

# The supply chain



## Risks and Continuity

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# *Outsourcing*



- ⌘ Much more than subcontracting
- ⌘ strategic positioning of core elements of the organisation
- ⌘ placing critical dependencies into the hands of third parties
- ⌘ embraces the entire value chain, including further distribution
- ⌘ management and controls only as allowed within earlier contract wordings




# *Dependencies*



- ⌘ Technology including communications
- ⌘ media and brand value
- ⌘ continuity of adequate capital, cash flows and revenues
- ⌘ ability to communicate
- ⌘ legality and compliance
- ⌘ effective control
- ⌘ intellectual assets
- ⌘ stakeholder support
- ⌘ meeting new stakeholder expectancies



# *The value chain dimensions*



- ⌘ The supplier as an urgent critical deliverer
- ⌘ the supplier as a crucial stakeholder
- ⌘ the supplier in crisis?
- ⌘ the principal in crisis - supplier reaction?
- ⌘ workforce control and flexibility

# *Handed over?*



⌘ Ability to control and to deliver volumes and quality to market on time:

- ☒ Database and other intellectual assets?
- ☒ Brand and reputation?
- ☒ risk management processes?
- ☒ Hardware and software?
- ☒ Ability to communicate? Macro and micro?
- ☒ Legality and compliance?
- ☒ People; both numbers and skills?
- ☒ workstations and factory machinery?
- ☒ Information security





Legge 626: L'apoteosi

# *The supply chain project*



- ⌘ Where risk management starts
- ⌘ project ownership, objectives and risk tolerances
- ⌘ scope, quality, time, cost, security
- ⌘ Supply chain as a risk management tool

# *Project due diligence*



⌘ Legality; all jurisdictions

⌘ financial

⌘ operational

⌘ quality assurance

⌘ and on your own heads, subjective due diligence

# *Subjective due diligence*



- ⌘ **Volume,**
- ⌘ **speed,**
- ⌘ **specification**
- ⌘ **consistency**
- ⌘ **quality**
- ⌘ **culture fit**
- ⌘ **within stated risk tolerances**

# *The contract*



- ⌘ Service levels in good times
- ⌘ contingency service levels in bad times
- ⌘ oversight control including access
- ⌘ risk management standards including protection or duplication and retrieval of data and other assets
- ⌘ ability to access and audit

# *Myths and realities*



- ⌘ Insurances
- ⌘ the lawyer's promises
- ⌘ due diligence
- ⌘ scale
- ⌘ supplier continuing support
- ⌘ product recall
- ⌘ *they met the continuity standards!*

# *Relationship management is risk management*



- ⌘ PAS 11000 Collaborative Business Relationships
- ⌘ PAS99:2006 Integration of Management system requirements
- ⌘ Cultures and the human touch
- ⌘ It's too late when you need the contract clauses

# *Exit strategy and pre-nuptials*



- ⌘ Suppliers and client responsibilities during exit
- ⌘ Replacing the ability to deliver
- ⌘ interim services and timetables
- ⌘ knowledge transfer and employee implications
- ⌘ legal ownership and access to intellectual assets including softwares, audit trails, source codes, records, licences, databases and other.
- ⌘ third part agreements
- ⌘ protection of brand and reputation
- ⌘ security
- ⌘ Data Protection Act registration and other compliance requirements



# *Summary*



- ⌘ Outsourcing much more than subcontracting
- ⌘ wide arena relationship management
- ⌘ prevention over cure is a no brainer
- ⌘ supplier will always retain own objectives
- ⌘ who's problem is it?
- ⌘ Continuity plan interfaces
- ⌘ the problem always remains your own

*Time up!*

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