

Impact to supply chains and actions to take

Mike McGrath

Tuesday, 02 February 2021

Today's Agenda

TCA + NI Protocol - understanding changes to supply chain processes

Common issues and barriers being experienced

Communicating with suppliers

Alternative supply chain strategies

Actions for businesses

Questions & Answers

EU-UK Trade and Cooperation Agreement (TCA) + Northern Ireland Protocol

TCA

- Concluded in record time for a trade agreement of this scale but no implementation or phasing period (for Industry or Regulators)

NI Protocol

- Avoids a hard border with Ireland whilst ensuring the UK, including NI, leaves the EU but NI will remain aligned to a limited set of EU rules

"Parallel Universe"

- Unique arrangement providing NI businesses with both unfettered access to the UK market and free access to EU markets (but not GB > NI)

Hence...

- Trading risks exist to both the EU + UK economies, requiring governance, administration, checks + controls (not least SPS + "at risk" movements)

Month 1 - Common issues and barriers

1. Logistical Delays

2. Customs Administration

3. Cashflow: Tariffs, VAT, Credit, Refunds

4. Supplier Engagement

5. Diverging & Emerging Standards

6. Indirect supply-chain risks

7. Governing “At Risk” + Rules of Origin



“Hard Brexit”

Uncertainty

Cost Increases

Unsustainable
Supply

Reacting to Supply Chain Changes – Ask yourself?

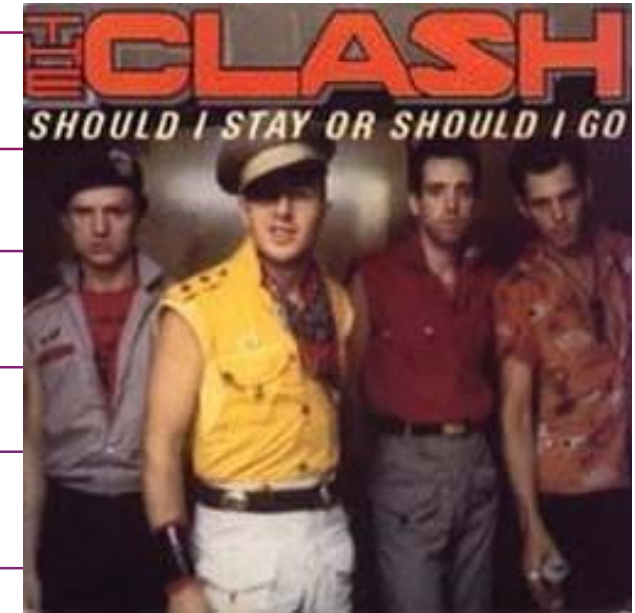
Are these “teething problems” or permanent challenges?

Will there be changes to the TCA to ease these problems?

Can I make supply-chain changes to overcome the challenges?

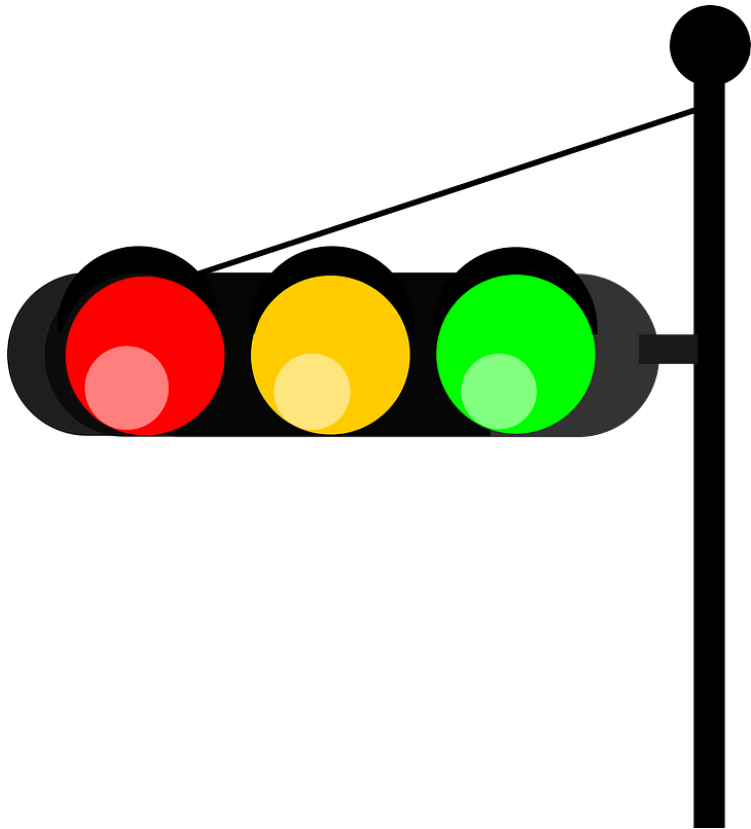
Does my specific supply-chain create an opportunity?

What role will my current or future suppliers play?



Supplier Risk Management

1. Customer Research
2. Supplier Research
3. Categorise Supplier Risks



Supplier Strengths

- Product/Service Uniqueness
- Strategic Dependency
- Supplier Capacity / Capability
- Credit Terms
- Regulatory Compliance
- MOQ / Volumes
- Past Relationships
- *Better the devil you know...*

Communicating with Suppliers – Ask?



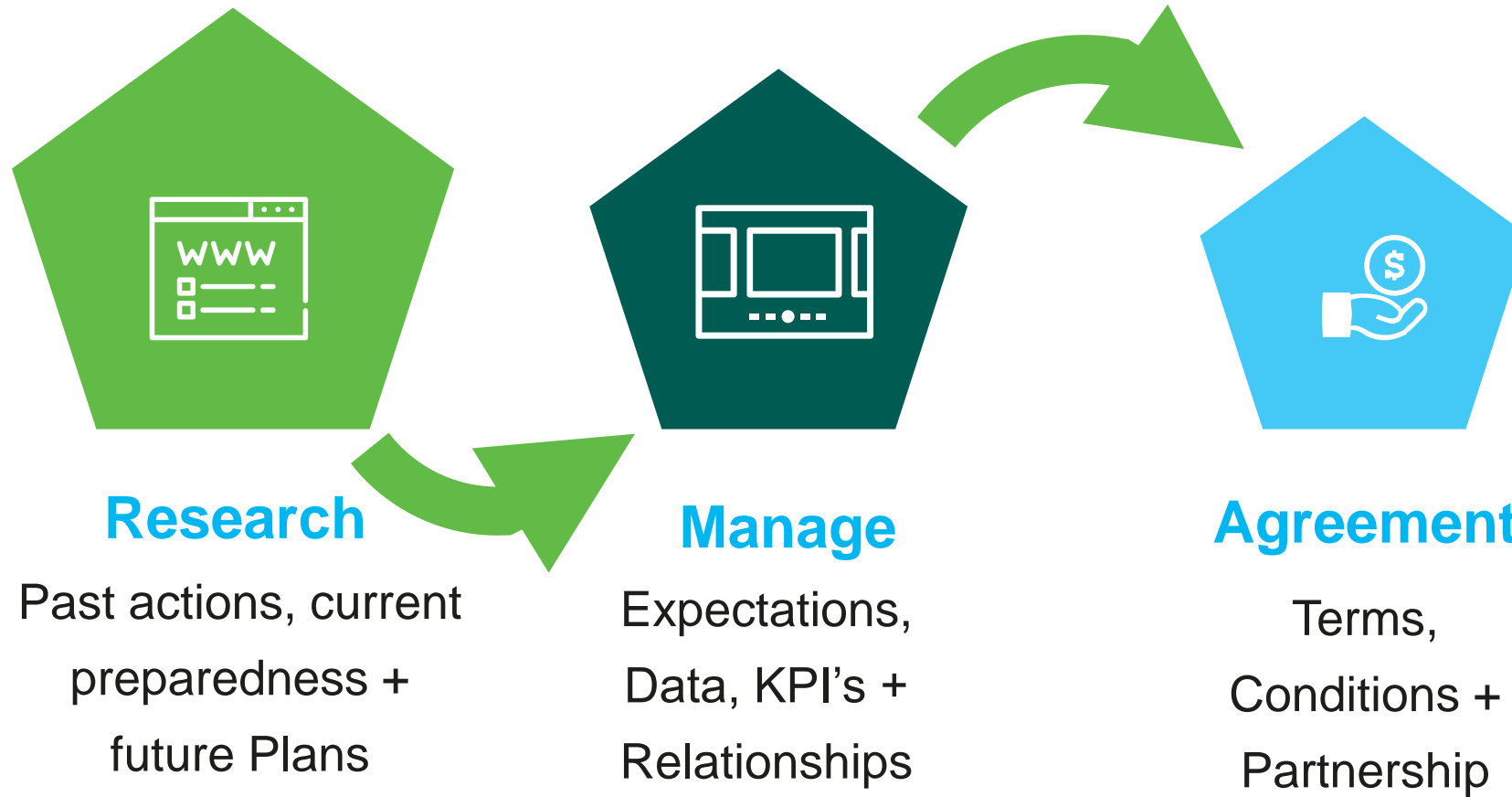
How has the
TCA impacted
your EU>UK,
or GB>NI
supply-chain?

What
Incoterms
are you
proposing for
NI?

What changes to
supply or pricing
can we expect in
2021?

How will Rules
of Origin,
Regulations or
Logistics impact
our trade?

Supplier Relationship Management



Alternative Supply Chain Strategies



Change Incoterms + Responsibilities



Change Routes, Ordering + Storage



Change Raw Materials + Inputs



Change Freight and/or Customs Agents



Change Production Process



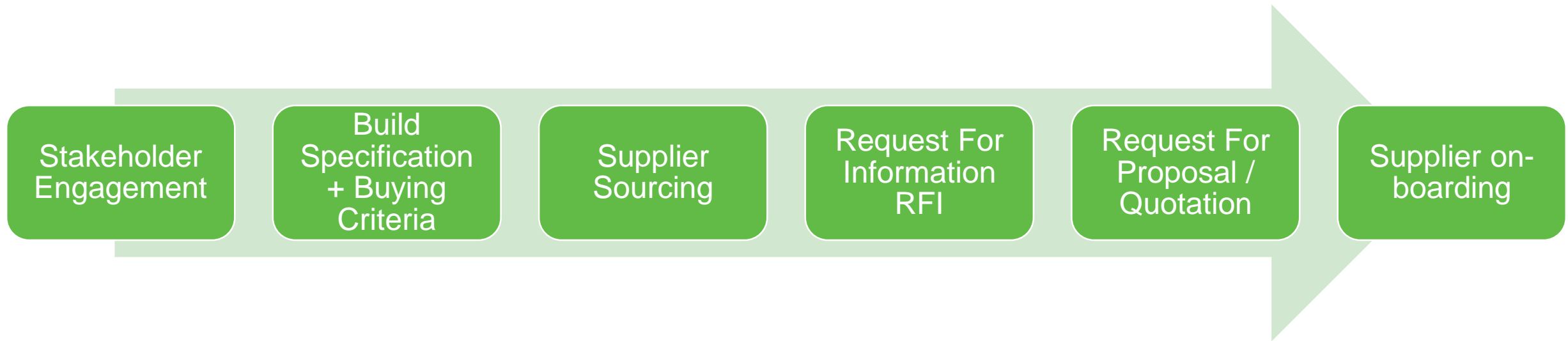
Change Roles or Upskill Staff



Change Sources of Supply...

Changing Sources of Supply

Basic principal in Procurement is to have the right product (or service) available to you, at the right time, from the right supplier and at the right price



Evaluating Potential Suppliers

Major Criteria	Band %	Sub-Criteria	Sub-Criteria%	Scoring Method
Business Questionnaire	Pass/ Fail			
B1		Mandatory Grounds for Exclusion	Not Applicable	Pass/Fail
B2		Discretionary Grounds for Exclusion	Not Applicable	Pass/Fail
B3		Insurances	Not Applicable	Pass/Fail
Fitness For Purpose Including Quality	40			
FFPQ-1		Delivery of Corporate Objectives and Outcomes	5	Quality
FFPQ-2		Completeness, robustness and quality of data cleansing/migration/conversion/re-referencing approach	5	Quality
FFPQ-3		Completeness, robustness and quality of systems interfacing approach	5	Quality
FFPQ-4		Compatibility with existing IT environment and support resources	5	Quality
FFPQ-5		Overall assessment of solution for fitness for purpose	15	Quality
FFPQ-6		Overall assessment of the solution's quality including data protection and security aspects	5	Quality
Delivery	20			
DELY-1		Quality, thoroughness and timeliness of implementation plan	5	Quality
DELY-2		Quality and comprehensiveness of training schedule	5	Quality
DELY-3		Quality and comprehensiveness of acceptance schedule	5	Quality
DELY-4		Overall assessment of risks associated with short and long-term delivery	5	Quality
Lifetime Costs	40			
COST-1		5-Year cost of ownership including support and upgrades	40	Price
TOTAL	100			

Actions for businesses



01 NI Business Info: EU Checklist

02 Customer Relationship Management

03 Supplier Relationship Management

04 Strategic Supplier Sourcing

05 Leverage supports, knowledge, updates + expertise

Questions + Answers





Thank You

Mike McGrath - Arvo

Tuesday, 02 February 2021



EU Exit Series: Advice Clinics

January / February/ March 2021



<https://www.nibusinessinfo.co.uk/content/eu-exit-readiness-checklist-10-steps-take>

<https://www.investni.com/eu-exit>

<https://www.investni.com/eu-exit-events>

<https://www.investni.com/newsletter>

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