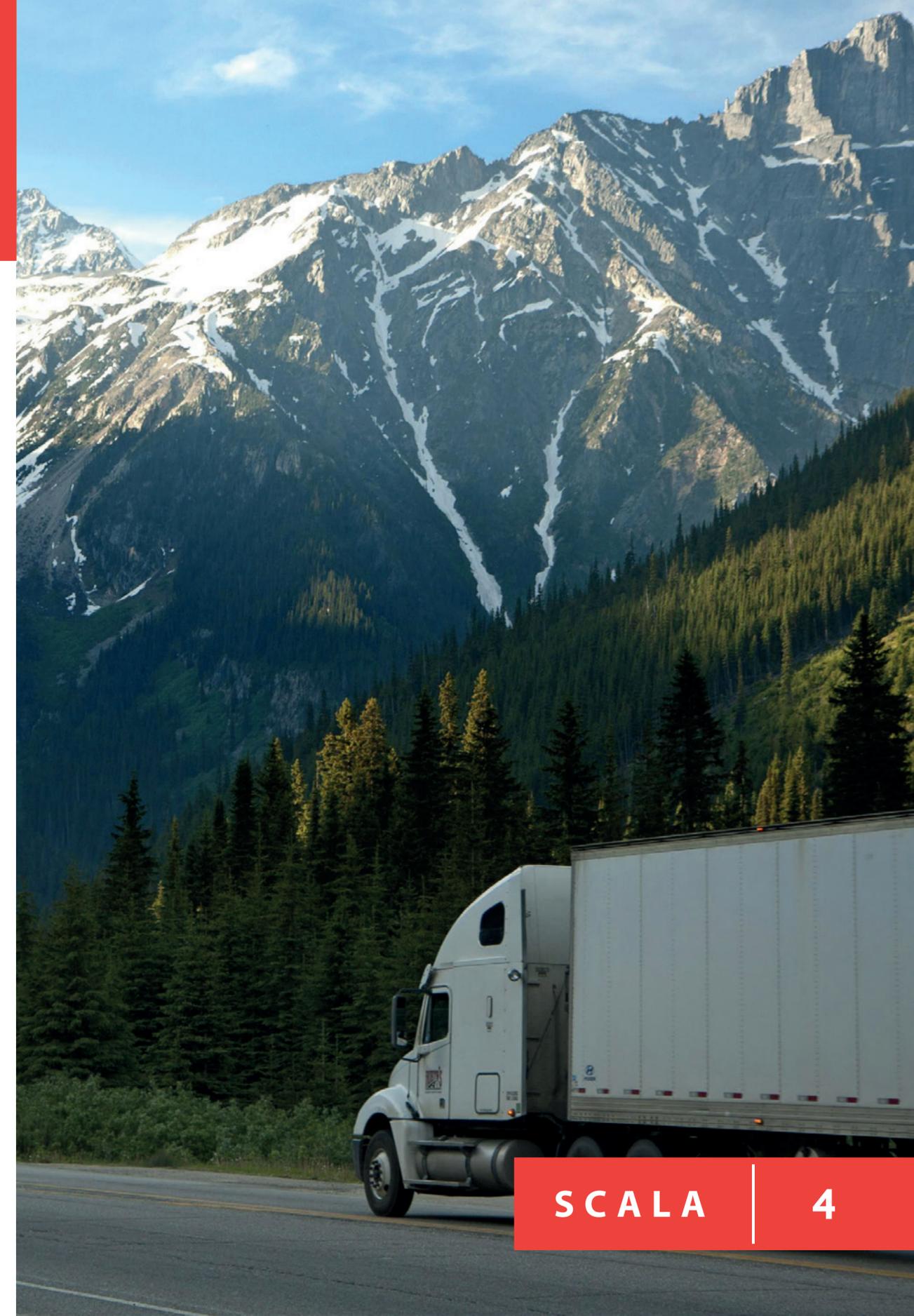
Disruption has shifted from being an occasional hazard to a constant operating condition. Trade tensions between major economies continue to reshape supply routes and trigger sudden cost changes. Geopolitical conflicts, from war in Europe to tensions in the Red Sea and the potential for further instability in Asia, have already closed critical shipping lanes, forced rerouting, and created uncertainty over future market access.

At the same time, inflationary pressures, from rising energy costs to increased wages and transport rates, are forcing many businesses to re-evaluate procurement strategies and pricing models. In recent years, heatwaves have disrupted rail freight, flooding has taken warehouses out of action, and drought in key shipping channels has caused long delays to global cargo. Cyberattacks on major retailers and logistics providers have halted order processing, delayed deliveries, and disrupted stock management.

These are not isolated incidents, but recurring patterns with far-reaching consequences that are sparking debate across the supply chain and logistics sector. Converging risks are driving conversations around topics like nearshoring versus offshoring, supplier diversification, inventory strategies, and end-to-end digital resilience.

The business impact is clear: when supply chain operations are interrupted, service levels can drop, customers could leave, and costs may mount. Traditionally, supply chains have been designed to maximise efficiency and minimise expense, but this lean model leaves little margin for error. But as risk levels rise, the equation between cost and resilience is shifting.

Building resilience may require an initial investment, but it pays dividends when it comes to protecting long-term revenue, preserving customer relationships, and safeguarding future profitability. In today's climate, efficiency alone is no longer enough; resilience is now a decisive factor in sustained business success.



What this report will cover

This report examines the state of supply chain resilience across UK industry, exploring:

- Resilience levels and readiness
- Perception of risk
- Geographical dependencies and exposure
- Manufacturing and warehousing footprints

After delving into the data, we'll provide recommendations for supply chain leaders looking to strengthen their operational agility and risk preparedness.



Methodology

This report is based on a survey of 21 senior supply chain leaders, conducted in July 2025. Respondents represented companies with a combined turnover exceeding £8.43 billion, spanning key sectors including:

- Electronics and computers
- Grocery and FMCG
- Home appliances
- Household furnishings and DIY

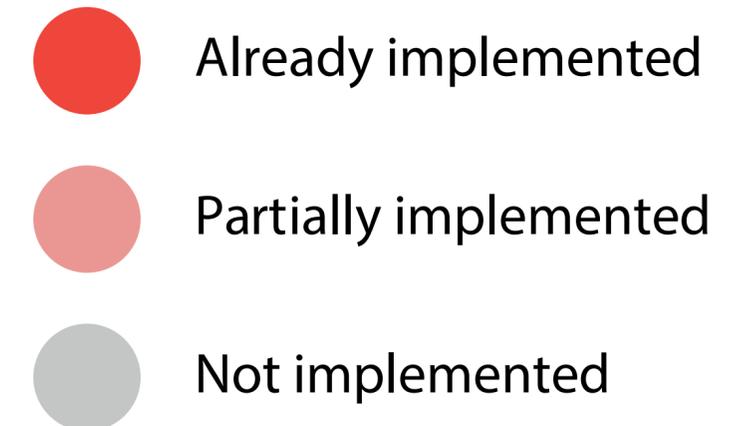
The survey was designed to capture insights into current resilience strategies, risk perceptions, and operational readiness. By focusing on organisations across diverse industries, the findings provide a representative snapshot of how UK supply chains are responding to converging risks and preparing for future disruption.



The state of play: A mixed picture

Just **33%** of businesses report having already implemented strategies that give them the required capabilities to respond adequately to disruption, while **52%** have commenced and partially implemented them - and **14%** have yet to begin.

These findings highlight a significant gap between **awareness** and **action**.



Implementing a resilience strategy

A supply chain resilience strategy is more than just a crisis plan; it requires ongoing risk assessment, scenario planning, and investment in capabilities that allow for rapid adaptation.

Resilience strategies will vary from business to business, but based on this report's findings, SCALA recommends that organisations prioritise the following measures where they are not already in place:

- Dual or multi-sourcing of critical components across all tiers of the supply base
- Geographic diversification of production
- Investment in reliable IT and cybersecurity systems
- Contingency warehousing and adaptable transport arrangements

We'll go on to discuss each of these factors in depth throughout the course of this report.



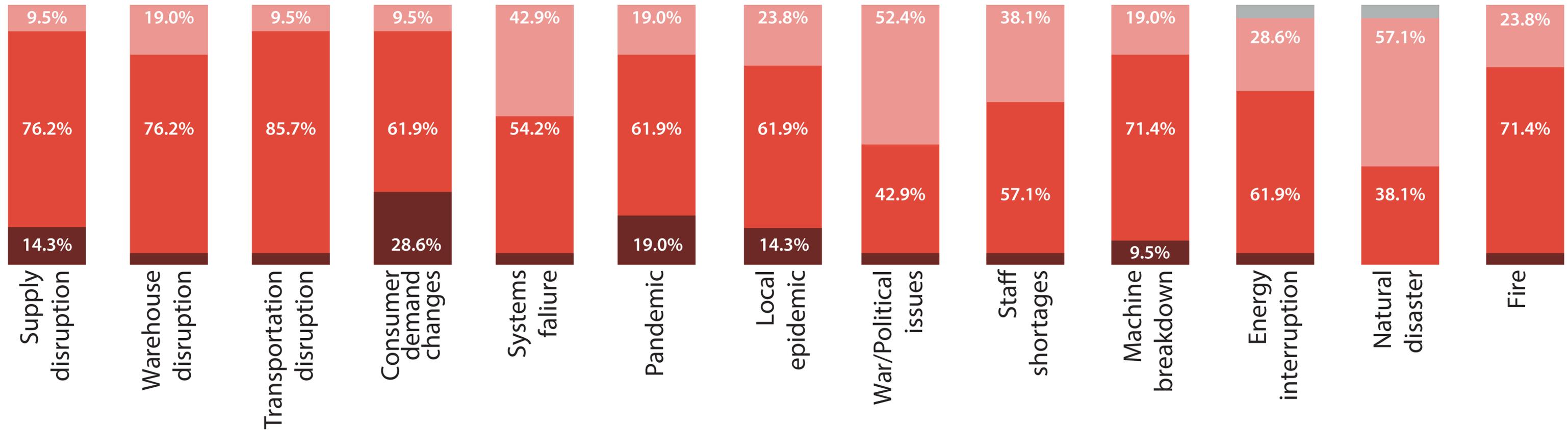
Readiness: Revealed

When supply chain readiness is stress-tested against specific risks, the gaps become clearer.

The survey highlights worrying **blind spots**, with many businesses vulnerable to natural disasters, armed conflict, and critical systems failure – which, sadly, are all very real possibilities in today's supply chain landscape. Extreme weather, geopolitical instability, and reliance on digital infrastructure respectively carry the potential for sudden, high-impact disruption that can halt operations and damage vital customer relationships.

How would you classify your readiness to cover the following disruptions?

● Very prepared ● Prepared ● Poorly prepared ● Don't know



Readiness: Revealed



Financial resilience: Just over half (52%) of supply chains have only partly commenced implementing strategies to avoid financial losses, while 14% have no strategies in place to mitigate serious financial impact.



System continuity: Two-thirds (67%) of warehouse systems could operate to some extent on back-up systems, yet 14% could not, and 5% of businesses are unsure.



Order processing: More than half (57%) could not continue sales order processing or purchasing if their main system failed.

Risk management is not just about identifying what you know; it's about uncovering what you don't. Businesses that fail to examine the full spectrum of supply chain risks often discover their blind spots only when disruption hits.

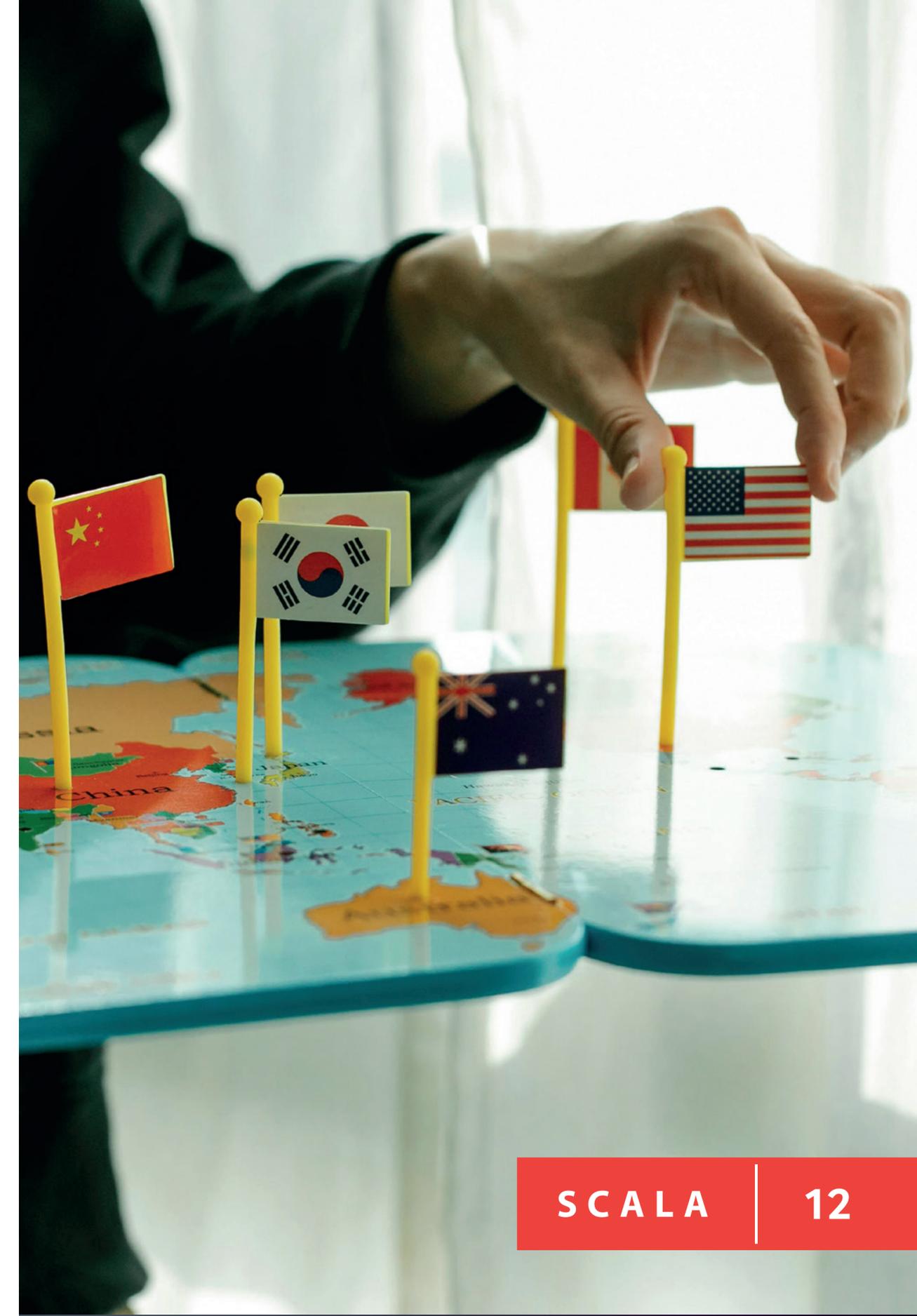


Geographic footprints & country dependencies

China, Europe, and the UK hold the majority of respondents' manufacturing presence, while other South East Asia locations (including Taiwan, Vietnam, and similar markets) act as a secondary hub. Most other regions have only a minimal footprint, indicating limited diversification outside Asia and Europe.

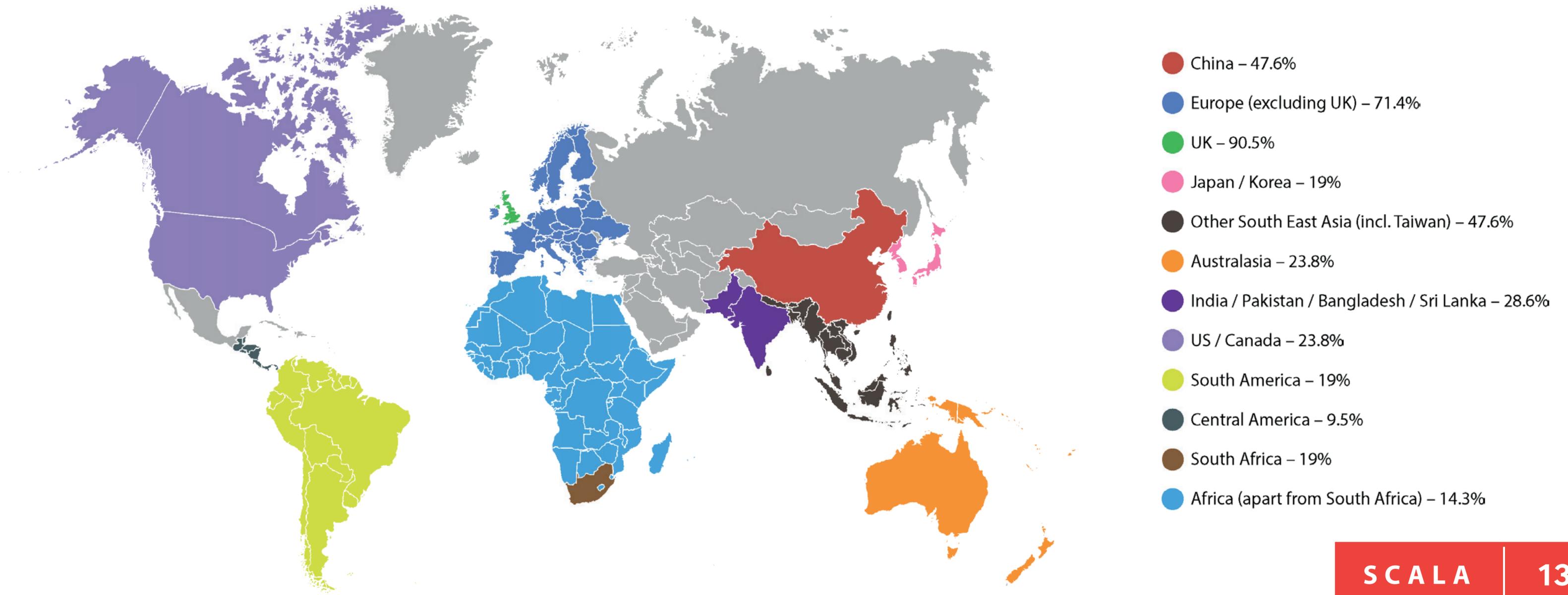
This concentration could create significant exposure to geopolitical instability, trade barriers, natural disasters, and logistics bottlenecks. When key production capacity is tied to a small number of geographies, any disruption in those regions can have an outsized operational and financial impact.

Diversification does not necessarily mean businesses should move away from key manufacturing hubs, but rather that they should consider how a broader geographic spread could reduce exposure to shocks and strengthen resilience.



Geographic footprints & country dependencies

This map shows the share of respondents with manufacturing facilities in each global region, highlighting a strong concentration of activity in China, Europe, and the UK



Nearshoring or offshoring

The debate around nearshoring versus offshoring operations, a major topic discussed at **SCALA's Annual Supply Chain Debate 2025**, is therefore becoming more pertinent.

According to our recent industry debate, while 51% of supply chain leaders remain committed to global sourcing, a growing proportion are rebalancing towards regional or hybrid models.

Nearshoring

Pros: Nearshoring can reduce lead times, improve responsiveness during peak demand periods such as the golden quarter, and mitigate some of the vulnerabilities inherent in just-in-time supply chains. It also allows for closer oversight of production and can strengthen supplier relationships.

Cons: However, it may come with higher labour and production costs, limited supplier choice, and potential capacity constraints depending on the region.

The optimal approach will ultimately depend on each organisation's cost structure, service commitments, and risk appetite, with many finding that a blended model offers the best balance between efficiency and resilience.

Offshoring

Pros: Offshoring can provide access to lower-cost labour, established manufacturing hubs, and a wider pool of specialist suppliers, often delivering economies of scale. It can also allow businesses to serve global markets directly from overseas bases.

Cons: On the flipside, it can extend lead times, increase exposure to geopolitical and logistical disruption, and make it harder to respond quickly to sudden shifts in demand.



Sales concentration & customer dependence

Nearly half (47%) of businesses generate more than half of their sales from their top three customers.

This creates a critical vulnerability: a major supply chain disruption (whether a production delay, transport disruption, or technological malfunction) could damage service levels, jeopardise relationships, and even lead to the loss of a key customer.

In such cases, the financial impact can be immediate and severe, with revenue loss compounded by reputational damage and reduced market confidence.

Resilience planning must therefore consider demand-side dependencies as seriously as supply-side risks, ensuring customer portfolios are broad and robust enough to withstand the potential loss of a major account.



Warehousing, distribution and stock levels

The findings paint a fragmented picture, with limited warehouse capacity or options for scalability:

38% Operate only one warehouse in the UK

43% Say that if their primary warehouse was out of action, no other sites could fulfil dispatches

52% Hold less than 25% contingency or safety stock

33% Hold less than 25% of SKUs (Stock Keeping Units) in more than one warehouse

71% Could only increase UK warehouse capacity by up to 25%

This combination of low stockholding and restricted capacity limits agility when facing supply shocks or demand spikes.

Strengthening resilience

Strengthening supply chain resilience can involve a range of measures, which will vary depending on each organisation's unique operations and risk profile.

These may include exploring options for regional warehouse duplication, considering flexible capacity arrangements with third-party logistics providers, and reviewing inventory strategies to ensure buffers are proportionate to identified risks.



Where uncertainty exists, businesses should seek independent, third-party expertise to guide decisions and ensure strategies are both effective and commercially viable.

Chris Clowes, executive director at SCALA



From awareness to action: A playbook for building supply chain resilience

Now that we've established the state of play for supply chain resilience - where strengths exist but some critical gaps remain - we've set out an action plan for leaders. Whether your organisation is yet to begin, is part-way through, or has already implemented resilience measures, these recommendations will help close vulnerabilities and strengthen long-term performance.



Conclusion: Closing the resilience gap



This report highlights a consistent theme: awareness of supply chain risks is relatively high, but readiness to respond differs. Many organisations have taken steps to strengthen resilience, yet critical gaps persist across financial planning, geographic diversification, systems continuity, and customer concentration. In an environment where disruption is becoming constant, these gaps expose businesses to unnecessary vulnerability.

That being said, the last few years have demonstrated how supply chains can adapt under pressure. Many businesses have continued to function through global health crises, regional conflict, trade disputes, inflationary shocks, and even major transport blockages. Some supply chains have shown themselves to be more robust than widely assumed. But this adaptability and focus on the immediate issue at hand can often disguise other areas of fragility. Emerging risks such as cyberattacks or trade disputes, for example, have the potential to halt operations far more abruptly and severely than many of the challenges supply chains have weathered in the past. What's more, they are becoming increasingly commonplace.

Cultivating resilience is not a one-off exercise or a crisis response plan; it is a continuous effort that must be embedded into the way supply chains are designed, managed, and measured. Building that capability may require investment and difficult trade-offs, but the long-term rewards - safeguarding revenue, protecting customer relationships, and securing market confidence - far outweigh the costs.

At SCALA, we believe those who integrate resilience into the core of their strategies, decision-making, and culture will not only withstand disruption but also turn uncertainty into a competitive advantage.

About SCALA

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SCALA Consulting was founded in 2001 and has earned an excellent industry reputation for providing high-quality supply chain and logistics expertise. The company's specialist consultants are guided by an executive board composed of seasoned business leaders with extensive senior-level experience.

SCALA consultants work with many leading international companies. It is our approach to create partnerships with clients, combining our external experience and expertise with our clients' own business knowledge to deliver practical solutions to meet future commercial requirements and drive real, tangible benefits.

SCALA Consulting is focused on ensuring that all our projects are carried out with sustainability and environmental factors as part of any decision-making process.

SCALA's experienced team is passionate about innovating supply chain improvements and providing independent, objective expertise with professionalism, diligence, and integrity.