



WORKING WITH SUPPLIERS FOR SHARED GAIN

This is one of a series of +points on The Journey – a route map designed to help you build a business that people value. Check out other +points on www.smallbusinessjourney.com

WHAT'S THE POINT?

You CAN improve your business by listening to and working with suppliers to strengthen relationships, address supply chain problems and identify new opportunities.

WHY?

- Better supply chain relationships help to build/deliver better products or services.
- Selecting suppliers that reflect your own principles can further enhance your reputation.
- Your suppliers are key to the success of your business – their performance, opinion and reputation is important to you.
- Your suppliers can help you to identify issues you may be unaware of.
- Your suppliers know your business – and how it works – from a unique perspective.

EXTRA BENEFIT TO YOUR COMPANY

- You can use your influence to improve environmental and working conditions within your supply chain and improve the consistency, quality and flow of supplies.
- Enhanced reputation across the whole supply chain.
- Priority treatment from your suppliers if/when supplies are short.

LIVING PROOF

UNION COFFEE ROASTERS

Union Coffee Roasters is a small London based company that seeks out growers of truly fine coffees and rewards them with a direct and sustainable business relationship. All suppliers must adhere to the international and national laws regarding the conditions of workers – from health and safety regulations to the provision of social services, education, and payment of the minimum wage.

They must also respect the environment and have pre-defined, sustainable agricultural practices in place to conserve water, soils and energy and to reduce pollution. In return, Union Coffee Roasters purchase the coffee at an enhanced sustainable premium.

THE RESULTS

All parties benefit. Customers get the highest quality product. Suppliers have a long term sustainable business agreement and their employees enjoy good working conditions. Environmental conditions on the coffee estates are improved, while Union Coffee Roasters itself gets committed suppliers, better quality coffee, and a customers who share their social and environmental principles.

WHO ELSE IS MAKING A POINT?

Many other companies throughout the UK understand the real business benefits that can be gained by establishing better relationships with their suppliers. Here are just two:

- The booksellers **Waterstones** collaborated with the publishers, Macmillan Distribution, and the distributors, Securicor Omega Express, on an environmental supply chain initiative. The aim of the initiative was to design a reusable tote box to replace the cardboard cartons used to transfer books to Waterstones

The results: This highly successful supply chain initiative has reduced the need for 21,720 cardboard boxes; saved 15 tonnes of waste; reduced infill packaging by 95%; reduced stock damage; and increased the speed of handling goods.

- The UK food retailer **Waitrose** has long established principles of supplier care based on a genuine spirit of partnership embedded in its constitution. This requires suppliers to be treated with honesty, fairness, courtesy and promptness. Suppliers must manage sub-suppliers in a similar way. Waitrose also operates a

Responsible Sourcing Programme which takes account of environment, health and safety, workers' rights and animal welfare throughout the supply chain.

The results: All parties benefit from being part of a socially sustainable relationship. Suppliers are paid a fair price that reflects the costs of production. Customer, employee and other stakeholder relations have been enhanced and Waitrose has been commended for its long term support of suppliers. Farmer Brian Barnett is typical of many suppliers when he says "It's good to be working with a supermarket that is actively supporting farmers. Farmers supplying Waitrose can be sure of a fair price and continued support in a very difficult climate".

WHY IS THIS IMPORTANT?

- In an Envirowise supply chain partnership project, eight host companies working in partnership with 120 companies from their supply chain identified potential savings of more than £1.9 million. Source: Envirowise News, The Profit of partnership
- Communities, business and government can increase, even double, the amount of money being retained in the local economy of disadvantaged urban and rural areas by fostering links in the local business supply chain. Source: "The Money Trail" by New Economics Foundation (NEF) and the Countryside Agency
- Supply chain pressure has been a significant factor influencing environmental and quality issues (in SMEs), and is showing signs of influencing the social domain as well. Source: Starting Small, Europe's SMEs and social responsibility, CSR Magazine (CSR Europe)
- Late payment of suppliers is viewed as 'unethical' by 85% of UK businesses. Source: Survey conducted by the Better Payment Practice Group

HOW TO GET STARTED IN A SMALL WAY

- List your suppliers and identify possible issues in your relationship with them.
- Define your approach to these issues and communicate it to suppliers and other stakeholders.
- Consider how you will evaluate your own and supplier performance.
- Build confidence by meeting their needs and high standards on essentials like payment on time.
- Where it is useful find out about suppliers' relevant employment policies, and quality and environmental controls.
- Set up a regular communication such as a brief newsletter to keep suppliers informed.
- Learn how best to treat your suppliers from the good practice in the ways your customers treat you.

WHO CAN HELP YOU TO GO FURTHER?

Strengthening the performance of your business in this way is really just a matter of common sense. But if you are committed to achieving major business benefits, then it often helps to get help.

National Help

Business in the Community (BITC) has a Sustainable Supply Chain Forum which aims to help companies in this area. It offers practical workshops to help businesses make positive changes in supply chain practices. See www.bitc.org.uk.

Local Help

Check with your Chamber of Commerce or Business link organisation for local business networks so you can talk to other companies www.britishchambers.org.uk seeking to be more involved with customers. Find these organisations on or www.businesslink.gov.uk (England) www.bgateway.com (Scotland) www.busesseye.org.uk (Wales) www.investni.com (Northern Ireland).

Online Help

The Better Payment Practice Group was formed to improve the payment culture of the UK business community and reduce incidences of late payment. It has a Better Payment Practice Code. www.payontime.co.uk.

The website of the Ethical Trade Initiative contains useful references and discussion papers on ethical issues in the supply chain. www.ethicaltrade.org.

The Federation of Small Businesses lobbies on behalf of small business and is particularly involved in campaigning for better payment practice. www.fsb.org.uk.

The Business Link website includes advice on supplier management. www.businesslink.gov.uk.

IT'S COMMON SENSE

This briefing paper is one in a series of +points that make up The Journey – a route map designed to help you build a business that people value. You need only do one if you like. It's your journey. It doesn't have to be time consuming or complicated. It's basically common sense.

SMALL BUSINESS CONSORTIUM MEMBERS:

The Small Business Consortium is a group of organisations who share a common goal:

