

Bord Bia's

Supply Chain Strategy Workshop



10 September 2018



Supply Chain Procurement

Workshop

Model Logic Limited

10th September 2018

How to select and manage your logistics partners



Service criticality – How should you vary your approach? How might Brexit affect this?

Procurement process – What are the 7 steps to successful procurement?

Risk management – What should you look out for when selecting a partner – with and without Brexit?

Key performance indicators – Are KPIs required and how should they be used?

What logistics services are we buying or using?



Transport services:

- How many different services?
- All outsourced or some in-house?
- Length of contracts

Warehouse services:

- How many different services?
- All outsourced or some in-house?
- Length of contracts

Other services: freight forwarding, re-packing/labelling, distribution, etc.

Goods: many of today's discussions will apply to these too

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Service and supplier criticality

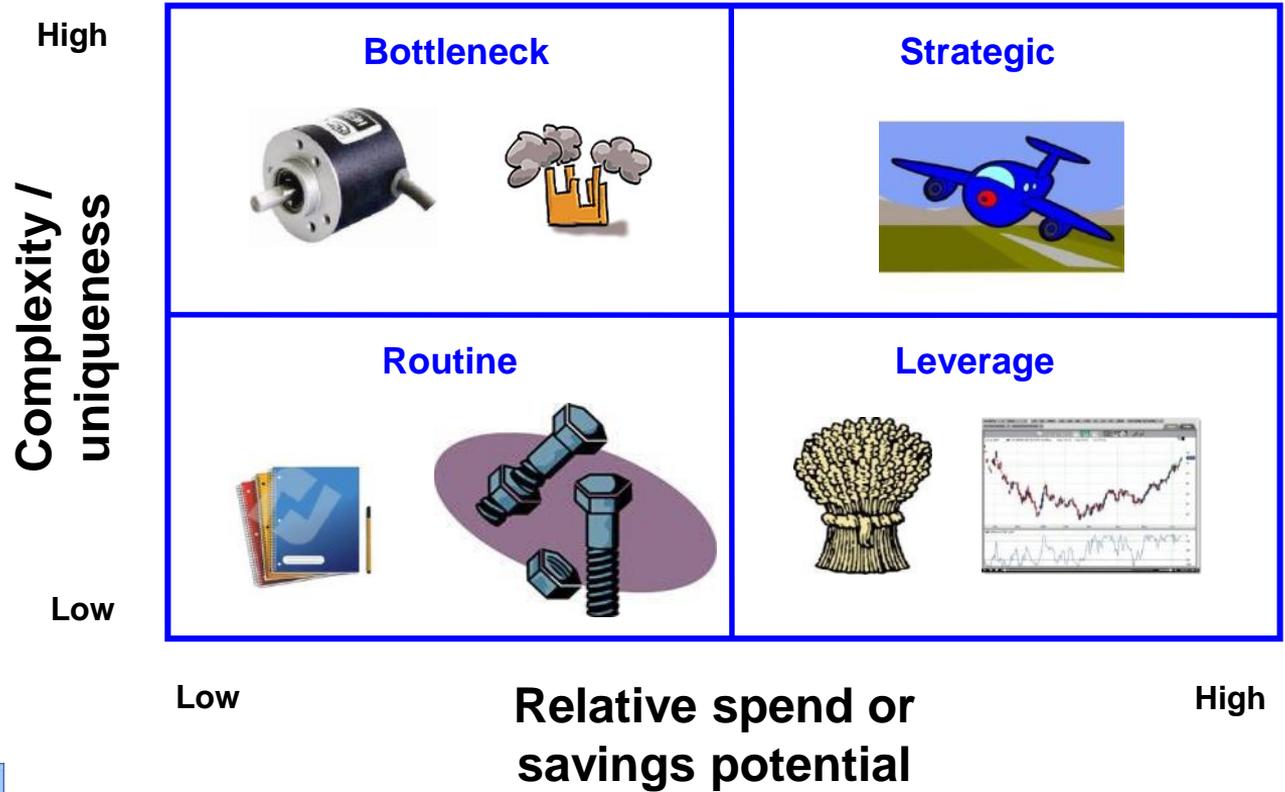


Figure: How difficult would it be to replace your strategic partner(s)?



Source: Bord Bia Brexit Barometer 2017

Market categorisation (Kraljic)



Market categorisation - strategies



Bottleneck



- Secure service
- Challenge special requirements
- Reduce complexity

Strategic



- Partnership approach
- Long term relationships
- Sharing risk & reward
- Cost modelling
- Open book or hybrid contracts

Routine



- Minimise effort
- Blanket contracts
- Group deals
- Volume discount
- Tariff based contracts

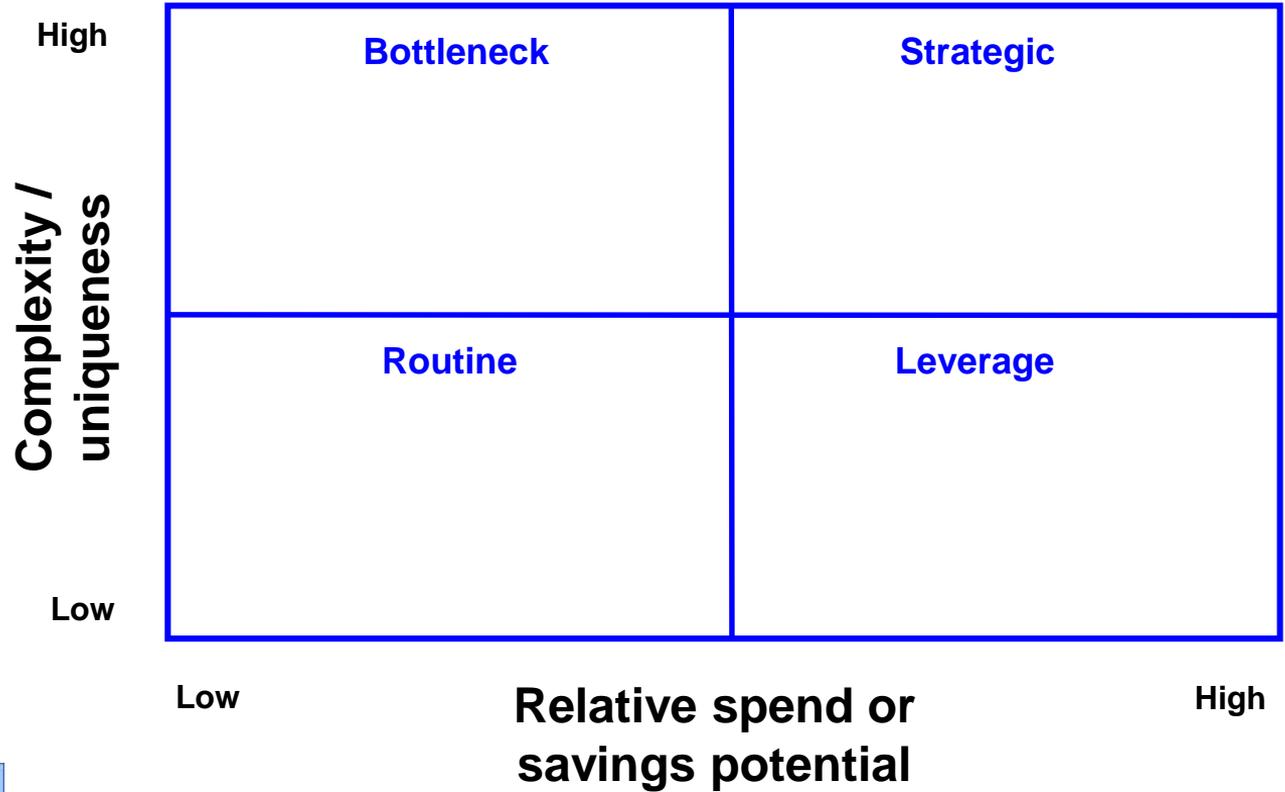
How will Brexit change your categorisation?



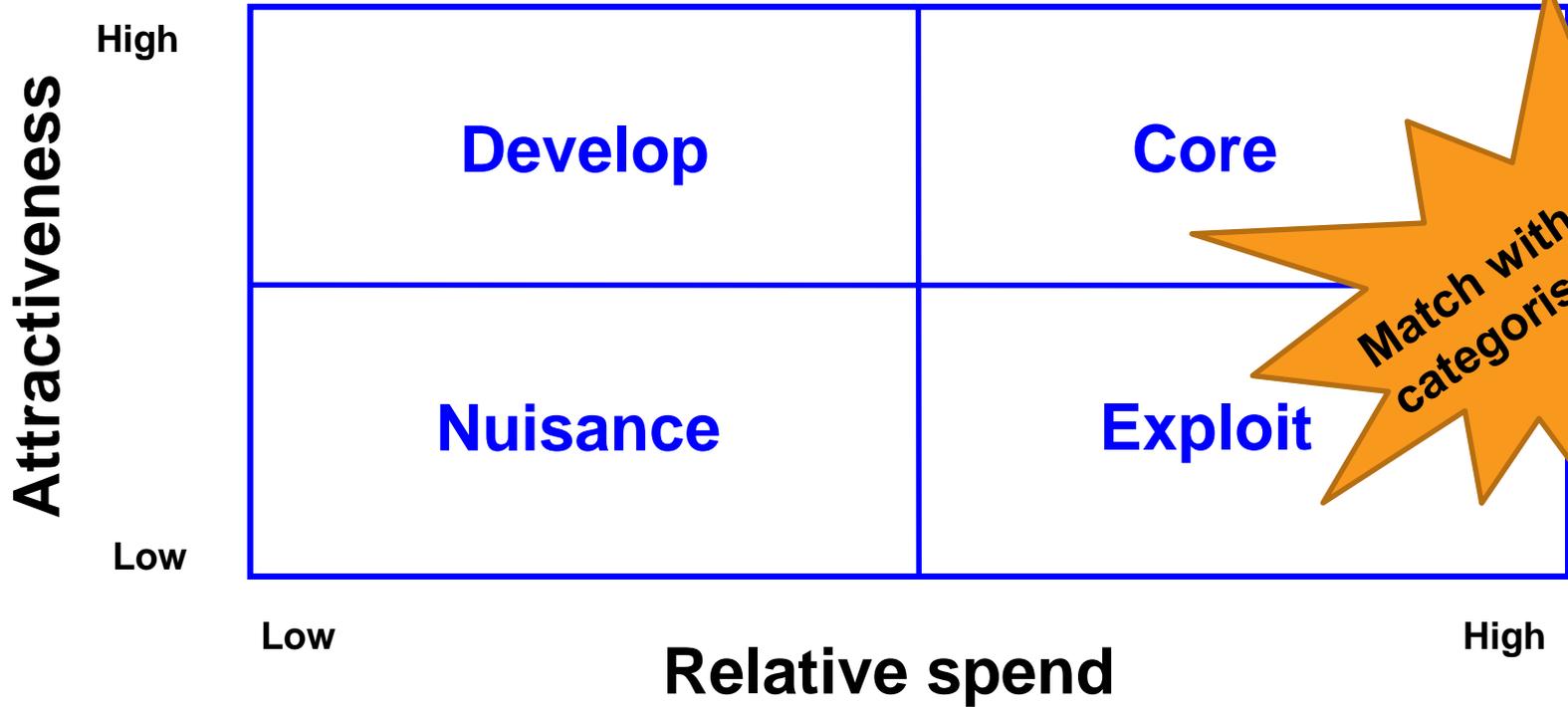
Analysis

- Re-tendering

Market categorisation - exercise



Supplier categorisation - (LSP's viewpoint)



Match with market categorisation?

How to select and manage your logistics partners



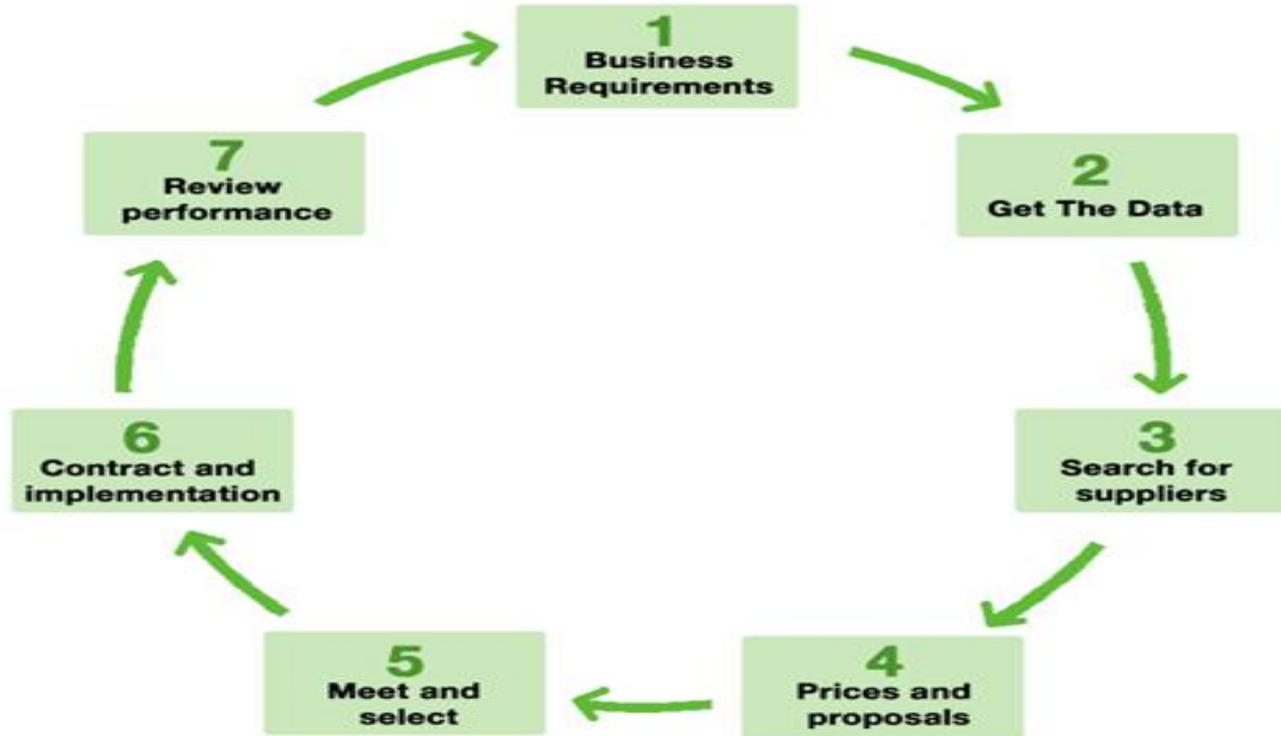
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7 Steps to Outsourcing Logistics Services



CIPS Knowledge Management



Procurement and Supply Cycle

The Procurement cycle is the cyclical process of key steps when procuring goods or services. This interactive tool has been developed to guide members through the procurement process with links to relevant knowledge to support you every step of the way through your procurement journey. [Join CIPS to get full access to CIPS Knowledge.](#)

Watch the video below to find out how to get the most from CIPS Knowledge:



Tools and Templates

Knowledge Partnerships

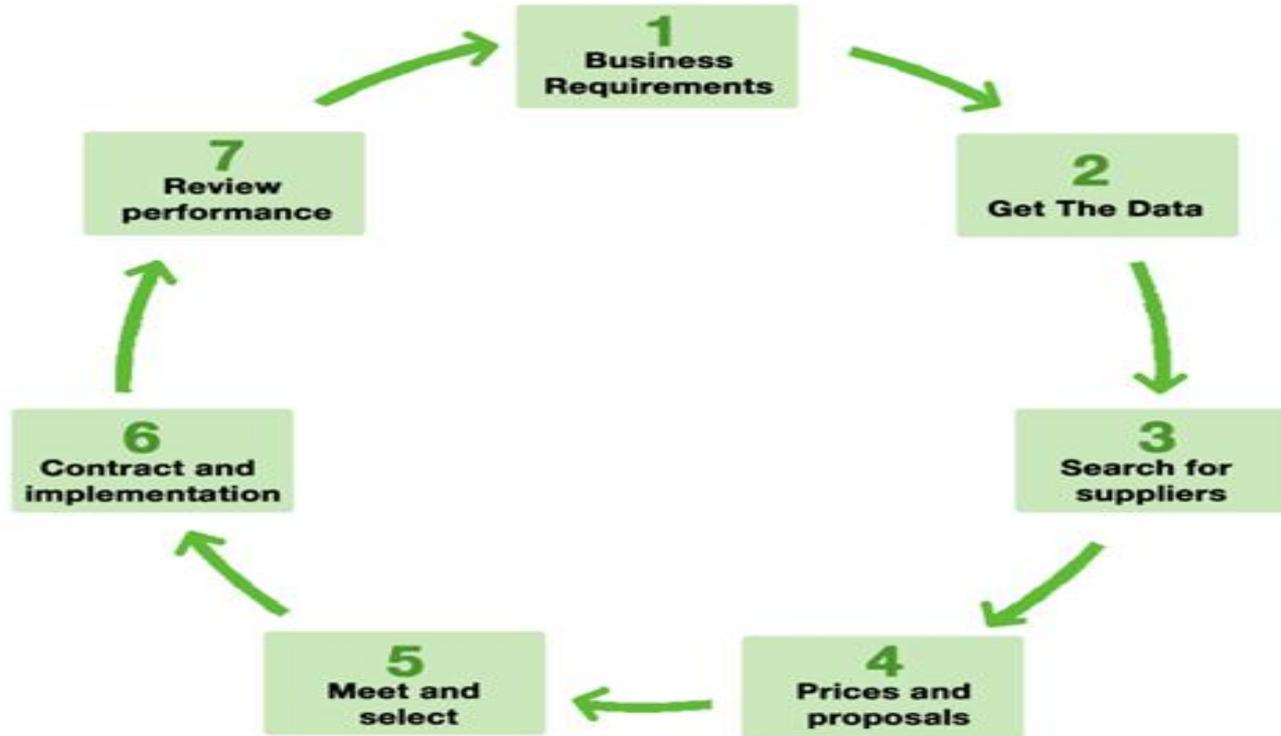
Categories and Commodities

Model Logic



PPQ Pre purchase questionnaire ITT Invitation to Tender RFQ Request for Quotation
SRM Supplier Relationship Management SC Supply Chain • Gateway review: Stop, Think, Check

7 Steps to Outsourcing Logistics Services



Supply Chain Partner Database



International LSPs – from Ireland to Country

National LSPs – within Country

Freight Forwarders

Focus on main European markets:
UK, France, Germany, Netherlands, Poland and Spain

Please select a supplier type Search for company by name Filter by Country

International Company name United Kingdom

Refine your search

<input type="checkbox"/> Bonded Warehousing	<input type="checkbox"/> Full Truck Load	<input type="checkbox"/> Full Truck Load	<input type="checkbox"/> Full Truck Load
<input type="checkbox"/> Hanging Meat Transport	<input type="checkbox"/> Less Than Full Truck Load	<input type="checkbox"/> Less Than Full Truck Load	<input type="checkbox"/> Less Than Full Truck Load
<input type="checkbox"/> Fish Seafood	<input type="checkbox"/> Groupage Trailers Per Week	<input type="checkbox"/> Groupage Trailers Per Week	<input type="checkbox"/> Groupage Trailers Per Week
<input type="checkbox"/> Container Transport	<input type="checkbox"/> Access Pallet Network	<input type="checkbox"/> Access Pallet Network	<input type="checkbox"/> Access Pallet Network
	<input type="checkbox"/> Parcels Packages Samples	<input type="checkbox"/> Parcels Packages Samples	<input type="checkbox"/> Parcels Packages Samples
	<input type="checkbox"/> Warehouse Location	<input type="checkbox"/> Warehouse Location	<input type="checkbox"/> Warehouse Location

Frozen **Chilled** **Ambient**

Search

How to select and manage your logistics partners



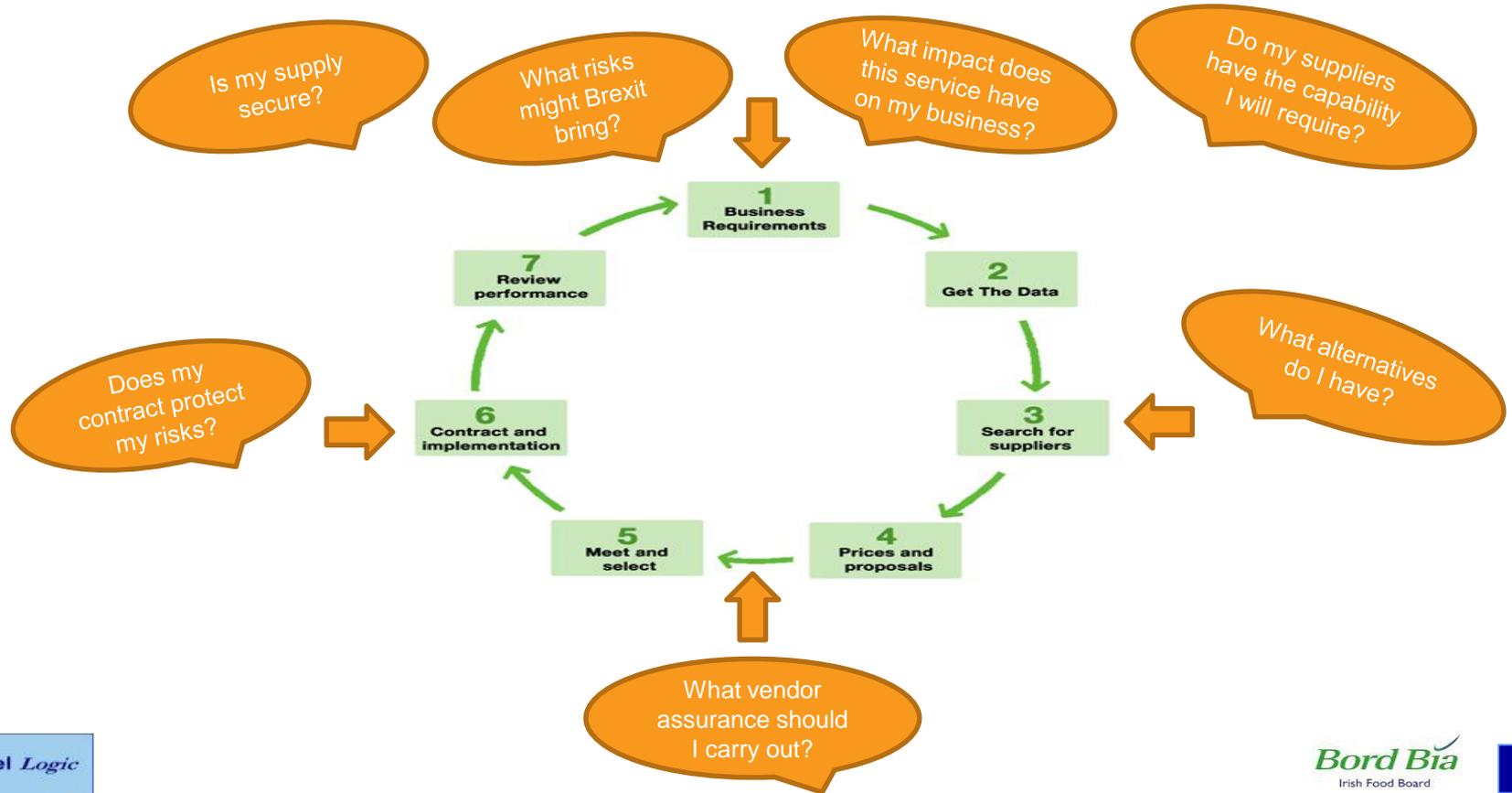
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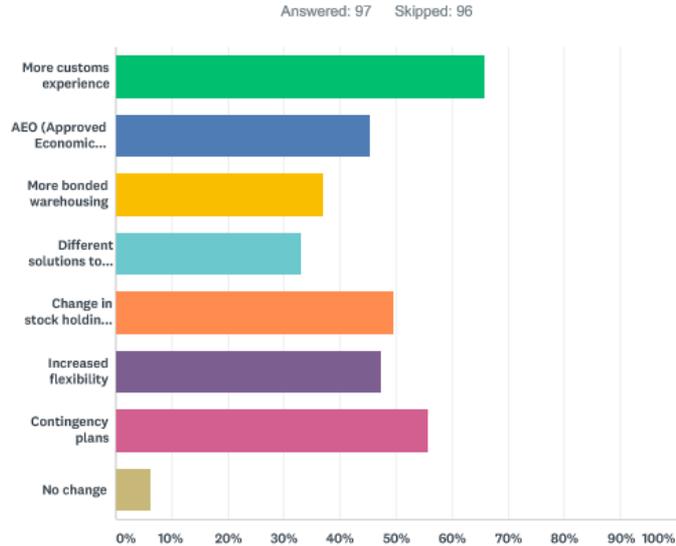
Risk management and selecting a provider



LSPs and Brexit related requirements



Q44 Do you think the shippers you work with will require the following from you because of Brexit? (Tick all that apply)

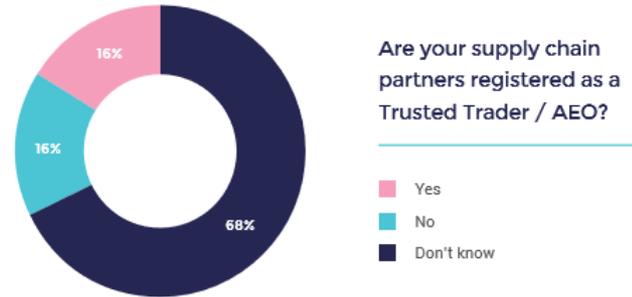


Source: UK Chartered Institute of Logistics and Transport Outsourcing and Procurement Survey July 2018



Source: Bord Bia - Brexit Barometer 2017

Bord Bia's Brexit Barometer



Source: Bord Bia Brexit Barometer 2018

Logistics Service Provider Selection Criteria



Criteria	Notes
Brexit ready	Are they aware of the risks associated with Brexit? Do they have AEO status? Are they looking at other routes? What is the impact on my business if they are not ready? Is there time for them to change?
Transit time	How long is the transit time to the target market? Is this reliable or seasonal? Shelf life issues?
Schedule and frequency of deliveries	Are the frequencies of the deliveries sufficient? Will they be enough if the business expands?
Routes	Are the routes suitable and fast enough?
Estimated cost of the service	Ensure that price comparisons are made based on the likely load size. Include any extra charges or over-riders.
Suitability of shipping method	Is the LSP sending accompanied or unaccompanied loads or containers? Is this right for the business?
Market expertise	Does the LSP understand the destination market? Have they worked there for a long time?
Use of subcontractors or partners	May provide efficiencies but could be issues with liabilities if stock is lost or damaged
Warehousing services available	Can the LSP offer warehousing? Will it be required in the future if not now?
Personal relationship or fit	What is the culture of the LSP? Are they responsive and easy to deal with?
References	Follow up on references given
Other customers served	Credible list of customers? Are any of them known?
Time company has been operational	Does the company have a long history of working on the specific routes to the defined markets?
Financial status	From financial searches
Accreditations	Do they have the right accreditations to meet requirements?
Terms and conditions	Have they accepted the contract and terms? Are they insuring the goods for sufficient value?
KPI acceptance	Will they provide management reports and KPI reporting?

Guidance on Brexit preparation – what to look for in an LSP?

- **AEO accreditation** – this is the easiest way to judge whether the LSP is preparing for Brexit and is likely to be a vital requirement going forward. Timing big risk if not started. Aldi in UK is now requiring suppliers to be AEO accredited.
- The LSP demonstrates an **awareness of the issues** and risks related to Brexit and has plans developed to cover these risks.
- **Customs experience and capability** – ideally already have systems in use for Norway and non-EU markets.
- Either **extensive operations in the target export markets** or a strong network of partners that can be use if the requirements change, including:
 - warehousing operations (with capability in the relevant temperature regimes) in or near the target markets or at strategic ports in the EU
 - transshipment hubs relevant for the target market
- A range of **established routes** to the target markets and a clear understanding of how these might need to change with Brexit.
- Good relationships with **major shipping lines** including those with direct continental routes.

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KPI	Description	Calculation	Example	Comments	Relevant ?
Claims as a % of freight costs	Claims made for loss or damaged goods as a proportion of Freight invoice value	Claims for loss or damaged goods in a period / Freight invoice value for the period x100	Claim of €5,000 for product scragpage following a cool chain failure by the LSP. Carrier's invoice for the same period is €100,000. Period's value is therefore 5%	Claims of relevance are those made by your company for loss of product by the LSP	
Number of claims	Number of claims made as a proportion of total deliveries	Number of claims in a period/number of deliveries in the same period	One claim of €5,000 is made following a cool chain failure by the LSP; during the same period 100 deliveries have been made. The % of claims is therefore 1%.	Either this KPI or the one above would be used, but not both.	
Transit time per route	Actual transit times	Time elapsed between collection and delivery	LSP specifies a transit time of 36 hours for a shipment to Italy. KPI reporting shows that actual transit time for this route for the reporting period is 34.5 hours.	Needs to be per route to be meaningful	
Percentage of late deliveries	Late deliveries as a % of total deliveries	Number of late deliveries/total number of deliveries	LSP makes 16 deliveries for an exporter; one of these was late. The % of late deliveries for the month is therefore 6.25%	Agree definition of on time or late as part of the contract. Could be measured for whole contract or to specific destinations	
Percentage of late collections	Late collections as a % of total collections	Number of late collections/total number of collections	LSP collects 20 different loads from an exporter during a month; on one occasion the LSP was late. The % of late collections for the month is therefore 5%.	Agree definition of on time or late as part of the contract, e.g. within an hour; AM/PM	
Correct invoicing	Proportion of invoices completed correctly	Number of invoices completed correctly/total invoices	LSP presents 50 invoices to a client. Two invoices have errors and one invoice has several errors. Invoices without errors is 98% (it's the number with errors that counts)	May be appropriate if invoice is complex with many lines. Number of invoice errors could be an alternative measure	
Correct paperwork	Proportion of customs declarations or delivery notes completed correct	Number of customs declarations completed correctly/total deliveries	There are 200 deliveries requiring customs declarations in a year; of these 4 had errors with the declarations. The % of notes completed correctly is therefore 98%.	May be appropriate post Brexit or on certain routes. Worth monitoring even if your company's responsibility not the LSPs.	
Other					



Thank you

Any questions?