

Switching suppliers : a 10-step plan



Rising supply chain costs in FMCG, driven in no small part by Brexit and Covid-19, have been reported extensively over recent weeks. In readiness, many will be scouring their own pre- and post-production supply chains to identify where savings can be made.

Changing a key supplier is a big decision which, if not handled correctly, can be catastrophic: the memory of 2018's KFC/DHL implementation and the resulting 'chicken crisis' is still fairly fresh in the mind. Yet, if a new supplier is chosen carefully and implemented well, the opportunity to save money and add value to your supply chain is enormous.

Step 1. Do your homework



How many players are there in the market you are interested in?

If it's 3PL, probably hundreds. For a more specialist area, such as pallet pooling, there will only be a few. Engage early with your shortlist.

Even if you feel you are not ready for a full tender just yet, a **proactive and engaged supplier** will be prepared to take a consultative approach to your business, helping you to shape and define what you are looking for.

Step 2. Involve everyone

Supply chain is not printer paper – by which I mean that the decision can't be taken by procurement alone. From your warehouse operatives to your account team, the switch will affect many people.

Talking to them early on will also help you to understand the challenges affecting them, and whether you have more than just a cost problem.

What issues are plaguing their day to day lives that could be addressed by a change?



Step 3. Give a clear brief



Take the time to fully understand your own **supply chain**, from end to end.

That includes your suppliers, your co-manufacturers/packers and your larger customers, as well as your other **partners in logistics** and even production.

Your prospective supplier should be able to help you ask the right questions.

Rushing this process may lead to inaccurate or incomplete proposals, or even nasty surprises during implementation and beyond.

Step 4. A consultative sales process

It's easy for suppliers to talk about proactivity, agility, flexibility and innovation at their first sales pitches. **Are they able to prove this, though, during what is quite likely to be a long process?**

Look for someone that you feel is really listening, and really wants to understand your business.

Without getting under the skin of all your supply chain peculiarities and quirks at this stage, **how can they expect to deliver a smooth implementation and BAU?**

Observe their adherence to deadlines and responsiveness to requests – because no matter how well you prepare, there will always be other issues emerging from the woodwork during the process.

Demonstrating **agility** and **flexibility** now is a good barometer of how they will respond to the inevitable hiccups of running a **supply chain operation**.



Step 5. Matrix relationships

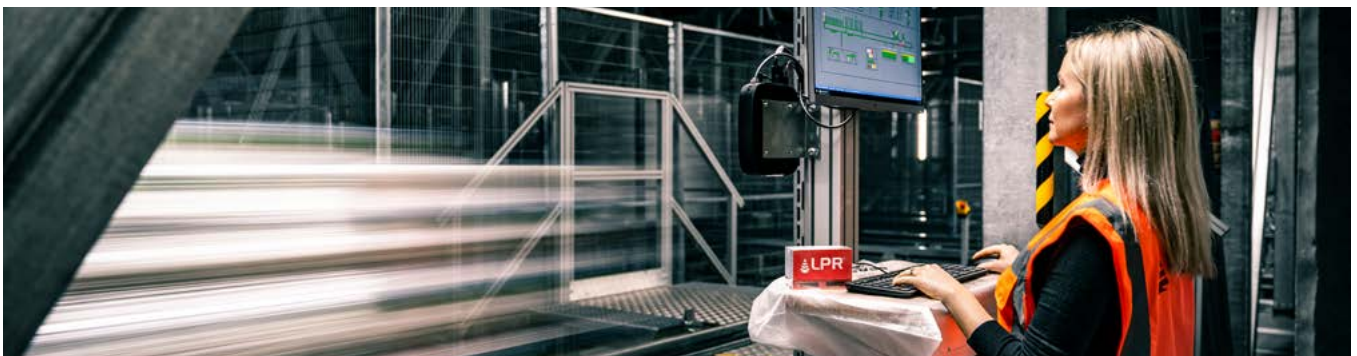
You have already involved the experts from your side, but **is your prospective supplier doing the same?** If you are important to them, they will.

Make sure an opposite number has been introduced to all your key stakeholders.

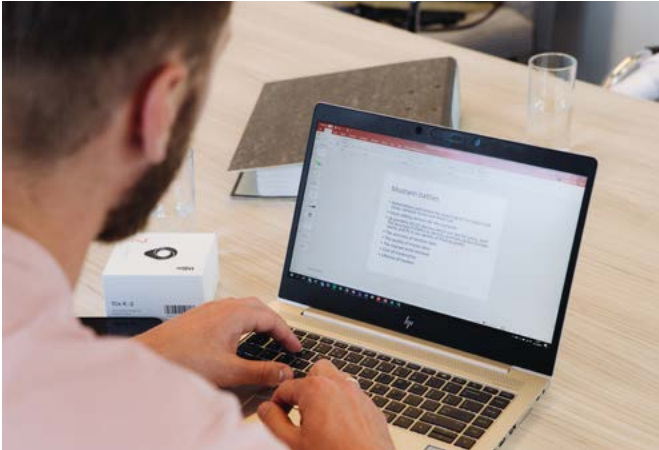
Step 6. Implementation

Planning is everything. Find out what experience your prospective partner has of managing implementations on the same scale as yours. **Ask to see a project plan:**

- Have they considered everything?
- Have they proposed clear communication and management channels, and demonstrated ownership?



Step 7. I.T.



Whatever your **Warehouse/Transport Management Systems** and **ERP**, the chances are, IT systems will add a level of complexity to any major implementation.

Consulting your **IT team** early on in the process will be a very good use of your time.

Failure in matching existing order processes to new systems is typical of the teething problems experienced in a **new supply chain partnership**. Thorough testing is vital.

You may also need to consider the **levels of automation** that exist in your warehouse and production areas. The more sophisticated they are, the more important it is that the product or service you are buying is compatible.

Step 8. Business as usual

It is always both interesting and important to find out how your proposed partner is going to manage your contract going forward.

Do they have a team 'on the ground' that you will be able to meet with, build a relationship with and call upon for advice and support?

Find out what **KPI's** they propose, and how they **manage quality**, both of service and of product. Make sure they will share KPI performance with you regularly, as well as providing you with the means to access management reporting in your own time.



Step 9. What if ...?

Think beyond the implementation, into all the **"what if's" of your supply chain**. Think about equipment failures, customer demands, seasonality and about external events beyond your control.

Then think about all the ways you would need your partner to respond in a crisis, and make sure they have the necessary processes in place to manage contingencies.

Better still, **ask them to prove it – how did they perform during the early months of the Covid-19 pandemic, and in the aftermath of the Brexit transition?**

Step 10. Prove it!



Any prospective supplier who really wants to work with you will be able to offer you a number of ways to prove, not just promote, their capabilities.

For example, they can invite you to visit existing sites and talk to their current customers. There is no better way to find what you want than to talk to someone who's already got it.

It may seem a lot to think about, but this is your opportunity to make sure you have a true partner, something we all need in an uncertain world.

Are you looking for a reliable, approachable and responsive supplier to optimise your supply chain?

Pallet rental is the perfect solution. A flexible, agile and cost effective service that adapts constantly to your changing business needs.

Entrust your pallet management to LPR, your logistics partner.

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