

## Supply Chain Risk Management at Cisco: Response to H1N1

*Our customers, partners, and shareholders all rely on our ability to maintain business continuity regardless of world events, economic challenges, or unforeseen events.*

—John Chambers, Chairman and CEO, Cisco Systems, Inc.<sup>1</sup>

It was October 8, 2009. Kevin Harrington had just come out of a meeting with his boss, Angel Mendez, senior vice president of Cisco's Customer Value Chain Management (CVCM) organization. Mendez was particularly concerned about whether Cisco was sufficiently prepared for a pandemic flu in the coming autumn, especially in Asia. The last such outbreak—severe acute respiratory syndrome (SARS) in 2002–03—had practically paralyzed businesses in Asia. “What contingency plans do we have in case of a full-blown pandemic this fall? Will we be able to continue to meet our customer demand?” he asked Harrington. Cisco has a significant presence in the China and Taiwan, with several manufacturing locations, demand fulfillment centers, as well as tier 1 and tier 2 suppliers from this region (see **Exhibit 1**).

As the vice president of global business operations in Cisco's CVCM organization, Harrington was ultimately responsible for ensuring that Cisco's extended supply chain was able to maintain continuity of supply. The H1N1 virus, originating in March 2009 with a few cases of the flu identified in North America, quickly spread eastward through Europe toward Asia, causing a great deal of concern about the risks it posed to human life as well as to business continuity. Fortunately, there had been very little disruption to Cisco's extended supply chain up until this point. However, the World Health Organization maintained a heightened state of alert and was preparing for a full pandemic beginning in June 2009.<sup>2</sup>

In early spring, as the virus broke, it was unclear if there was anything unusual about it. Not until April did the US Center for Disease Control and Prevention (CDC) and the World Health Organization (WHO) determine that this virus appeared to be a new strain that could potentially reach pandemic proportions. Unlike the regular virus, H1N1 did not affect the elderly disproportionately. A small percentage of previously healthy adults could develop viral pneumonia or acute respiratory distress syndrome, which manifested itself as increased breathing difficulty and typically occurred three to six days after initial onset of flu symptoms. As the virus spread, response from countries varied. In early spring, Mexico briefly shut down all business

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