

File name: Supply Chain _ Effective Supplier Sourcing for Cost Avoidance.mp4

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).

Moderator: Good afternoon everyone, and welcome to today's webinar on effective supplier sourcing for cost avoidance. My name is Clive Stewart and I lead the Supply Change Resilience and Development Team in Invest Northern Ireland. This is a free service that we offer to companies to help drive improvements in their supply chain practices. I am joined today on the call by my colleague Jimmy Moore who will be presenting material and taking us through the presentation. This webinar is part of the series of webinars that we have developed to cover key aspects of supply chain management. Today's webinar will give you some insight into the effective supplier sourcing and some useful tips on how to, to mitigate costs. We will also highlight how our supply chain support can actually help you as we move forward. We will now go through the presentation and there will be question and answer session afterwards.

Jimmy: Welcome to today's webinar on effective supplier sourcing. Supply chain support from Invest Northern Ireland is provided by the Supply Chain Resilience and Development Solutions Team, or SCRDS for short. We are a team of supply chain professionals, seconded from business and have experience implementing supply chain improvement in a wide range of industries. Our role is to work with businesses to analyse what they do, advise where is development is possible, provide mentoring and support through projects to deliver tangible value and cost savings. We can also provide financial support for a supply chain role in your company to, to deliver supply chain improvement if the resource or skills do not exist at present. Today I'm going to be addressing how your company's approach to supply sourcing can improve business performance. By the end of the webinar, you should know what to consider before using these new suppliers, understand the steps involved, the associated risks and how to mitigate for them. Gain a knowledge of the technical aspects of importing, and recognise the importance of including supplier relationship management for new strategic suppliers.

So, what should you consider before you start looking for new suppliers? First, look at how you currently purchase the parts or services that you want to source from a new supplier. This should include the specifics of what you want to buy, and how you want to buy them. This is very important so you understand the need for change and better gauge if your sourcing activity is successful after the fact. Sourcing is a difficult and time-consuming process. If done well it can deliver great business results. But, if executed poorly, it can lead to unacceptable quality, excess inventory and damaged customer relations. It's vital then that you understand the appropriate level of preparation that's required to ensure success. This will usually involve answering some key questions before you proceed to any searching or making contact with potential new suppliers. As with most processes, it's about the what, when, who and how before you consider going to execution. It follows then that you should have a good understanding of

what is driving you to look for new suppliers or outsource, if you're a company producing the products. Make sure you know whether cost is the driving change, or are there other considerations. Like, the need for additional capacity, improvement of service or a reduction in lead time that will provide a competitive advantage. If you're clear on what you need to achieve this will lead to better downstream decision-making. A lot of outsourcing activity is poorly rated to add to the fact that companies, (inaudible 04.33) unclear expectations and poor planning.

A further issue to consider is the additional time and potential extra cost associated with outsourcing, or a change of supplier. Integrating a new supplier will take up a lot of your purchasing team's time. If your expectations of service or quality have been unrealistic this will also need to be managed. There could also be hidden costs and unexpected risks. One way to ensure you have a realistic view is to adopt the total cost approach. As well as the purchase cost you consider what other direct and indirect costs there will be associated with the outsourcing or a new supplier activity. This takes some time, but when executed well it leads to better decision-making and results meeting expectations. Finally, if you're considering moving supply internationally there are a further set of risks and costs to consider. Until fairly recently the collective view was that these risks were small and at worst, manageable. Many companies have now switched their view of international sourcing and re-shoring is increasing in most western economies.

Once you have considered the risks and costs of changing suppliers or outsourcing, and decided that it is necessary, it is important that you are thorough in your approach. The steps you should include are clearly identify your requirements, define and document the scope of your requirement, carry out a search for new suppliers, create a request for quotation document, and finally carry out audits and evaluate potential new partners. When identifying your requirements a good approach is to put yourself in the place of a potential new supplier. Always consider what information they will need if they are to deliver to the standard you require. Take time to provide sufficient detail as usually, you'll only get what you ask for. This is also a good time to identify standards that any new supplier will need to have. So any that are non-compliant can be excluded at an early stage. Once you know what you need, it is good practice to include this in the scoping document. It gives you the chance to elaborate on the standards and specifications you require. The level of detail can be tailored to your needs, assume again that if something is not included in the scope you will have to pay extra for it further down the line.

Now that the scoping document is in place, you can start to search for new suppliers. This is often the step that companies find most difficult as they don't know where to look and they are not confident about reaching out to potential new partners. It is true that starting this process for the first time can be daunting, but like most new things we do it becomes easier the more often you do it. The rule of thumb is to make it as easy as you can when you first do it. If possible use your networks and trusted agencies to provide recommendations as these will hold the least risk. If that doesn't provide any leads, carry out some targeted research maybe through trade associations, directories, exhibitions and the trade press. Finally, you can ask for support from government agencies like ourselves, and membership organisations.

This is particularly relevant if you're looking to source internationally as they may have in-country contacts. Once you have a list of potential new suppliers begin analysing whether they operate at the standard you require. Carter provides a good model of what qualities a supplier should be able to display tidily categorised into ten Cs. This provides a good framework for gauging whether individual suppliers are worth further consideration as well as a means to rank a list of potential suitors.

Although not necessary, providing an RFQ document is a good way to set out your stall in terms of standards and professionalism and creates an expectation in the mind of new suppliers. It works alongside the scoping document, and should include any clauses, such as, non-disclosure agreements and time limits. Another bit of good practice at this stage, is to include a questionnaire where the candidates can demonstrate how they can ensure standards of delivery and quality. The response to the RFQ, can give you some insights into the quality of the respoondee. RFQ and tender responses are a shop window for new suppliers, so, if you find errors, misquotations or missing information, it may well be an indicator of the level of service you will receive if you start to do business with this supplier. Now you should be able to begin selecting your new supplier. If possible a visit to their factory or premises is advised. When there you can seek evidence for the standards they claim to have. These should include how they'd ensure your quality of delivery through quality systems, training documentation, planning systems, and their supply change management processes. You should also work to get behind the sales speak and find out who the company really are. You are looking to establish new partnerships and this will be easier if their approach, culture and philosophy fits with your own. It's also good to understand what makes them successful and how they differentiate themselves. If you are considering a long list of suppliers it is useful to use a sourcing scorecard, this can be used to compare and rank contenders and also to involve other stakeholders in your organisation where appropriate. Finally, before making a decision, seek referrals and recommendations.

Now that you've completed the process to selection potential new suppliers you should identify the risks (inaudible 12.08). In today's business environment, where we're all looking to de-risk our supply chains, it is important that you take the opportunity to properly consider the risk involved with any new suppliers so this is done upfront. As already described in the selection process, traditionally this includes reviewing your capability to deliver on time, provide excellent quality, and have predictable costs. Now, it is prudent to consider other areas, namely how resilient they are to unplanned changes, how quickly they can respond if they need to change, and what their approach is to ensure their own supply chains are sustainable. This takes yet more time and effort in an already difficult process. Although it is necessary and will avoid business disruption in the future. How do you do that? A good way of identifying risks is looking at how vulnerable a supplier is to unexpected events. The greater the vulnerability the bigger the risk. These vulnerabilities can be easily categorised. This slide shows the main things to consider and could be used in your sourcing process in the form of an audit or questionnaire. Sustainability is an area that continues to be overlooked, but will become more of a competitive factor in the short and medium term. As with other parts of this process a defined approach can be used to ensure you're embedding appropriate levels of sustainability in how you select your new supplier.

Although not appropriate for all sourcing exercises, you should always consider whether you need to protect your interests with service-level agreements and contracts. As a minimum, a non-compete clause should be included upfront. If you have intellectual property or unique selling points that you need-, that need to be protected, you should definitely include a contract. If, for example, delivery is a critical and strategic issue for you, an SLA is a good way to make this clear and inform the supplier of the consequences of non-compliance. These can be detailed or simple documents depending on the relationship you plan to have with your supplier. Another way to protect your interests is by introducing a governance process. As with the contracts and SLAs, you can decide on the levels of detail you want to include, but at the minimum, it should contain delivery, quality and cost, cost performance data and be reviewed regularly, at least once every three months. Finally, when you have selected your new supplier, and the parameters of the new relationship are documented, you should take the opportunity to set up periodic reviews. This provides a forum for you and your new partner to have open, but organised discussion around how the relationship is progressing and what you can both do to increase your competitiveness and thus increase sales. Taking this relationship-focused approach with strategic suppliers, from the outset, is a lot easier than trying to implement it at a later stage.

There are also some technical knowledge that you need to acquire if you are planning to start importing. These are Incoterms and tariffs. Incoterms are selling terms which confirm where cost and liability lie when receiving or shipping internationally. Each Incoterm states when the seller's risks and costs are transferred to the buyer. It is very important you understand these before you place a PO with an international supplier. The other area is around tariffs, each product you import has a commodity code. And this, along with the details of the country you are importing from will determine how much tariff has to be paid when importing. The gov.uk website has a handy service that provides this information and can help identify your commodity code. Tariffs can also be volume or timing (inaudible 16.49) such as anti-dumping measures which governments apply to protect their own internal (inaudible 16.53). This can also be established through the government website. So, what are the next steps? If you feel this is an area where you need a help, a good starting point is to fill in our supply chain checklist. It covers many of the areas discussed today, and provides a framework for initial conversation with one of our team. Then, feel free to get in touch with us at supplychainquery@investni.com. We will make contact and set up a quick call to discuss the problems you are experiencing and take it from there. Thank you for your time this morning, I hope it has helped. I look forward to hearing from you soon.

Moderator: Okay, thank you, so, Jimmy, I guess, we've got some questions starting to come through in terms of stuff, as you can imagine, I guess, quite a-, quite an interesting topic and-, for many people. The first one that has come up is, 'With today's cost pressures, should I not just look for the supplier with the cheapest price?'

Jimmy: Yes, I can imagine for a lot of manufacturers and suppliers or people today doing business, it's very tempting to do that, Clive. A lot of people are seeing prices going up and up and up and with no chance of them going down and not even a decent explanation, a lot of the time, you know, as to why it's gone up. And for a lot of people if you're pushed into the corner it seems like your only option and maybe for some people it is. What I'd say is, like, I would refer back one of the slides we had there about the

total cost of the acquisition, you always have to be very careful about that, first of all. So, it might well be that it looks cheap on a price level, but then, when you take into consideration how much stock you have to hold, what's the cost from a warehousing point of view, the risks of obsolescence, the cost starts going up. Also, as we know, you know, if it's cheaper, maybe you should ask some questions about, you know, is the quality as good as you would get from somebody who's a bit more expensive and are they capable of delivering on time? Do they have very long lead times and very large reorder quantities to get this cheap price? Again, those will have impacts to your cost base and what you have to do, especially your cash. And then there's the element of the cost of transport, a lot of these people would want to, basically, get you to take the responsibility for the transport and also the risks of the changes of that (inaudible 19.38). And finally, I would say, just the management of, you know, dealing with, you know, high volume, cheaper suppliers, if it goes well it's really good, you know, there's no doubt about it. But if it doesn't then the amount of (inaudible 19.52) I've spent on processes, processing and fixing problems and the communication time of your own people to do that is quite large.

So, I would say, if you can, go through the exercise, you know, if you get a good price, like, you should definitely consider it. And you should go, and, like, as we said, go and do an audit, you know, find out if their quality is good, if their delivery systems are good. And you should definitely consider them, you know, at the very least, just to push back on your common supplier and create a negotiation environment. A, a lot of suppliers have got used to continual uplift so a-, your incumbents are, are probably in the situation where, you know, this is-, a lot of commodities, the prices are now going-, now going down, so you should definitely keep yourself aware of that. It might well be that there are opportunities there for you to reduce your costs and your prices will be going down. So I would say definitely consider it, see if the prices are there, but then just be careful because you can get caught out.

Moderator: Yeah, no and I think it's that-, it's that whole idea, your original bit, actually, what are you getting for the-, for the-, are you getting value for money? And that total cost of ownership is really important that, you know, you've got a supplier that can deliver the performance in a competitive manner. The next question that's come long is, 'How do I find good suppliers?'

Jimmy: Again, I think-, I think we went through-, yeah we did, we went that, that, that process within part of the webinar. It's really-, it's a research exercise when it comes to it. If you've got a good network and you know people who know a lot of other people, then they (inaudible 21.34) people, that's how they deal with things by chain along this island, anyway. And, you know, it's use that network, first of all, that's the easiest thing. If you find somebody close, it's always easier. It's always easiest from the point of view of bringing them on board, and it's easy from the point of view of management. And for local supply you can also, you know, if you don't have contacts or peers or whatever that can give private information, there are local agencies, you know, we, we can provide some support. There are stipulations as to what support we can provide but, you know, we can certainly ask the question, and there are trade associations and I know the local councils are very keen to be people that are promoting local business as well. So a lot of, you know, companies and a lot of suppliers are on with them. You need to try and sure up, boost your trade. If you can't get local then it's a case of researching the markets and setting about this research exercise takes time so you have to set the time aside to do it. Just speaking from my own point of view,

personally I would also have started with-, well, start at the high level, you know, what am I buying? So where is it made? You know, first of all, like, so, who makes the most of it? And try and get some macro information about, you know, that type of thing by country, where's these materials-, where are these materials made?

You know, just divide down a big country and then find out, you know, how it's sold. There are a lot of commodities which see you deal directly with suppliers but there's, there's other ends, like, you know, I know that technically make up of electronics (ph 23.00) is very difficult because a lot of the manufacturers don't have to sell, they're just selling to agents and to wholesalers and that creates some difficulties.

Moderator: Yes.

Jimmy: And then once you've got a list of countries, you basically do the research from within the countries, just Google searches. Again, there, there are in-country agencies you can use, Invest Northern Ireland can help to a certain extent, again, ask the question and we can tell you the stipulations. And there are trade associations out in each of those countries who are trying to sell to the likes of yourselves, so I would try and find out who they are and get in contact with them. There's research databases you can use like Compass (ph 23.37) to try and find out by, by, by country. Again, it's something that we can help with if you need it. And also a good one is standard organisations, so, like, if somebody belongs to it, you know, if they can give you a list of companies that produce what you want and, and follow those standards in-, that's a good starting point because you know the people that are concerned about their quality and how they can deliver. And then a-, follow the process as we stated in the webinar. You know, contact and start going through RFQs and (mw 24.05) standards and how they deal with the (mw 24.07).

Moderator: Yeah, and I think, you know, that's really important. I suppose there are a couple of things there spring to mind as well, Jimmy, is, our Business Information Center, again, has access to be able-, you know, companies can access that and give some reports and things, rather than it might support stuff (sic). But a really important part of what you're emphasising there is the need to do due diligence and actually, you know, make sure you're assessing and looking at the risks that are associated with, you know, wherever you're sourcing from and the supplier. That's really important.

Jimmy: Yeah.

Moderator: The next question that's coming in at the minute is, 'What would you say the biggest issues facing the supply chain are at the moment?' A lot.

Jimmy: A lot, it's, if you had to ask me a year ago, there were even more, I would have said, so there's actually-, depending on what business you're in, you know, it depends what you're doing, what you're trying to buy. But a lot of the commodities which make up what we do here in Northern Ireland, the prices have gone down, the supply has got better, mostly around, you know, the manufacturing capability in most of the major manufacturing countries has went back, more or less, to normal. In fact, a lot of predictions are that there's going to be a bit of a, I don't know, deflationary pressures now on companies that are not going to be able to charge enough and they're not going to-, so you're going to have all the problems associated with that, especially for supply from China. I think, without a doubt, you know the-, what was causing us the problems is the instability and not knowing what's going to happen. If people know what's going to happen, then they're able to plan for it and they're able to do-, put actions in place accordingly. And I think the main thing at the minute is still what's happening between Ukraine and Russia, you know, what's going to happen there. It looks like China and the US are starting to talk to each other. I think they've probably learnt from what has happened there to say, 'Well okay, we need to not follow and make the same mistakes because everybody has suffered,' you know, economies have suffered as a result of what's happened there. And I think social (mw 26.01), you know, we've all seen in ourselves in our-, in our weekly shop. You know, the amount of-, the cost that's increased for food products is huge.

But that said, so it's, kind of, a mixed bag. So at the minute, the normal commodities, you know, steel, metals, chemicals mostly are on their way down, and in, in large supply, whereas, you know, the things, the foodstuff that come from Central and Eastern Europe, and into Russia, are still a problem.

Moderator: Yeah. I suppose, and I think, you know, you're absolutely right, when I look at this, Jimmy, I think the, the things I see is, you know, that geopolitical situation has caused a lot of stuff and if we go back a little bit before that, you had the, the challenges linked with the EU exit and COVID and the vulnerabilities that that identified with companies in the supply chain, you know, where facilities suddenly had to close et cetera, or regions closed, and I think that then leads into, you know, do people really understand the risk in their own supply chain? That's vitally important, that, that companies do the due diligence around understanding their risk, how they can mitigate against that, how they can build resilience into their, you know, into their supply chain. And of course, you know, the other huge challenge, which you mentioned, is changes in prices, you know, we've got, you know, been significant increases in input costs or particularly energy costs recently, so, you know, again that drives a huge challenge with companies. And I suppose we'll talk a little bit later but, you know, again, these are things where, you know, we've worked with many companies in trying to help them understand those areas and how they could actually do things more competitively and more effective, you know, as part of the support that, that we've provided. That, sort of, leads into the next question that's come through as well, is, you know, it talks about, you know, the current challenges between, you know, UK, US, China et cetera over microchips, you know, is it risky to have, you know, links with, you know, a particular supplier in China or whatever, you know, in the short-medium term and I suppose there's been a lot of stuff going on around, you know, microchips and components where you'll see facilities generally getting set up, you know, in Europe, in North America.

It probably just builds on what we've talked about in terms of looking and assessing the risk where you're bringing from, if you're buying from one particular sole source or one particular region, you need to be considering what the potential back up options would be and, I don't know, what else, Jimmy, would you add to that?

Jimmy: I've done a bit of research on this, it's, it's something I have a bit of background in and I can say that it's going to be another two to three years before there's any significant amount of capacity comes out of either Europe or US on microchips, so I would say the answer-, the answer to the question, straight, yes, there is risk, but we are still very much over a barrel. So, like, they have all the cards and they know it. So, again it depends on what you're buying. They can-, a lot of-, for microchips in particular, you know, if it's something that's complex and-, a lot of the high value server stuff is still managed by American and European companies, whereas, (mw 29.19) if you're talking about simple controllers and that type of thing for stuff that moves or your controllers for temperature gauges, that type of thing, the vast majority of that is still manufactured in China and, you know, Taiwan is, is the other place, like, so the risk associated with that. So I'd say there is still significant risk, but I wouldn't hold out there being any other solutions in the next two to three years.

Moderator: Yeah. No, it's a-, it's a huge one that I-, I think it's really important that companies understand that and explore all possible possibilities to, actually, you know, mitigate around if there may be alternative supplier routes and things they can look at, you know, ultimately going right back in to is there potential to re-design your product that actually de-risks it. You know, it's a-

Jimmy: That, that's very true. So-, but I would say, I think from a lot of the people that I've dealt with that have got the problems, it's simple controllers and, you know, they're all made in the (mw 30.11), so that's part of the problem.

Moderator: Yes, okay, so plenty of questions coming through. So this one is linking again with payments actually, linking back into, you know, should I expect to pay proforma on my first shipment if I'm coming in with something from international sourcing?

Jimmy: It, kind of, depends on your buying power. From my own experience, when you're starting to do business with somebody who doesn't know you, then they would nearly always expect to have proforma, you know, if, if somebody in the UK or an EU based supplier, EU based suppliers they know they can trust the credit based system and the reports that are there, so you've got a better chance there. Once it's outside of the EU, you know, even to America or, you know, especially the likes of China, they, they normally do ask for, certainly the first shipment, to have full payment up front which, you know, is, is hugely risky. And that's why you need to make sure the person that you're buying from is who they are, you know, you're not getting basically, someone stealing from you basically, so. So it's a matter of you

spending the time, you know, trying to find out somebody who knows them, trying to find out, you know, get videos of their factory working if it's a factory you're buying stuff from. And with the likes of ourselves, you know, that we've got people in-country that could, possibly, you know, make it easier to ask those questions and confirm that stuff. But yes, you'll be asked to do that a lot of the time. I would certainly, you know, and sometimes you just have to do it if you want to get the cheaper material and that's what suits you to do, you know, you get the right quality. I would say that, you know, I would certainly have something in place that, you know, 'Okay, I'll pay, maybe, the first proforma and I pay the second proforma,' but come payment three, you know, you're down to, 'Okay, right, we're paying a 50% or a 30% deposit,' and then the rest of it is paid once you actually receive the goods and you've done a quality check.

So yes, it, it's very common, is probably just, just, just the simple answer to that, but it depends on your buying power. If you're a big company and you've got buying power, you're probably gonna be able to sway them. But if you're not, you probably aren't.

Moderator: Yeah. No, no, I think it's, yeah, it's a-, it's a challenge and I suppose a, a follow on question which is linked with that as well is, you know, how do Incoterms work and what should I look out for? I know you've obviously covered that briefly in the slide, but it actually ties in with, with the previous question I guess too.

Jimmy: Yeah, yeah it does and I covered it briefly. It's something that there's-, it's something that you could do a whole webinar on and I'm pretty sure that our colleagues in customs, like I say, have such things. Again, I can only go on my own experience and advise on that and-, if you're planning on importing a lot of stuff and you're actually building up a relationship with the, the, the company that you're buying the stuff in from, from a third party country, you know, you'll, you'll get to talk to them and you'll have it organised, and they'll put you in contact with the customs people, and, and it'll work out very well. Most people don't do that, the vast majority of people don't. They're buying, like, a container here, a container there, or a palette here, palette there. So it's a case of-, you're not going to have the resources or the facility to train somebody up to figure out exactly what's involved in that type of thing, so, so that's the question, if you're going to be doing it lots, I would definitely get somebody trained up in how you do it because it seems simple, like, you've got a chart and said, 'Well, that's what it is, so that's what happens,' but then, you know, there's things like paperwork. You know, if the paperwork isn't right and the Incoterms say that you now own the goods, you know, you're going to pay the demerits (ph 33.47) in the ports for that. Then if takes you weeks to figure out how to get it right then that's a very-, that's very costly. So what-, my advice is always if it's the first time you're doing it and the first time you're doing it from a specific country, I would always engage with that faithful (ph 34.00) order. I know that there's-,

Moderator: Yeah.

Jimmy: -a good few very good ones in Northern Ireland and, again, we can help you out and if you want to contact us, we can put you in contact with a few of them. And they know what they're doing, and they're doing this all the time, and they, they know the pitfalls, they'll tell you exactly what you need to do, what you need to provide and they'll manage it for you. You have to pay for the service to do it, but you're paying per shipment as opposed to you're having somebody there all the time or have to pay the high cost of training somebody which wouldn't be cheap either.

Moderator: Yeah.

Jimmy: That would be my advice. Go with a faithful (ph 34.30) order.

Moderator: Yeah. And I guess, you know, there are specific trade associations for-, where those guys are members as well so people-,

Jimmy: Yeah.

Moderator: -can look in that direction too. Another question we had was actually around, 'What steps should I take before engaging new suppliers to ensure an effective outcome?' I know you've touched a little bit on it on one of the previous questions, but I think it's useful maybe to, to expand just from your own perspective, you do you ensure an effective outcome?

Jimmy: Yeah, well it's just, I think, why, is the first thing for me. You know, if you don't understand why you're doing it, like if it is purely down to cost then you should ask yourself the question, 'Why?' Again, you know, if you're being completely slurred on the margin of their products and if that's driving you down to where you need to go, then, you know, they should understand that, but you need to understand the risks as well, like, the chances are you're going to be inheriting a lot of risk with quality and delivery and all those types of things. And I would certainly say you need to put a lot of mitigation plans in place before you go that direction. So, so with the why, well this will influence who you would go to in the first place and who is appropriate and who isn't, more importantly. And then it's a case of following the steps you're going through, you know, it's-, define a clear cope, you know. Again, a lot of people say, 'Well I'm only doing this, I'm only sourcing a few things,' but do it, define the scope anyway, you know, so you don't know how much of an expert the person that you're going to is, so just make sure you're assuming a seriously low amount of knowledge and understanding, and make sure they know exactly what you're asking for. Communicate this through RFQs if you can, like, it's just a professional way of doing it and, you know, you can register then, you can have different then-, so there isn't a misunderstanding, especially if there's time zones involved. We all have a reference to-, you can always reference in the particular RFQ that you're dealing with at that time.

Audits are very important to me for potentially new suppliers, depending on what you're going to spend, your (mw 36.24) a commodity are something that you're not going to spend an awful lot of money on, I wouldn't spend a lot of money going travelling to a factory or that type of thing, but if it is the (mw 36.32) purchase, definitely, go to their factory. See what they do, see how they do it, see the people who are involved in it, you know, speak to them, see how knowledgeable they are. You know, a day can save a lot of problems further downstream. And once you're ready to make a decision, you know, talk to them about setting up supplier relations, you know, having monthly reviews, quarterly reviews, whatever, whatever is suitable, you know, to what you're buying, how much you're buying. And then, you know, again depending on the type of product and, you know, whether that's easily got or not, strategically, you know, well I'd be very keen to say, 'Okay,' especially with the, the frames (ph 37.07) people had recently is, you know, set up contracts, you know, it's something that there's continually short supply of, set up a contract to make sure you've got some sort of recourse. And it's something that isn't very important from a delivery or from a stock holding point of view or whatever it is, (inaudible 37.20) are really, really useful. A lot of people don't use them but I, I have and they're, they're very good. Okay, and finally, echo of the last step, this is one that a lot of people haven't really started doing yet, and they should, is, you know, is analyse the risk. You know, start asking the questions of the potential new suppliers, you know, 'Where do you get your stuff from? How do you ensure your supply?' You know, 'How much stock do you hold? How much cash are you exposed to?' You know, and what-, 'Those suppliers that you get them from, are they able to get into risk?'

So-, it's, it's-, we're part of a chain, so we can-, you can do this upfront and you can fill in new suppliers. It's a lot easier to do it front and find out then than get into bed with them and then start asking the questions, so it's probably the final bit.

Moderator: Okay, thank you. I noticed a few other questions coming in there, we'll ask-, we'll actually deal specifically with the businesses associated with that side. 'Cause I'm conscious of our time, we may not be able to get through every question today. I think we've, we've covered a lot of, of material and I suppose, Jimmy, if you were to, you know, sum up, you know, what's the most-, what's the most important thing that, that businesses need to be, you know, mindful of in the-, in the current climate around sourcing. There was one or two things that you said we had to be really mindful of.

Jimmy: Be prepared to do a lot of preparation, you know, it's, it's-, it takes a lot of time. A lot of people, you know, would just, just go and find somebody else. You know, go and find a new supplier, it's easy. It's not. It's really difficult. Doing, doing it right and doing it good way, actually locally at the minute, you know, we're at full capacity for a lot of people, for a lot of industries, like, so it's difficult to get it locally, so-, and the further you go away, it's, it's going to be a lot more difficult. So spend the time to do the preparation, understand what you need to do and, you know, I, I would say tune your alarm bells, a lot of people are very good at selling to you so, you know, get-, don't take everybody at face value, like, question everything. You know, they should be willing to give you the information that's required, especially for-, if they want new business, because existing business, then, is a bit more difficult instead. So when you're getting the chance ask pertinent questions, do so.

Moderator: Yeah, and I think-, I think to be fair, you know, what, what we see when we're working with businesses is obviously, one of the first things is, well, you know, what, what's in your existing supply chain? How do you actually develop the relationships and, you know, even, I know I said the scope of this one today, but looking at that category management approach, and actually, you know, developing more strategic relationships with, with companies, with your supply base, you know, can have the effect of delivering a more competitive supply base as well. And on that end, we had-, the website was up earlier but if you go to Invest NI and go for support for business, you'll see, 'Supply chain solutions and development.' In terms of the, the web links, there it is now, back on the-, on the screen, so if you click on that, you'll be able to see some further details around our specific support programme. It also includes a series of, of-, this is their six webinars we have developed to date and, and the others are, are available to look at through that web link. And it covers some of the other important topics that we've literally touched on here today as well.