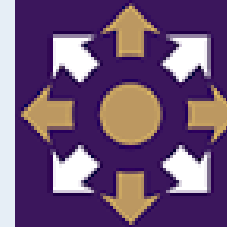




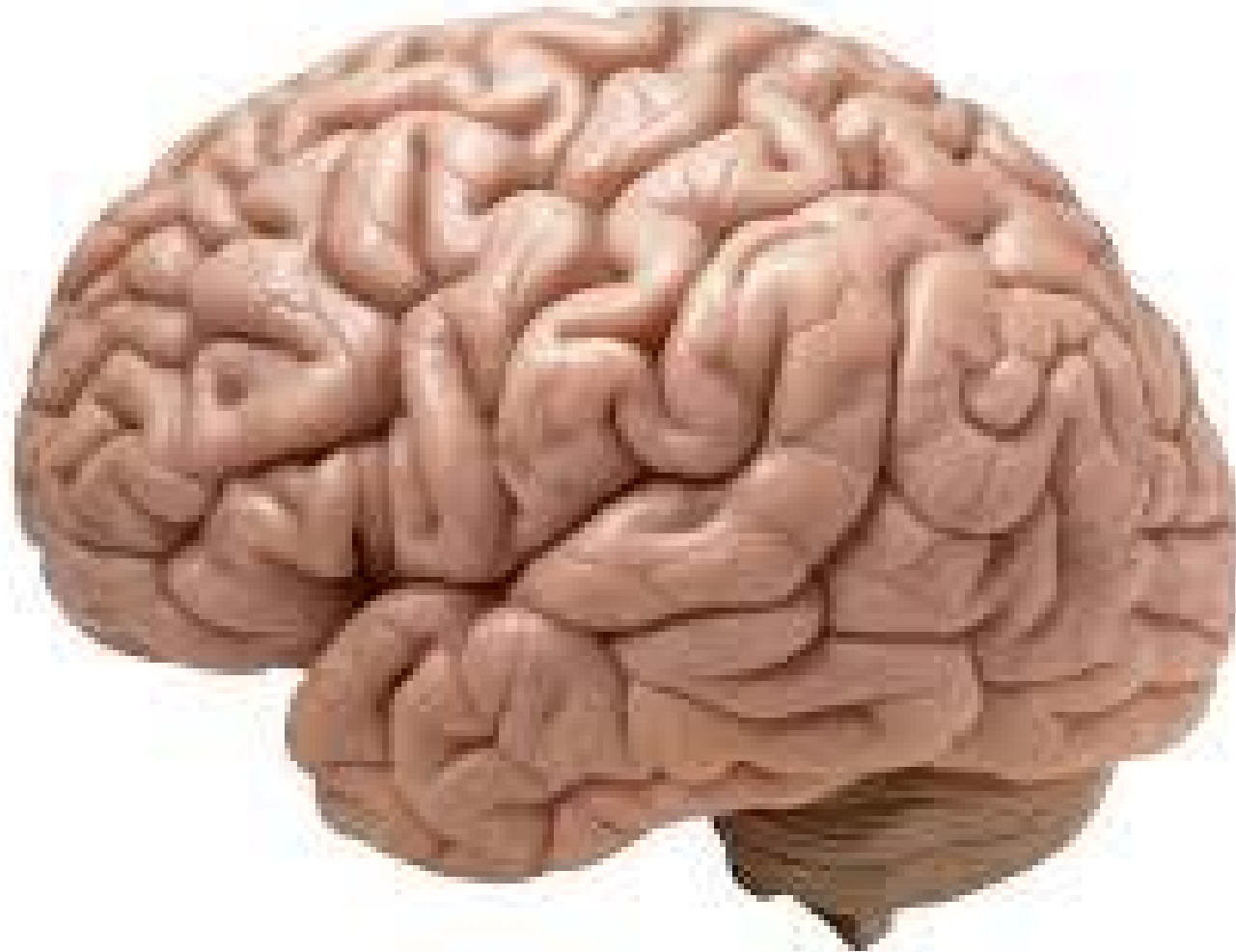
L A B Y R I N T H  
L O G I S T I C S  
C O N S U L T I N G



The Chartered  
Institute of Logistics  
and Transport

# CILT Supply Chain Network Into the head of the logistics buyer

18<sup>th</sup> April 2016  
JO GODSMARK FCILT





# This evening's agenda

- Introductions
  - Labyrinth
  - CILT's Outsourcing & Procurement Forum
- Your buyer & why should we get to know them?
- Steps and tools
  - Supplier categorisation
  - Supplier or partner?
- Working together
- Materials & help

# About your speaker

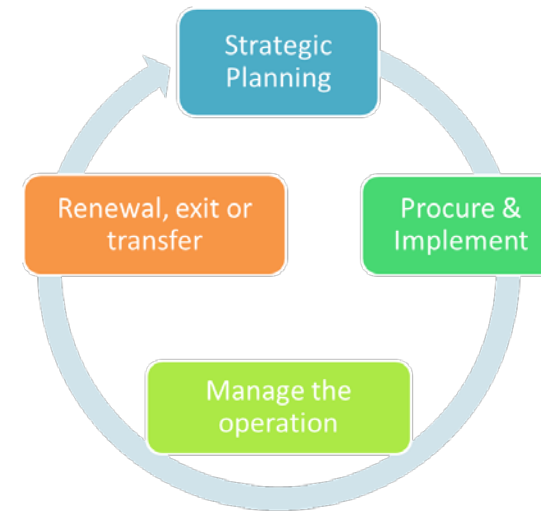
- Co-owner of Labyrinth Logistics Consulting Limited:
  - Supply Chain: logistics procurement, logistics strategy, network design, modelling, supply chain process improvement
  - Operational Support: compliance, health & safety, transport specialism, quality systems



- Chair of CILT's Outsourcing & Procurement Forum

# O&P Forum – Activity

- Logistics services outsourcing focus
- Share, and contribute to, thinking & best practice in this area
- Run events
- Annual survey of outsourcing attitudes
- Initiate and support MSc work
- Provide link with CIPS & other bodies





How involved is the procurement department in the outsourcing process?

2015 Survey: 78% procurement is always or sometimes involved

2011 Survey: 67% of time procurement leads or is heavily involved

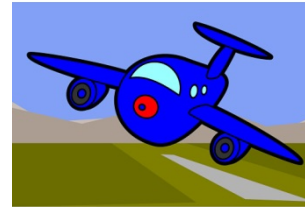
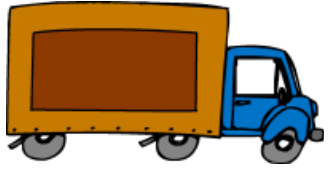
Comments

- R&M – Procurement lead and own the outsourcing process
- LSP – Very few tender business where procurement is not involved
- C&A – Formal involvement of procurement departments is increasing
- C&A – The procurement departments add structure which is helpful

RG: If you represent an LSP, your teams should be trained in procurement

JG: If you work in SC operations you need to work in collaboration with procurement.. and understand them!

# Your buyer:



**Many suppliers**



# 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

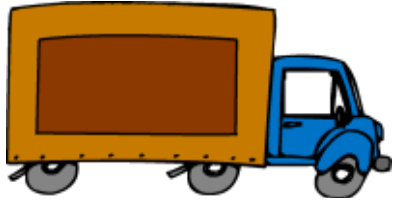
Knowledge Partnerships

Categories and Commodities

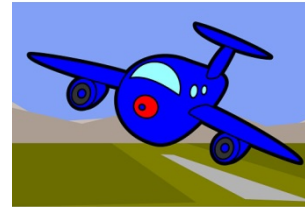


PPQ Pre purchase questionnaire ITT Invitation to Tender RFQ Request for Quotation  
 SRM Supplier Relationship Management SC Supply Chain • Gateway review: Stop, Think, Check

# Step 1 – know what you are buying



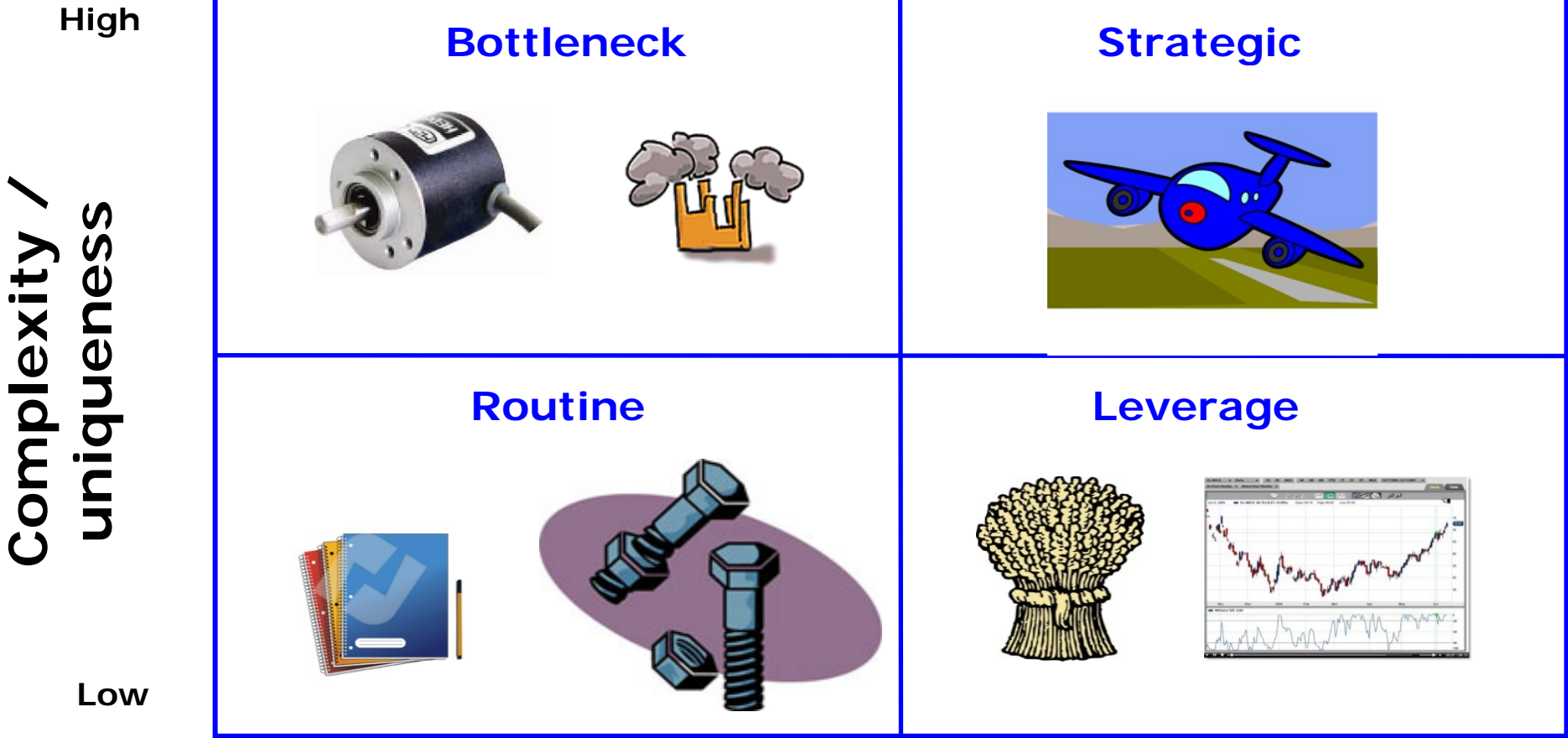
From finance  
From ERP systems  
From internal team  
From suppliers



# Step 2: Understand & Prioritise

- Pareto
- Spend analysis
- For whom?
- Which suppliers?
- Product/service volumes & cost drivers?
- What are the existing relationships & how do they perform?
- How critical is this to my business?
- What are the business objectives for this product/service?

# Step 3: Market categorisation (Kraljic)



## Bottleneck



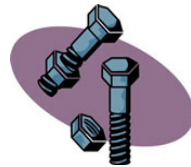
- Secure service
- Challenge special requirements
- Reduce complexity

## Strategic



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

## Routine



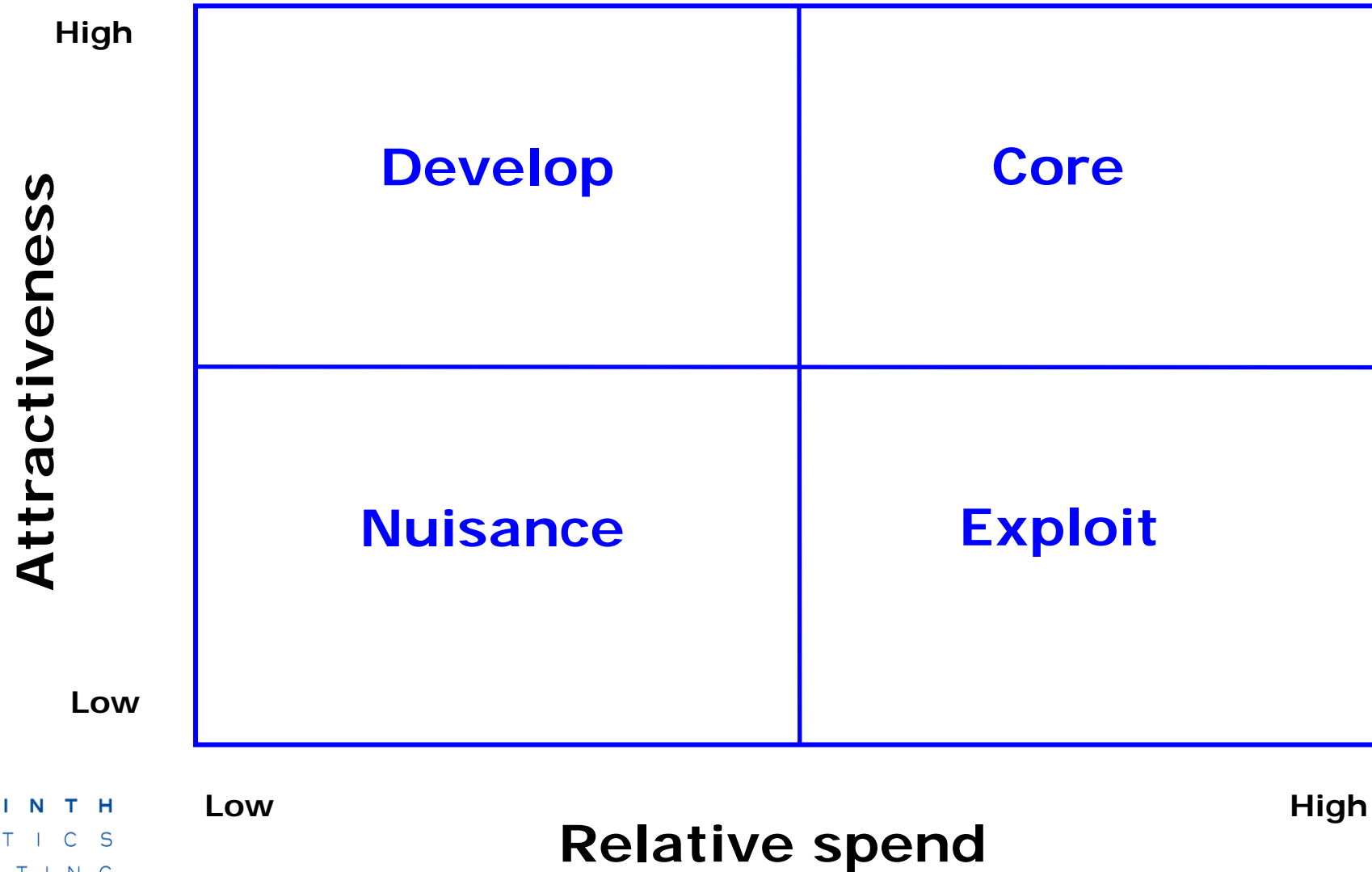
- Minimise effort
- Blanket contracts
- Group deals
- Volume discount
- Tariff based contracts

## Leverage



- Short contracts
- Market knowledge & analysis
- E-auctions
- Re-tendering

# Step 4: Supplier categorisation



# Step 5: PESTLE

- Political
- Economic
- Social
- Technological
- Legal
- Environment

# Step 6: SWOT

<b>Strengths</b>	<b>Weakness</b>
<b>Opportunities</b>	<b>Threats</b>



# Step 7: Action plans

- Category Management needs to be a **shared or agreed activity**
- Action plans should flow from the categorisation
- Have I secured supply for higher risk (Bottleneck & Strategic) purchases?
- Where can we simplify specifications to increase choice?
- How can we reduce effort on routine areas?
- Where do I need market knowledge?
- What support do I need for my critical contract?
- What role should operations play?
- How do you increase our company's attractiveness to key suppliers?

# Remember

- Your buyer will need to move on to another product/service/country
- If you have not specified a requirement they won't have prioritised it
- Keep in contact
- Keep your action plans live
- Ensure consistency of objectives with your suppliers

# Further help

- CIPS Knowledge Management: <http://www.cips.org/knowledge/>
- CILT Outsourcing & Procurement Forum
  - Our webpage & materials: <https://www.ciltuk.org.uk/AboutUs/ProfessionalSectorsForums/Forums/OutsourcingProcurement.aspx>
  - Our survey <https://www.surveymonkey.co.uk/r/QJPMS9D>
  - Next event 19<sup>th</sup> May 2016 Leamington Spa – book via the forum’s webpage – event code OP0307

In summary....talk to the person behind the buyer's mask!





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