

## SUPPLY CHAIN MANAGEMENT

If your supplier fails to deliver for your business, irrespective of the reason (production problems, poor quality or insolvency) it's a problem for you.

There has been a trend since the 1990's to outsource "non-core" services. Typically these are cleaning, call centres, payroll etc. Whilst this can provide significant business benefits in terms of costs and efficiencies, it does introduce new risks to your business.

**You may outsource the activity but the responsibility for that activity delivering rests solely on your shoulders.**

It is important that you manage your supply chain effectively.

### 1. WORK WITH YOUR SUPPLIERS

You pay for supply chain interruptions; it is your risk, not your supplier's. Your supplier may lose some revenue if they fail to supply your needs, but they may have other unaffected products and services to other customers. It is in your interest to help your suppliers become more resilient. A good relationship based on trust and respect will help if you have a supply chain interruption.

### 2. KNOW YOUR SUPPLIERS

Identify who your suppliers are. This sounds obvious but many organisations don't have a definitive list of who their suppliers are. You need to find out what services you have and the suppliers who support those services and how long you can survive without them.

If a supplier supports a critical service, you need to find out:

- a. What exactly they provide for you
- b. How long you can do without them
- c. What you will do if they fail to deliver
- d. What the service level agreement is
- e. If you can source the same service elsewhere

Ensure the SLA provided in an incident meets with your needs. If it doesn't meet your needs, look elsewhere. It is easier, and cheaper, to identify alternative suppliers before you have an incident rather than as a distressed purchaser. Some suppliers provide a Business Continuity solution as a cost extra option.

**To find out more how you can make your business more resilient  
Contact Rob Osborn at [rob@o-bc.uk](mailto:rob@o-bc.uk) or visit [www.o-bc.uk](http://www.o-bc.uk)**



### 3. ASK THE RIGHT QUESTIONS

Identify the service you can expect from them:

- a. What is their recovery plan?
- b. How long would they be out of action in an incident (loss of site/IT etc.)
- c. What they would do for you
- d. How they would let you know – communication plan?
- e. Where are you in the “pecking order”. E.g. if the supplier has another client that is Coca Cola be assured that you will not be top priority!!

### 4. GET A SERVICE LEVEL COMMITMENT

You should have a contract with the supplier which states what service you can expect and what recompense (service credits or compensation) you receive if this is not delivered.

But there is a clause called **“Force Majeure”**. This relieves the supplier from *“performing their contractual obligations when certain circumstances beyond their control arise, making performance inadvisable, commercially impracticable, illegal, or impossible.”*

Good Business Continuity provisions help get over this. A good supplier will have provision to continue providing a service in the event of incidents and disruptions.

### 5. BUILD A FRAMEWORK

It takes time and continual effort, but if you maintain a framework to manage your suppliers by keeping track of contract renewal dates, alternative suppliers, understand where you are with the supplier in terms of the opportunities you have to extract better deals, you will help maintain your supply chain effectively.

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