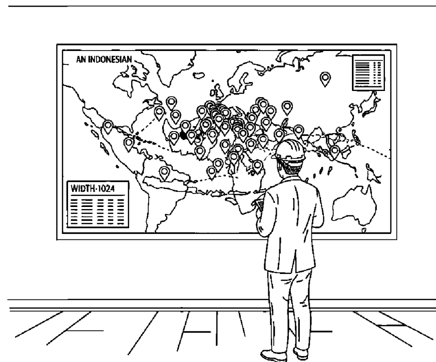
SPECIFIC-CASE

WORKSHEET 9 OF 9

Geopolitical Event Blocks One of Three Sourcing Regions

Scenario: A geopolitical escalation disrupts shipping lanes from a region supplying approximately 35% of your imported raw material volume. Your two other sourcing regions are unaffected. Your primary vendor sources 60% of their supply from the affected region. Current estimates suggest the disruption will last 6 to 12 weeks. Prices from unaffected sources are already rising as demand concentrates.



Complementary worksheet for

SECTION 1

What This Is For

A geopolitical disruption to one of three sourcing regions creates a different decision structure than a vendor bankruptcy or a logistics route closure. The disruption is partial: some supply still arrives, prices from unaffected sources are rising but available, and the primary vendor may still function at reduced capacity. The question is not 'can we survive' but 'what is the correct volume allocation and price exposure management over a 6 to 12-week window.'

This worksheet quantifies the volume gap per component, surfaces which components have no unaffected alternative source (genuine hidden concentration), and creates the basis for a customer renegotiation conversation when production reduction is necessary. It also captures the forward-looking decision: emergency diversification started during a crisis costs more than diversification that already existed — but it still costs less than the next crisis without it.

SECTION 2

Benefits

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

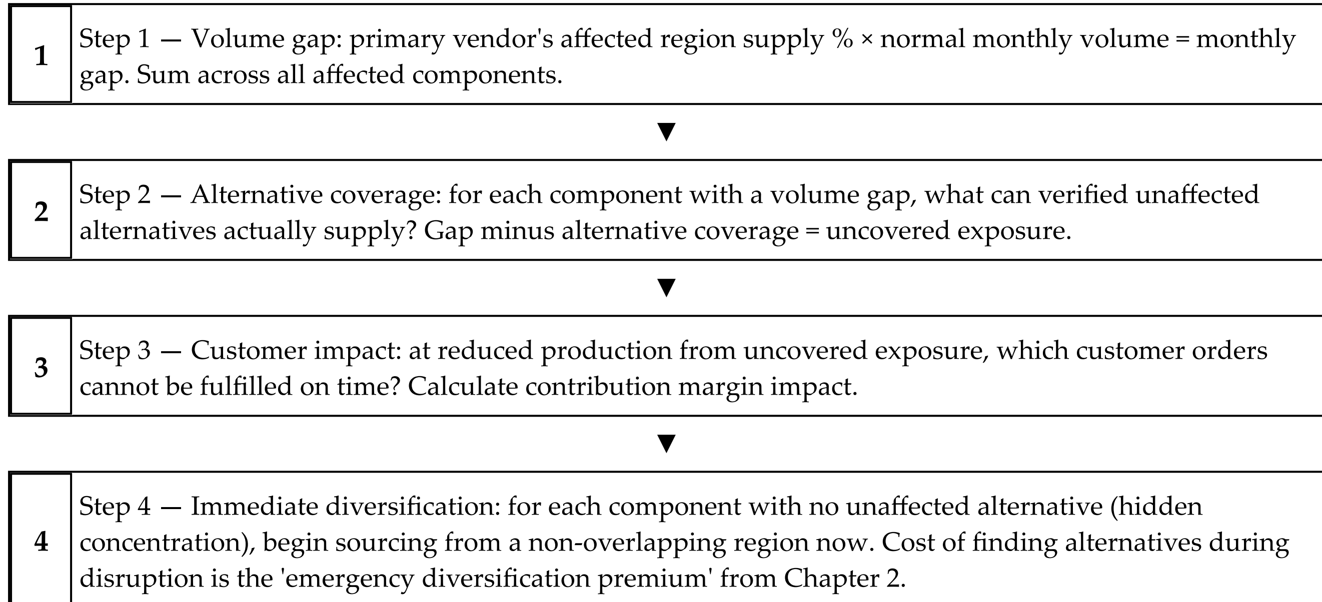
- Quantifies the actual monthly volume gap per component when the primary vendor operates at reduced capacity, converting a news event into a concrete operational exposure number.
- Identifies which components have no unaffected alternative source — the geographic concentration risk from Chapter 2 made visible by an active geopolitical event.
- Provides the data for a customer renegotiation conversation: how much production reduction can customers absorb, and for which customers is the impact hard enough to require active negotiation.
- Creates the diversification action plan for non-overlapping sources, started during the disruption, that reduces the cost of the next similar event.
- Establishes the price premium tracking framework for the 6 to 12-week window, allowing the business to calculate forward contract need and the actual cost of the disruption in total.

SECTION 3

Framework To Use

— Exposure Quantification and Response Sequence

Work through four quantification steps in order. Each step produces a number that the next step requires. Do not estimate the final response without completing the first three calculations.



SECTION 4

How To Use

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

1. List each component whose supply chain is affected by the disrupted region. For each: determine what percentage of your primary vendor's supply for that component comes from the affected region.

2. Calculate the volume gap per component: current monthly volume × primary vendor's affected-region supply percentage. This is the monthly supply reduction you should plan for, not the worst case.

3. For each component with a volume gap: identify unaffected alternative sources. Check whether any verified alternative vendor sources from the unaffected regions. If they do, confirm their available capacity and the price premium they are charging under current demand concentration.

4. Sum the Volume Gap column and compare to what unaffected alternatives can actually cover. The difference is the uncovered monthly exposure. That is the number driving customer communication and production adjustment decisions.

5. For any component where Unaffected Alternative Source = N: this is the geographic concentration risk that a tier-2 map from Chapter 2 would have revealed in advance. Write one concrete step to begin sourcing from a non-overlapping region. The sourcing process started now costs less than starting it at the next event.

6. Calculate the price premium you are paying from unaffected sources as demand concentrates. Multiply by monthly volume. If the result is above the threshold for a forward contract review, run the exchange rate exposure worksheet from Chapter 7 for this event specifically.

7. Document the Weeks of Buffer Stock column accurately. That number tells you how much time you have before uncovered exposure translates into a production reduction. Buffer stock gives you time — do not let it give you false comfort about the supply gap.

SECTION 5

Example Use

A resin-based product manufacturer reads that geopolitical tensions have disrupted shipping from the Middle East. Their primary vendor sources 60% of PET resin feedstock from the Gulf region. Monthly resin volume: 12,000 kg. Two other sourcing regions are unaffected but prices from Asian alternatives have already risen 18%.

Volume gap calculation:
Primary vendor affected region supply: 60% of their sourcing.
The vendor informs the operator they expect to supply at 65% of normal capacity for the duration.
Volume gap: 12,000 kg × 35% reduction = 4,200 kg/month.

Alternative coverage:
Verified unaffected alternative (Korean resin manufacturer via Malacca route): can supply 3,000 kg/month at 18% above normal price.
Uncovered exposure: 4,200 kg - 3,000 kg = 1,200 kg/month.

Customer impact at 1,200 kg/month shortfall:
Production capacity impact: approximately 10% reduction in monthly output.
Three active customer contracts cover 6 weeks of committed orders. Two customers can absorb a 2-week delay without contract penalties. One customer has a hard deadline — they are contacted within 48 hours and offered a 3% price reduction for a 1-week delay. They accept.

Hidden concentration finding:
The operator discovers that a second component (packaging film additive) also has no unaffected alternative — both vendor options source from the affected region. Volume gap for this component: 800 kg/month. No alternative exists currently. Emergency sourcing begins with a European supplier, 4-week lead time, 35% price premium. That premium is expensive — but diversification started now costs less than the same situation with zero alternatives at the next event.

Price premium tracking:
Korean resin at 18% premium on 3,000 kg: additional $1,620/month.
European additive at 35% premium on 800 kg: additional $840/month.
Total additional monthly cost: $2,460. Over 10 weeks: $6,150.
No forward contract opened (USD exposure is below threshold at current volumes).

SECTION 6

The Worksheet

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

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COMPONENT	% OF VOLUME FROM AFFECTED REGION (VIA PRIMARY VENDOR)	UNAFFECTED ALTERNATIVE SOURCE AVAILABLE? (Y/N)	PRICE PREMIUM FROM UNAFFECTED SOURCE (EST. %)	VOLUME GAP IF PRIMARY VENDOR REDUCES (UNITS/MONTH)	WEEKS OF BUFFER STOCK

SECTION 6 (CONTINUED)

Reflection Prompts

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

1. Sum the Volume Gap column. That is the total monthly shortfall if your primary vendor operates at reduced capacity for the duration. Compare it to: (a) what your verified alternatives can cover, and (b) what production reduction customers can absorb without switching to competitors. The difference between these figures is the exposure that requires immediate action — either accelerated alternative-vendor qualification or customer renegotiation.

2. For any component where Unaffected Alternative Source = N: this is a geographic concentration risk of the type described in Chapter 2. Two vendor names, one failure point. Write down one concrete step to identify a non-overlapping supply source before the current disruption resolves. Emergency diversification during a crisis costs more than diversification that already existed — but diversification started now still costs less than the next crisis without it.

SECTION 7

Tips and Traps

TIPS

- Contact your primary vendor within 24 hours of the disruption news to get their estimate of reduced supply capacity. Their number is the basis for your volume gap calculation. An assumption you make without asking may be significantly different from the actual reduction.
- Rising prices from unaffected sources are partly a demand concentration effect — as buyers move away from affected sources, unaffected sources face concentrated demand. Prices will normalize partially when the disruption resolves. Lock in prices for only what you need in the next 4 to 6 weeks, not the full disruption duration, to avoid overpaying for normalization.
- Buffer stock buys time, not solutions. A 6-week buffer gives you 6 weeks to find and verify alternatives — not permission to delay the search for 5 of those weeks.
- Track the price premium daily or weekly for the duration. When it starts declining, that signals that supply is normalizing before the geopolitical situation formally resolves. Reduce premium-source orders as normal pricing returns to avoid locking in above-market costs at the tail end.

TRAPS

- Assuming that two sourcing regions with different geographies are always independent. A European source and an East Asian source may both use a common shipping chokepoint. Check the route, not just the origin country.
- Treating the volume gap calculation as a worst-case scenario rather than a working estimate. Base your calculations on the vendor's confirmed reduction, not on the most extreme plausible scenario. Procurement decisions made on exaggerated gap estimates lead to over-ordering at premium prices.
- Starting the unaffected alternative sourcing search only after all buffer stock is consumed. The search should begin within the first week of the disruption, using buffer stock time, not running against it.
- Waiting for the geopolitical situation to resolve before beginning the diversification started during the disruption. Emergency diversification started now — even at higher cost — reduces exposure at the next similar event. Stopping the search when prices normalize means starting from the same position at the next disruption.

SECTION 8

Appendixes

Appendix A — Price Normalization Timeline Reference

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Historical reference for price normalization after geopolitical supply disruptions:

Naphtha / petrochemical disruptions (Strait of Hormuz events):
  Typical price spike: 50–150% above baseline within 4–6 weeks of disruption.
  Normalization timeline: 6–16 weeks after supply route reopens.
  Buffer strategy: lock 4 weeks of supply at premium; reassess at week 3.

East Asian manufacturing disruptions (lockdowns, port closures):
  Typical lead time extension: 2–4× baseline.
  Price effect: 15–40% above baseline from demand concentration.
  Normalization: faster than Hormuz events; typically 4–8 weeks post-clearance.

Agricultural commodity disruptions (drought, export restrictions):
  Price spikes can be sustained 12–24 months in severe cases.
  Normalization does not follow a predictable timeline.
  Forward contract consideration: more relevant for agricultural inputs than
  manufactured components because price normalization is slower.

General rule: do not lock in prices for longer than 60 days at disruption peak.
Reassess weekly. Normalization signals: spot prices in unaffected markets dropping,
premium source order volumes declining from competitors, vendor quoting timelines
returning toward pre-disruption norms.
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Appendix B — Customer Renegotiation Script: Partial Delivery During Disruption

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Use when a customer has a committed delivery timeline that cannot be met
because of the supply gap.

Opening (within 48 hours of confirmed volume gap):
  "I'm calling before your deadline rather than after it. We have a supply
  disruption affecting [component] that will reduce our output capacity by
  approximately [X]% for the next [estimated duration].

  I want to walk through your current order with you and confirm what we
  can deliver on time and what may need to shift."

Concrete offer (prepare before calling):
  "We can fulfill [confirmed volume] by [date]. For the remaining [gap volume],
  the realistic revised date is [date]. I'd like to offer [specific goodwill
  — price reduction percentage OR priority allocation on next order] for the
  inconvenience."

Close:
  "Can we confirm this adjustment now? I want to make sure you have time
  to adjust your own schedule if needed."

What not to say:
  Do not say 'we'll try our best.' Give a number and a date.
  Do not apologize excessively. State the facts, offer the adjustment, close.
  Do not wait for certainty about duration before calling. Call with a range.
  The customer needs time to adjust, not certainty about yours.
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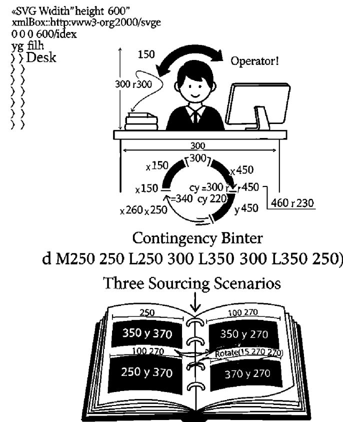

WHERE THIS WORKSHEET COMES FROM

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.

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