

# Getting the most out of Supply Chain Outsourcing

Flying Monk Group 

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If you have already outsourced or are considering outsourcing either all, or elements of your Supply Chain you will be keen to maximize the benefits from doing so. This is often straight forward in theory and difficult in practice, there are, however, a few key actions that can make this a more beneficial process.

Firstly be sure you know what it is you are outsourcing, why you are doing so and what the impacts, of outsourcing, will be on the rest of the organization. Inbound logistics? Outbound logistics? Management processes? Is it a cost saving exercise? Is it to improve service? Is it to 'buy in' non core skills? Without having clearly defined scope, goals, targets and objectives that align with, and are supported by, the corporate strategy you will encounter difficulties.

Being clear on the rationale, as in the point above, then forms the basis for how you implement, contract for and manage the outsourced relationship.

When implementing you should involve the entire organization, not just the obvious functions eg Warehousing & Distribution, as what may seem an insignificant change in one part of the organization may have profound and far reaching impacts in another.

Contracts should be framed around the scope, goals, targets and objectives in the corporate strategy as discussed above, in the form of Service Level Agreements (SLA). These should not be proscriptive in terms of how deliverables are achieved, just what they are and how they will be measured. The contract should also have clearly defined roles, responsibilities and definitions of the management process.

Delivery of the benefits should be seen as a partnership rather than as an adversarial relationship – remember the Supply Chain is a key business function and the supplier is now integral to the success of your organization.

## About the Author

Simon Hay is the Managing Director of the Flying Monk Group, a small independent specialist Purchasing and Supply Chain consultancy. He has many years practical experience of developing and implementing supply chain strategies across a wide range of industries. ■

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## Flying Monk Group



An independent specialist Purchasing & Supply Chain consultancy, based in Malmesbury, Wiltshire. Services include:

- Purchasing Spend Reviews
- Project Management
- Supply Chain Strategy
- Performance Improvement
- Outsourcing
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