

When the Chokepoint Closes: Operationalizing Geo-Risk into SOPs

How to move beyond 'wait and see' reports and build genuine operational continuity.

supply chain · operations risk · geopolitics · business continuity

The newsletter for operations directors who prefer scenario planning over hoping the status quo holds.



The Operational Stakes: When 'High Risk' Isn't Enough

In most boardrooms, "geopolitical risk" is a slide deck. It's a heat map with shades of red and orange, presented by a consultant who won't be around when the shipment fails to arrive. For those of us on the floor or in the warehouse, however, a high-risk rating isn't a data point; it's a looming production stop.

The failure we see most often is not a lack of awareness—it is the gap between *identifying* a risk and *operationalizing* that risk into a standard operating procedure (SOP). A report stating that a certain shipping lane is "volatile" does nothing for the floor lead who needs to know what to do when the containers stop moving.

Risk assessment is not an academic exercise in forecasting; it is a practical exercise in contingency planning. When we treat risk as something to be monitored by a committee rather than managed by the operations team, we create a vacuum of leadership at the moment of crisis. We must move from qualitative "what-ifs" to quantitative triggers. If a specific chokepoint becomes blocked or a primary supplier's region enters a period of instability, there should not be a meeting about what to do. There

should be a pre-defined, practiced transition to a secondary lane or an alternative source that is already vetted and ready to scale.

The Illusion of Normalcy and Single Points of Failure

We often mistake efficiency for reliability. In the quest to trim costs and lean out the supply chain, we have created what I call **The Single Point Mirage**. This is the practice of relying on a single route, a single primary supplier, or a single port because it works 99% of the time. When that 1% happens—a strike at a port, a blockage in a canal, or a regional conflict—the "efficiency" of the previous year becomes the "fragility" of today.

We see this frequently when companies claim they have a diversified supply chain, but a closer look reveals that all their secondary suppliers use the same primary raw material source or the same shipping lane.

The Comfortable Rationalization	The Operational Reality
"Our supplier is reliable and has been for years."	"We have no fallback if their local infrastructure fails."
"The current route is the most cost-effective."	"A single day of blockage costs more than a year of premium freight."
"We will react to disruptions as they arise."	"We are waiting for a crisis to happen before we decide how to fix it."

When a system is built on a single point of failure, the first sign of trouble isn't an alarm; it's a sudden, panicked scramble. If your response to a supply chain break involves calling an emergency meeting to "figure out what to do," you didn't have a plan; you had a hope.

Why We Wait: The Operational Comfort Zone Trap

The reason most organizations stay in the danger zone is simple: it is uncomfortable and expensive to build redundancy when things are going well. This is **The Operational Comfort Zone**. It is much easier to manage a "just-in-time" flow that works today than it is to negotiate contracts with secondary suppliers or pay for extra warehouse space to buffer against future volatility.

We often fall into the trap of weighing the cost of action against the probability of failure. We tell ourselves that since the chokepoint hasn't closed yet, we don't need to spend the capital to build a workaround now. This is a failure of logic. The cost of planning is visible, immediate, and measurable on this quarter's P&L. The cost of inaction is invisible, delayed, and potentially catastrophic for the brand and the bottom line when it eventually hits.

We must stop viewing contingency as a luxury. A plan that isn't practiced and funded until before the crisis hits is just a piece of paper in a binder. We need to move away from "reactive management"—

where we wait for the fire to start before grabbing the extinguisher—and toward "proactive readiness," where the extinguishers are already on the wall, inspected, and ready to use.

The Three Pillars of Resilience Planning (A Framework)

To move out of the comfort zone, we must anchor our strategy in three practical pillars. These aren't high-level goals; they are specific operational requirements for any critical component or route.

1. **Alternative Routing Modeling:** This is not just knowing a second path exists; it is mapping the logistics of that path. If your primary shipping lane is blocked, do you have the contracts in place with secondary carriers? Do those carriers have the capacity to handle your volume? You must map out every turn, port, and transit point for at least two alternative routes for any high-risk cargo.
2. **Inventory Buffering Strategies:** "Just-in-time" is a strategy for stable environments; it is a liability in volatile ones. For components sourced from high-risk zones, we must move toward "just-in-case." This means identifying the minimum amount of safety stock required to bridge a 30-, 60-, and 90-day disruption. You don't need to double your inventory everywhere—only where the risk is highest.
3. **Source Diversification:** If a single supplier provides a critical component, you are not "lean"; you are vulnerable. True resilience requires at least two qualified sources for any item that could stop the line if it disappeared from the shelf. These should be geographically separated so that a localized event doesn't knock out both options simultaneously.

From Map to Machine: Integrating Risk into Core Processes

The most common failure in risk management is the "silo" effect. The procurement team knows about the risk, but the production team doesn't know how it affects their daily schedule. To fix this, we must move from a map (the plan) to the machine (the execution). This means embedding these risks into your actual Standard Operating Procedures.

First, define **Trigger Points**. These are specific, measurable events that trigger an automatic shift in operations. For example: "If transit time for Component X exceeds 14 days, automatically activate Supplier B." No meeting required. The decision is already made and baked into the system.

Second, create a **Switch_Gate** document for every critical supply line. This should be accessible to the floor leads and warehouse managers. It should clearly state:

- The primary path.
- The specific conditions that trigger an "Emergency Pivot."
- The contact information for the pre-approved secondary providers.

When a problem occurs, the goal is to minimize the number of decisions made in the heat of the moment. If your team has to call headquarters to ask if they are allowed to use the backup supplier, you

have failed at operationalizing the risk. The permission must be granted in advance so that when the chokepoint closes, the shift lead can simply pull the lever and move to the next step.

The Next Shift: Making Contingency Plan Muscle Memory

A plan is only as good as the people executing it under pressure. If a contingency plan has never been tested, it doesn't exist in any meaningful way. We need to build **Muscle Memory** into our operations through regular drills and training.

This means conducting "What-If" walk-throughs with your teams. Sit down with the warehouse staff and ask: "If this shipment is delayed by three weeks because of a port closure, what do we do tomorrow morning?" Walk them through the actual steps—calling the secondary vendor, rerouting the remaining stock, and adjusting the production schedule.

Furthermore, ownership must be distributed. Every department should have an owner for a specific risk. The procurement team owns the supplier diversity; the logistics team owns the route redundancy; the manufacturing lead owns the internal pivot plan. When everyone knows their role in the "Plan B" scenario, the organization doesn't panic when things go wrong—it simply shifts gears.

We don't want to be a company that reacts to crises with frantic calls and emergency meetings. We want to be a shop where, when a chokepoint closes, the team looks at their SOP, identifies the trigger point, and executes the pre-planned move without missing a beat. Resilience is not about avoiding problems; it's about being prepared so that when problems occur, they are just another operational hurdle to be cleared by a practiced hand.

Call to Action

What is the single biggest chokepoint risk your operation faces right now? Share this issue with a colleague who needs to talk real mitigation plans.

Newsletter replies: newsletter@sixsigmakaizen.com · X: [@kaizen_6sigma](https://twitter.com/kaizen_6sigma)

Stay curious, stay improving,

David Rodgers

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References: IndustryWeek: Strait of Hormuz Watch