

SCOTTISH MANUFACTURING  
ADVISORY SERVICE FRAMEWORK  
LOT 6 – STRATEGIC SUPPLY  
CHAIN DEVELOPMENT  
TENDER REFERENCE: P21-0003

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For the Attention of

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## Introduction and Acceptance

Improvement Architecture are pleased to respond to Scottish Enterprise's call for organisations on the SMAS Resource Framework on Strategic Supply Chain (Lot 6) and we confirm our ability to commence immediate delivery of the service upon award.

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## Understanding of Project Requirements

The current challenges within both the local and global economy raises the need for Scottish based firms to improve productivity to compete effectively within this environment. Adoption of best practice, skills development and improvement through innovation will support Scottish manufacturing to compete in this environment.

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We believe that this is the most effective means to ensure that the knowledge, skills and abilities developed within them are transferred from our consultants and trainers to the participating companies to ensure sustainability of the improvements.

The SMAS programme aims to enable company-wide change, our experienced practitioners are able to deliver this across all levels of an organisation and manage the key stakeholders to support a sustainable deployment across the entire organisation.

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Project Team

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## Methodologies and Timescales

Supply chain management operates at three levels; strategic, tactical and operational. At the strategic level, company management makes high-level strategic supply chain decisions that are relevant to whole organizations. The decisions that are made with regards to the supply chain should reflect the overall corporate strategy that the organization is following.

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## Our Approach

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Each of the tools within our Supply Chain Toolkit can be deployed individually to tackle specific issues within a client's operation. However our experience highlights that the integrated and interdependent nature of Supply Chains will often mean that multiple areas have to be addressed to realise the full benefit of a point solution to an individual problem.

An example of an overall Value Stream Map is shown including supply chain review.

All of our engagements are supported by competencies in Structured Problem Solving, general business models including SWOT and Project Management techniques as well as more complex disruptive business modelling (with understanding of 55 different models that could be employed). We understand and are fully conversant with the project management tools deployed by SMAS to scope, control and report on engagements, including the importance of generating case studies that highlight the success of the SMAS service.

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### Techniques

Reviewed in this section are the key considerations for a range of supply chain processes and methodologies. Improvement Architecture has produced the following Supply Chain Overview to illustrate the relative positioning of these topics listed in the Brief.

The position of the individual elements is not exclusive to this model but we have sought to highlight the areas where they are most likely to be applied within the supply chain. We can demonstrate our understanding of each subject and highlight the key tools and techniques we would employ, during a strategic supply chain engagement.

Our understanding of each of the areas comes from our experience as both corporate managers with responsibility for supply chain elements and as consultants supporting our clients supply chain development, and is supported by qualifications and CPD relevant to these areas.

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We support the implementation of this process with templates, spreadsheets or direction in the creation of appropriate reports from the ERP system. This can include the development of an

appropriate demand/supply chain strategy; make-to-stock, make-to-order, target customer service level etc.

### Inventory Management

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### Demand Management

Management of demand is increasingly recognised as a key issue in improving the efficiency of supply chain operations. It balances customer requirements with the capabilities of the supply chain. Demand management requires the coordination of many activities, including demand forecasting, reducing variability, increasing flexibility and synchronising supply, demand, production, procurement and distribution.

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### Contractual Management

Contract lifecycle management “is the process of systemically and efficiently managing contract creation, execution and analysis for maximising operational and financial performance and minimising risk”. Organisations are facing increasing pressure to reduce costs and improve financial and operational performance.

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### Supplier Performance Management

Manufacturing and service firms have become increasingly aware of the importance of supplier performance and its critical impact on their own performance and market competitiveness. The increasing reliance on outside suppliers has transformed both the perception of and the need for understanding and improving supplier performance. A number of factors have converged to create the perfect storm in the supplier performance world:

- Increased outsourcing and reliance on suppliers for both goods and services
- Globalization of business and of supply chains
- Increasing complexity in managing suppliers
- Increasing supply risks

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### Supplier Relationship Evaluation

Supplier Relationship Evaluation is a strategic programme aimed at developing the relationships with current critical suppliers and identifying new suppliers who are required to support the future growth plans of the organisation.

Unlike supplier performance management and contract management, which monitor and improve the tactical relationships already established this process focuses on which suppliers are required for long-term product and service provision.

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The process of developing the strategy may evaluate the importance of the supplier to current and future products and services, the risks of the supplier's strategy and their relationship with other competitive firms and the presence of disruptive technologies within that suppliers segment.

Evaluation can be established, scored and compared using matrix techniques such as QFD (Quality Function Deployment) and evaluated against road-mapping techniques for long-term business strategy.

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We have included an extract from our Supply Chain Maturity diagnostic in the Appendix to this document.

### Supply Chain Metrics

Given the breadth and depth of supply chain management there is an extensive list of metrics that can be applied. It is important that only those critical to the customer's current situation are implemented to drive performance.

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## Supplier Value Enhancement Strategy

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### Supply Chain Risk & Opportunity Assessment

Generally, risk can be defined as 'the probability of an unwanted outcome happening'. Risk management involves three key activities:-

- risk analysis
- risk assessment
- risk mitigation

One of the main functions of supply management is to ensure smooth and uninterrupted flows of goods and materials. Today, organisations operate in increasingly complex and uncertain environments with high risks of supply disruptions making supply management an increasingly complex task. The environmental pressures and risks require companies to constantly and consequently analyse and reduce these risks.

Supply disruptions can be defined as any unforeseen events that disturb the normal flow of goods and materials in a supply chain. These disruptions can have major negative consequences for the management of operations. In the longer term supply disruptions can negatively affect the shareholder price and a company's long-term financial performance.

For a purchasing organisation, a supply disruption can also mean inability to meet demand and satisfy customers. Supply disruptions can come from a wide variety of sources, including physical damage at production facilities, natural disasters, strikes and labour disputes, capacity issues, inventory problems, incorrect forecasts and delays. Understanding supply risks can enable purchasing organisations to take effective action in response to those risks.

Risk management should form an integral part of good purchasing and supply practice. It is essential to address the 'right' risks and use the 'right' strategies. Thus, organisations should understand the

sources and drivers of risk before devising risk mitigation strategies which may require adding capacity, increasing inventories, having redundant suppliers, increasing responsiveness, increasing flexibility, aggregating or pooling demand, increasing capability, or having more customer accounts.

Moreover, supply risk management activities can involve process improvement, buffer strategies, forming strategic alliances and developing suppliers

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Key areas of best practice to be considered are:-

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## Capacity to Deliver

In order to support SMAS we have developed a service delivery model as follows:-

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### Conflict of Interest

We will immediately disclose to a client any personal or financial interest or other significant circumstance, which may be deemed to have influenced their work, in particular:-

- Any directorship or business interest in competition with the client
- Any financial interest in either goods or services recommended to the client
- Any personal relationship with any individual in the clients company
- The existence, but not the name, of any current client with competing interests
- Any possible 'Conflict of Interest' either perceived or real.

We are not currently aware of any conflicts of interest. We commit, however, to ensuring that all our consultants follow a code of practice and to disclose any conflicts of interest should they arise in the course of the contract.

### Off-Payroll Working Rules

IA understands that Off-payroll working rules will not apply to the services being procured.

### Fair Work Practices

- Please see Appx 8. We also support employees and associates within development opportunities. For example with Associates (Sub-Contractors) they are supported and advised within the Code of Conduct of the Institute of Consulting – this forms a commitment on customer service etc.. and the way they conduct themselves on IA business (as is identified within the Associate agreement they sign).
- We work with open-book pricing and total transparency with Associates. This is a partnership where they understand what we pay, what they get paid and where any other overhead recovery goes.

### Community Benefits



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### Part 3 - Pricing Schedule

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## Part 4 Supplier Information Sheet

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