**Transportation Risk Management in SME Logistics Chains**

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March 30, 2025

**Introduction**

The benefits of global sourcing through cost reduction bring additional risks for logistics and finances that increase landed costs. SME importers must master the identification and control of these risks because they directly impact their operations. The research done by Schutte et al. (2019) has established critical transportation risks which this paper analyzes together with their effects on total costs and proposes solutions for risk management and lead time optimization.

**Transportation Risks and Their Impact on Landed Costs**

1. **Exchange Rate Volatility**

Exchange rate changes present the most important transportation-related danger for small and medium enterprises engaged in global imports. The article highlights that importing companies face currency devaluation risks between ordering and making supplier payments (Schutte et al., 2019, p. 3). The problem pertains to SMEs because their lengthy delivery times create vulnerability to fluctuating foreign exchange values.

**Impact on Landed Cost:**

The fluctuation of exchange rates during the period from order to payment results in higher domestic currency costs which increases the total landed expense. The firm's pricing strategies and profit margins have become difficult to predict because of currency value volatility.

1. **Delivery reliability**

The practices behind global sourcing face delays due to natural disasters together with labor strikes and port congestion (Schutte et al., 2019, p. 4). The disruptions resulting from these events increase both delivery duration and manufacturing inventory variability.

**Impact on Landed Cost:**

Unfavourable delays result in larger inventory expenditure expenses and additional delivery fees and reduce client satisfaction because of stock depletion. Rising safety stock requirements mandate that firms both immobilize capital investment and create increased storage expenses to boost their landed costs.

**Risk Mitigation Strategies**

1. **Trade Finance (TF)**

Through TF importers gain access to a solution that connects payment to suppliers prior to receiving payment from customers. The company in the study implemented TF which cut their cash flow cycle duration from 129 days down to only 9 days according to Schutte et al. (2019, p. 9).

**How it helps:**

The extended repayment period through this solution enables organizations to conduct foreign payments while keeping working capital intact for their operations during extended lead times.

1. **Clearing Agent Financing**

All six small and medium enterprises within the study employed clearing agents who took charge of customs VAT along with freight costs through payment arrangements that stretched to match importer payment schedules (Schutte et al., 2019, p. 9).

**How it helps:**

A financing solution that eliminates financial resource stagnation in supply chain operations enables businesses to better handle customs costs and shipping expenses for improved import clearance financing.

1. **Diversified Sourcing and Inventory Strategy**

The implementation of diverse supplier regions by firms allowed them to sustain delivery reliability by moving orders to unaffected suppliers during disruptions (Schutte et al., 2019, p. 8).

**How it helps:**

Multi-sourcing enables companies to break their reliance on one supplier or geographic area thus allowing them to manage delayed deliveries while keeping their inventory costs under control.

**Lead Time Removal**

Companies must shorten their lead times because this action minimizes the costs of storage while fostering prompt reactions to market changes. Schutte et al. (2019, pp. 8–9) emphasize decreasing lead time exposure through proper customer payment term management together with debtor financing and strategic stock control practices.

Modifying stocking processes to add consignment methods and implementing discount agreements and precise cost prediction systems enables small businesses to manage operational and financial flows together which decreases stored inventory and shortens payment periods.

**Conclusion**

Globally sourcing SME importers experience two main risks that raise delivery expenses through currency fluctuations and unpredictable shipment delivery speed because they save on procurement expenses. Proper implementation of trade finance alongside clearing agent credit solutions reduces financial risks. The expansion of supplier sources and shorter delivery times enable SMEs to achieve better reliability together with improved financial efficiency. SMEs establish financial stability and operational resilience through their physical and financial supply chain operations when they implement integrated leadership approaches.

**References:**

Schutte, F., Niemann, W., & Kotzé, T. (2019). Post-shipment financial flows in supply chains: A study of small- to medium-sized enterprise importers. *Journal of Transport and Supply Chain Management, 13*(0), a452. <https://doi.org/10.4102/jtscm.v13i0.452>