

Effective international supply chain management



THE EXPORT DEPARTMENT
Empowering SMEs to expand overseas





Agenda

- ❑ What is global supply chain management
- ❑ Past barriers to global supply
- ❑ Sector specific view
- ❑ Regulatory compliance in global supply chains
- ❑ Sustainability in global supply chains
- ❑ Advantages of global supply chains
- ❑ Drawbacks of global supply chains
- ❑ Impacts and influences
- ❑ Impact of EU Exit
- ❑ Impact of COVID-19
- ❑ Future trends
- ❑ Risk, resilience and rebalancing
- ❑ Optimising global supply chains
- ❑ Q&A





What is global supply chain management

- ❑ Management of full product lifecycle (supplier to manufacturer to retailer to end-user)
- ❑ Global network
- ❑ Low-cost country sourcing
- ❑ Use of overseas suppliers
- ❑ Obtain large-scale efficiencies
- ❑ Enhanced customer experience
- ❑ Requires streamlined processes and accurate data
- ❑ Requires working capital
- ❑ Requires reliable logistics
- ❑ Requires low barriers to trade





Past barriers to effective global supply

- ❑ Lack of supply chain flexibility
- ❑ Delivery times too long
- ❑ Lack of internal competencies to manage external partners
- ❑ Lack of external partners capable of meeting requirements
- ❑ Product quality issues
- ❑ Partners unable to meet flexibility requirements
- ❑ Threat to intellectual property (IP) / technology
- ❑ Poor delivery performance (on-time in full)
- ❑ Inadequate cost reductions
- ❑ Regulatory compliance issues





Sector specific view

Examples of UK and global sectors heavily reliant on resilient international supply chains

- ❑ Food and drink
- ❑ Mining
- ❑ Oil and gas
- ❑ Electronics
- ❑ Textiles
- ❑ Automotive





Regulatory compliance in global supply chains

- ❑ Adherence to established guidelines e.g.
 - ❑ National, state/provincial and local mandatory regulatory requirements (e.g. REACH, RoHS, WEEE, etc.)
 - ❑ Industry standards (e.g. ASTM)
 - ❑ Bilateral and multilateral trade agreements
 - ❑ Internal corporate policy (e.g. supplier code of conduct)
 - ❑ Contractual obligations
- ❑ Trade – Import / Export
- ❑ Supplier integrity and Social responsibility
- ❑ Environmental responsibility
- ❑ Product safety and Integrity
- ❑ Security
- ❑ Technical regulations
- ❑ Labour and employment
- ❑ Logistics and distribution





Sustainability in global supply chains

Supply chains account for 90% of companies' environmental impact. What changes can be made?

- ❑ Map entire supply chain
- ❑ Educate and change mindsets
- ❑ Encourage and assist upstream
- ❑ Leverage technology
- ❑ Industry collaboration
- ❑ Reverse logistics
- ❑ Build on success





Advantages of global supply chains

- ❑ Expanded sourcing opportunities
- ❑ Broader perspective on business
- ❑ Greater variety
- ❑ Lower cost base
- ❑ Supplier development
- ❑ Ability to reach new international customers
- ❑ Higher volume / increased capacity





Drawbacks of global supply chains

- ❑ Large-scale management issues
- ❑ Longer lead times
- ❑ Reputational risk
- ❑ Exchange rate fluctuation
- ❑ Communication challenges
- ❑ Increased risk exposure
- ❑ Global competition
- ❑ Data challenges
- ❑ Loss of control
- ❑ Legal issues and regulation





Impacts and influences

- ❑ Pandemic disruptions (COVID-19)
- ❑ Supply constraints
- ❑ Increased demand
- ❑ Global trade and tariff issues
- ❑ Labour shortages
- ❑ Global logistics constraints
- ❑ Higher labour costs
- ❑ Rapid technology transitions





Impact of EU Exit

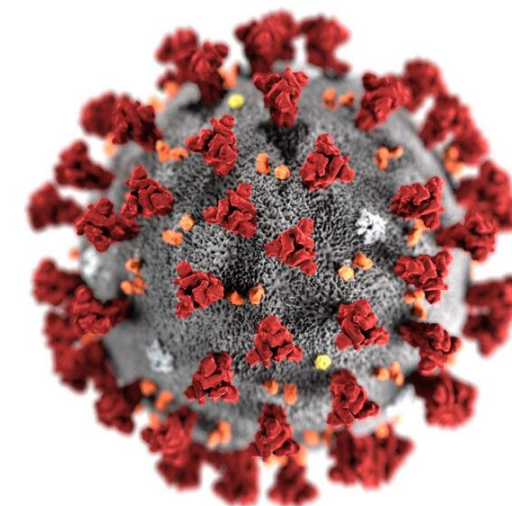
- ❑ Tariffs (no free circulation of goods)
- ❑ Origin of goods (TCA)
- ❑ Dual regulatory systems
- ❑ Little 'equivalence'
- ❑ Customs formalities and border controls
- ❑ Value Added Tax (VAT)
- ❑ Supply chain hubs
- ❑ Lead times
- ❑ Increased logistics costs
- ❑ EU more burdensome and expensive to source from and supply into than ROW





Impact of COVID-19

- ❑ Manufacturing issues in China
- ❑ Impact of hygiene and safety restrictions
- ❑ Impact on logistics
- ❑ Broadening and localisation of supply
- ❑ Fluctuations in supplier prices
- ❑ Bankruptcy of suppliers
- ❑ Enhanced digitalisation
- ❑ Increased use of e-commerce
- ❑ Reshoring of manufacturing





Future trends

- ❑ Automation
- ❑ Blockchain
- ❑ Smart Warehouses
- ❑ Flexible supply chain
- ❑ Stronger collaboration
- ❑ Increased focus on risk management and resiliency
- ❑ Circular supply chain
- ❑ Enhanced visibility
- ❑ Customer segmentation





Risk, resilience and rebalancing

- ❑ Uncover and address hidden risks
- ❑ Identify vulnerabilities
- ❑ Diversify supply base
- ❑ Hold intermediate inventory or safety stock
- ❑ Look at process innovations
- ❑ Revisit product variety vs. capacity flexibility





Optimising global supply chains

- ❑ Flexibility
- ❑ Digitisation
- ❑ Speed of delivery
- ❑ Global reach
- ❑ Optimised inventory
- ❑ Sustainability
- ❑ Proactive strategy
- ❑ Innovation



Thank you for your time!

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