



Supply Chain

Part of a series of Business Essentials

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SUPPLY CHAIN

A **supply chain** is a system of organizations, people, activities, information, and resources involved in moving a product or service from a supplier to a customer. In Manufacturing this typically involves all of the activities from a raw material stage to a finished product being supplied to a customer. Supply chains can be very complex and dynamic networks of customers and suppliers.

CHOOSING SUPPLIERS

Suppliers, whether of raw materials, finished goods or services should meet with the range and quality aspirations that your Business demands, while achieving a cost that is desirable to the Business.

You should consider if the range and quality they offer justify the price and delivery conditions they impose?

Do they offer in-depth training of their product or service?

Will they organise a market test or prototype sample?

For items that are “strategic” in nature it is very wise to build strong relationships

- Make sure you're happy with the arrangements you've set up and adhere to your side of the bargain (i.e. pay on time). Good suppliers should be more like 'partners'.
- Set and agree levels of service with each Supplier.
- Help them: place orders in good time and be clear about deadlines.
- Have regular reviews to ensure your Supply base is performing effectively and giving value for money.
- Measure their on time and completion of delivery

Absolute essential: If possible, do not be over reliant on one supplier. Benchmark regularly to ensure you have the right deal for your business. Do not keep switching suppliers or you will get a reputation for being an unreliable customer.

Keys to good inventory management

- Maintain a wide range of saleable stock
- Keep stocks low but not so low you'll run out
- Consider making volume purchases at lower prices on fast-moving items
- Have 'buffer' stocks to cope with sudden peaks in demand.
- Rotate stock to ensure oldest is used up first.
- Understand the 'life-cycles' of the products you stock.
- Avoid last-minute panic purchases.

Inventory Management (Stock control) Systems

There are many good systems available to replace paper-based systems. These can be on-line hosted applications or 'Windows' or other operating system driven software.

What you really need to know.

1. What key information do you and your business need from the system?
2. When and where do you require this? On-site, off-site, at customer premises?
Most of all ensure your Inventory management strategy can keep pace with the way
3. your business moves.
Do you need to give information to users on-line via an e-commerce or e-trading
4. site?
Inventory software should integrate with Purchasing, Manufacturing, Sales.
5. Distribution and Accounts.

Absolute essential: You should try as far as possible not to run out of popular items otherwise you are helping your competitors gain a foothold with your customers.

What next?

Why not e-mail Ian Jameson at ian.jameson@btconnect.com to see how we can help with your Supplier or Stock Management strategy. We can help you improve your Supply base and we have access to specialists who can get the best utility deals. In addition to your existing product line we can analyse complimentary programmes that may enhance your 'offer' to your client base and help to gain new custom.



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SUPPLY CHAIN

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Ian Jameson is an accredited Executive Associate
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The IIB is the world's largest supply network for
business.