

Building Resilience into your Supply Base

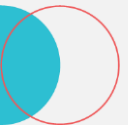
Preparing for Britain's exit from the EU

By Mike McGrath | February 2019



Word on the Street

- " Our supplier has a factory in Naas and Leeds - I presume our products are coming from Naas?"
- " Our biggest customer is also our biggest supplier, based in Bristol"
- " We have an UK agent who is the sole distributor for UK & Ireland"
- " My NI-based supplier is the holder of product authorisations under REACH"
- " Our customers are advising us to stock-pile with no commitment to buy. This suits some of our suppliers but others have no capacity"



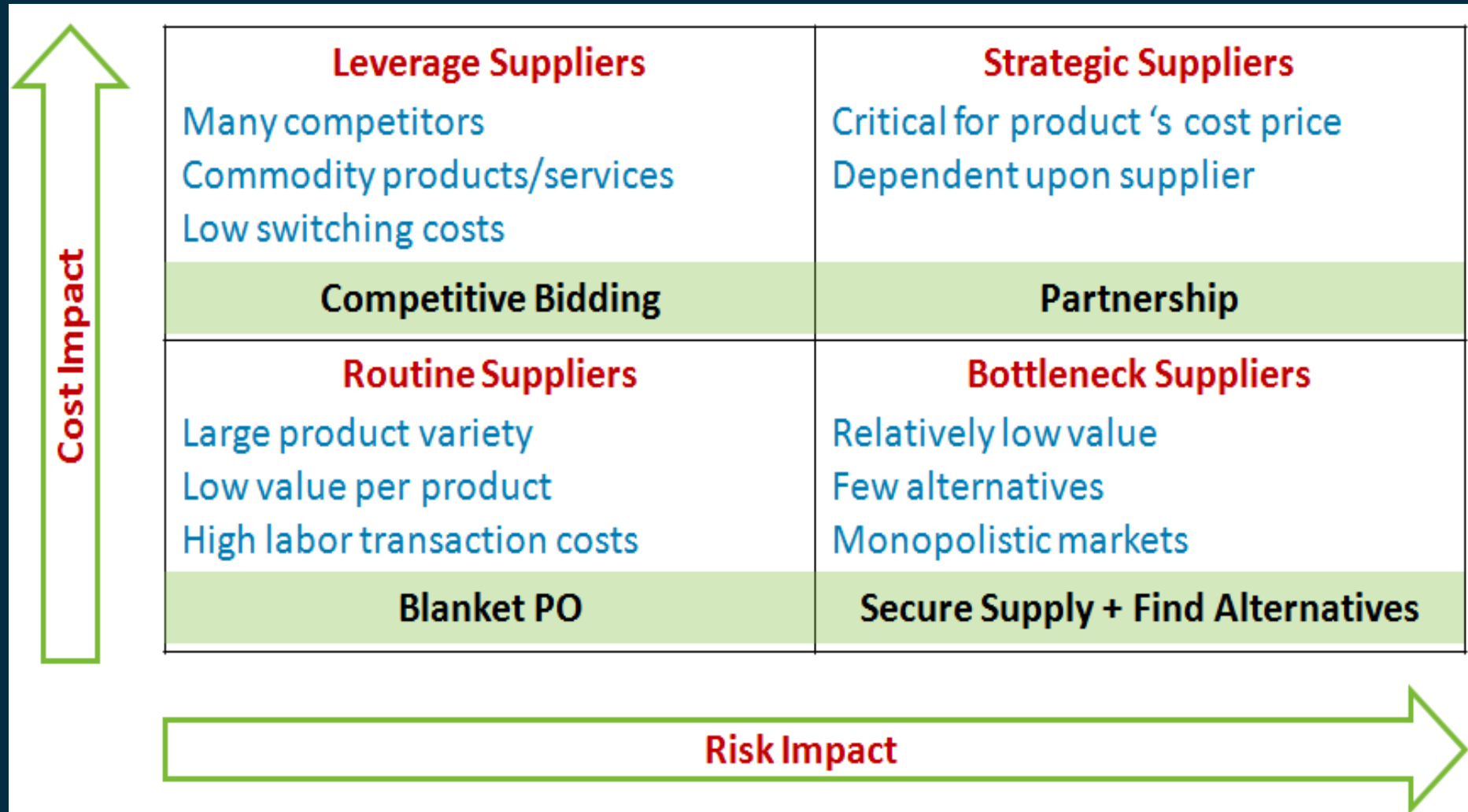
Webinar Agenda

- 1. The Brexit impact on my Supply-base**
- 2. Which suppliers will impact my business the most?**
- 3. Building stability & certainty into supplier relationships**
- 4. Tips / tactics to prepare your supplier network for Brexit**



What suppliers will impact my business the most

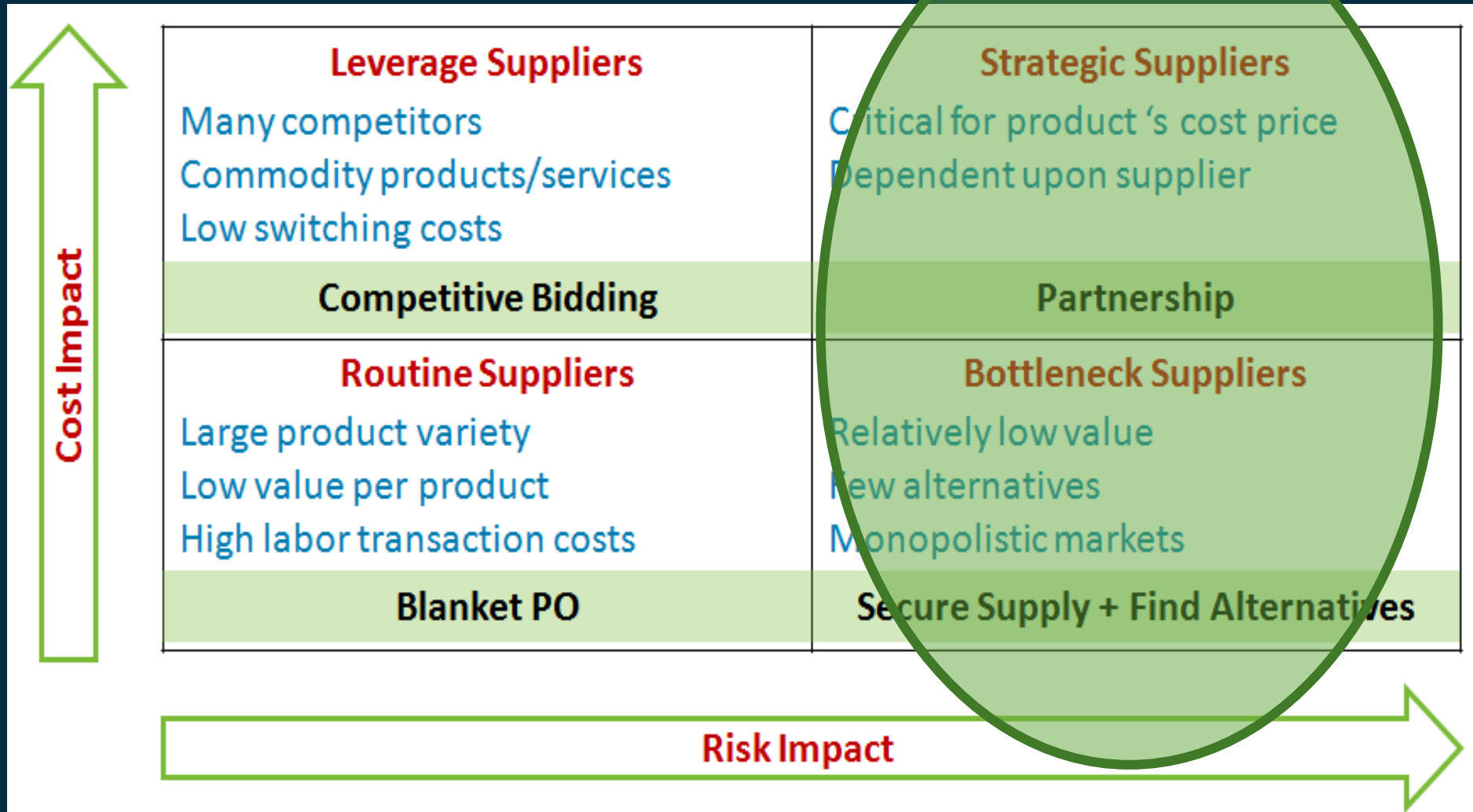
Kraljic Analysis



What suppliers will impact my business the most

Brexit Focus

Kraljic Analysis



Kraljic Example (3House Suppliers)

1

2

3

4

Type of product	Percentage of total purchasing	Source	Supplier Location	Switching costs	Alternative supplier
Insulation	21%	Local distributor	Naas	Low	Few
Windows	18%	OEM	Leeds	Medium	Few
Timber	15%	OEM	Cork	Medium	Few
Project specific items	13%	Varies	Ire & UK	Medium	Few
OSB Boards	7%	OEM	France	High	Few
Inner floors and walls	6%	National distributor	Derry	Low	Few
Stairs	4%	OEM	Belfast	Medium	Many
Doors	3%	OEM	Carlow	Low	Many
Paint	< 1%	OEM	Liverpool	Low	Many
Nails	< 1%	Local distributor	Navan	Low	Many

Kraljic Outcome

<u>Leverage Suppliers</u>	<u>Strategic Suppliers</u>
<p>1 Insulation</p> <p>Timber</p>	<p>2 Windows</p> <p>Project Specific Items</p>
<u>Routine Suppliers</u>	<u>Bottleneck Suppliers</u>
<p>Doors</p> <p>4 Nails</p>	<p>OSB Boards</p> <p>Floors / Walls</p> <p>Stairs</p> <p>3 Paint</p>

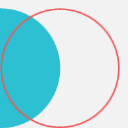
Build stability into supplier relationships

- Developing long-term supply relationships {Bottleneck & Strategic}
- Introduce guarantees or agreements to ensure supply {Bottleneck}
- Consider Group Buying to benefit from economies of scale {Leverage}
- Increasing ordering/storage capabilities {Bottleneck}
- Consider alternative suppliers {Bottleneck & Strategic}



Supplier Relationship Management

- Supplier Relationship Management (SRM) is a comprehensive approach to procurement, managing and capturing the maximum value from key business relationships.
- Especially for Strategic/Bottleneck Suppliers
- NB: Focus on the R – Relationship & develop partnerships



Tips / tactics to prepare your supplier network for Brexit

- 1. Undertake Kraljic Analysis**
- 2. Survey Suppliers on their Brexit Plans**
- 3. Survey Customers on their Brexit Plans**
- 4. SRM focus for Strategic and Bottleneck suppliers**

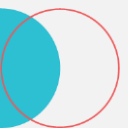


Thank You

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Q&A



State Supports

Enterprise Ireland

- Act On Initiative
- Be Prepared Grant
- Brexit Advisory Clinics
- Customs Insights Course

Intertradelreland

- Tariff Tracker
- Brexit: Start to Plan Vouchers
- Research Reports

Local Enterprise Office

- Brexit Mentoring
- Lean for Micro & Agile Innovation Programmes
- Management Development Programmes

