

Improving Customer Satisfaction with better Supply Chain Management

**16 November 2012
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Today Agenda

- Introduction of Supply Chain (SC)& Supply Chain Management (SCM)
- Supply Chain Risk
- Introduction of Supply Chain Continuity Management (SCCM)Model
- Benefit of SCCM
- Q&A

Introduction

What is supply chain?

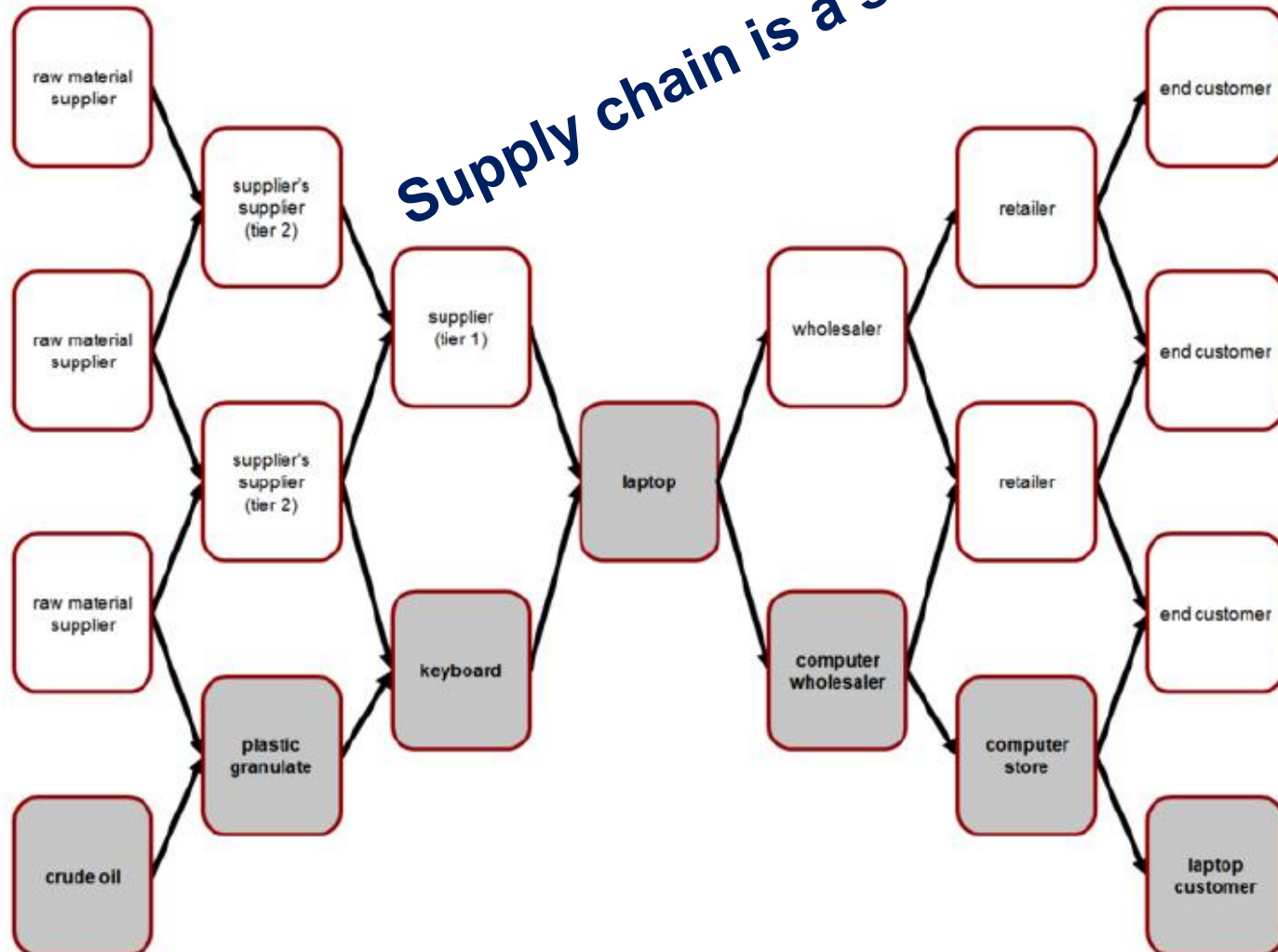


upstream and downstream linkages

raw materials/components => finished product =>



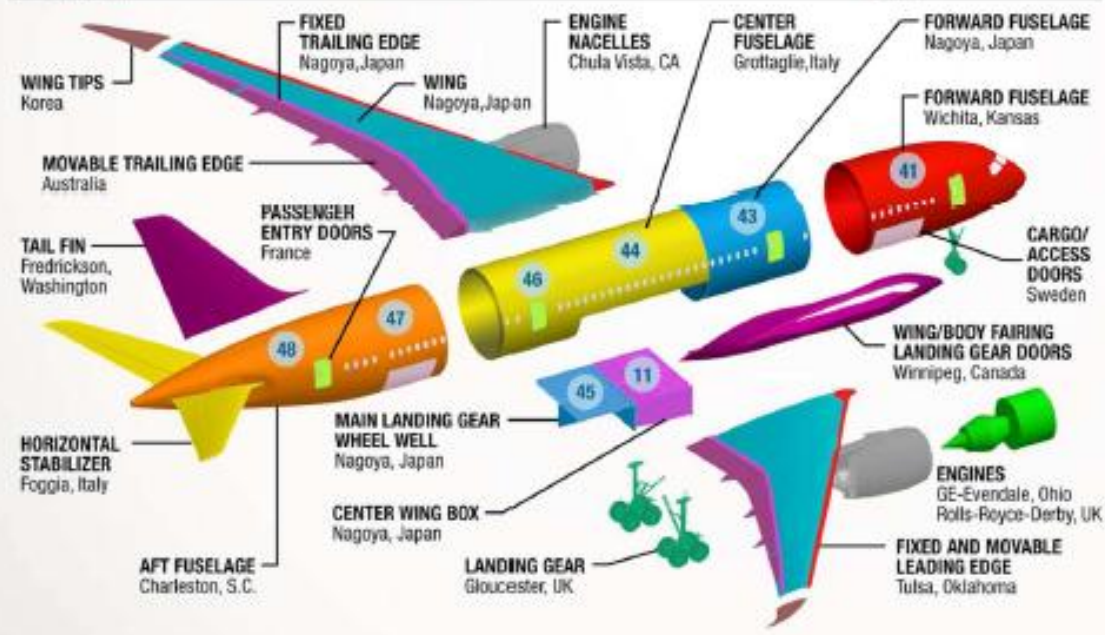
Supply chain is a simple?



- Great Example is Boeing 787 Dreamliner Program, 17 collaboration partners distributed globally

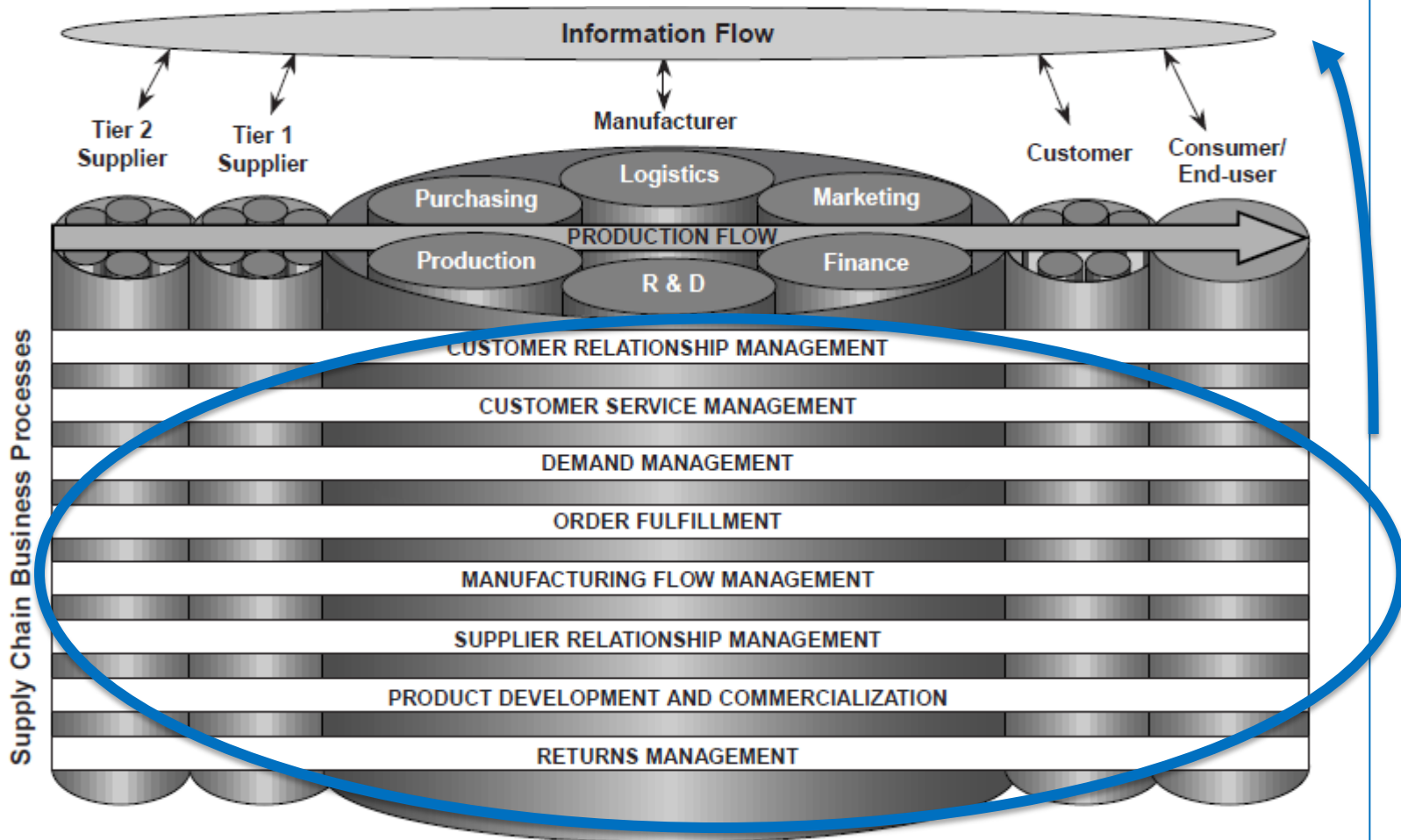
THE COMPANIES

U.S.	CANADA	AUSTRALIA	JAPAN	KOREA	EUROPE
Boeing	Boeing	Boeing	Kawasaki	KAL-ASD	Messier-Dowty
Spirit	Messier-Dowty		Mitsubishi		Rolls-Royce
Vought			Fuji		Latecoere
GE					Alenia
Goodrich					Saab



6 countries

Supply Chain Management



Source: Adapted from Douglas M. Lambert, Martha C. Cooper, and Janus D. Pagh, "Supply Chain Management: Implementation Issues and Research Opportunities," *The International Journal of Logistics Management*, Vol. 9, No. 2 (1998), p. 2.



Warm up exercise

1. Who are your **critical suppliers** and how much their **failure** would **impact** your company's profits?
2. Have you fully defined your **critical supply chains** upstream and downstream to the customer level?
3. If incidents happened in SC, **any actions in place** to avoid future incidents?
4. Do your major suppliers have **business continuity plans**?
5. Have you provided **risk training** to your supply chain management team?



Scoring

8-10 a good understanding and control over the risks you face

5-7 may have a number of key gaps which could impact your reputation or profitability

3-4 how are your sleeping at night?

0-2 Good luck



Research reveal.. **Business Failure** over the last 12 months

- 201 organizations across all sectors
- 58% (117 organizations) from supply chain



35% has unexpectedly experienced

Cause of the disruption



88% expected to experience supply chain disruption

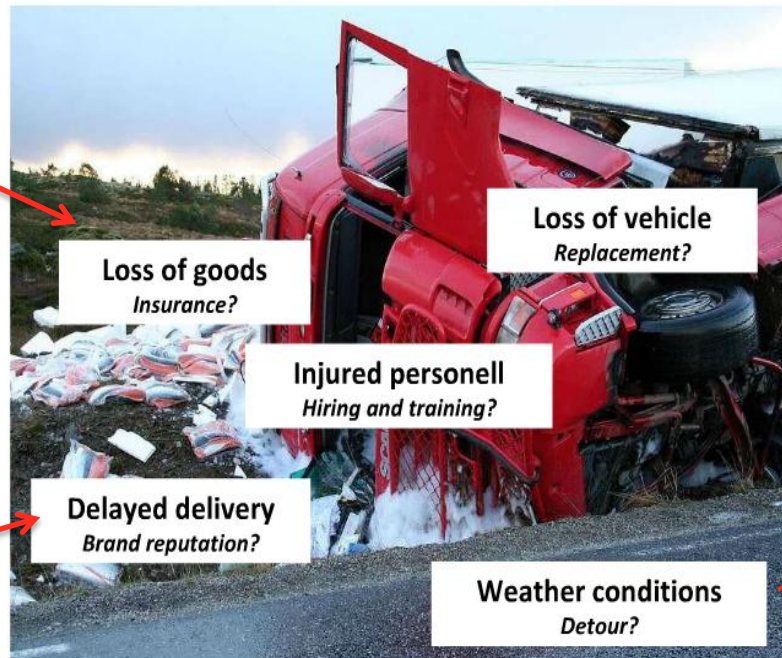
Middle East, Africa and Latin America

Source: continuity central

If you can't manage your supply chain risk, then

Supply chain risk?

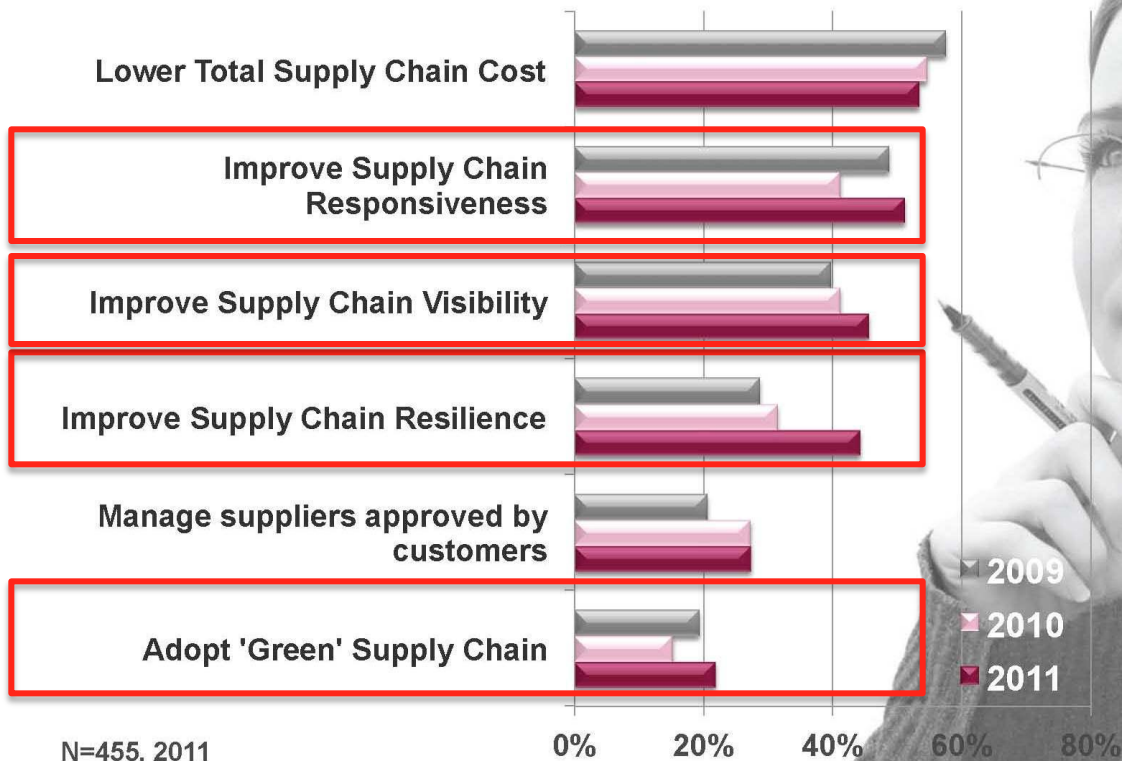
- Third party liability
- Financial risk



- Damage to reputation
- Distribution failure

- Business interruption

Key Drivers to Improve SCM



N=455, 2011
 N=518, 2010
 N=439, 2009

Source: IDC Mfg Insights, Biz and It Priorities Survey, April 2011

Source: continuity central

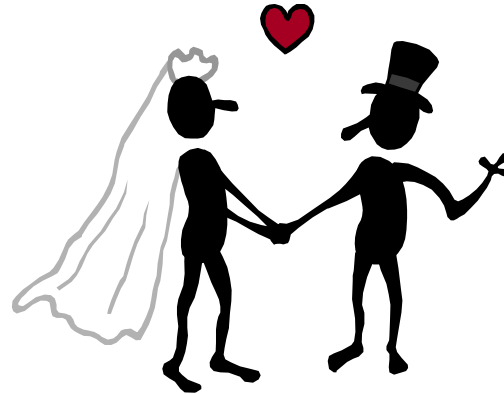


Therefore,



What is SCCM? Supply Chain Continuity Management

BCM



SCM



SCCM(3:1)

- Resilience
- Outbreak of unexpected experienced events ↓
- Recovery

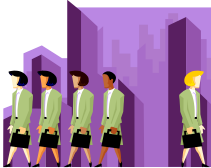


Survival

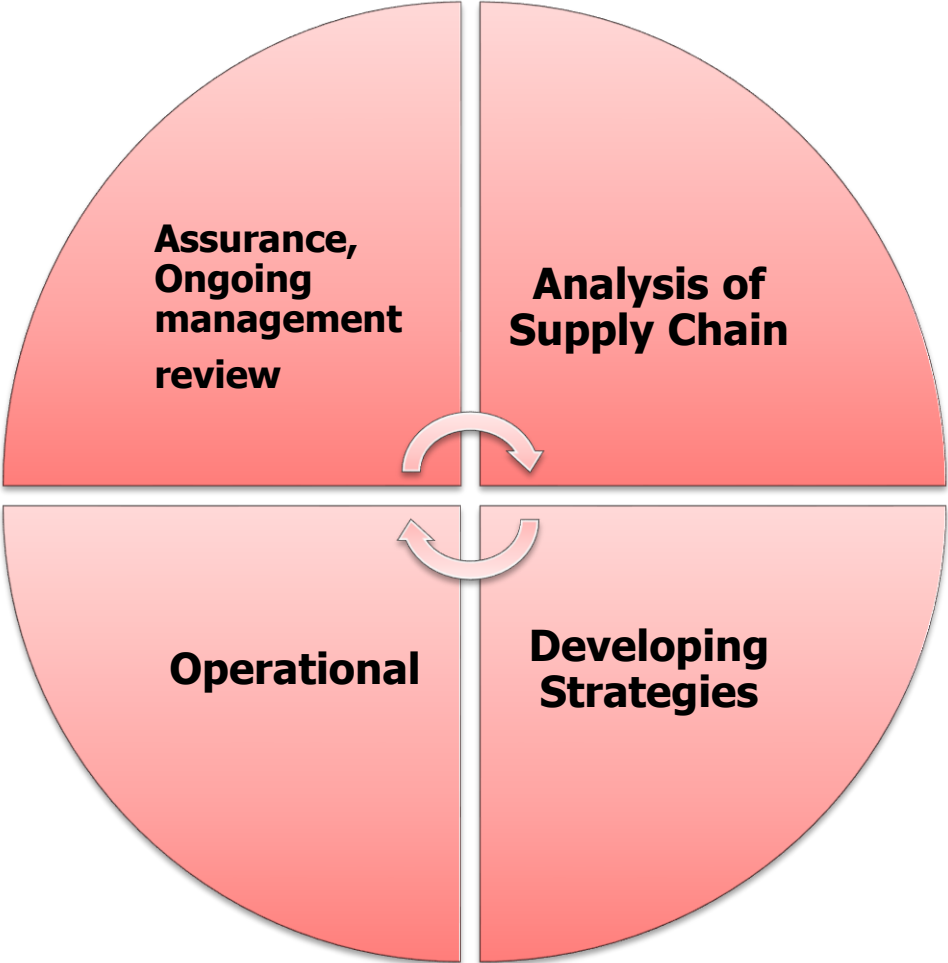
Why is SCCM important?

Incidents can happen any time and without

Incidents



SCCM Model





- Do you know who your **critical suppliers** are and how much their failure would impact your company's profits?
- Have you fully **mapped your critical supply chains** upstream to the raw material level and downstream to the customer level?

Aim



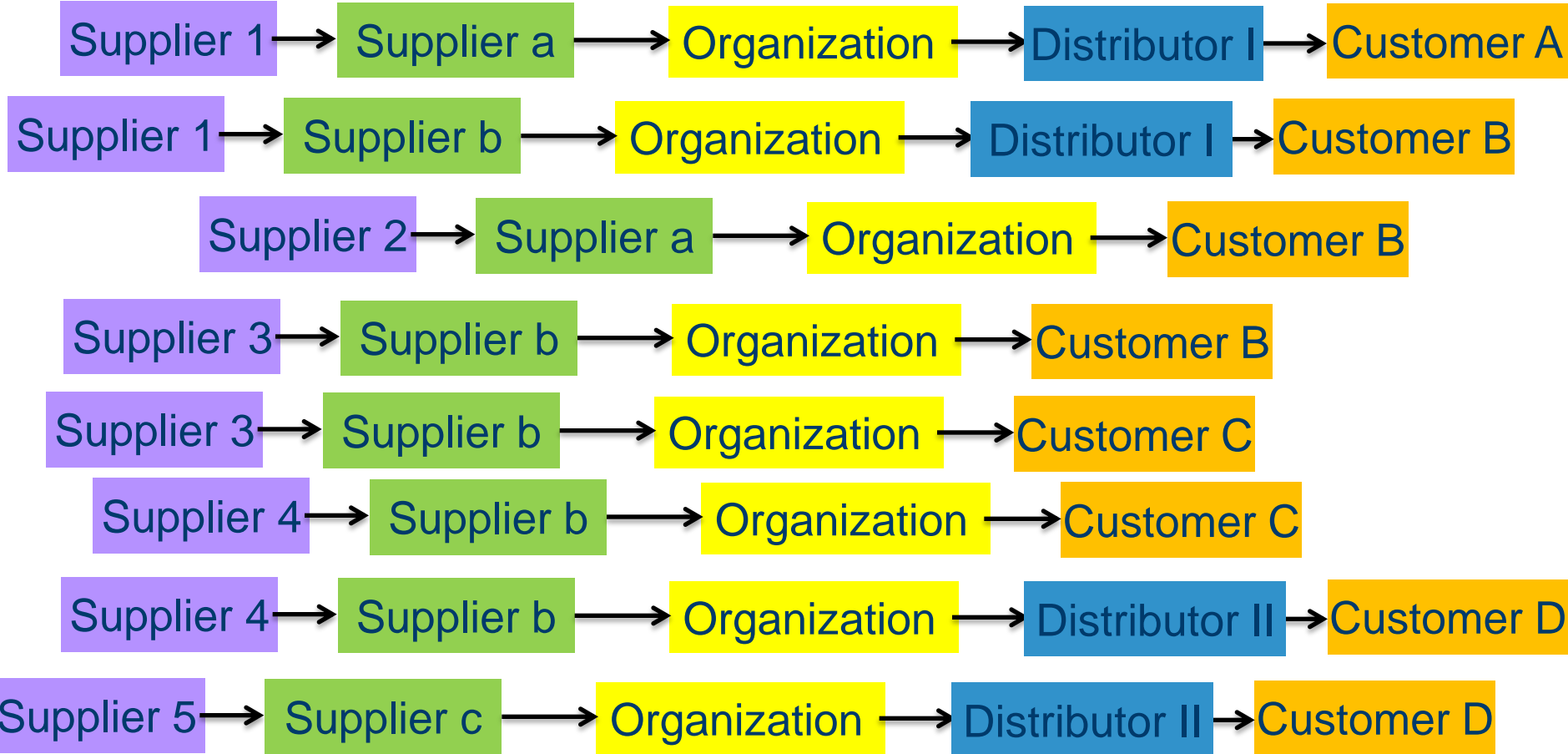
Identify critical suppliers/processes

Steps on Analysis of SC

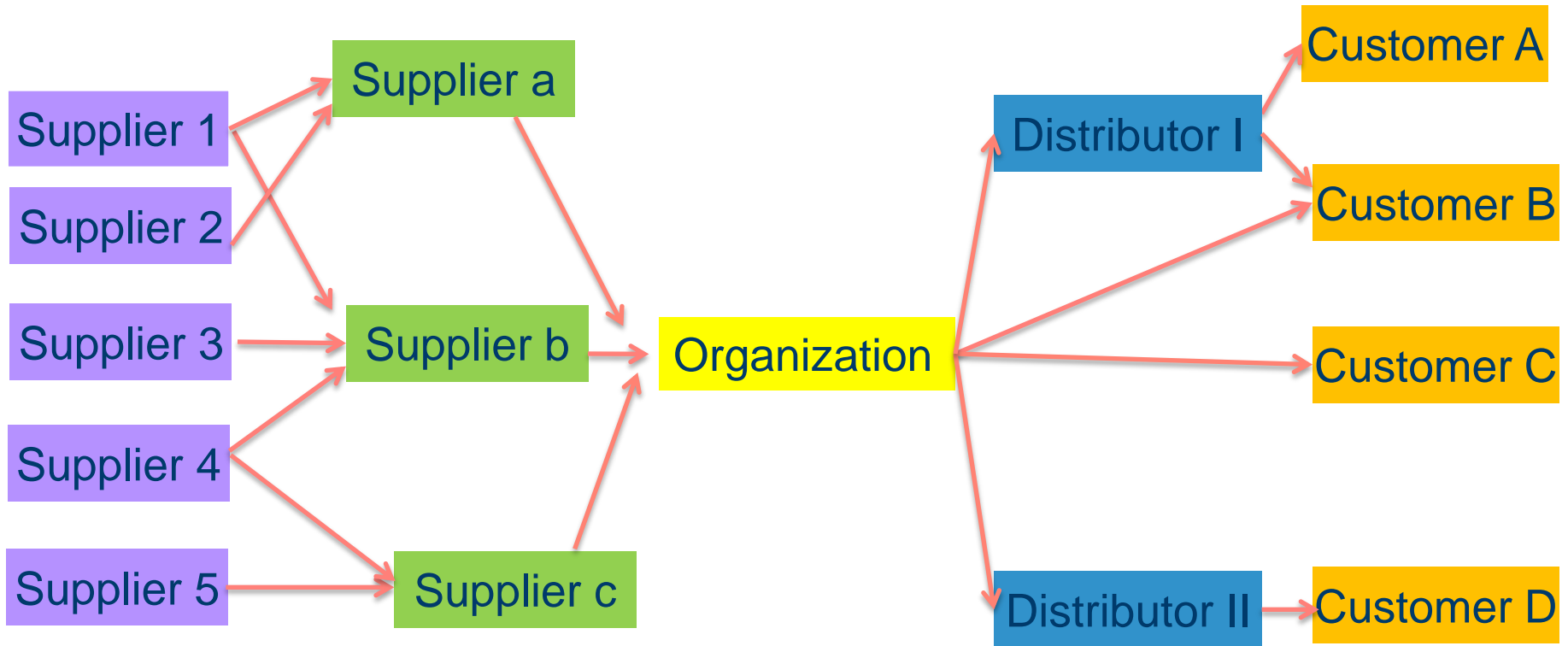


- Determine scope of SC
- Mapping supply chain
- Define critical product/service
- Priority a risk

supply chain model 1



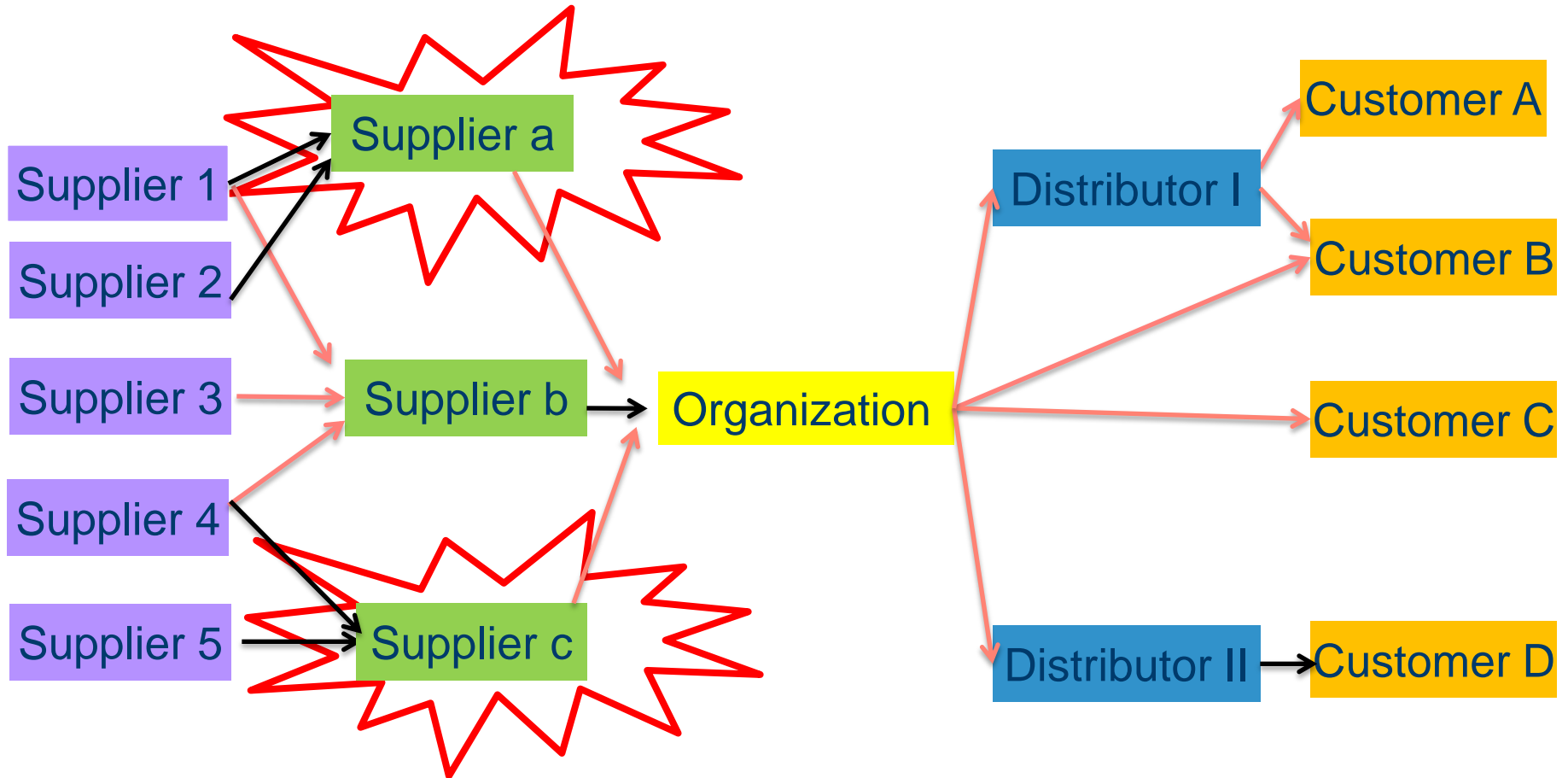
Supply Chain Map



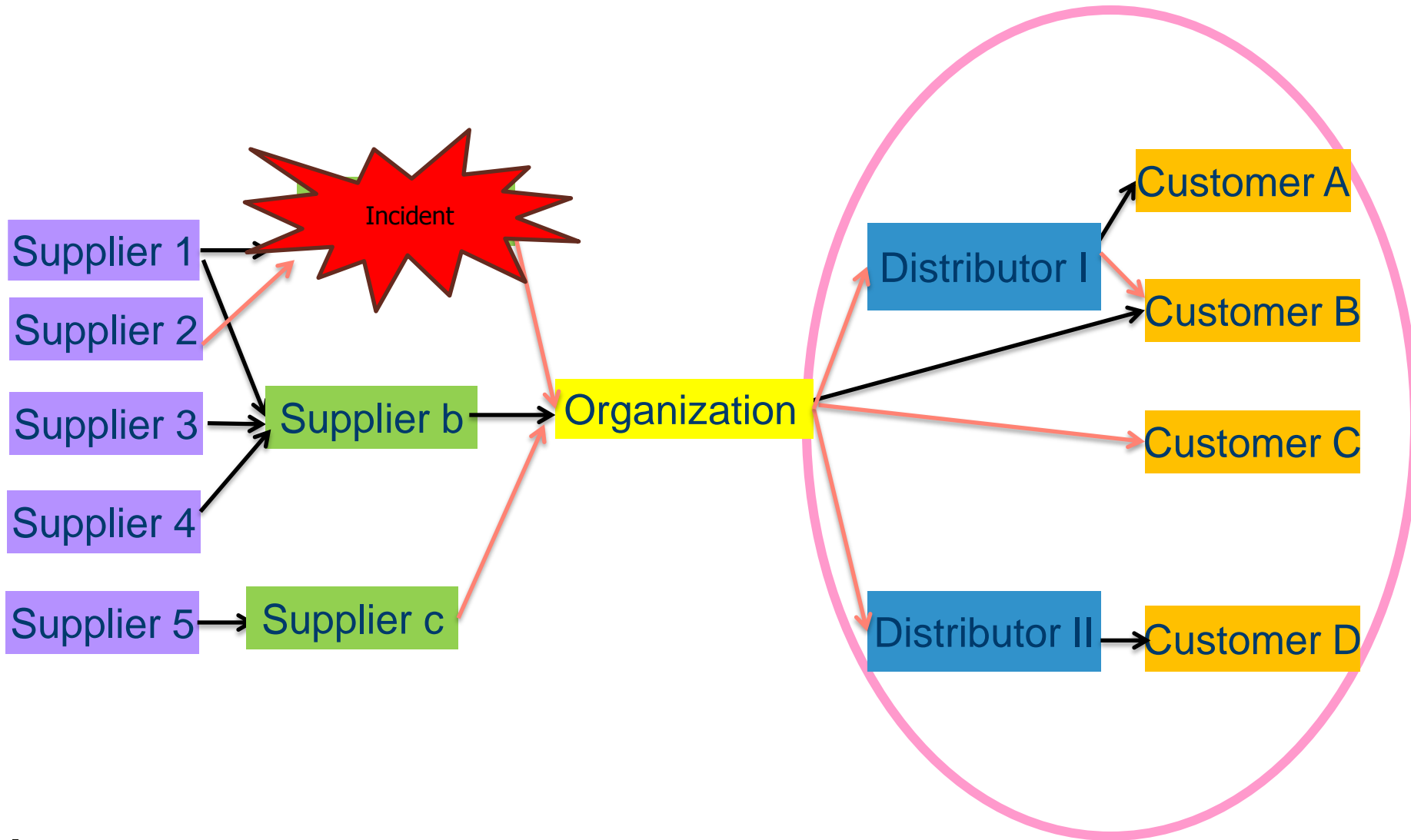
Who critical suppliers are?



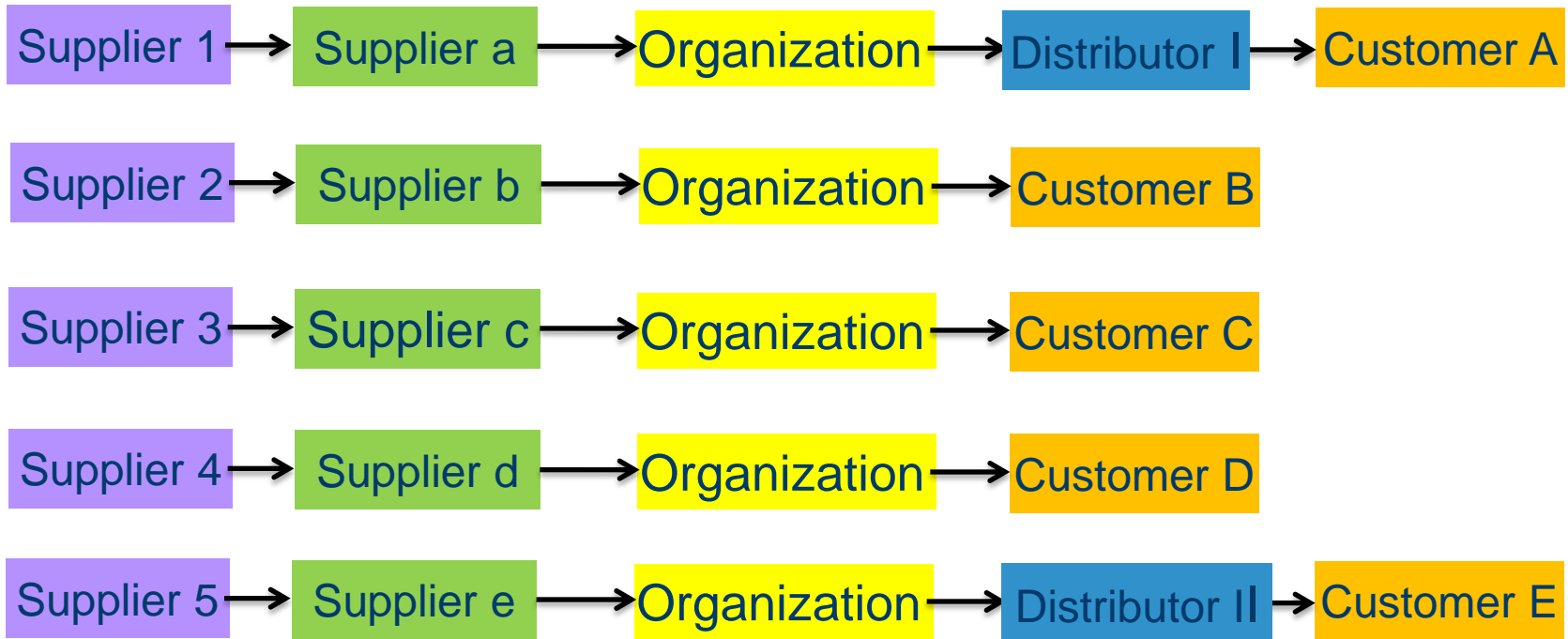
Supply Chain Map



Disruption to supply chain



Supply chain model 2



Priority the importance of your customer

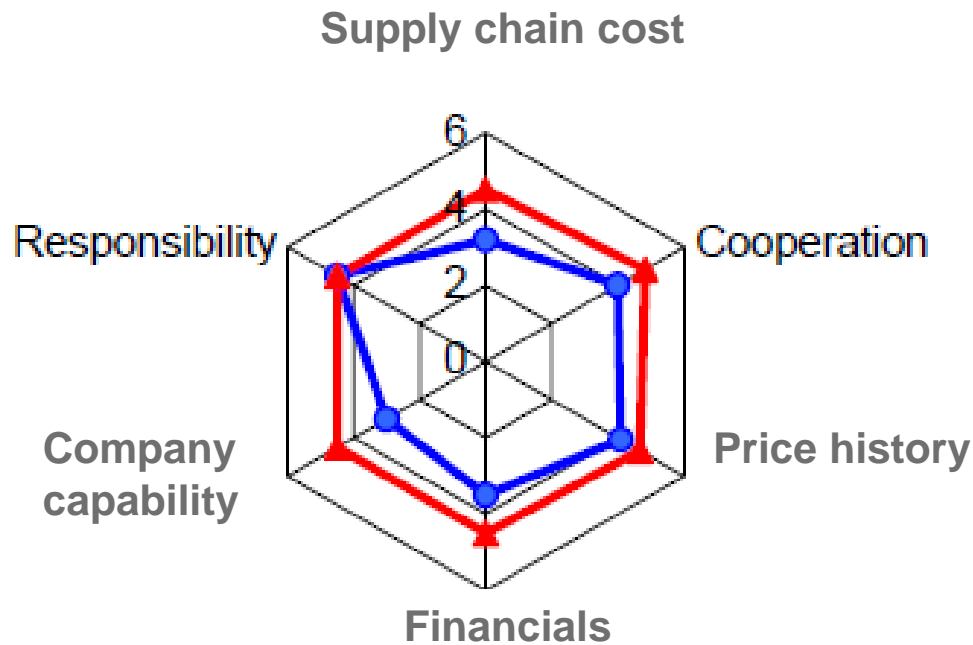


Direct contact

- Customers
- Supplier
- Contractor
- Shippers

Methods of risk priority

E.g.1 Radar chart



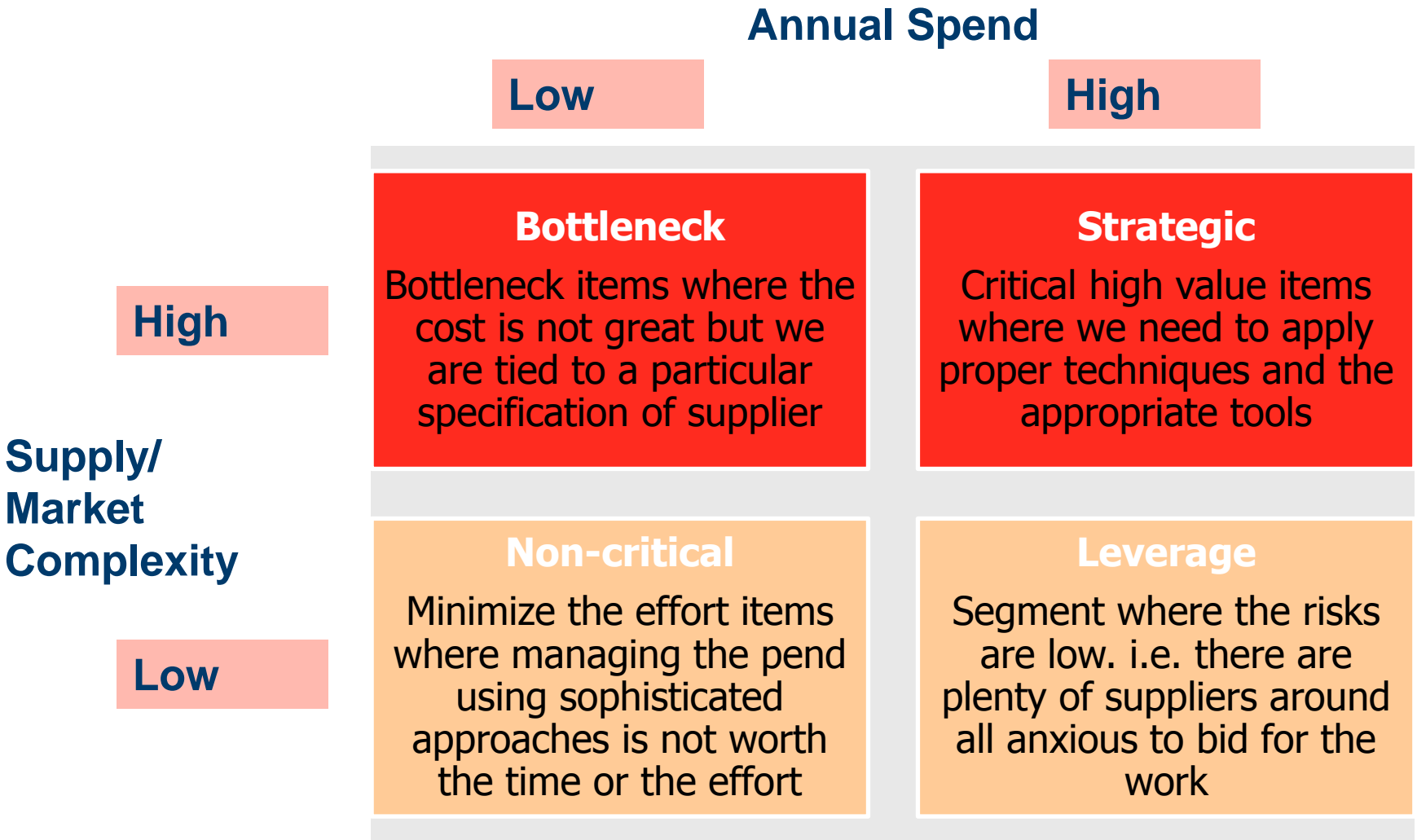
E.g.2 Risk/impact analysis format

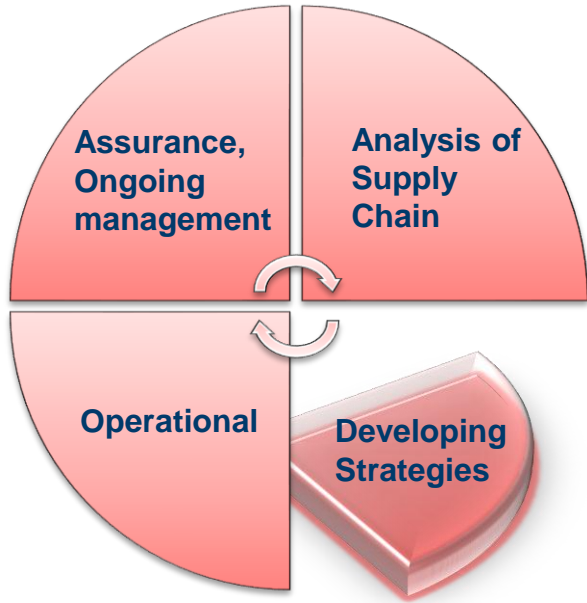
Risk Ref. No.:
Scenario:

Date:

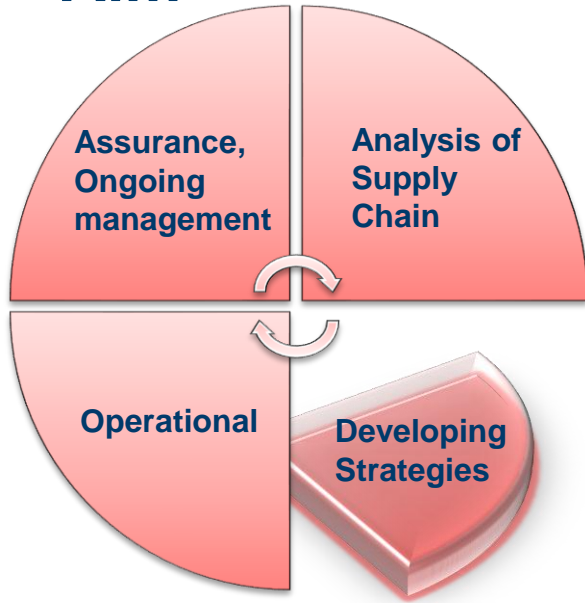
Name of Suppliers	Nature of impact and parties affected	Severity rating (5,4,3, 2, 1)	Probability rating	Opportunity to manage severity or likelihood	Other issues raised and actions needed	Overall priority

E.g. 3 Supplier matrix based



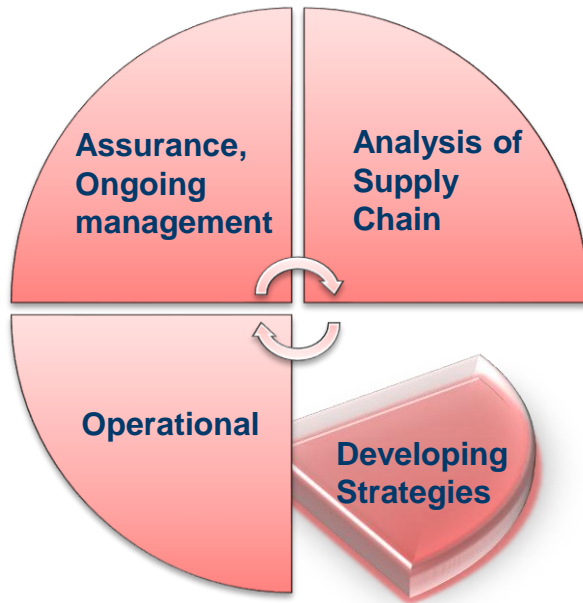


Aim



Resilience and recovery action

Steps on Developing Strategies

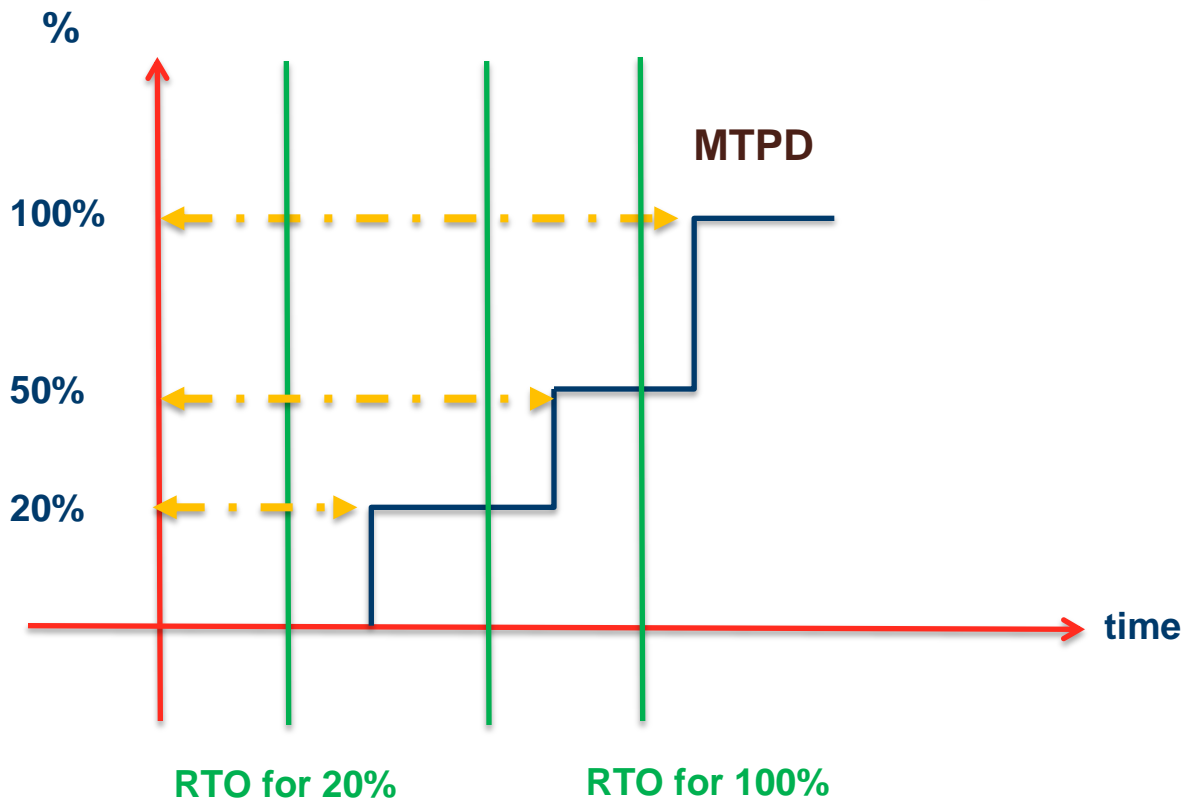


- Defining recovery requirements Vs most critical supplier/activity
- Review the supplier's continuity capability

Priority for recovery of critical activity/supplier

Recovery Time Obj.

Max. tol. Period of disruption



Achivement % to normal	RTO /Days	MTPD/Days
20%	T+ 2	T+ 3
30%	T+ 4	T+ 5
50%	T+ 6	T+ 7
60%	T+ 8	T+ 9
70%	T+ 10	T+ 11
90%	T+ 12	T+ 13
100%	T+ 14	T+15

Factors affect on Strategy options

- MTPD of the critical activity
- Costs of implementing
- No. of suppliers to be managed
- Culture difference
- Limitation/constraints



- Do you record the details of supply chain incidents and the **actions** you have put in place to avoid future incidents?
- Do your major suppliers have **business continuity plans**?
- Have you provided **risk training** to your supply chain management team?

Aim

Respond effectiveness



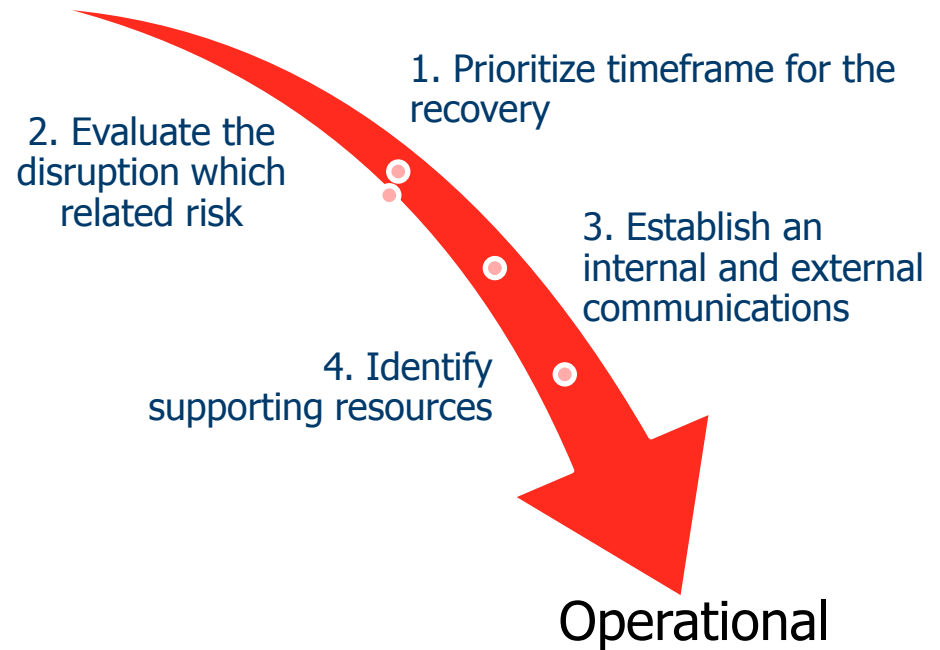
Key points of Operational



4C
Communication
Collaboration
Coordination
Culture

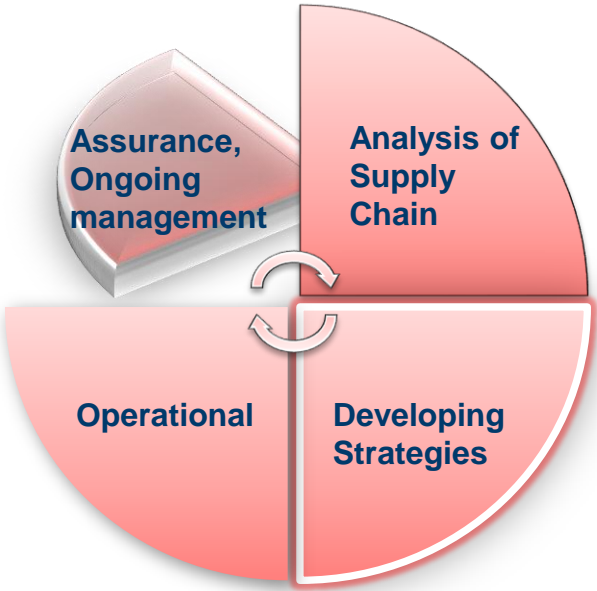
Steps on Operational

- Event detection and notification
- Supplier mobilization
- Coordinating the response
- Post-incident review



Business operational continuity plan

Incident #	Cat. of incident	Scenario	Responding procedures	Company	Primary contact	Role & Resp.	Sec. contact	Role & Resp.	Timeframe (hrs)
1	Logistic	xxxx	xxxxxxxxxxxxx	ABC	Tom	PM	Peter	EA	4
2	Procurement	xxx	xxxxxxxxx	EE Ltd.	Susan	Manager	Mary		10
3		xxxxxxx x							



Aim



- Accessing business continuity capability
- Implement business continuity improvement

Key points of Assurance, Ongoing management



- Quickly deal with changes to critical supplier issue
- Regular monitoring



Assurance, ongoing management and review

Assurance

Verify/validate and improve the level of continuity management

Ongoing management and review

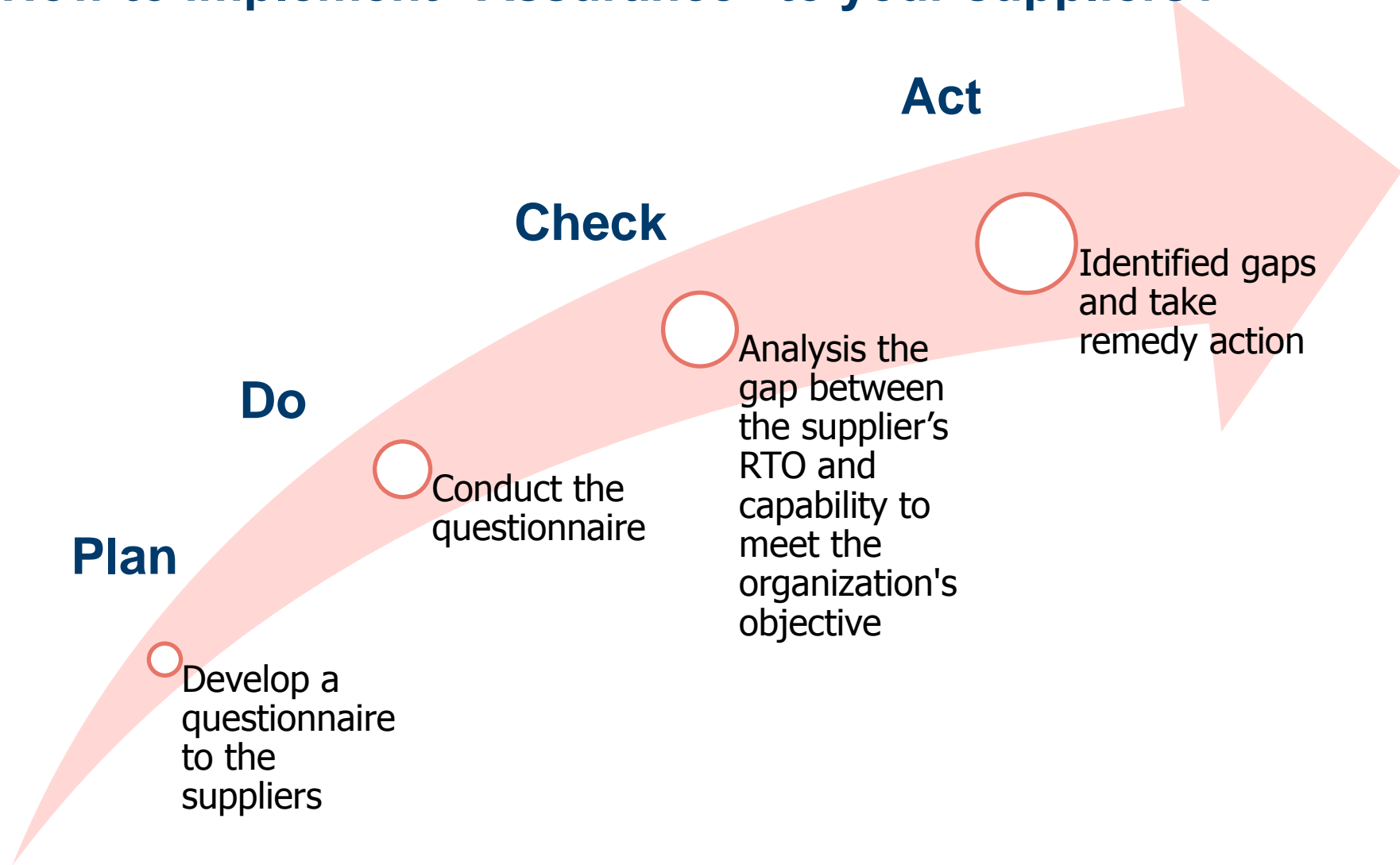
To monitor and proactive detection mechanism for any changes

How to start “Assurance” to your suppliers?

To establish an questionnaire.....

Questionnaire	Yes	No	remarks
What contingencies do they have available to provide continuity of supply of goods or services should the primary site where they deliver their goods or services from be put out of use?			
What resilience to failure measures do they have in place in order to reduce the potential for service or supply outages to occur?			
What roles and responsibilities have they in place to respond to a major incident?			
Do they have a business continuity management policy in place?			
What response plans do they have in place to cover incident management, business continuity and IT service continuity?			
How often do they test their response plans and what where the results of the most recent tests ?			
How often do they review their response plans and when was the last review undertaken?			
Is there a history of business continuity incidents occurring or near misses? If so, how were these handled?			
Do they operate from one location in respect of the goods or services they provide to you?			
What is their strategy for coping with the loss of key people?			
How would they cope with a loss of supply of goods or services from their own supply chain?			
What is the maximum time that supply to you would be disrupted given the supplier's continuity capability?			

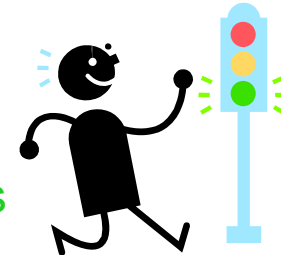
How to implement “Assurance” to your suppliers?



Color Coded Assessments

- Green 

No/minor violations
approve



- Yellow 

Medium risk violations, requested
corrective action taken

- Orange 

High risk violations, immediate corrective
action taken & sign off

- Red 

No future business



Potential benefits from SCCM

- Provide clear picture on supply chain
- Give a better understanding of where and how to improve the organization's supplier management
- Gain a new customers from competitors
- Reduce the likelihood and impact of supply chain interruptions
- Improve effective collaboration with supplier and customers
- Improve **BAU** supplier management, planning, due diligence, assurance and working relationships with suppliers
- Ensures continuous operation of supplier

In a nutshell,

“no” control causes to events in the supply chain “only”
control of **consequences of events** in the supply chain

proactive rather than reactive



Q & A

CSR SCCM



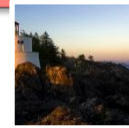
Risk management

- BCM (ISO22301)
- ISMS (BS ISO27001)



Green

- Carbon Neutrality (PAS 2060)
- CFV (ISO14064)
- Energy MS (ISO50001)
- EMS (BS EN ISO 14001)



Security

- Best Practices Custody in SC Security (ISO28001)

Quality Assurance

(BS ISO9001: 2008)

Quality Control

(Customized defect checklist)



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