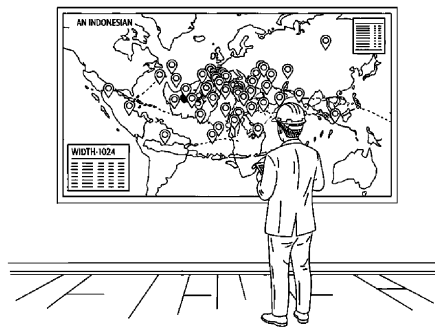


SPECIFIC-CASE

WORKSHEET 8 OF 9

Sole-Source Supplier Files for Bankruptcy

Scenario: Your sole verified supplier for a critical component — currently providing 80% of your monthly volume for that item — files for court protection from creditors. Operations are suspended immediately. Existing purchase orders are frozen. No delivery timeline can be confirmed. Current stock covers 6 production days.



Complementary worksheet for
Supply Chain Risk Mitigation

by Ibrahim Anwar

What This Is For

Supplier bankruptcy is the sharpest form of the single-source dependency problem. Unlike a logistics disruption with a known duration, bankruptcy introduces legal uncertainty: frozen purchase orders, unknown inventory disposition, and no reliable timeline for resolution. The 6-production-day stock runway in this scenario is not comfortable time to evaluate options. It is 6 working days to find, verify, and receive delivery from a vendor who may have never shipped to you before.

This worksheet structures the response as a timeline with owners and action triggers rather than a table of options. Each row corresponds to a specific action that must be completed within a defined window. The sequence matters — actions overlap and later actions depend on information gathered in earlier ones. This is the type of disruption where having the worksheet completed before the event determines whether the response takes 48 hours or 2 weeks.

Benefits

What you get when you actually run this worksheet on a real situation:

- Converts the first-week bankruptcy response from reactive improvisation into a timed action sequence with clear ownership at each step.
- Forces the 'no verified alternative exists' gap to surface explicitly in the Emergency PO row — making it visible as the single highest-priority pre-disruption action.
- Includes the customer notification trigger at the correct point in the sequence: before day 5, not after a deadline has passed.
- Captures the 30-day cost documentation requirement while it is still executable, not after financial records have been closed without the disruption costs properly attributed.
- Works as both a planning document and a live tracking tool during an actual disruption event.

Framework To Use

— 72-Hour Action Window

Bankruptcy response is time-compressed. Most of the critical decisions must be made or initiated within 72 hours of the confirmed filing. After 72 hours, alternatives become more expensive, customer relationships become harder to manage, and the cost of each day of delay compounds.

How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Do not fill in this worksheet from memory during an actual bankruptcy event. Complete it in advance during a planning session, confirming verified alternative names and contact details against the Vendor Information Sheet.
- 2** For the 'Confirm bankruptcy filing' row: the confirmation must be in writing. A phone call from an industry contact is not sufficient to freeze your own purchase orders. Get written confirmation from the vendor or from public court records.
- 3** Calculate stock runway in the second row before doing anything else. Current stock divided by daily production requirement. If the answer is below 5, move the emergency PO row up to day 1, not day 2.
- 4** For the 'Contact alternative candidates' row: if you have no verified alternative, this row becomes 'Begin identifying and contacting candidates.' Write two or three vendor names you would call, even if they have never received a purchase order. Any lead is better than starting with no names.
- 5** For the customer notification row: check active orders with committed delivery dates. Notify before day 5 or before any customer's delivery deadline — whichever comes first. Do not wait for certainty about resolution to begin customer communication.
- 6** For the contract review row: check whether your purchase contract with the bankrupt vendor contains an insolvency clause. If it does, determine whether it allows cancellation without penalty. If it does not, document the PO value at risk as a potential claim in the insolvency proceedings.
- 7** Fill in the Status column (To Do / In Progress / Done) and update it daily during the disruption. This creates the audit trail for cost documentation and the BCP update 30 days post-resolution.

Example Use

A plastics components manufacturer learns through a supplier contact on Tuesday morning that their sole resin distributor — providing 80% of monthly resin volume — has filed for court protection. Stock covers 6 working days. The previous year's experience from Chapter 2 (the Central Java company) mirrors this exactly: one distributor's liquidity problem, no alternative verified, 3 weeks of downtime.

Hour 0 (Tuesday, 9 AM): Owner receives the news. Cannot confirm from supplier directly — calls go to voicemail. Confirms through a public records check that a court protection filing exists for the supplier's parent company. Written confirmation obtained by noon.

Runway calculation: 6,000 kg current stock ÷ 280 kg daily requirement = 21.4 working days. Runway is above 10 days. Proceed to evaluation rather than emergency procurement mode.

Hour 24 (Wednesday): No verified alternative for this resin grade exists. This is the gap. The owner spends Wednesday afternoon calling three resin distributors whose names came from an industry directory. Two can supply the grade. One has available stock for 2,000 kg with 5-day lead time. The other can supply 1,800 kg with 7-day lead time. Neither has received a purchase order before.

Hour 48 (Thursday): Emergency PO placed with the 5-day lead time distributor for 2,000 kg (7 working days of production at a 15% price premium). Second distributor pre-warned that additional volume may follow. Customer notification sent to all accounts with orders due within 4 weeks: potential delay of up to 2 weeks communicated, with confirmation promised by end of week.

Hour 72 (Friday): Contract reviewed. No insolvency clause. Original PO value (\$12,400) is a potential claim in proceedings. Operations manager files a claim notification with the court administrator.

Total disruption cost through week one: \$3,600 in emergency procurement premium (15% on 2,000 kg). No production stoppage. Customer notification sent 11 days before first committed delivery date. One customer, with a hard deadline, requested and received a 1-week production schedule adjustment.

BCP entry: the gap that made this expensive was the absence of a verified alternative. The 21-day runway bought time that a 6-day runway would not have. The immediate post-disruption action: verify one alternative resin vendor through a small test order in the following month.

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

Sole-Source Supplier Files for Bankruptcy

Scenario: Your sole verified supplier for a critical component — currently providing 80% of your monthly volume for that item — files for court protection from creditors. Operations are suspended immediately. Existing purchase orders are frozen. No delivery timeline can be confirmed. Current stock covers 6 production days.

ACTION	TIMELINE (WITHIN X DAYS)	OWNER (ROLE)	STATUS (TO DO / IN PROGRESS / DONE)	NOTES
Confirm bankruptcy filing and suspension scope in writing	24 hours	Owner / Procurement manager		
Calculate stock runway per affected component	24 hours	Operations		
Contact all identified alternative candidates for affected component	48 hours	Procurement manager		
Place emergency PO with fastest-lead-time alternative that can fulfill to spec	48-72 hours	Owner (authorized above threshold)		
Notify customers whose orders are at risk of delay	Before day 5 or before their deadline — whichever is sooner	Owner / Sales		
Check contract: does FM or insolvency clause allow PO cancellation without penalty?	72 hours	Owner + legal review		
Initiate formal supplier qualification for at least one additional alternative	Within 2 weeks	Procurement manager		
Document total cost of disruption (direct + indirect)	Within 30 days of resolution	Finance		

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. If your verified alternative vendor can only supply 40% of your normal volume for this component, calculate: how many production days can you sustain at 40% supply? What is the reduced-output contribution margin per day? Is that margin positive enough to justify running at partial capacity, or is a temporary halt less costly? Write the numbers.
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2. This scenario exposes the same gap the Central Java plastics company faced in year four: one distributor's liquidity problem became a three-week stoppage because no alternative had ever been verified. If this worksheet reveals that your answer to the emergency PO row is 'no verified alternative exists,' that is the single highest-priority action in your entire supply chain risk program.
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Tips and Traps

TIPS

- Confirm the bankruptcy filing from a verifiable source before adjusting your own operations. A rumor is not sufficient basis for emergency procurement actions. A court filing confirmation takes one afternoon to verify and prevents over-reaction to false signals.
- If the bankrupt vendor's goods have already been shipped and are in transit, those goods may still reach you. Track the shipment separately. If they arrive, they reduce the emergency procurement volume needed — do not double-order if goods are en route.
- Emergency POs placed with previously unknown vendors should include a quality specification clause even in urgent conditions. 'Fulfills to spec confirmed by sample' takes one extra day but prevents a second problem: receiving emergency supply that fails quality checks.
- The 30-day cost documentation deadline is critical for two reasons: it captures the data for the BCP update, and it creates the financial record for any insolvency claim against the bankrupt vendor.

TRAPS

- Assuming the vendor's bankruptcy means all previously agreed prices are void. They are not — they are claims in the insolvency proceedings. Document the outstanding PO value and file with the court administrator within the filing deadline.
- Waiting for certainty about the bankruptcy resolution timeline before placing an emergency PO. Insolvency proceedings in Indonesia under PKPU (court protection) can take 3 to 9 months. Waiting for resolution means the business stands still for that duration.
- Contacting only one alternative candidate in the first 48 hours. Contact every name you have, even those never ordered from before. Bankruptcy creates urgency that otherwise uncommitted vendors will respond to. Cast the net wide first, then evaluate.
- Treating the 'no verified alternative exists' finding as a problem to solve after the crisis. It is the highest-priority action in the supply chain risk program regardless of whether this scenario is currently active. The cost of verification — one small order from one alternative vendor — is fixed and small. The cost of absence in this scenario is open-ended.

Appendixes

Appendix A – Partial Supply Calculation: Operating at Reduced Input

If alternative vendor can only supply X% of normal volume:

Step 1 – Calculate achievable production:

Achievable daily output = normal daily output × (supply coverage %)

Example: normal output 500 units/day × 40% supply = 200 units/day

Step 2 – Calculate reduced-output contribution margin:

Daily margin at partial production = 200 units × contribution margin per unit

Step 3 – Compare to full halt:

If partial production daily margin is positive: run at partial capacity.

If fixed costs (staff, overhead) exceed partial production margin: halt is less costly per day than partial operation.

Step 4 – Calculate customer impact:

At 40% production: how many active customer orders can still be fulfilled on time?

Which orders must be delayed, and what is the penalty or relationship cost?

Decision rule:

Partial operation is correct if daily margin (at reduced output) exceeds daily fixed cost absorption. Otherwise halt is cheaper per day – but account for the customer relationship cost of a full halt vs. partial delivery.

Appendix B – Indonesia Insolvency Claim: Basic Timeline and Filing

Under Indonesian Bankruptcy Law (UU No. 37/2004):

Court protection (PKPU) filing: creditors typically have 270 days for proceedings.

Suspension of payments: all deliveries and POs may be frozen immediately.

Claim filing deadline: usually set by the administrator in the first court notice.

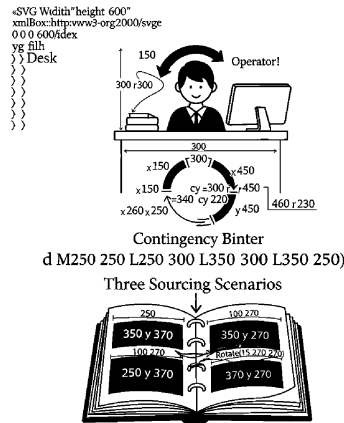
File your outstanding PO value as a claim within that deadline.

Documents typically required for a trade creditor claim:

- Original purchase order(s) with amounts outstanding
- Invoice(s) for goods ordered but not yet received
- Any written confirmation of the order from the vendor
- Proof of payment for any advance already made

Important: filing a claim does not guarantee recovery. It preserves your position in the creditor queue. Priority order: secured creditors, labor claims, tax claims, unsecured trade creditors (which you likely are).

Recovery rates for unsecured creditors in Indonesian insolvency proceedings are often below 30%. The filing is still worth doing – the cost is low and the alternative is zero recovery.



WHERE THIS WORKSHEET COMES FROM

Supply Chain Risk Mitigation

Disruptions Cannot Always Be Prevented, But Their Impact Can Be Limited

by Ibrahim Anwar

This worksheet is one of nine in the *Supply Chain Risk Mitigation* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

Available on Google Play Books

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