

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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