

Crisis Management Team: Emergency Organisation for Supply Chains and Procurement Crises

A crisis management team is a fixed or ad hoc convened organisational unit that coordinates decisions and steers measures during supply failures, production stoppages or other existential disruptions. For buyers and supply chain managers, the crisis team is the central steering instrument for managing supply shortages in a structured rather than improvised manner. The article explains the composition, tasks, processes and key figures of an effective crisis team in an industrial environment.

Key facts

- A crisis management team consolidates decision-making and information authority across departments and prevents actor-specific going it alone.
- It typically operates according to a predefined crisis manual with clear escalation logic, role allocation and communication channels.
- In procurement, the crisis team is often linked to supplier risk management and the Business Continuity Plan (BCP).
- Activation usually takes place via quantified trigger criteria, for example failure of critical components or an impending production stop.
- Key KPIs are response time, replenishment lead time and supply coverage level during the crisis.
- After the crisis follow systematic review, an update of the crisis manual and, where applicable, a supplier development programme.

Definition: Crisis Management Team

A crisis management team is a temporary leadership and decision-making structure that convenes during severe disruptions to business operations in order to establish situation pictures, make decisions and coordinate measures across functions. During a crisis it replaces the normal line organisation without permanently overriding it. In the procurement context, it is the counterpart to routine escalation management in operational purchasing.

Distinction from the Escalation Process

The escalation process is the standard tool for individual disruptions such as an exceeded delivery date or a faulty first sample submission, for instance when an Initial Sample Inspection Report (ISIR) is rejected. The crisis team only steps in when escalations alone are no longer sufficient, i.e. when the disruption is multiple or systemic in nature. One characteristic is the simultaneous impact on several plants, product lines or customers.

Legal and Organisational Framework

As a rule, a crisis team is not legally mandatory; nevertheless, major customers in the automotive and machinery industries frequently require a demonstrable Business Continuity Plan (BCP), whose operational implementation the crisis team performs. The set-up should be anchored in the company organisation, for example in job descriptions and deputy rules. Tax or liability implications of crisis decisions must be examined on a case-by-case basis with legal and tax advisers.

Composition and Roles in the Crisis Management Team

An effective crisis team follows the principle of a small, empowered circle. In practice, a core group of five to nine people has proven effective, supplemented by subject-matter experts brought in as required. Clear roles rather than formal hierarchies are decisive.

Core Roles and Responsibilities

Typically there is a crisis leader with overall decision-making authority, a situation coordinator for information and minutes, and staff positions for procurement, production, sales, quality and finance. The head of procurement or a designated commodity manager represents the supplier side and maintains the connection to key suppliers. Every role has a firmly defined deputy so that absences do not jeopardise the ability to work.

Procurement-Specific Tasks in the Team

Procurement performs several core tasks in the crisis team: sourcing alternative sources including quotation review under time pressure, negotiating reallocation quantities and prices, coordinating supplier capacity alignment and steering special transports. It also pays attention to formalities such as correctly agreed Incoterms for emergency purchases, since changing delivery terms in crisis mode frequently leads to costly errors. When approving substitute materials, it coordinates rapid qualification with quality assurance.

Methods and Approach in Crisis Management

The work of the crisis team follows a recurring cycle: situation assessment, evaluation, decision, implementation, control. Structured methods ensure that nothing essential is overlooked under time pressure.

Situation Picture and Impact Analysis

At the outset, a joint situation picture is established: which parts are missing, for how long, and with what impact on orders and customers? A current inventory depletion analysis and an inventory health dashboard are helpful for assessing stock coverage on a factual basis. In parallel, the team examines whether recurrence scenarios threaten and determines the critical supply line for each product.

Portfolio of Measures and Prioritisation

Proven measures range from activating second sources and using broker or surplus-stock markets, via using alternative material with documented approval, to resequencing production towards available components. A consensus forecast from sales, production and procurement helps direct scarce availability to the most revenue-relevant orders. Every measure receives an owner, deadline and review date in the action plan.

Internal and External Communication

The team defines who communicates with whom and when: customers receive binding delivery commitments via sales, suppliers via procurement. Duplicate or contradictory approaches are the most frequent source of error. A central logbook documents decisions, rationales and deadlines – it also forms the basis of the subsequent review.

Key KPIs for Steering the Crisis Management Team

Crisis teams only work on an evidence-based basis if the situation is assessed using a few robust key figures. Too many metrics dilute the picture; a slim set updated daily has proven effective.

Supply and Inventory Metrics

The central metric is the supply coverage level for critical parts in days or shifts, supplemented by coverage days for A-parts. The inventory depletion analysis shows which items will run dry next. An inventory health dashboard visualises stock age, forecast accuracy and physical inventory count variances, thereby supporting the team's prioritisation decisions.

Response and Recovery Metrics

Measured are the time from crisis detection to team activation, the replenishment lead time for critical components and the actual versus planned production restart time. After the crisis ends, these values serve as a reference for crisis exercises and for evaluating suppliers within supplier segmentation. Reliability of commitments is reflected in the delivery schedule adherence of the affected suppliers.

Risks, Controls and Follow-Up

Crisis teams themselves carry risks: decision blockages, loss of information, interim solutions that become permanent. Controls and disciplined follow-up mitigate these dangers.

Typical Sources of Error

Frequently observed are unclear decision-making authorities, causing approvals for urgent orders or above-plan advance payments to suppliers to stall. Also widespread is skipping quality approvals for substitute parts without documented exception approval, which can later trigger liability issues. A further risk is insufficient involvement of the legal department in unilateral contract changes or amendments.

Controls During the Crisis

Daily measure reviews check whether commitments are being honoured and whether payments, such as an agreed advance payment to a cash-strapped supplier, are properly documented contractually. Unilateral changes to delivery terms require a documented amendment. Quality assurance exceptions, such as the temporary use of parts without full documentation, are evidenced by the supplier's Certificate of Analysis or Certificate of Conformity and promptly converted into regular approvals.

Lessons Learned and Sustainability

After the crisis, a structured review takes place in the format of an 8D report for systematic root causes: where did processes fail, where was information lacking? Findings feed into the crisis manual, capacity planning and, where causes are supplier-related, into a supplier development programme. This turns an individual case into a lasting resilience gain.

Current Developments: Crisis Management Team and Resilience in Procurement

Crisis teams are increasingly evolving from episodic deployment formats into permanent resilience structures. Digitalisation and geopolitical uncertainties are changing equipment, exercise frequency and the data basis.

Digitalisation and Early-Warning Systems

Supplier monitoring systems today often detect disruptions before official notification, for example through interruptions in delivery schedule behaviour or opening data. This data feeds into escalation levels that automatically trigger preparations before the crisis team is formally activated. Supplier capacity alignment thereby turns from a reactive instrument into an early-warning indicator.

From Crisis Team to Resilience Management

Many companies convert the crisis team after a crisis into a permanent resilience committee that regularly plays through scenarios, reviews dual-sourcing strategies and extends supplier segmentation with the criterion of failure criticality. Innovation management in procurement also gains importance, because alternative materials and technologies reduce dependence on single sources. Consolidated procurement cost centre reporting finally makes crisis costs visible and supports the budget argument for preventive measures.

Typical metrics

Crisis team activation time: ≤ 4 hours

Time from crisis notification to the first team meeting; significantly lower in well-drilled organisations

Supply coverage level for critical parts: > 95 %

Proportion of A-parts with sufficient stock coverage during the crisis

Replenishment lead time for critical components: typically 2–8 weeks

strongly dependent on industry and the qualification effort for second sources

Compliance with team decisions: > 90 %

Proportion of measures from the action plan implemented on time

Practical Example

A medium-sized machinery manufacturer receives notification on Friday morning that a supplier of electronic control modules is halting production for at least four weeks due to fire damage. The team, previously drilled in a crisis exercise, convenes the very same morning and works according to the defined crisis manual. Within 48 hours, procurement assesses twelve alternative sources, two of which are ready to deliver after an accelerated quotation review and sample approval.

- Activation of the crisis team within four hours of crisis notification with a documented situation report
- Accelerated second-source qualification with documented quality assurance exception approval
- Prioritisation of production via consensus forecast on the highest-revenue customer orders
- Follow-up with 8D report, BCP update and inclusion of the second supplier in supplier segmentation

Conclusion

The crisis management team is more than a formal body: it is the operational control centre that turns disorderly disruptions into manageable situations. Its value is decided before the crisis – through a clear manual, drilled roles and reliable data on inventories and suppliers. During the crisis, clear authorities, a slim set of KPIs and disciplined communication count. After the crisis, consistent review and updating of the BCP and risk management turn every incident into organisational learning. Companies that practise this typically respond significantly faster and more cost-effectively in practice than competitors without a crisis structure.

Frequently asked questions

What does a crisis management team do in a company?

A crisis management team consolidates decision-making and coordination authority across departments during severe disruptions such as supply failures or production stoppages. It establishes the situation picture, prioritises measures, makes decisions with extended authority and steers both internal and external communication. In normal operations, it is only activated once a defined escalation level is reached.

Who belongs to a crisis management team?

Typically five to nine people: a crisis leader with decision-making authority, a situation coordinator, and representatives from procurement, production, quality, sales, finance and, where applicable, IT or HR. Deputy arrangements and the involvement of subject-matter experts depending on the type of crisis are important. Procurement represents the supplier and sourcing perspective.

When is a crisis management team convened?

Activation takes place via predefined trigger criteria, such as the failure of a single-source supplier, imminent production stoppages or the simultaneous impact on several plants. These criteria belong in the crisis manual so that there is no need to first discuss whether the team should convene. Once triggered, fixed reporting and assembly times apply.

How often should a crisis management team be practised?

In practice, one to two crisis exercises per year have proven effective, ideally as a tabletop exercise with realistic scenarios such as supplier failure or a cyber incident. Exercises reveal gaps in the manual and train the roles. After every actual crisis, a review should additionally take place, updating the manual and exercise planning.

What role does procurement play in the crisis management team?

Procurement secures supply: it identifies and qualifies alternative sources, negotiates emergency quantities and prices, coordinates special transports and maintains contact with critical suppliers. It also provides data such as inventory depletion analysis and delivery schedule adherence as a basis for decision-making. Where causes are supplier-related, it subsequently drives forward a supplier development programme.

What distinguishes crisis management from a Business Continuity Plan?

The Business Continuity Plan (BCP) is the forward-planning document that describes scenarios, measures and responsibilities. The crisis management team is the executing body that actually implements the BCP in an emergency and adapts it to the specific situation. The two belong together:

without a BCP the team improvises; without a team the BCP remains theory.