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Moderator questions in Bold, Respondents in Regular text.

KEY: Unable to decipher = (inaudible + timecode), **Phonetic spelling** (ph) + timecode), **Missed word** = (mw + timecode), **Talking over each other** = (talking over each other + timecode).

Clive Stewart: Good morning everyone and welcome to today's webinar on supplier selection and performance management. My name is Clive Stewart and I lead the supply chain resilience and development team in Invest Northern Ireland. We're an experienced team of industry professionals who provide a free service to companies and further details will be provided in the presentation. I'm joined today by my colleagues Brian Durnin and Ian Taylor who will be presenting the material. This is part of a series of webinars that we're currently running and today's webinar will give you some insight into the importance of supplier selection and performance management and how it can help your business. We will now go through the presentation and there will be a Q and A session afterwards.

Brian Durnin: Today we're going to cover the basics of supplier selection and how you might want to manage their performance. My name is Brian Durnin.

Enda McKeever: My name is Enda McKeever.

Ian Taylor: And my name is Ian Taylor. And we're part of a team of experienced supply chain professionals offering a free service to eligible companies. And what do we do? Our aim is to help businesses develop their supply chain function, to enhance value, reduce risk and supply chain to improve competitiveness. We offer a three stage approach, scoping, delivery and support. In step one we work with you to understand your businesses and the key problem areas you're facing within the supply chain. In step two we help you build plans to address these areas. These could be supply chain resilience, capacity, opportunities, assessments and even your supply chain strategy development. In step three there's an opportunity to help you fund a key supply chain worker to help drive forward these improvements.

Brian Durnin: This webinar will cover supplier selection. We'll speak of the qualifying of suppliers. We'll mention score cards, some information on performance metrics critical to how we view our suppliers and then deal with some next steps and who to contact finally. In terms of the supplier selection some of the criteria that's critical for that selection process, we're very much focused on price, that's a natural,, but other things that are key considerations value for money, the quality that we receive and the consistency of that, the reliability of that product, that supply. How responsive is your supplier? And their flexibility in responding to the demands of your business. So in respect to the supplier selection we often focus very

much on value for money but the key consideration of that is, you know, clearly affordability. However the cheap solution is not necessarily the best solution and the best value for money can quite often be the guy that's not the cheapest. So that's something to be concerned about if you make that selection. Quality and reliability are clearly areas that are, for the long term you need to have significant amount of consistency from your suppliers. Speed and flexibility is your business response to the customer demands.

You want your suppliers to be as flexible as you are, so that's something in terms of the relationship that you have with the suppliers, are they responsive? Are they in tune with your business? From the point of view of a strong service and clear communication we know that communication thrives, good behaviour supports good behaviours with suppliers, that's something that as we talk later in the webinar about score card and that relationship absolutely critical to keep that dialogue going on a continuous basis, how they perform? Financially stable, are these suppliers that you're using, have they got good strong cash flow? Are they able to support your business in the long term? Or is there a danger? Is there a risk there? That's something a credit check will help reassure you. And how many suppliers do you need? I guess the answer to that is as few as possible because of the burden on the bureaucracy within your business. But carefully targeting groups could have several benefits and it will be easier to control your suppliers.

Ian Taylor: So, why do we want to qualify our suppliers? So, supplier qualification can be seen as a risk assessment tool. It can provide an appropriate level of confidence that suppliers, vendors and contractors are able to consistently supply quality of materials, components and services, in compliance with your contract and also with regulatory requirements. The goal of qualifying suppliers is to be certain that they're going to provide you with the goods and services that consistently meet your quality standards. And while there's the primary promise that they can deliver to your expectations, the reality could be quite different. And here you'll hear the word 'consistently'. Consistently supplying the product to you on time, every time, right first time. To be assured that you're getting what you're paying for, we're going to show you six ways to qualify a supplier. Qualifying your suppliers will also help you to de-risk your business with your supplier.

So, what are we looking for in a supplier? Well there's ownership, not having to micro manage your supplier, that they're looking after the service, the transportation, the logistics and the quality. When you can almost run your own business. Product quality, right first time, every time. What do other customers say about them? Product quality as we know is a major factor when we're selecting a supplier. Supplier capabilities, can they do what they say they can do for the price that you've agreed. Consistency, on time every time. No having to micro manage your supplier from your office junior dealing with her day. Risk and minimize the risk. It's a critical factor to consider. And recognise the importance of identifying and mitigating the potential risks in a supplier partnership.

Brian Durnin: So, to be sure we're getting what we're paying for there's six useful methods to qualify a supplier. On-site supplier audits which may be a little bit difficult in the current climate. Supplier

questionnaires, quality agreements, certifications, approvals, ISO 9000, 9001 (inaudible 07.48) Nadcap there may be treatment approvals you may need to audit and First Article Inspections. And lastly number six, quite important, supplier scorecards. A supplier qualification audit ensures you can gauge your supplier's strengths earlier enough before committing to working with them. And in turn you can rest assured that your business will be in safe hands. All site supplier audits, probably one of the best ways to determine their quality of services, their goods and to audit their processes and documentation, look at their rate, can they meet the demand? Is the process understood? Is it capable? The work in progress? The inventory around their site? Have they got the capacity? Have they got the direct and indirect manpower capable of meeting your needs? Their machinery, their equipment, is it capable? Have they got enough capacity? Have they got the right tooling? Is there enough space in the factory? And what facilities they may have.

Additionally, an audit will help you and the supplier identify your areas of improvement. For if you've got that customer, supplier relationship you can build on it because you're building on areas of improvement and they want to improve so that you're gonna continually buy from them. So you're gonna build that relationship, build the rapport and create a risk sharing partnership relationship. Though on-site audits are probably one of the best methods it is quite costly, it can be timely, however we can use third parties to do our auditing in other countries. We can use desktop audits. Third party independent audits also.

Supplier questionnaires, so are simply used in a request for information which is of value for potential suppliers. It's a accurate system by which to measure how well your potential supplier meets your legal, your financial, your quality and your operational needs. Questions can range from quality system practices, capabilities, tooling, products, anything that they're gonna provide that goes into the product that's gonna affect your contract with them. Yes, it's typically reserved for less critical suppliers, however it's a very effective way to show qualification. You can gather financial information and that will indicate if they have the appropriate resources and financial stability to meet your contract requirements. Number three, supplier contracts and agreements.

Companies have to create quality or service level agreements that will detail agreed requirements. For example, statement of objectives, scope of services to be offered and covered, service provider responsibilities, customer responsibilities, performance metrics, response time, resolution time and perhaps penalties for conflicts or breach of exclusions. And also you have that document, keep that document in place for the following year or whenever the contract comes up for renewal or for re-negotiation. Number four, ISO certification. As I spoke about earlier it can sometimes be difficult to send out your team, your employees away abroad, the Far East, Europe, North America during the current climate, also due to work commitments. There are independent certified bodies worldwide, certified to ISO who can carry out an audit on your behalf against your criteria. It's an efficient use of the ISO system and can help you choose which supplier that you ultimately want to work with.

Number five, First Article Inspections. While First Article Inspections may not suffice on its own, it's certainly a starting point and it's a good way to determine the quality of goods that's gonna be delivered into your company. You can work very closely with your supplier, send in your quality team, send in your engineering team and work hand in glove with them and make it a success. A good First Article plan agreed up front with your supplier is a good place to start. Put the targets in, put your goals in, put the estimated completion dates in, put the owners, actionees onto the plan and review it regularly, weekly, daily, whatever you determine may be critical. Number six, Supplier Scorecards. Using a supplier scorecard between yourself and your supplier will be a good way to manage them and to qualify future suppliers. Supplier Scorecard is a set of goals agreed up front for the supplier. You're setting out your stall early, discuss why you want to have this in place and the benefits it'll bring to both parties, so they'll be no surprises either on you or on your supplier.

Looking at some of the Supplier Scorecards I believe that some companies may think it's a lot of work, a lot of effort but if you divide that amongst your natural teams, amongst your quality team, your engineering team, your operations, your accounting, your methods, your logistics, it can be nothing more than five minutes each that will produce a one page document that will prove invaluable for your company. Remember Supplier Scorecards should have quantifiable goals. For example, cost of quality must be less than, say for example our target of 100.000 or the failure rate can be no more than 3.5% or the scrap value monthly can be no more than 2.5% so that you're measuring, you can take action and then you can mitigate it if it happens again, if it's going to happen further in the year.

Ian Taylor: Once you've decided to use a scorecard, the next step is to think about the key performance indicators or KPIs that you want to include. Every business is unique and it's important that you choose the ones that are relevant and work for you. Delivery, quality and price tend to be the starting point for most businesses. A good way to think of a Scorecard is that it's a report card for your supplier. It allows you to monitor how your supplier is performing over time and you can set this time frame. With a Scorecard you want to be looking at how your supplier performs in certain categories which are important to you. These could be quality, cost or delivery. Set the expectations you and your supplier have agreed to, a performance level. You can now regularly track performance against this performance level. If you give the ability to spot if things are beginning to slip, it's important that you have meaningful metrics that make sense for you and for your business.

Scorecards are a good platform for effective communication with your supplier. When you have agreed performance metric standards and you have measured accurately and fairly against these, your view is based on good data. Also, your supplier may be overall quite good, but not be particularly strong in one area. The scorecard can help you manage and improvement initiatives with them. Here, we see an example of what may be more of a sophisticated scorecard. Things worth noting on this, are that it is split into categories, in this case, price and quality. The owner then has placed weighting on how important these are, to their business.

In each category, there is a measurable item that can be scored, and these have a sub weighting. A traffic light system has been used to show visually, if performance is on target, within spec, as it were, or below the expected standard. An overall score, in this case of 85, is calculated, and it's clear and easy to see. If the last scorecard scared you off, then this one may put you back at ease. This is a straightforward scorecard, where the owner is interested in only three things, quality received, average delay, in receiving material, and the percentage of units failing inspection. They're charted, how these metrics perform, on a monthly basis, and we can help develop scorecards that work for your business.

Most companies will agree that a supplier scorecard should address a minimum of few things, what's the most challenging issues that you have with your supplier, can lead towards reliability, lead times and willingness to meet specific guidelines is what's needed. So, for you scorecard to be effective, it should be easy to read, be useful for several departments, in your business, and regularly updated. The scorecard is a mechanism, of which you communicate performance, throughout the factory, and back again, with your supplier. So, for supplier selection and performance management, your responsibilities need to be set out clearly. You have to live up to your commitments with your supplier, payment on time, order, given plenty of lead time in this, measure your supplier performance fairly and accurately, and feedback regularly with them. A scorecard should not be used as a tool to beat up your supplier, but to generally have a better relationship going forward, and it's important to foster the relationship, so that there isn't any difficulties with it.

So, how can you implement some of these things, we've discussed today? Well, come and talk to Invest Northern Ireland, get advice, that will help you decide where to start. We can help you build your in-house skills, learn the tools and techniques, apply them, and check the results. The supply chain resilience and development program has a checklist covers four key things, completing this could help you understand areas where you need help, risk management, risk mitigation, inventory management, and supply chain management. Thank you, I'm now joined by Brian and Ian for the Q and A session, and just a reminder that there's an opportunity in the chat box for anybody that hasn't submitted a question yet, to actually drop them in. So we're starting to see some questions coming in, and the first question, that's arrived in, I think very relevant, is 'I'm a SME with over 400 suppliers, do I need a scorecard for everyone?' Is the first part of the question, and the second part is 'Also, how to I qualify them?' So Brian, do you want to start?

Brian Durnin: Yep, yep, thanks for that. 400 suppliers, the short answer is, absolutely not, no, you do not need a scorecard for 400 suppliers to do that. It would cripple your company in bureaucracy, and there's really no value in doing that. The best thing that you can do there, is look at your suppliers, you need to figure out which ones are the most valuable to you, which ones are really bringing your business forward, that they're key for you to work with and that you have a good relationship with. When you identify those ones, then set about doing a supply, sorry, a scorecard with them, and then you start having a conversation with them about what you want to have on that scorecard, how you want to measure it, how you're going to report it, and then you start building a relationship with them. But no, you could not have possibly 400 scorecards, that would be your business, just filling in scorecards, to do that, so no, not that

you could do that. And the second part of that one then Clive, sorry?

Clive Stewart: It's how do I qualify them?

Brian Durnin: Okay. So, once you have identified a supplier that you want to work with, it's important that you identify what they supply to you and what's key in doing that. And once you have that list of things that you want to do, you then set about figuring out, 'Well how-, what am I going to measure about this? What is the criteria?' If it's going to be, say, on time delivery, so what's an acceptable on time delivery? What is not acceptable on time delivery? That conversation starts then with your supplier. And once you agree, 'Look, listen, one day's not too bad. Two days, I'm starting to worry about it. If you're a week late we've got a problem,' you now have your green light traffic light situation here and how you would qualify them. So, one day is okay, you're green. Two days, you're yellow, we need to do a bit of work on this. A week late, we're red, we need to take remedial actions on this. So, you'll list the important things to you, you'll put a criteria around them, and you measure them, and you review them regularly. And that's how you would do that one. Has that answered your question?

Clive Stewart: Alright, yes. Thank, thank you Brian. I'm not sure if Ian has anything to add to that?

Ian Taylor: Hi, good morning. Apologies for not being on, on camera firstly, maybe that's a good thing. Again, just following on what Brian had said there, I would never try to qualify 400 suppliers, obviously, cost implications would be huge. The amount of resources you need to take from your company would be quite large, the logistics of it all, to pin it on where your suppliers are located, in the world, would be expensive, and taking your team off-site away from your core business.

So, firstly, I would look at the critical suppliers, of my business, I'd prioritise them, first, and obviously as I said, you know, the best way to do it, would be an on site audit, go and see what they do, what do offer, check their quality, see what other customers say about them, you know, have they got the ability to provide you with quality services and goods consistently. That's what it's about, consistently, as well, alluded to. If we can do that, look at desktop audits, questionnaires, quality agreements, a realistic first order you plan, not something that your supplier can concoct, and then you buy off the following day. That's got to be realistic, agreed upfront, target, ECD owners, and reviewed regularly, so there are no surprises. I'm sorry, that I say, just because a supplier says they can do it, doesn't always mean that, you know, there's many steps within the manufacturing and distribution chain today, that we are outsourcing, and that means they're outside of our direct control, but we remain responsible when it comes to compliance and quality assurance.

Clive Stewart: Okay, thank you, yes, and the second question that's come in is related to scorecards again. Who should own the scorecard in a company, and how often should you set up reviews?

Brian Durnin: I'll, I'll take that one Clive, if I may. So, it's, it's important that you should have one person who's responsible for completing the scorecard and having it current. But here's the thing on it, scorecards are really good cross communication within the company, so if you have a large company and you have departments such as a finance department, a quality department, if you have logistics departments, it would be up to the owners of each of those departments to supply the data into the owner of the scorecard. And they would collate that information, kind of, maybe review it then, by the board.

So, if you've got large organisations, each department owes their data back into the person who owns it, but you need one person who does it. If you're a small SME, then you're running, then you are that department, you're everything, you're the van driver, you are the accountant, you are everything. So, you fill in your own scorecard and do that. And therefore, that might dictate, the size of the scorecard and the complexity of it, to do that. So, once you have the scorecard, here's an important thing in this, the scorecard is to help you run your business with your suppliers. So, you just don't fill it in and file away and you never look at it again. It should be a living document that you review, so that it's a barometer of how your business is going with that supplier. But that having said, you don't want to be looking at it every day, because that's too much movement, so my recommendation is, is you look at this every quarter, every three months, would be a good enough way of going through this. And if you identify that there is an issue, then you start working with a corrected plan to try and remove that. So one owner, but data fed in from other people and good rule of thumb, every quarter have a look at it.

Clive Stewart: Okay, yep. And I think, just to add Brian, what you're saying, is, it's very dependent on the size and the scale of the company, and the importance of that supplier to you will determine, I suppose, the frequency and level that, that you would put in. The next question that's come in is 'Is there a template available for supplier agreements, as we're trying to establish agreements going forward for our supplier?' Ian, if you want to, can take that one.

Ian Taylor: Yes, I can Clive. Well, let me say that, you know, working with, with clients currently, and I'm speaking on behalf of myself and, and, and the team, looking at, at their business and their business needs, and what some of the issues are that we're facing today, we can-, we can tailor a, a service level agreement. It doesn't have to be anything complex, extremely legal, it's a-, it's a binding contract between yourself and your supplier. And, and what I would emphasise there is, you know, the importance of, you know, the relationship between you and your supplier, and bringing this supplier-, sorry, the service level agreement, on board. And you can also use that with your scorecard, you know. As I say, one of the things that I've, I've been speaking about when I'm out seeing clients is, some of us believe, 'It's a complex document, I'll need to get solicitors involved.' It's not, it's far from that, you know. You want to be running your business without having to worry, 'Will this next shipment, will it come in on Friday?' Or you're gonna have to go and call the guy, call the woman, email them, etc.

It's on the service level agreement, it's what you're paying for, delivering on time, the goods are high

quality, and it's consistent, and you come to that agreement. And one of the things I like to emphasise is, when we're talking to our suppliers, is that we give them a forecast, this year's sales figures, you know, can we forecast further out? Can we demonstrate to them, you know, we're going to grow our business, I need you and, you know, they need us, because without, without us, they won't have a business. So, share with them your growth opportunities also, and encourage them, you know, to bring that service level agreement in.

Clive Stewart: Yeah, no, I would agree with that Ian, and I think the, just to add to it as well, again, it depends on the size and scale of an organisation, that, that you are. But the important bit here is I'd have an incremental steps in place, and having, you know, been able to clearly utilise, you know, a contract quality agreement service level agreement, to actually help align expectations, between the customer and the supplier. And, and that's something, you know, again, is something we can offer input into, that document is obviously very clearly owned by the customer and what they feel is, they need to put emphasis on, as part of the activities, but certainly, we can guide on that. The next question, Brian, is 'How to introduce a performance management scorecard if I'm already doing business with the supplier?'

Brian Durnin: It's okay, that's a good question. So, you're already doing business with the supplier, and you want to introduce a scorecard. The first thing that I would advise there, is that you have a conversation with the supplier, so there isn't any misunderstandings, that they don't think, 'Okay, here, what's going on? Is this guy trying to develop something he's gonna use as a stick to beat me?' So, you have to have a good relationship with your supplier and you'll tell them why you want to do that. And the reason why you want to have a scorecard is because you want to measure performance, you want to measure how you are ultimately delivering to your customer. Your suppliers have to give you raw material to allow you to do that, so you're trying to have continuity of service.

So, that's the motivation, you have to talk about the motivation, of why you want to do that, to do it. But then, what you have to do is agree your key performance indicators. What is it that I want to measure with this-, with this supplier? And the important thing here is, don't lose sight of things, make it simple, make it straightforward, what is it I want to make sure happens in my company, and how can I measure it, and is it reasonable? When you have identified these key performance indicators, you'll then agree with your supplier, what measurements we put round these, but the important thing is, you start looking and saying, 'Right, what's really important to me? Is it delivery, is it quality, is it price, is it flexibility?'

And one of the reasons why you might want to bring a scorecard in as well, is that has the company that your working with got the ability to grow with you? If you're going to become innovative and creative, do they have the skill sets to match you a long way? So you may put innovation into your scorecard. In our new society we live in now, green, recyclable, re energy saving and what have you, you may put that into your scorecard. Your customers in turn, may be asking you questions about how are you running your business, is it ethical, are you doing things right? So you may want to introduce those to your scorecard as well. And the other thing I would say of benefit to scorecards is to, you then can talk to your customers

and tell them 'I look at these metrics, I follow these, this is the performance that I do in this.' So this is how you would do this. So, first of all, have a conversation, make sure that you're both on the same page, then identify your KPIs, your key performance indicators, only do ones that are sensible and reasonable to you, then put some metrics round them, and measure them regularly. And we can help you do that, we can build that scorecard with you, and we can help you understand your KPIs, and we can go through those things, so yeah, it's always worth giving us a call, and we can talk you through those things.

Clive Stewart: Yep, no, that's good. Ian, the next question is on capacity, and a very pertinent area at the minute as we work with companies, you know, they've been companies that've gone through the, sort of, the, I would call it the downturn and then the upturn, in terms of all the things that've been going on. But the specific questions is, 'What steps can I take to determine if my new supplier have the required capacity to meet my growth targets?'

Ian Taylor: Okay. Well, going back to when you're having your talk with your supplier during the evaluation stage, it's important that you understand their production or, you know, their supply capacity, and also include in that how they're gonna deal with fluctuations in supply or, or demand. So, you know, make sure you have that visible and bring that to the table. You know, it's, it's quite often (inaudible 33.23) for a supplier to, shall we say, misrepresent their competence just to get the work, claiming that they have the capabilities to meet your organisational needs. And often or not, once we're into, sort of, a new contract, then things start to, maybe, fall apart, quality, delivery on time, payments.

So, we shouldn't take their word at face value. Look for hard evidence that they are actually competent. Check their competence, assess their capabilities compared to the needs of your company, and if possible, get them to demonstrate that, you know, no matter what it may be. It could be a print, it could be a component, it could be an item that you're gonna put on your shelf and sell. You know, get them to send you a sample or go on-site. Look at their resources, have they got enough direct staff to meet the needs? Have they got support staff? Materials, equipment storage, you know, looking at-, have the people they've got, do they-, do they have the right skills, you know, for what-, for what you need, to meet your requirements? One of the things at the-, in my previous life that we would have looked at was, you know, your supply readiness plans, rate readiness plans. So, in other words, you give your year's sales figures, and next year's forecast, etc. If you predict a growth, or indeed, you know, a bit of fluctuation coming, coming down, you know, talk with, with your supplier, how they're gonna manage that, bearing in mind also that you're not the only client, that's there's other clients there.

So, always look for the hard evidence, you know, if it's a machine, how, how much that machine is being used during the week with your product. If it's a printer, a special printer, again, the same, you know, maybe three or four clients are all coming off that one machine, that one printer, has it got the capacity to deal with all of us? One of the other things is, you know, if they run out of capacity, what's their plan B? Have they got another facility that they can avail of, without anything cost implications to yourself? Have they got another supplier that they can go to? Where's the evidence? Demonstrate to yourself. So, one

other thing is, you know, if there are special processes involved, special machines, if they were to break down, what's our contingency? You know, I'm thinking of maybe, perhaps, a fix, six axis machine, they've only got one on the site. You know, have they got a total preventative maintenance plan, that that machine is being regularly machine, they've got spare parts for it? So, you know, that takes the, the worry away from you and de-risks your business. So, I think maybe that may have answered that.

Clive Stewart: Yes, Ian. I would-, I would agree. I think the, the, the comment there is, is very much-, so, it's that-, it's that due diligence in, in working with your supplier and understanding the risks. And then, what are the steps to mitigate against those? In terms of the capacity, I guess it is, as, as we speak to companies, we see more of them starting to look at putting some, sort of, capacity plans in place and reviewing those with suppliers. And indeed, actually, our previous webinar actually talked about some material on, on, sort of, looking at the capacity length of the forecasting activities, but that, again, is something that we're, you know, happy to have conversations with companies on, in terms of it. The, the next one that pops up, Brian, here is, does, does an online scorecard exist that you can customise to your company?

Brian Durnin: Yeah, I mean, in this day of, of the internet, you can go and pick anything up from the internet and you can fill that out. I would guard slightly against that, because you, you really want to, not just pick something off the internet and fill it in and go with it. This is going to be something that guides your business. So, they're relatively straightforward to build, they're easy to build, we build them all the time, and we will absolutely help you build them. The important thing is, you need to know what you're building, which is the categories which are important to you? What is the little items underneath it? In the example we showed earlier on, we had prices category, but in that we also had items, such as, you know, were they competitive in the market? Did the invoices arrive on time? What was the payment terms on it? How long did it take to turn around to turn around a quote?

So, those are things that are important to you. And what I do when I'm dealing with a company and we're building a scorecard, we use language that they understand for their company, we use the items that are important to them under the categories that we get, and we can build that with you. So, the answer's yes, you can go and pick up a template, and we have templates within Invest, but we can tailor it and we can build it, and it should be unique to you, that's what I would suggest.

Clive Stewart: Yeah. I was gonna say, you know, the particular person that asked that question, just reach out to us and we can-, we can have that discussion, because we have-, we have different samples of templates. The next question is quite an interesting one, and I'm sure a, a number, you know, a number of businesses on the call can relate to this, but, I'm a small business and have supply chain issues from a much larger-, from a larger company. I'm nervous about addressing these as I'm very dependent on that particular-, on the supplier, and tend to try to absorb or pass along any of the associated cost to my customers. What advice would you have for me?'

Brian Durnin: Yeah. Do you want me to take that one? I, I absolutely recognise this signature. This is-, I can understand this entirely. So, you know, you're an SME, you're dealing with a company, you feel really, kind of, threatened, you, kind of, feel vulnerable, you don't want to actually rock the boat because, 'Okay, I might lose the business with them. So, I'm basically tolerating some of the things that happen and passing them onto my customers,' or what have you. That is short-term. That-, you're vulnerable and you're always doing it. You want to run your own business, so what you have to do here is you've got to figure out, 'How do I take power back?' I know it's easy to say it, but the strategy is, 'How do I take power back to me and how am I gonna do this?'

So, if you're really dependent on someone, the chances are, you know, they're not that-, they don't care about you that much, so you may have an issue. So, what you've got to do is you've got to mitigate yourself into a position where you maybe get an alternative supplier, or you're looking at a substitute component, or you're looking to use your network to figure out, 'Can we get a consortium of people to increase our order size, give us a little bit more power? What's my peers doing? What's my networks doing?' And once you try to do that, you need to look for an alternative supplier, you need to try and figure out, 'If I'm stuck here, can I negotiate a better service level agreement? What kind of contracts can I put in place for this?' You know, 'How do I get-,' the other thing that I would say is, get advice, get people to come in and give you advice on how you do this. It, it is a-, it is a situation that does exist, where you're worried about where you are. The goal, I would say, is that you have to take power back, you have to maybe tiptoe to do that, but you should really put that on your agenda, that should be on your action plan, 'How do I get to there it is?'

Because you have a massive risk, a massive risk, because you're, you're dependent on a major supplier, and if something happens you have no resilience, you have nothing to do. So, you have to build up your resilience, bring back the power, and try and mitigate the risk. And you do that by what I've just talked about before. I would also talk to your network, talk to your peers, talk to other people in your industry, see how you can get a little bit more power and leverage. I hope that answers it.

Clive Stewart: Ian, do you want to add anything?

Ian Taylor: Well, Brian covered most things there. I would just like to, to add to that, it is quite a common theme that we're-, that we've seen, and I've seen it also, in, in, in my previous life. You've got the information and it's, it's factual, that, you know, the-, it could that prices are, are going up. I believe it's, it's, it's unfair of the-, for the company to carry that financial burden, or indeed to pass it onto your customers, you know. And it wouldn't be too long before the customers realise that, you know, they can get a better deal elsewhere, you know. So, you've gotta be careful about that, you know, your customers don't leave you, and then another one leaves, etc.

I would also look, and Brian alluded to it as well, you know, look at the relationship you've got with your supplier. When was the last time you spoke, or even met pre-Covid? Was price increases discussed, you know? Did you talk about missed-, missed deliveries? Did you talk about, you know, paying expedite charges, you know? How good is the communication between you people, you, you, you know? So, for me, agree to meet, have your agenda, and as Brian said, you know, don't threaten them, tiptoe in, have-, but have open, honest dialogue. Tell them about your dilemma, that you're carrying that burden of the cost, so you're passing it on to your customers, you could lose your customers-, you could lose your customers, your business goes down, you're not gonna buy more from him, you know. And almost form what I-, what I deem, like, a risk-sharing partnership, you know. If I grow, they grow, and we'll have a win-win situation, but you've got a win-win situation because you're taking back control again, is what Brian said. So, like-,

Clive Stewart: Yeah, yeah. No, and, and I think, to me, it reinforces, Ian, as well, you know, you know, the areas Brian was talking about earlier, around scorecards. You know, actually having, having some, sort of, documented agreement between the parties, because what we don't know in this situation is whether there is a service level agreement in place or whatever. But, you know, at least then you, you've got some more, I would say, collateral to be able to, to work with or manage with the-, with the company. The, the next question that's, that's arrived in is, 'What ways can suppliers demonstrate social value at selection stage?' If I start with that, I think this is depending again on the type of contract. Social value is becoming a much more, I suppose, increasing level of requirements, particularly in government-related contracts, depending on what type of, you know, sectors they're looking at. But typically government-related contracts.

I suppose some of the things to, to start to consider there is, you know, what's the-, you know, in your own supply base, you know, can you demonstrate you're utilising from your local supplier base, so therefore, by engaging with you, you're having a knock-on or spill-over effect into the local economy? You know, that's a key area. Other factors are things like, you know, the, the development, you know, practices or, you know, the, the skill-set that you're bringing. This is gonna be recruiting more local people to actually support the activities that's associated with it, are, are some of the key-, the key factors that, that actually would feed into it. And I'm not sure, you know, Brian or Ian, anything else you'd like to add to that?

Brian Durnin: Yeah. I would-, I would add to that, that once you start doing business, and the world is changing, you know, well-being is really important almost, making sure that people have got good working conditions, things like this. And if you're dealing with suppliers that are very far away or in different countries, and you don't understand, really, what's going on, because you haven't been able to put your boots on the ground to do that. You can then-, I, I-, I'm a fan of it, you know, of a-, of a scorecard mechanism, you can introduce those into your scorecard, and it may be the working conditions, it may be geopolitical conditions, whatever it may be. You can bring those things in and you can look at how that's contributing to you.

I also think that if you have documents in place that show the ethics of your organisation, what you're trying to do and what you value, that it isn't all just about delivery or price. It's also about the well-being of your people, it's also about how you're dealing with world, it's also how your green credentials are developing, how you're working in tandem with what the local government policies are or what the, the strategies that you're trying to bring in. And rightly so, your general public and your customers are now holding you accountable to bigger things than just profitability. So, you have to look at that, you have to measure it, you have to be balanced about how you approach things to do that. And they're all factors that should be considered when you're dealing with a new supplier, you're trying to qualify one, and you're trying to bring one on. I know we all have to do business, but it's more diverse now than it used to be.

Clive Stewart: Alright, thank you. And the last question that I see on our-, on our list is, 'How do you access the Invest NI supply chain support service?' I suppose there are three key ways I would-, I would highlight how you can access our service. The first one, if you go online to Invest NI and search for supply chain, you'll find the link to our webpage, and you-, there's a expression of interest form that you can fill in there. The, the second one is, if you're an Invest NI customer, speak to your client executive and they will signpost you to us. And the third one is on the screen earlier, and we'll make sure it arrives up again just at the end, is you can email the email link that's on here, supplychainquery@investni.com, and we will-, we will be in touch with you.

So, just, just checking there. Yes, that's all the questions, in terms of things, so, to-, before we finish up, just-, we'll be posting this webinar as well on our website in the next few weeks. Say, this is actually the third in a series of webinars that we've been running, so you'll see some of the other ones on there. We will send out communications to everybody, just to let you know on the relevant links, in terms of what's there. So, just to wrap up, I'd like to thank, you know, Brian and Ian for, for their contribution today, and Enda who contributed to the-, to the presentation as well. And thank you to everyone who joined the webinar today, and this now concludes today's webinar, thank you.

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