

PRESENTED BY

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PANELISTS

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INTRODUCTION

Many organisations operate in a “networked” business environment to cope up with the global competition. Outsourcing, offshoring, nearshoring have caused business organisations to work in collaboration. In order to prosper in the market it has become imperative to operate in a networked business landscape. For this purpose, the traditional supply chains need to be transformed in to supply chain networks, which exhibit adoptability, flexibility, responsiveness and collaboration. Collaboration needs to be taken in to consideration as it helps to improve market share, business performance, shareholder wealth etc. Mutual trust, willingness to share information and treatment of collaborating partners, suppliers and service providers have become vital for a successful supply chain collaboration.

Main Objectives:

- Increasing competitiveness
- Adaptability to rapid changes in technology

Focus of the session:

- To highlight on the essential features of successful collaboration to compete.

KEY POINTS OF THE PRESENTATION

Nowadays supply chain has spread over the globe. It has spread over many activities, and divisions etc. Supply chain is a system of organisations, people, activities, information, and resources which helps to move a product or service from supplier to customer.

Time management is very crucial when it comes to supply chain management. It expects to deliver a project on time without affecting quality irrespective of delays that occurred in between the process.

Reasons as to why supply chain collaboration has become important in today's context.

Global crisis has caused business organization to go for collaboration. Due to the competitive and uncertain environment surroundings, everyone is trying to find means of managing cost dealing with uncertainties. Rather than merely focusing on cost as a driver to go for supply chain collaboration, quality improvements, long-term price stability, enhancement of capacity and consistency also create the need for collaboration.

The speaker cited his own company as an example, and explained how it has created a successful collaboration with Toyota.

In order to qualify as a supplier for Toyota, the company/supplier should conform to the cost structure and quality requirement prescribed by Toyota. Toyota and its supplier comes to an agreement on cycle time, cost, and types of machines to be assisted, raw materials to be used, etc. To achieve this target both principal and supplier works towards it.

Critical factors in achieving the objectives of Supply Chain Collaboration

- **Creates core competencies and add value to the processes**
When everything is in house, quality is not a straight requirement, however, when a process is outsourced quality become straight and principal look forward to core competency created by each of the suppliers in the supply chain and the value they add to the final output.
- **Innovation**
Need to be innovative throughout the processes to compete in the global business environment.
- **Sharing information with all the partners in the collaborative supply chain**
When the company shares valuable information with all parties in the supply chain all of them can see how they are measuring up and working to improve troubled areas, thereby improving the overall performance of the supply chain.
- **Long-term sustainable relationship with suppliers**
To get the best output from all the suppliers in the collaborative supply chain companies should maintain a long term sustainable relationship with their suppliers.
They need to trust and respect each other to achieve this objective successfully.
- **Reduce risk and uncertainties**
When working with different divisions, cultures and economies, it reduces the risk and uncertainties.
- **Collective decision-making**
All the parties in the supply chain need to focus in achieving their common objective, therefore collective decision making is critical. For example, when the company wants to expand their business all the suppliers in the collaborative supply chain must support.

Key barriers in achieving the objectives of supply chain

- In a collaborative supply chain even though direct cost are reduced and controlled other cost such as inventory cost, interest cost on holding inventory, can be increased. Therefore, companies must clearly identify the indirect cost vs indirect benefit when outsourcing its activities to the suppliers.

- Taxes and laws of the relevant authorities need to be clearly looked at, to avoid paying unnecessary taxes and related costs of outsourcing.
- Companies should also be concern about the product liability risk which could arise due to non-compliance with required standard due to outsourcing. Hence, suppliers in the value chain should be closely reviewed and monitored from time to time and build a sustainable long term relationship to get their best service to avoid compensation cost and other penalties.
- Companies need to make sure suppliers exhibit ethical behaviour, follow laws and regulations and conform to the corporate governance requirements.
- Supply chain is all about the integration of different divisions working together to achieve one objective. Therefore, all the suppliers in the supply chain need to ensure on time deliveries to avoid the interruption in the production lines.
- If the company wants to have a future prospects in the areas of their business (Eg: growth) and they cannot achieve it on their own, then all the collaborative parties need to be aligned with the company to achieve the set goals.

Recommendations/ Strategies

- It has become increasingly important to build trust and create sustainable long-term relationship among partners.
- Strategic partners should be selected based on the strategic goals, potential value addition and their capabilities.
- Develop the correct benefit sharing model to turn win - lose situations to win-win situations.
- Invest in research and development, infrastructure and people.
- Establish a robust systems and processes.
- Collaborate for the long-term.

OUTCOME OF THE PANEL DISCUSSION

The aspect of trust seems to be the key for a successful collaboration. In addition, working together, sharing information are also required for a successful collaborative supply chain. New developments and new trends demand that you provide more quality information, which in turns highlights the importance of collaboration as it, would help to understand the changing dynamics. In the case of tailor made supply chain, collaboration plays a vital role.

Product liability, building trust, creating relationship are required for successful collaboration. It does not start from day one but requires lot of effort to make it successful.

Communication was highlighted as an important aspect for successful collaboration. Collaboration depend on how to communicate and how to negotiate with all partners. Trust is the key element to successful supply chain collaboration. Trust is earned over the time and with sound communication in place.

While collaboration has its positives, there are also challenges for successful collaborative supply chain, such as where policy frameworks are not geared towards supporting such a concept, decline in quality requirement and less support given to SME.

Ensuring quality is important aspect therefore, there must be a stringent processes from raw materials to finished products to ensure quality, and by working in partnership which is the best way to bring world-class processes and practices.

In the backdrop of **Sri Lanka wanting to expand its Supply chain globally**, the country must look beyond traditional industries (tea, coconut, rubber), and focus on collaborating with the supply chain, by finding ways to capitalize on the outsourcing and IT.

If Sri Lanka is to have successful collaborative supply chain it should add value through high technology so that local resources could be developed in to high value added products; look for unexploited areas; focus on research, development and innovation and develop local resource/human resource to deliver high value added product.

CONCLUSION

Collaboration is essential to share valuable information to deliver a quality product to the right customer at the right time. Collaboration will yield greater business performance and help businesses to understand changing dynamics. Hence, for a successful supply chain collaboration mutual trust, willingness to share information and respect to each-other by collaborating partners become vital.