

Building Supply Chain Networks / Aboriginal Business Development Program

Keewatin Career Development Corporation

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Discussion Points

- Introductions / Preface
- Changes in the Mining Industry
- Sustainability and Transparency
- Safety and the Environment
- What to Expect as a Supplier
- Questions

Introductions

- Ralph Sanders, SCMP, FPMAC
 - Supply Chain Management Professional
 - Implemented numerous strategic alliance agreements
 - Recently retired 'Baby Boomer' from PotashCorp
 - Supply Chain Consultant on a part time basis
 - Advisor to the National Board of the Supply Chain Management Association
 - Discussion groups on network media: LinkedIn, SCMA, etc.
- Your Introduction
 - Name and Community
 - Business or position with an employer
 - Expectations from this workshop

Preface

Not all companies are changing at the same time

- Number of Professionals
 - Varies greatly by company
 - Current workload may delay changes
- Pace of Progress
 - Change takes considerable time for adoption
 - Not all companies / personnel will be receptive to change
- The term 'Supplier'
 - Refers to both goods as well as services or contractors

Open forum / discussion workshop

Ask questions at any time

Changes in the Mining Industry

What is changing and how?

Changes in the Mining Industry

What is changing and how?

- Paradigm shift
 - Transactional Purchasing to Strategic Sourcing

Transactional Purchasing	Strategic Sourcing
- short term (hours to 1 year)	- long term (3 to 5+ years)
- no agreement for future business	- signed agreement guarantee
- prices determined at time of order	- prices negotiated for term of agreement
- prices set at market value	- prices negotiated with manufacturers
- typically paper based transactions	- processing through EDI
- administration intensive	- reduced administration
- no standardization of products	- mandatory standardization
- limited interaction with operations	- extensive interaction with operations
- no commitment for product brand names	- commitment to inventory correct products
- lead times vary	- stable lead times

Changes in the Mining Industry

What is changing and how?

- Paradigm shift
 - Integration into the customer's operations
 - 'Global' view of operations and of suppliers
 - Consolidation in industry of suppliers, invoices, inventory
 - Technology enablers – auto generate PO's, invoices, Procure-to-Pay software
 - Mobility 'on the job' / 'in the field'
 - GPS to find everything and everyone
 - Technical expertise not order takers
 - Respect purchasing and process



Changes in the Mining Industry

What is changing and how?

- Worker Demographics
 - 'Baby Boomers' are finally retiring
 - Younger workforce entering the industry
 - Expectations to make positive changes with new innovations
 - Innovation, look outside the box
 - Talk to the decision makers
- TCO – Total Cost of Ownership
 - Manage costs from 'cradle-to-grave'
 - Reduction of burden for waste management
- JIT – Just In Time
 - Can goods and services be delivered 'on time' all of the time



Changes in the Mining Industry

What is changing and how?

- Virtual Inventory
 - Downturn in economy
 - Inventory 'in house' was depleted
 - Cost reduction
 - Use up 'older' inventory – 'clean house' attitude
- VMI – Vendor Managed Inventory
 - Supplier controls inventory at the operation
 - Invoices on a set time frame (monthly) when inventory is replenished
- Internet as a Tool
 - Companies are using search engines for goods and services
 - Goods are shipped via courier services, immediately
 - Goods may be shipped from global sources



Sustainability and Transparency

Are these terms simply the latest fad or buzz words?

Sustainability and Transparency

Are these terms simply the latest fad or buzz words?

- Sustainability

- Absolutely NOT a fad!
- How will you as a company survive in the future?
- What are your long term plans – where is your company heading?
- Where do you obtain your products from, country?
- Must know who manufactures and how
- Is child or ‘sweat shop’ labour used?
- What is the origin of the materials used in your products?
- ‘Distributor’ is not an answer



Sustainability and Transparency

Are these terms simply the latest fad or buzz words?

- Sustainability
 - Customers will ask these questions to qualify for industry recognition as a 'preferred' business
 - Some products are banned from use in manufacturing
 - Are you prepared and ready to honestly answer such questions

Your relationship becomes a factor in the sustainability plan for your customer



Sustainability and Transparency

Are these terms simply the latest fad or buzz words?

- Transparency

- Open and honest communications
- Secrets are no longer tolerated and may jeopardize a relationship regardless of the length of time
- Pricing or operation costs may prove a difficult discussion
- Confidentiality agreements may be requested for both parties
- If problems arise provide details, do not fabricate excuses
- Do not assume you are the best, no one likes a 'know it all'
- If personalities clash make changes, do not wait
- No tolerance for questionable behavior



Health Break

Time to refresh and stretch
15 minutes

Safety and the Environment

Why care about these customer requirements?

Safety and the Environment

Why care about these customer requirements?

- Safety

- Safety is the single most important focus for industry
- WorkSafe Saskatchewan

<http://www.worksafesask.ca/>



- Do you have documented safe working policies and procedures?
- Can you readily produce your documents?
- Do you conduct safety inspections and employee training sessions?
- Do you maintain accurate records and can produce them if requested?
- Do personnel have a safe working attitude?
- Cell phone use, texting and driving?
- If records do not exist you may not qualify for work



Safety and the Environment

Why care about these customer requirements?

- Safety

- Anyone entering a site is treated as an employee
- Basic safety requirements are expected: proper PPE, clothing
- Pre-qualifications for service providers: ISNetworld, PICS, CanQual and others
- Be prepared to take safety training – cost in terms of added time for employees
- All customer rules apply to your personnel as well
- Question perceived ‘unsafe’ practices – you may be the expert not your customer
- Stop work if necessary but know the safety rules



Safety and the Environment

Why care about these customer requirements?

- The Environment

- Questions regarding not only hazardous substances but how you treat the environment
- Do you operate a field storage area littered with broken down equipment?
- Are your vehicles in need of repair and cleaning?
- Do you use hazardous chemicals treatments
- Is WHMIS documentation maintained on file?
- How do you dispose of hazardous waste?
- How do you dispose of waste containers?



Safety and the Environment

Why care about these customer requirements?

- The Environment

- If a customer requested a visit to your operations would they be impressed or appalled?
- Are your staff pleasant and courteous to everyone entering your premises?



What to expect as a Supplier

Are you prepared?

What to Expect as a Supplier

Are you prepared?

- Know your business and your customer as well
- Explore the internet / social media for news events
- Be aware of subtle changes to industry, listen and observe
- Take time to build a lasting relationship – your network should be focused on the long term, not a current transaction
- Know your view for a long term vision – 5, 10, 15 years
- Safety
 - Practice and record safe working operations, all the time
 - Adopt a holistic approach – you are not just a supplier of goods or services



What to Expect as a Supplier

Are you prepared?

- If problems arise provide details, do not fabricate excuses
- Do not assume you are the 'best' or a 'know it all'
- Increased work on a strategic level
- Desire to work as a team member, at all levels
- Increased performance
- Be innovative – think 'out of the box'
- Follow instructions for quotations, bids or tenders
- If selected be prepared to meet increased demand (staff)



What to Expect as a Supplier

Are you prepared?

- Social media and the internet are powerful tools
- Use these to your advantage
- Beware of negative impacts for a customer from the actions of a supplier. This can happen to any customer no matter how big or international the company may be:

***Rana Plaza**, an eight-story commercial building, collapsed in the capital of Bangladesh. The search for the dead ended on 13 May 2013 with a death toll of 1,129. The factories manufactured apparel for brands including Benetton, Bonmarché, the Children's Place, El Corte Inglés, Joe Fresh, Monsoon, Accessorize, Mango, Matalan, Primark, and Walmart.*



What to Expect as a Supplier

Are you prepared?

Summary

- Strategic Sourcing produces a Win – Win agreement
- Implementation is a long process
- Continuous improvement is expected
- Sustainability and transparency builds customer confidence
- Safety cannot be ignored
- Your environment reflects your ethics
- Full disclosure of business dealings
- Dedicated team for your customer over a long term



Questions?

Thank You

