

7 Steps to Building a Robust UK Supply Chain



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Reading time 9 mins

Key Points

- A robust UK supply chain is essential for economic resilience and sustainability, which promotes business growth
- Steps to improving supply chain management begin with identifying strengths and opportunities that can be managed to mitigate weaknesses and threats
- By diversifying suppliers, implementing non-disclosure agreements, and building a good rapport with them, disruptions to the supply chain are easier to manage
- Shifting to a 'just in case' supply chain mindset encourages businesses to better prepare for disruptions
- Putting systems in place to plan, schedule, track, and trace the various stages in their workflow helps businesses to anticipate delays and maintain client/customer confidence

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One of the biggest socio-economic lessons learned from the pandemic is that a robust UK supply chain is essential to resilience and sustainability. If we add geopolitical tensions (e.g. US 'trade war' with China, and the war in Ukraine) and the increased frequency of natural disasters into the equation, having a global supply chain increases the amount of risk that businesses need to manage. An efficient, reliable, and robust supply chain is essential for business growth, and most of it can be achieved domestically [\[1\]](#) [\[2\]](#):

- Step 1: Identify strengths, weaknesses, opportunities, and threats (SWOT)
- Step 2: Conduct a supply chain cost-benefit analysis
- Step 3: Diversify your supplier list
- Step 4: Non-Disclosure Agreements (NDA)
- Step 5: Build a good rapport with suppliers
- Step 6: Shift to a 'just in case' mindset
- Step 7: Plan, schedule, track, and trace



As we mentioned in our previous article on the [cost-benefit of manufacturing in the UK](#), we tend to use a combination of both domestic and international suppliers. For recent work we did to develop a [forensic fingerprint autorotator](#) for one client and [build a bespoke events management device](#) for another, both projects were completed in the UK. However, for other projects such as the [waterproof measuring unit](#) the supply chain consisted of both UK and overseas suppliers as that was the most cost-effective and efficient solution in this case. Building a robust UK supply chain takes time, but if

you approach it systematically, it will improve your risk management and help with business growth.

Step 1: SWOT analysis

Begin by reviewing your current supply chain and identify strengths, weaknesses, threats, and opportunities (SWOT). This analysis will provide the foundation for creating a focused and forward-looking supply chain strategy ^[3]. For example, by identifying your threats and weaknesses (e.g. cyber attacks; poor inventory management) you can look for ways to turn them into opportunities and strengths (e.g. blockchain; GPS tracking). In so doing, you'll be finding synergies in areas where opportunities can mitigate risks and help you build stronger value propositions going forward.

Once you've done your SWOT analysis, you'll have a clearer idea of the scenarios you need to plan for. What impact will cyber attacks, delayed raw materials delivery, or increased transportation costs? What technologies can you use to reduce delays?

Put the opportunities and synergies you identified into action, and have a backup plan.

Step 2: Conduct a supply chain cost-benefit analysis

One way to build a robust UK supply chain, is to have as many of your suppliers as close to home as possible. On the one hand, this mitigates the risk of delays on receiving raw materials and problems with shipment tracking. On the other hand, the cost of raw materials in the UK is more expensive than in other countries such as China or India.

When building a supply chain always look to see how a benefit in one area (cheaper goods) will cost you in another (longer lead times). Another factor to consider is the impact that global supply chains have on your [environmental, social, and governance ethics](#) and brand identity. If you're positioning your company as eco-conscious and climate responsible, actively work towards building a supply chain that reflects that.

Step 3: Diversify your supplier list

Having multiple suppliers for every component or service ensures that there is redundancy built into the system, so if one supplier fails, you have another potential source of goods or services available. This also helps ensure that you don't place all your eggs in one basket and it provides more options when it comes to finding a better price for components or services.

Furthermore, avoid doing all your business with one supplier. It's tempting, especially in Asia, to work with suppliers who will provide complete turnkey solutions for you. Doing so puts you at risk of handing over all of your intellectual property (IP). By having multiple suppliers, you can spread out the

risk associated with such an arrangement while maintaining control of your IP.

This is another point in favour of developing a robust UK supply chain: IP infringements with domestic suppliers are easier to recognise and manage, and the government's [Intellectual Property Counter-Infringement Strategy](#) is active in supporting businesses in this regard.

Step 4: Non-Disclosure Agreements (NDA)

Non-disclosure agreements (NDAs) are critical when dealing with suppliers. They provide protection against any information that may be shared when collaborating on product designs, blueprints, prototypes etc. Because they are part of the legal framework, they give you the freedom to discuss and negotiate freely without worrying that sensitive, confidential, or patent-pending information isn't leaked.

[Download our NDA template for free](#), and customise it to suit your needs.

Step 5: Build a good rapport with your suppliers

Maintaining good rapport with your suppliers is essential since this relationship plays an important role in negotiations regarding cost, delivery times etc. Open lines of communication, regular updates, building trust over time, and paying suppliers promptly will pay dividends down the line.

Another benefit to building this rapport, is that it gives you the opportunity to understand the pressures your suppliers might be facing – and what you can do to help. For example, if you currently pay suppliers within 60-90 days, would paying sooner or ordering more regularly enable them to deliver faster?

Lastly, this will allow you to document your expectations and discuss them with your suppliers. Each time you take a new supplier on board, making sure they understand what you expect in terms of quality, delivery times, cost, etc is important. Regularly discussing these expectations helps ensure that everyone is on the same page when it comes to meeting them, and also makes it easier to pre-empt potential problems before they arise.

Step 6: Shift to a 'just in case' mindset

The [supply chain mindset is shifting](#). It's moving away from the traditional 'just in time' methodology of keeping inventory at a minimum, and using short term, low wage, low cost, flexible contracts that can be adjusted quickly according to changes in demand.

The pandemic highlighted the frailty of this model and encouraged companies to adopt a 'just in case'

mindset to make supply chains more resilient ^[4]. This includes:

- Increasing inventory on hand
- Entering into long term contracts with key suppliers
- Investing in technology that gives advanced warnings on bottlenecks
- Collaborating with competitors (e.g. sharing warehouses)

If increasing your stock levels or inventory is an option for creating a robust UK supply chain, talk to your bank about funding opportunities. This could include trade and [supply chain finance](#), working capital support, or inventory funding.

Step 7: Plan, schedule, track, and trace

Delivery delays can be damaging – especially if you’re working with suppliers who are still in the ‘just in time’ mindset. However, by using project planning and scheduling tools, you can adjust your workflow and assess the impact of delays so you can update clients/customers quickly and maintain their confidence.

In order to react quickly to disruptions in your supply chain, complete inventory visibility is essential. Having a [warehouse management system](#) also creates a robust UK supply chain as it enables you to track the quantity and location of all your materials – and even trace their source of origin.

Building a robust UK supply chain isn't a linear process...

Although we’ve shared our tips on how to build a robust UK supply chain, bear in mind that it’s not a linear step-by-step process. For example, as you’re putting a system in place to track deliveries and inventory, you’ll have to update your SWOT analysis. Changes to government legislation or new reforms (e.g. on the energy crisis) could impact decisions to manufacture locally, and how you manage your supply chain will have to be flexible enough to adapt easily.

To build a truly resilient and sustainable supply chain that responds to the ‘just in case’ requirements of our time, make sure you revisit it often. Check in with suppliers regularly, look for opportunities constantly and willingly choose supply chain options that are a reflection of your brand and company values.

Have you got any tips we missed? Leave a comment and share your thoughts – we’d love to hear them!

Comments

We love to talk about new ideas

Do you have an idea? Book a consultation with an expert - it's free, it's confidential and there are no obligations.

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