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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 afternoon everyone and welcome to today's webinar on supply chain management. My name is Clive Stewart and I lead up the supply chain resilience and development team at Invest NI. I'm joined today by my colleague, Jimmy Moore, who will be presenting some of the material today. This is a first in a series of webinars that we're actually going to be presenting over the next three months, covering a wide range of supply chain topics. Today's webinar is aimed to really give you an insight into the importance of focusing strategically on your supply chain activities. And also, how our supply chain team can actually help you. We will now go through the presentation, and at the end there'll be a series of Q&A session.

Jimmy Moore: Welcome to today's webinar on supply chain management. At the end of the session, you will have gained a better understanding of what supply chain is, and appreciation of how it can be a-, it can have a positive effect on your business and results. Supply chain support from Invest Northern Ireland is provided by the supply chain resilience and development framework team, or SCRDF for short. We are a team of supply chain professionals seconded from business and have experience of implementing supply chain improvements in a wide range of industries. Our role is to work with businesses to analyse what would they do, advise where development is possible, provide mentoring and support through projects to deliver tangible value and cost savings. It can also provide financial support for a supply chain role in your company, to deliver supply chain improvement, if the resource or skills do not exist at present. This webinar is designed to, primarily, help you understand what supply chain management is and provide some context for the current widespread disruption. And, most importantly, highlight how you can make changes to your processes, to build resilience by reducing costs, improving performance. So, what is supply chain management? There are nine definitions from industry and academic, but a good way to paraphrase them is that supply chain management is the group of processes for acquiring, moving and storing the materials and information needed to fulfil your customers' needs. As with all business processes, there are also tools that can be used to improve performances, and we introduce many of these tools during the webinar. Supply chain management dates back to the shipyards in Japan in the 1950s, where there was a drive to remove waste and reduce product cycle times. The car manufacturing industry was the first to adapt it as an arm to (ph 02.53) their strategy towards just-in-time (ph 02.54) materials management.

Due to the success of this approach, other industries soon began to tailor the process to their own needs, to the extent that, by the early 2000s, supply chain excellence was a pre-requisite to being considered world class. More recent supply chain developments have been around driving data into interconnectivity to remove waste and increase responsiveness. However, recent events have led us to question the stability of a just-in-time global supply chain management approach. Always assume the steady state and dependable is now causing high levels of disruption across multiple industries. This can be seen in the rise of commodity prices and container transport costs. What has caused this? There are two main factors. First, there are the recent global events. Some that were not a surprise, like Brexit and the impact of climate change, and others that were, such as the pandemic and the blocks at the Suez Canal. The second more telling factor for business has been the widespread assumption that supply chain risk has been eradicated. Whereas, it's clear now, that it has not. We can see that for the past ten years or more there's been relative stability in global supply chains, which has led to businesses sourcing supply (inaudible 04.21) in the world as delivery, albeit at an extended lead time, was considered guaranteed. Likewise, we no longer question how our suppliers manage their material availability, as they were assumed to have guaranteed delivery of materials as well. So, now you have a better understanding what happened, what can you do? First, you can take actions that will reduce risk and make your supply chain more resilient to future disruptions. Then, develop your supply chain functions to maximise the value it can add by increasing delivery performance and reducing costs. By doing this, you should see, you should more than offset the impact of recent disruptions.

Next, we will look at how you can do this. Firstly, look at supply chain development. Most SMEs see supply chain management as a transactional function, where the task to get materials delivered to the factory or warehouse are identified and allocated to one or many people in the organisation. And management is the exception, only getting involved if things don't happen as planned. As businesses grow, they see the benefit of managing the different supply chain elements using data and measuring performance to help improve delivery results to customers and stakeholders. Then, as data is analysed and problems identified, a supplier base is developed to provide competitive advantage, such as lowering lead times, holding less imagery (ph 05.36) and, of course, reducing costs. Eventually, through many development cycles, supply chain function becomes embedded in the company's strategy, delivering results to all areas of the business and even influencing, influencing customers' purchase decisions. So, what's involved in developing a supply chain? Again, this is an area where this is a lot of information and opinion, but little clarity. This is mostly because there are a lot of good options, which is very positive. The flip-side is, this can be hard to see where to start. To help you get on the development path, we have categorised the main elements of supply chain management, provided an explanation of how these can improve your business. This should make it easier for you to understand where it's best to start. As with all business processes, supply chain management has inputs and results. For a typical SME, the inputs can be split into managing risk, sourcing suppliers and the internal purchasing process, managing your materials by category, how you manage your relationship with suppliers, manage the demand, supply and inventory. And, finally, managing the physical materials in warehouses and transit. How well these inputs are managed will have an impact on business results.

For supply chain these are, revenue, cost of goods sold, overheads in support functions and warehousing, cash availability and the on-time delivery of materials to the correct quality standard. For example, as we have all seen recently, a focus on risk management could have helped ensure your revenue stream through a continuation of supply and avoided price hikes on your delivery cost by unforeseen disruption. Likewise, good sourcing practice and efficient purchasing processes will improve gross margin, net margin and delivery of quality products. I will now go through each element and explain how to make changes and show what impact it will have on business results. First, we look at risk management. This is where we would suggest you start, as implementing some form of risk management, it's necessary to improve the resilience of your supply base. It's best to develop on a stable foundation. To give supply chain management some context, it's a similar approach to other audit-based risk systems that you already have, such as health and safety management or financial management. As complexity of supply chains increases, by remoteness or the number of links in the chain, so does the risk of price changes and delivery failure. And, in turn, this will impact your business results and disruption occurs. Supply chain risk management is primarily about protection of supply chain risks and responding to what is identified. This can be implemented by tools that help predict risk or prevent disruptions from having any impact. As with other risk-focused systems, you should consider integrating this as part of your management system and review it regularly. There are some well-established tools to help identify and predict supply chain risk. One such tool is the Kraljic Model, which categorises your suppliers according to the potential impact on supply for you and your business. Once a supplier is categorised, the model has built-in suggested actions for mitigation. It is a data-drive model, and once set up is easy to maintain.

Once risks are identified, they can drive a large volume of actions. Another tool to help prioritise actions is the risk evaluation matrix, which helps you focus on what is most urgent, in line with your business criteria. And, finally, the key is to ensure any identified risks are followed up with actions, and when you collect data, can be tailored to your circumstances. Or once risks are identified, you need to work with the supplier base to mitigate them. This takes time, so it's important to-, it remains visible and is reviewed regularly through your management system. Once implemented, your resilience will improve and this will help avoid negative impacts of supply chain disruption, of your product availability and materials cost. The next element of the pillar is how you source and purchase your products. Most companies are already working on the premise necessary (ph 10.23), as it is the most visible element of supply chain management to other parts of the business. However, recent increases to container transport from Asia has changed the dynamics of sourcing for a lot of the trails. So, whilst moving the sourcing supplier closer to home is now a strategic challenge for, for local businesses. Our team can provide support in this area through modelling two, such as the total cost model, and supplier profiling, as well as advice on where to source. We are also keen to look at potential re-shoeing (ph 10.50) opportunities with other local businesses where the conditions suit. The other focus of this supply chain element is in the accuracy and efficiency of your purchasing process. We can provide help and advice on how to automate your data processing to achieve this end and signpost for IT support if you decide to opt for a new system. If managed well, good sourcing and purchasing processes will lead to significant growth and net margin gains as well as help ensure on-time material delivery. A category management approach can also be taken when defining your supply chain processes.

It involves segmenting, segmenting spend according to market sectors or value streams for manufacturing, and is very effective in making your strategy for sourcing and purchasing materials with the requirements of the end user. Suppliers are chosen on how well they can deliver the business needs of the category, for example, very short lead times through better managed inventory, permit trails (ph 11.48) with variable demand. (inaudible 11.51) this focus supplier base and product portfolio becomes optimised in line with business needs. Consolidate where it's too large, and expand where it is too small. The results you will see are improvements to gross margin, sales growth and better on-time delivery. A common category management tool for supply chain is tail spend analysis. Here, we analyse spend by material supplier to see where there are opportunities to increase leverage by reducing the number of low-volume suppliers by making the purchase process more efficient through a reduction in purchase order processing. Again, revenue, gross margin, overhead efficiency, and customer service can be improved with this approach. The fourth element is supplier relation management. It is probably the hardest supply chain element to quantify in terms of business results, but is one-, it is the one that is most important to ensure successful delivery of all the other elements. Supplier management is about moving to a collaborative approach to dealing with our suppliers, treating them as partners rather than transactional vendors. This means that when problems occur, or delivery and cost challenges need to be met, strong trust-based relationships already exist, so issues can be worked through as both parties are invested in a longer-term goal.

As with all business relationships, there needs to be a clear understanding on both sides of what is required. This can be achieved through the use of scorecards and supplier reviews. A scorecard is a data-based approach which provides clear visibility, what standards are expected, and how both sides are performing. Then, throughout the reviews, a good working relationship can be developed, challenges can be discussed and a shared solution met. When implemented, a supplier relationship management approach contributed to, to cost reduction and improved material delivery and quality. Scorecards, by nature, are data-driven, for what you include should be what's important to your business. This will ensure the competition through suppliers remains focused on what's important to both parties. The next element is inventory management, and how your approach to demand and supply impacts how much you hold. Demand forecasting is seen by many businesses as a dark art, little understood and avoided if possible. In reality, it is easy to implement, as it is based on data, though some knowledge of statistical methods is beneficial, and these can be (mw 14.27) quickly. There are effectively and stand-alone complex systems available to carry out forecasting if your product base is very large, but, for most SMEs, the best approach is to keep it at a simple level. Using Excel or Google Sheets, but refreshed regularly, to pick up changes and deal with exceptions. Thinking about supply and inventory, we need to first ask, why do we hold it? A simple process map for a typical manufacturing company shows that there are many valid reasons to hold inventory levels well above what we need. Indeed, many companies feel that high inventory levels are a very acceptable cost of customer service. However, how much does this cost? That is not widely understood. A range of studies have shown this to be at least 15% of the value of the inventory per annum (ph 15.18).

High levels of inventory can be caused by over-simplistic reorder systems and policies implied (ph 15.26) in a complex environment. Fortunately, more complex tailored systems are now easier to design and implement, and this can be done with basic IT skills. Our team can support your company in this area. The best approach is to have an inventory strategy that suits your business. One tool to consider when deciding your strategy is a usage variability matrix. It takes historical usage data and categorises the trails to provide a reorder policy that will ensure supply while minimising inventory. This approach will include pushing the responsibility for inventory back onto your supply base for products with constant demand. Employing the most suitable inventory strategy will have a positive impact on most business results, ensuring increased availability and on-time delivery by reducing costs, overheads and, of course, freeing up cash. Finally, there is the physical element of supply chain, warehousing and logistics. This is also often seen as a necessary cost, but these costs can be minimised by still retaining excellent service levels. Warehouse management systems and deployment of (mw 16.38) principles can lead to excellent improvement to the cost of physically managing your inventory. While many off-the-shelf packages now exist that will help plan your logistics effectively and efficiently. Hopefully now you have a better understanding of the elements of supply chain management, and that you are better equipped to decide what is most important for your business. How you implement changes can be split into three areas. First, take advice from those with experienced of implementing similar changes, on how to proceed and where you most need help. Then, make sure you have the supply chain skills in the business to deliver what is required.

Finally, apply the tools you have acquired, review what you have done, what has been successful, and what still needs to improve, then start again. In a short time, you will see real improvements to your business results. The SERVF team in Invest Northern Ireland can provide support in all three of these areas and will tailor any support to your individual needs. A good starting point is to fill in our supply chain checklist. It covers many areas discussed today and provides a framework for an initial conversation with one of our team. Then, feel free to get in touch with us at supplychainquery@investni.com. We'll make contact and set up a quick call to discuss the problems you're experiencing and take it from there. Thank you for your time this morning, I hope it has helped, and look forward to hearing from you soon.

Clive Stewart: Thank you Jimmy for, for that. Before we move to the Q&A session, I would like actually-, there'll be a short, I guess, questionnaire will appear on the screen. I would like everybody who's online to actually just fill that in before we move to the Q&A session. Thank you. Okay. So, Jimmy, we've got some, some questions. For those that still want to submit questions, you'll see obviously the opportunity on the webinar to type any questions you have and we'll, we'll try to go through them. The first one, Jimmy, that, that's came in, is, you know, we know it's a very difficult time at the minute for people from a supply chain perspective, and I guess the question is really saying when is this pain gonna end?

Jimmy Moore: So, yeah, start with a nice, easy question, Clive, thanks very much. Yeah, this is a question that we-, we're getting when we're dealing with customers and clients quite a lot recently. People are thinking well, we've, we've had a year and a half of this disruption so is it gonna be soon or is it gonna be later? Whatever it is. So, a-, and, like, having thought about it, you know, I, I would put my problem-solving head on when I-, when I imagine this question I care about (ph 19.40). We need to look, first of all, what, what, what are the causes? And we need to see, well, have they changed in any way? So, if you look at what's caused it in the first place, there's the factors that we had in the slides. First of all there's COVID and there's Brexit, which, nothing has really changed. Like, it's, it's, it's-, the-, it's diminished slightly, I would say, but you-, the main positive thing is, like, that companies have adapted to the, the challenges. And certainly the impact of COVID and Brexit has been reduced in the last year for most companies and they, kind of, know what they're doing. There's still a disruption that's gonna be caused with these things, but, you know, I think people are-, they've, they've, they've built in the resilience that we're talking about today with those, those two issues. The lead on from those issues then has been the impact on commodity prices, worldwide commodity prices, and transport, worldwide transport. Those are things that are causing most of the-, certainly the cost and the delivery disruption at the minute. And if you look at those, like, there is some potential good news on the horizon for, for some of those. Certainly worldwide oil prices and gas prices, for example, are coming down, steel prices (mw 20.46) prices, copper, aluminium, on a worldwide basis they're all coming down, you know, we're not necessarily seeing it ourselves here because of some local issues, like, with some (ph 20.55) local pricing.

But as those prices come down on a worldwide basis, you know, the, the capacity for, for these things heads towards where the prices are higher and eventually there will be greater supply to be able to bring the prices down here locally. So, there are indicators to say, certainly in the next three to six months we should start seeing some of those prices coming down which is-, which is good, from container costs. Again everywhere except from China to north of-, to, to Northern Europe has went down but, you know, that doesn't help us, we're, we're Northern Europe, so. But again same thing as capacity, a, increases on the availability of capacity increases for Northern Europe because, you know, they're, they're heading more towards the price is higher.

Again we should see container prices drop. So, you know, the, the, the indicators ascend, there, there should be better news in 2022, but, you know, there's always with a but the way things are at the minute. What we seen is you go (ph 21.46) there, there are constantly new challenges rising that, you know, hadn't, hadn't seen before. The way I see it in 2022 two, two things we will definitely see problems with are wage inflation, you know, it is certainly going to happen in the UK, it's probably going to happen Europe-wide if not worldwide, and the, the climate issues are still causing large problems. There've been a number of serious climate issues recently, there's a load up in the Black Sea which caused another-, not quite like the Suez Canal but there was something similar for people in that area. So the climate issue is still-, it's still a big problem. And the climate's also when we were, we're having longer winters in, in the colder places of the world so that's, that's one of the things that's caused such a hike in the gas prices for example. So, so there are a lot of unknown factors that's-, you know, nobody knows what's going to happen really. And, and I think my, my, my, my, my short answer to this long explanation is the key is to make sure that you're building in resilience into your supply chain.

You have to be doing the things that we're talking about, you have to be really analysing what's in your supply chain. Not just your suppliers but analyse what's happening in their supply as well to see where risks are, and taking appropriate actions to try and mitigate against that risk. And that's, that's really the key note (ph 22.57). So, so things will improve but, you know, there will be more problems, so our advice, for, for businesses of customers is that you need to understand what your supply chain's made up of, and, and take of course (ph 23.06) appropriate actions. So, so your view on it, Clive, you're quite close to it too, so, what, what, what's your view?

Clive Stewart: Yes, yes, no, I think to me fully agree with, you know, obviously what, what you're saying. I suppose they, you know, in today's climate again I guess, you know, I'm seeing when I'm speaking to companies the need to have competitive, agile, resilient, responsive supply chains so the, the material you've been speaking about here is, I'd say, really, very much emphasising, you know, the need to focus in on your supply chain activities, and then actually drive improvements around those areas. You know, we, we have seen companies not putting enough emphasis on it and actually then being a little bit exposed through the last, you know, eighteen months. So, I think it's an ongoing thing, I think we certainly have seen a lot of change where, you know, in the last eighteen months, companies have put a lot-, started to put a lot more emphasis on supply chain, and we're seeing that as well in our day-to-day work as we-, as we speak with companies.

Jimmy Moore: Okay, so the second question I have is how do you-, how do you go about reducing costs in the current climate? I know you've mentioned a little bit on it but be keen to expand around that.

Clive Stewart: Yes, again to-, I would start off we could break it down, you know, by, you know, we can problem solve but I always break it down into, you know, what are the, the areas you want to focus on first of all. If you've got a lot of cost problems in your, in direct spend or in your, your net margin, it's about making sure that you're, you're processing, or your processes for supply chain are as efficient as they can be. Recently that, you know, the, the whole risk thing has added a lot of problems in that as well. People are basically spending an awful lot of their time fixing things that they thought were fixed. So, again if you-, if you focus in on the risk side of things that you can reduce a lot of your indirect costs. You know, and make sure that your indirect head count is being directed towards what they might be doing. Other than that then you're talking about costs that get sold from a supply chain point of view. And for me again it's all broken down, it's, you know, it's, it's the (mw 25.07) really when it comes to-, And (mw 25.09) is broken down into how can you influence and do you have the right amount of volume to get the right price. So, a influence is about working both with your existing supply base and with potential new suppliers. So, if you can with your-, work with your existing supply base, if you can have an understanding again of what their inputs are, which commodity prices affect them, how they do the buying (ph 25.31), where they do the buying, and, like, especially now when we're seeing (mw 25.38) some commodity prices are going to come down. Again you need to be in on top of you know, what, what's their cost basis. And how they're being impacted, so when prices are going down that you're getting the benefit of that too, instead of your prices remaining high for you where they're getting, you know, more, more profit margins as a result of it.

And you can do things like a index in their prices to commodity price instead just a, a normal transactional PO if you need to be thinking outside of the box or going a bit further than that. You know, for, for your major spend you could have volume agreements, a-, and you can also work with your, your suppliers, to see what-, how could you make them, them more efficient. You know, we're now in a situation where, where we're at the margins, you know, you're not at the stage where you're going to be getting major gains, they outsource it (ph 26.21) any more. So, it's about how do you get those extra 1 or 2%, I work with your supply base to make them more efficient so they, they can deliver-, they can deliver better prices for yourself. And that would be in, you know, how you place your orders how you forecast, a-, and even down to the things like, you know, what's the optimum batch for them to produce? You know, that, that, you're making sure they're doing what they need to be doing. Beyond that then it's, you know, a lot of people that go-, or a lot of companies what they'll do is they'll take the usual thing, they look, they look at the 50 or 60% spend, that's easy to look at because they gonna-, you know, it's only a number of suppliers. I think now again because we're at a-, we're at the margins, you know, people need to start looking at well, their 30, 40%, and basically optimising and rationalising your supply base down there. So, you know, it's still 30, 40% of your spend, you know, if a good rationalisation process or an approach could, you know, take 2, 3% out of-, out of that amount. So, and that's, that's a good bit of margin going back into your business. So, the second thing I would say is, you know, look at your supply base, you know, get rid of-, we've got a lot of small suppliers and you get your volumes up, so you've got a bit more buy-in power. And when you've only got one supply, try and get two or three different suppliers so again you can beat (ph 27.32) them up and influence them.

A-, and another area that's come up recently is that actually for, for Northern Ireland where we're, we're right in the west of, of Europe, like, we're very remote so a lot of smaller companies just end up saying okay, like, they'd like to buy a container system but they really don't have the demand or, you know, they, they don't want to spend the cash on a full container load, and try and get the, the best price for transport or the best amount of volume from a, a, a factory that they have outsourced with. So, what we have been seeing more of is people or companies getting together and saying we carry-, we both buy the same thing, we're not competitive with each other, but we end up using the same steel, or the same copper, whatever it is, the same wire and, you know, band things together. You know, and, and having a, a joint buying agreement with the-, with the supplier and that means you get the full container, you get the full economic quantity, and, and you get the price reductions and the (mw 28.22). So, those, those are just some things, there's, there's lots of other things can be done, but just those are some of the things that certainly I've come across recently.

Jimmy Moore: Yes, I suppose, Jimmy, just to add to that as well, so high-performance management, and around that I think the cost of managing, you know, (mw 28.39) performance and, and the, the associated elements around that, there's a lot of waste in supply chains when, when companies don't delivery-, don't deliver on time, or they don't have the, the right level of quality. So, again driving those improvements in your supply chain in terms of enhancing that performance or supply chain excellence will actually reduce the cost to manage the suppliers, so that's how another area where the-, where companies may be able to look at gaining some, some cost-savings. The next question that has came in, this is linked with KPIs, what, what is the most important, or some of the, the most important KPIs for an operations manager within a, you know, a SME of say, 50 people with outsource manufacturing, you know, and global export to focus on? You know, you know, operation cashflow, etc. So, so I suppose from a supply chain perspective what will we see as being some of the, the KPIs?

Clive Stewart: Yes, whether it's outsourced or it's not outsourced, and, you know, export, you know, (ph 29.43) you're, you're just in the local (mw 29.45) for supply chain the KPIs nearly always get down to the same thing. And then under the usual operational axis, excellence KPIs as well it's, you know, it's delivery. Can you get stuff a-, or can you get new trails (ph 29.57) on time. You know, do you have a stable process, first of all. So, the stability of your whole processes are, are key. You've organised how you do things, and if your suppliers are preventing you from doing things the way you've organised it, it means you get additional costs, so you need to be measuring that. The second thing then especially if you are outsourcing manufacturing for me is a-, probably number one for outsource manufacturing would be product quality, because, you know, there's nothing harder to fix than a quality issues you get from outsourcing. That they're really, really difficult to fix. So, again, something you stay on top of and it's, it's something that if you were to go and source, outsource manufacturing, again I would say you need to really make sure you dig into how, you know, the quality management system of a company works. (A) before you would use them the make sure if they know how to fix their own problems, and it's not you that ends up fixing the problem for them. And then the, the other two then are, are linked to the money side of things. It's new costs. So, and the cost broke down into a really-, the cost of, of what you're paying for them but that's the understanding what the inputs are. So, again, it's, you know, it's something that's steel-based or copper-based or plastic (ph 31.05) based, whatever it is, you're understanding-, and having some sort of KPI that, that is linked to what our most competitive prices.

So, for suppliers it's difficult, it's, it's-, you know, they say 'We're, we, we agree a price and then we get a PO then it's transactional', but for me the way things are at the minute, you know, there should be a challenge for that and a-, everybody needs to be reducing their costs now. So, as a result of that, you need to understand, 'Well what are they doing within their (mw 31.32) to be able to reduce those costs.' So, that's the sharpening (ph 31.36) then of your KPI so you can see what are they doing about it. And finally it's cash. Cash is a big issue too, so that's the imagery side of things so-, and imagery again is a function of a number of different things. It's a function of a-, how much you can rely on their delivery. So, that's back to delivery KPI and it's their lead time. So, again, another KPI that I always have with the-, with a suppliers is I would have optimally time I would want to have and I'd be imagining what and how quickly can they drive towards us. Either by having vendor management imagery (ph 32.09) or by reducing their lead times or their production cycles or their stock holding or whatever it is. So, it's-, those are the ones I have-, we have a focus on anyway, Clive.

Clive Stewart: Yes, and I guess when you-, when you talk about the cash side, payment terms is also a key one that could contribute depending on, on your ability to, you know, negotiate with, with your suppliers on that side obviously, enhance payment terms has a positive impact. The, the next question coming through is to create a, a continuous improvement for the management of the supply chain. Is there a typical organisation or reporting structure that, that once you're established in a business and the second of it is, what does a best practice supply chain management structure look like?

Jimmy Moore: So, continuous improvement for a management supply chain is again it's the same any other aspect to your business. The good examples, the once that I've dealt with certainly are where the supply chain function was part of the overall continuous improvement management system within the business. So, you had your AF3s (ph 33.18), you had your (mw 33.20), you had your-, first of all you had your data, so, like, back to the first question, like, understanding, you know, was it delivery, is it quality, what are the things that they need to be fixing? Is it their inability to be able to meet the cost challenges that we have and normally you would have your internal people running this, that's, that's kind of the difference, it's difficult to get an actual supplier into the continuous improvement cycle. So, you do need good-, people with good problem solving and continuous improvement skills within a supply chain to be able to go suppliers, explaining to them what you want and run the AF3s within the, the supplier organisation. Best practice supplier chain management structure look like? Again, it's one that's for me, it starts with the strategy. So, if the strategy within the company has got the supply chain requirements within us, the supply chain for me, it's, it's a service within, within your internal organisation. So, if the strategy is driving-, it's driving what the objectives of the supply chain function are, then the, the supply chain are going to know what they need to achieve and they have their own objectives and then you have good communication with the suppliers so they know what their objectives are to be able to achieve what you need to do and finally everybody understands what it's going to take for your business to grow. So, from a strategic point of view, strategists supply chain know where they need to go for growth and also you're able to communicate that back to supply chains so they understand where they need to go to. So, that would be best practice for me.

Clive Stewart: Yes, and I suppose as I look at this as well, they talk about the, sort of, I guess they're relating to the organisational structure and in terms of organisational structures, it's fair to say, Jimmy, that, you know, typically it obviously depends on the size and the scale of the organisation but for-, because supply chain, you know, typically accounts for 50%, maybe 50% plus of costs of sales, it's vitally important that it's got a leadership owner. You know, so somebody at that executive table has ownership for it and what, what I would say is where I haven't see it work is where supply chain is, is sort of-, let's say, you know, buried somewhere within the middle management in the organisation because then it links back to your comment around the strategy. It's not a core part of the strategy. So, hopefully that helps to answer that question. The, the, the next-, the next question is around nearshoring (ph 35.45) or re-shoring. So, obviously we've heard a lot of that in recent times but how-, you know, what advice would you have for somebody? How would you go about re-shoring or nearshoring?

Jimmy Moore: Yeah, again, it's another one where I've come across this question a good few times working with, with businesses and the, the question they have is, like, if you try and promote it is, well would you do that? So, that's really where I would start. (inaudible 36.08) it's a matter of understanding what are the drivers of your sourcing decision, all of your sourcing decisions within your company. A lot of companies are not happy with-, they went out and they sourced in, in the Far East or in India or South America, whatever it is and because of their remotes nature of their relationship that they have a-, they've been at the back of queue, when it came to getting the supply, when the supply ran out and they were also the last to be told about the prices increases, so there's nothing they could do about it. So, the, the relationship management side of dealing with a very distant supplier has become a lot more difficult and for some companies it's a case that they just need that-, they need that low cost to deal with the margin, so that's just something that they need to deal with. But a lot of manufacturing companies in particular, most of their costs comes from what they're making rather than what they're-, what they're buying. So, like, you know, the impact of disruption on their, their overall supply chain to their customers is huge if you have a poor supplier. And, and the relationships or the lack of relationships they're having with people in the Far East is causing these problems. So, they're now asking the question, 'Okay well, how can I improve that or how can I solve that problem?' And it is a case of, okay, well, in some cases your local supply (mw 37.22) is an awful lot easier. You may pay (ph 37.24) slightly more than it. It is only slightly more in some cases now because of the container prices for stuff coming from the Far East.

And a lot of businesses are now saying, 'Okay but my, my priorities are really having control of my supply chain and knowing I'm, I'm able to supply,' having that level of stability in my production processes is more important that, you know, 2% of a cost or %3 of the cost even by sourcing something from the Far East. So, that's the understanding why and then (mw 37.52), the what of this is you need to be very clear about-, the same way as you do any outsourcing, you identify the products that you're talking about and then the how for me would be you need to do sourcing the same as you would do elsewhere. The other benefit for, for, for nearshoring is that-, or re-shoring is that you can go and see the suppliers yourself. You can go and see what they're doing, you can go and touch the cloth. Whereas a-, going to the Far East or going to South America whatever it is, it's very difficult to do that. So, you can set up good relationships, you know, you can start partnering with the suppliers a lot easier. But other than that it's, it's the exact same processes that you do with any other sourcing.

Clive Stewart: Okay and the, the final question that, that I see at the minute here is how, how do I access support for help?

Jimmy Moore: Well it's, it's up on the, the, the screen, I believe, so the first thing I would say is (mw 38.47) we've, we've got a questionnaire that can be filled in, it's, it's-, the access (ph 38.53) or the addresses that are on the-, on the page you can see and it's, it's a good way of going through and see, well, where do you stand versus where, where we think you should be from a supply chain point of view. Other than that, if you just want to chat, you know, contact us on supplychainquery@invest, investni.com. Somebody will be in contact with you very quickly. Our process is a three stage process where first of all we, we will contact you, we'll have a conversation, probably have a Teams meeting just to try and understand what the problems are that you're saying and we can start talking about the types of things that we can do to try and solve them. So, I would start there, get in contact with us and we can have a good chat.

Clive Stewart: Yeah, alright, thank you. And just to add to that I guess, we're, we're just in the process of actually-, we're about to release the next call for, you know, the supply chain resilience and development support, and there'll be some news coming out on that over the next couple of weeks for people and we'll, we'll follow up separately obviously in terms of sharing that details with everybody that attended the webinar today. So, that concludes all the-, all the questions. Any last comments, Jimmy, from your side, just in terms of summing up the supply chain activities?

Jimmy Moore: It's just as I say, like, we, we see that it's a very challenging time but, you know, I, I, I'm very positive that things can be done. You know, we're (mw 40.12), we're turning a corner from all of the global problems that we're seeing. But it is very important that we prepare for the next wave that's coming towards us. So, get in touch, give us a shout and we'll help where we can.

Clive Stewart: Yes, okay. Thank you, and to, to everyone that joined the call today, thank you very much for attending this webinar. As I said, this is a first in a series that we're, we're going to be running, you know, others will be focusing in on specific topics associated with supply chain management in more detail, inventory (inaudible 40.41) that Jimmy was relating to earlier. So, that now concludes today's webinar, so thank you everyone for attending.

Jimmy Moore: Thank you.

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