File name: Supply Chain_ Supplier Selection & Performance Management.mp4

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 at 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'll be a Q and A session afterwards.

Brian Durnin: (Start of presentation 01.16) 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.

Brian Durnin: 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, enhance value, reduce risk and supply chain to improve competitiveness. We offer a three-stage approach-, scoping, delivery and support. And 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. And step three is an opportunity to help you fund a key supply chain worker to help drive forward these improvements.

Enda McKeever: This webinar will cover supply selection, and we'll speak of the qualifying of suppliers. We'll mention scorecard, 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 were 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-, the consistency of that, reliability of-, of that-, that product that's supplied, how responsive is your supplier and their flexibility in responding to the demands of your business. So, in respect to the supplier selection, we quite often focus very much on value for money, but the key consideration of that is-, 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-, not the cheapest, so that-, that-, that's something to be concerned about as you make that selection. Quality and reliability are clearly areas that, for the long term, you need to have a significant amount of consistency from your suppliers. Speed and flexibility, as your business responds to the customer demands, you want your-, your suppliers to be as flexible as you are, so that's something in terms of the relationship that you have with those suppliers. Are they responsive? Are they in tune with their business? From the point of view of a strong service and clear communication, we know that communication drives good behaviours, supports good behaviours with suppliers. That's something that, as we talk later in the webinar about the scorecard-, 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 a good, strong cash flow? Are they able to support your business in the long term, or is there a danger, is there risk there? That's something that 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 that puts a 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 materials, components and services, and compliance with your contract and also with regulatory requirements. The goal of qualifying suppliers is the certain-, that they're going to provide you with the goods and services that consistently meet your quality standards. And when a supplier may 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 the first time. To be sure that you're getting what you're paying for, we're going to show you the six ways to qualify a supplier. Qualifying your suppliers will also 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 micromanage your supplier, that they're looking after the service, the transportation, the logistics and the quality when you get along with running your own business. Product quality-, right the 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 micromanage your supplier from your office during your daily working day. Risk-, and minimise the risk, it's a critical factor to consider. And recognise the importance of identifying and mitigating the potential risks in a supplier partnership. So to be sure we're getting what we're paying for, there are six useful methods to qualify a supplier. On-site supplier audits, which may be a bit-, a little bit difficult in the current climate. Supplier questionnaires. Quality agreements. Certifications, approvals, ISO 9000, 9001, YASA (ph 07.48), NADCAP, there may be treatments approvals that you may need to audit, and first article inspections. And lastly number 6, quite important, supplier scorecards.

A supplier qualification audit ensures you can gauge a supplier's strengths early enough before committing to working with them, and in turn you can rest assured that your business will be in safe hands. On-site supplier audits probably won't let their sway (ph 08.21)-, determine their quality of services, their goods. An on-site audit of their process is a documentation. Look at their rate, can they meet the demand? Is their whole process understood? Is it capable? Their work in progress, the inventory around their site. Have they got the capacity? Have they got the direct and the indirect manpower capable of your needs? Their machining, 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 areas of improvement. So, 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 going to continue to be buying from them. You're going to build that relationship, build that rapport, and create a risk-sharing partnership relationship. Although 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't use desktop audits, third-party independent audits also. Supplier questionnaires-, so, I simply use them as a request for information, which is evaluating potential suppliers. It's an excellent 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, tuning, products, anything that they're going to provide, that goes in the product, that's going to 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 opt to create quality or service-level agreements that will detail agreed requirements. For example, statement of objects, scope of services to be offered and covered, service provider responsibilities, customer responsibilities, performance metrics, response time, resolution time, and perhaps penalties for contracts or breach of exclusions. And also, if you have that document, keep that document in place for the following year, or whenever the contract comes up for renewal, or for renegotiation. Number four, ISO certification. As I spoke about earlier, it can be sometimes 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 the first article inspections may not suffice on their own, it's certainly a starting point and it's a good way to determine the quality of the goods that are going to be delivered to 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 upfront with your supplier, is a great place to start. Put the targets in, put your goals in, put the estimate and completion dates in, put the owner's actionees onto the plan and review it regularly. Weekly, yearly, whenever you determine may be critical. Number 6, supplier scorecards. Using a supplier scorecard between yourself and your supplier will be a good way to manage them, and to quality future suppliers. A supplier scorecard is a set of goals agreed upfront for the supplier. A set-, you're setting out your stall early. Discuss why you want to have this in place and the benefits that it'll bring to both parties so there'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 team, amongst your quality team, your engineering team, your operations, your accounting, your methods, your logics, it can be nothing more than five minutes each, that would produce a one-page document that would provide invaluable for your-, for your company. And remember, supplier scorecards should have quantifiable goals. For example, Cost of Poor Quality must be less than, say, for example, a target of £100,000. Or the failure rate can be no more than 3.5 percent, or the scrap value (inaudible 14.38) can be no more than 2.5 percent. So that you're measuring, you can take action and then you can mitigate if it happens again, if it's going to happen, further in the year.

Brian Durnin: 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 at the performance level. You can now regularly track performance against this performance level. If you're giving (ph 15.53) 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 review 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 an improvement initiative 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, the quality received, the 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 would agree that a supplier scorecard should address a minimum of a few things. What're the most challenging issues that you have with your supplier? Tending towards reliability, lead times and willingness to meet specific guidelines is what's needed. So, for your 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 by 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-, give them 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 aren'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 to 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 Framework programme has a checklist that 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. (End of presentation 19.34)

Clive Stewart: Thank you. I am now joined by Brian and Ian for the Q and A session. And just a reminder that there's an opportunity in the chatbox, 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 and, I think, very relevant is, 'I'm an 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 do I qualify them?' So, Brian, do you want to start?

Brian Durnin: Yes, yes, 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, how you're going to report on it, and then you start building a relationship with them. But no, you-, you could not have, possibly, 400 scorecards. That would be your business, just filling in scorecards, to do that. So no, it'd be nuts (ph 21.03) if 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, in 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 well. Has that answered your question?

Clive Stewart: Yeah, 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-, on what Brian had sad, I-, I-, I would never try to qualify 400 suppliers. Obviously, cost implications would be huge, the amount of resources you would take from your company would be-, would be quite large. The logistics of it all, depending on where your suppliers are located in the-, in the world, would be expensive and taking your team off-site, away from your core business. So, firstly, I-, I-, I would look at the critical suppliers of my business and I'd prioritise them first. And obviously, as I said, you know, the-, the-, the best way to do it would be an on-site audit. Go and see what they do, what do they 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-, that's what it's about, 'consistently', as Brian had-, had alluded to. If you're never going to (ph 23.29) do that, look at desktop audits, questionnaires, and quality agreements. A realistic first article plan, not something that the-, your supplier can-, can cost (ph 23.41) and then you buy off the following day. It's got to be realistic, agreed upfront, target ACD owners and reviewed regularly so there are no surprises. I'm sorry, lastly, just because a supplier says they can do it, it-, it doesn't always mean that. You know, there's NICE (ph 24.01) staff 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, yep. 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. So, 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 this, scorecards are really good for cross-communication within the company. So if you have a large company, and you have departments such as a-, a finance department, a quality department, if you have a logistics department, it would be up to the owners of each of those departments to supply the data to the owner of the scorecard. And they would collect that information, kind of-, maybe it's reviewed then by the Board. So if you've got a large organisation, each department owes their data back to the person who owns it, but you need one person who does it. If you're a small SME, and you run it, then you are that department, you are everything. You're the van driver, you are the account, 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 a 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 it 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 that you look at this every quarter. Every three months will 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 reduce that. So, one owner, but data fed in from other people, and a good rule of thumb, every quarter have a look at it.

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

Ian Taylor: Yes, I can, Clive. Well, let me say that, you know, working with clients-, currently, I'm speaking on behalf of the South and-, and-, and the team. Looking at their business, and their-, and their business needs, and what some of the issues are that we're facing today, we can-, we can tailor a service-level agreement, it doesn't have to be anything complex to be (ph 27.14) 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 the relationship between you and your supplier, and bring their supplier-, sorry, the service-level agreement onboard. And you can also use that with your scorecard, you know? As I say, one of the things that I-, I've been speaking about when I'm out seeing clients is some of us believe that, 'It's a complex document. We need to get the solicitors involved.' It's not, it's-, it's far from that. You know, you want to be running your business without having to worry, 'With this next shipment, will it come in on Friday?' or are you going to have to call a guy, call a woman, email them, etc, etc? So on the service-level agreement, it's what you're paying for, delivery on time, the goods are high quality, and it's consistent, and you come to that agreement. And one of the things I-, I like to emphasise is, when we're talking to our suppliers, is that we give them a forecast of 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 their 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-, I would agree with that, Ian. I think the-, just to add to it as well, again it depends on the size and scale of an organisation that-, that-, that you are. But the important bit here is about having 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 that's something, you know-, again, it's something we can-, we can offer input into. That document is, obviously, very clearly owned by the customer and-, and what they feel is-, is-, they need to put emphasis on as part of their activities. But certainly, we can-, we can guide on that. The next question, Brian, is, 'How do I introduce a performance management scorecard if I'm already doing business with the supplier?'

Brian Durnin: Well, it's okay, that's a-, that's a-, that's a good question. So, you're already doing business with the supplier and you want to introduce a scorecard? The-, the first thing that I would advise there is that you have a conversation with the supplier so there is no misunderstanding, that they don't think, 'Okay here, what's going on? Is this guy trying to develop something that's going to be used 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 materials that allow you to do that, so you're trying to have continuity of services. 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 on 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 indications, you'll then agree with your supplier, 'What are the measurements we put around these?', But the important thing is that 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 is that-, has the company that you're 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 along the way? So, you may put innovation into your scorecard. In our society, we're looking at green, recyclable, energy-saving, or 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 thins right?', so you may want to introduce those to your scorecard as well. And the other thing I would say about the scorecard is that you then can talk to your customers and tell them, 'I'll look at these metrics. I follow these, this is the performance that I do in this', so this is how you would do that.

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 around them and measure them regularly. And we-, we can help you do that. We can build that scorecard with you, and we can help you understand your KPIVs 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, that's good. Ian, the next-, the next question is on capacity, and a-, a very-, a very pertinent area at the minute as we work with companies. You know, there've been companies that have been going through the, sort of, the-, I would call it the downturn and the upturn in terms of all the things that have been going on. But the specific question is, 'What steps can I take to determine if my new supplier has 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, supply capacity, and also including that-, how they're going to deal with fluctuations in supply or-, or-, or demand. So, you know, make sure you have that visible and-, and bring that to the table. You know, it's often-, it's quite often to-, for a supplier to, shall we say, misrepresent their competence just to get the work, claiming that they have the-, the capabilities and meet your organisational needs, and often they're not. Once we're into the, sort of, the new contract, then things start to, maybe, fall apart, the quality, delivery, or on-time payments. So we shouldn't take their word at face value, look for hard evidence that they're actually competent. Check that competence, assess their capabilities compared to a (inaudible 33.56) company, and if possible get them to demonstrate that. You know, that's-, no matter what it may be. It could be a print, it could be a component, it could be an image you're going to put on yourself and sell, you know? Get them to send you a sample or go on-site. Look at their resources, have they get enough direct staff to meet the needs? Have they got support staff? Materials? Equipment storage? You know, looking at-, have the people have 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 in my previous life that we would have looked at was, you know, your supply readiness plans, rare readiness plans. So, in other words, you give your year's sales figures and next year's forecast, etc. If-, if you predict a growth or, indeed, you know, a bit of fluctuation coming down, you know, talk with your-, with your supplier how they're going to manage that. Bear in mind also that you're not the only client, that there are 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 bail (ph 35.48) off without any 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 their contingency? You know, I'm thinking of, maybe, perhaps, a five, 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 checked, they've got spare parts for it so, you know, that takes 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, that-, that-, the-, the comment there is-, is very much-, is that it's that due diligence 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 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, I'd say our previous webinar actually talked about some of the material on-, on, sort of, looking at the capacity length (ph 37.17) for 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-, that pops up, Brian, here is, 'Does a-, 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 and 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 are the categories which are important to you? What are the little items underneath it? In the example we showed earlier on we had a prices category, but in that we also put items such as, you know, were they competitive in the market? Did the invoices arrive on time? What were the payment terms on it? How long did it take 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 the support card, we use language that they understand for their company, we use the items that are important to them under the categories that we've got, and we can build (ph 38.37) with you. So the answer is 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 going to say, you know, the-, the particular person that asked that question just reached out to us, and we can-, we can have that discussion because we have-, we have different samples of templates. The-, 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 issue 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 costs to my customers. What advice would you have for me?'

Brian Durnin: Do you want me to take that one? I-, I absolutely recognise the signature, this is-, I can understand this entirely. So, you know, you're an SME, you're dealing with a company, you're feeling 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 have happened and passed them along to my customers' and 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, but the strategy is, 'How do I take power back to me, and how am I going to 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're maybe getting 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, to give us a little bit more power? What're my peers doing? What're 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 did I get-' the other thing I would say is to get advice, if people can come in and give you advice on how you do this. 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 your action plan, 'How do I get to (inaudible 41.13)? ' because you have a massive risk, the massive risk is that you're dependent on a major supplier. And if something happens? You have no resilience, you've 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 and see how you can get a little bit more leverage.

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

Ian Taylor: While Brian covered most things there, I'd just like to-, to add to that. It is quite a common thing that we're-, that we've seen, and I've seen it also in a-, in- a-, in my previous life. You've got the information and it's-, it's factual. That, you know, could be that prices are-, are going up. I-, I believe it's-, it's unfair of the-, for the company to carry that financial burden, or indeed to pass it on to your customers. You know, it'll-, it-, 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 got to be careful about that, you know, your customers don't leave you and then another one leaves, etc. I would also look-, and-, and Brian alluded to it as well. 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 deliveries? Did you talk about, you know, paying expedited charges? You know, how good is the communication between you people? So, for me, agree to meet, have your agenda. And-, 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 or you're passing that along to your customers. You could lose your customers. If you lose your customers, your business goes down, you're not going to 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 that control. Again, that's what Brian said, so-,

Clive Stewart: Yeah, yeah. No, and I-, and I think, to me, it reinforces, Ian, as well, the, 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 partners 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 harmony (ph 44.13) with the-, with the company. The-, the next question that's-, that's arrived in is, 'What ways can suppliers demonstrate social value at the selection stage?' And if-, if I start with that, I think that-, that this does depend, 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 which type of-, you know, sectors, they're-, they're 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 supply base so, therefore, when I'm engaging with you you're having a knock-on or spillover effect into the local economy?' You know, that's a key area. Other factors are things like, you know, the-, the development of, you know, practices or, you know, the-, the skill set that you're bringing. If this is going to be recruiting more local people to actually support the activities that's associated with it. Or-, or some of the key-, the key factors that-, that actually would feed into it. 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 (ph 45.33), making sure that people are-, have got good working conditions and things like this. And if you're dealing with suppliers that are very far away, or are 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'm-, I'm-, I'm a fan, obviously, of the-, of the scorecard mechanism. You can enter just those into your scorecard, and that 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 people, it's also about how you're dealing with the 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 you approach things to do that. And they're all factors that should be considered when you're dealing with a new supplier, if you're trying to qualify one and you're trying to bring one on. I know we all know how to do business, but it's more diverse now than it used to be.

Clive Stewart: Alright, thank you. And the-, the-, the last question, obviously, on our-, on our list is, 'How do I 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 an 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 at investni.com, and we will-, we will be in touch with you. So, just-, just checking or-, yeah, that's-, 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. I was going to say (ph 47.59), 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 a communication to everybody just to let you know 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 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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