

# CORONAVIRUS

## MANAGING STRATEGIC SUPPLIERS IN A CRISIS



*...how to navigate the next 90 days...*

Stephen James, Operations Manager

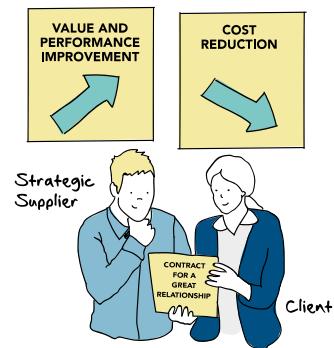
Allan Watton, CEO

# CORONAVIRUS : Managing Strategic Suppliers in a Crisis

*How to navigate the next 90 days*

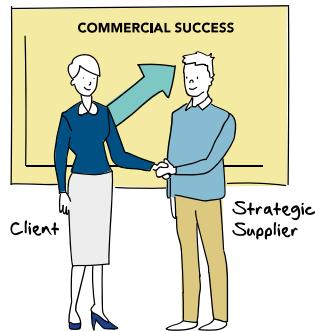
## New Relationships

You're procuring or contracting and you need it to **work really well**.



## Existing Relationships

You're in a partnership that could be **working better**.



## Broken Relationships

It's gone wrong. You need help to exit a relationship early and **safely transition to another**.



LESSONS LEARNED FROM THIS EXPERIENCE INFORMS 'WHAT GOOD LOOKS LIKE'

STRATEGIC PARTNERSHIP REVIEWS

DAY TO DAY MANAGEMENT OF STRATEGIC PARTNERSHIPS

EXPERT WITNESS COURT EXPERIENCE OF FAILED RELATIONSHIPS

EXPERIENCE OF 500+ STRATEGIC PARTNERSHIPS

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Strategic Suppliers – Recent existential threats we've given guidance through

**2000-2002**

Dot-Com Stockmarket  
Crash – liquidity  
crunch



**2016**

Mini Stock Market  
Recession – quick  
recovery of liquidity



**FUTURE?**



**2008 - 2009**

Great Recession –  
Financial Crash –  
liquidity crisis



**2020-2022**

Anticipated as worst  
global recession  
since 1929 (The  
Great Depression)

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## COVID-19 Overall Organisational Challenges



### EMPLOYEES

Obligation to inform  
Health  
Insecurity, fears  
Remote work  
Flexible working hours  
Reduced work  
Exemptions  
Continued payment of wages  
Compensation for quarantine measures



### STRATEGIC SUPPLIERS

Decline in sales  
Cashflow/liquidity bottlenecks  
Alternative delivery options  
Value chain  
Standstill and interruptions  
Delays  
Contract disputes  
Effects on customers and citizens



### REVENUE

Decline in sales  
Cash flow/liquidity bottlenecks  
Government aid/financing  
Loan issues



### OPERATIONS

Reduced capacity and resources in core areas, infrastructure and services  
Breakdowns of entire locations



### MOBILITY

Travel and mobility restrictions  
Travel bans  
Quarantines  
Effects on recreational activities/social interactions



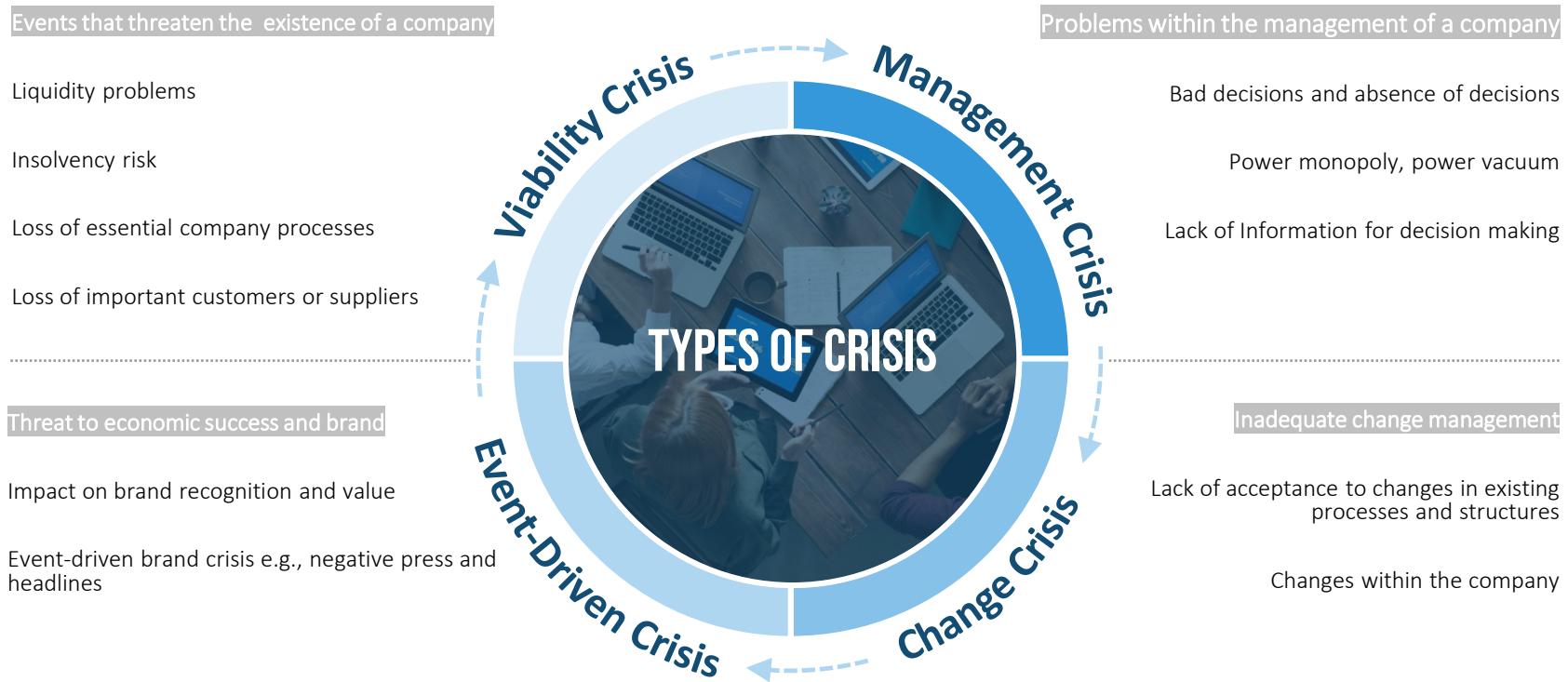
### REGULATION

Compliance challenges

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In a normal marketplace - Strategic supplier existential concerns



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Covid-19 is no normal marketplace - Strategic supplier viability threats

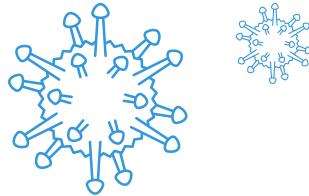


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## Attempted use of force majeure : Strategic supplier considerations we've seen recently

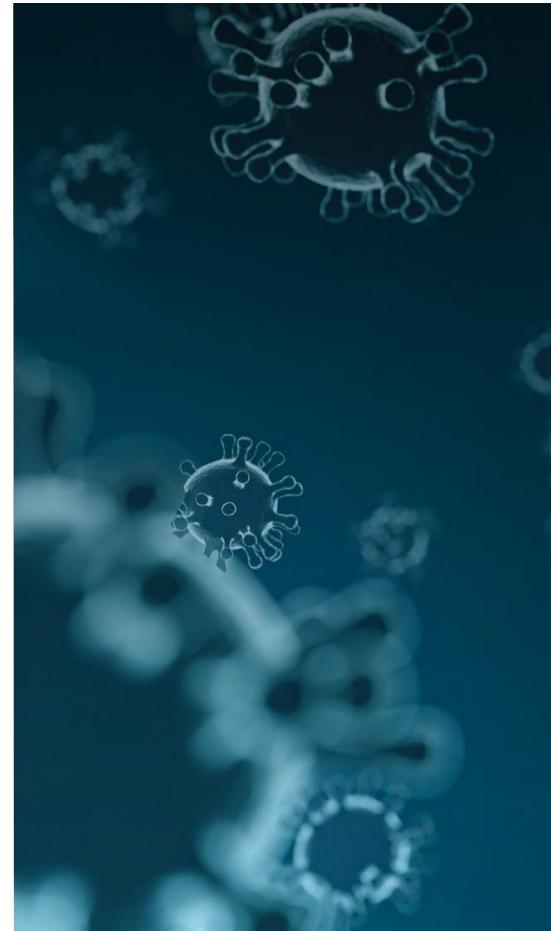
**The facts.** It is for the party relying on a force majeure clause (or doctrine of frustration) to *evidence* the trigger is reasonable.



**Increased cost of service delivery**  
- **Not a trigger.** It is an inconvenience for the supplier. Nor can they usually legitimately reduce KPIs as a result.

Need to employ additional people – not a trigger. If the service is a pre-agreed cost, then it is an inconvenience for the supplier. KPIs will usually remain intact.

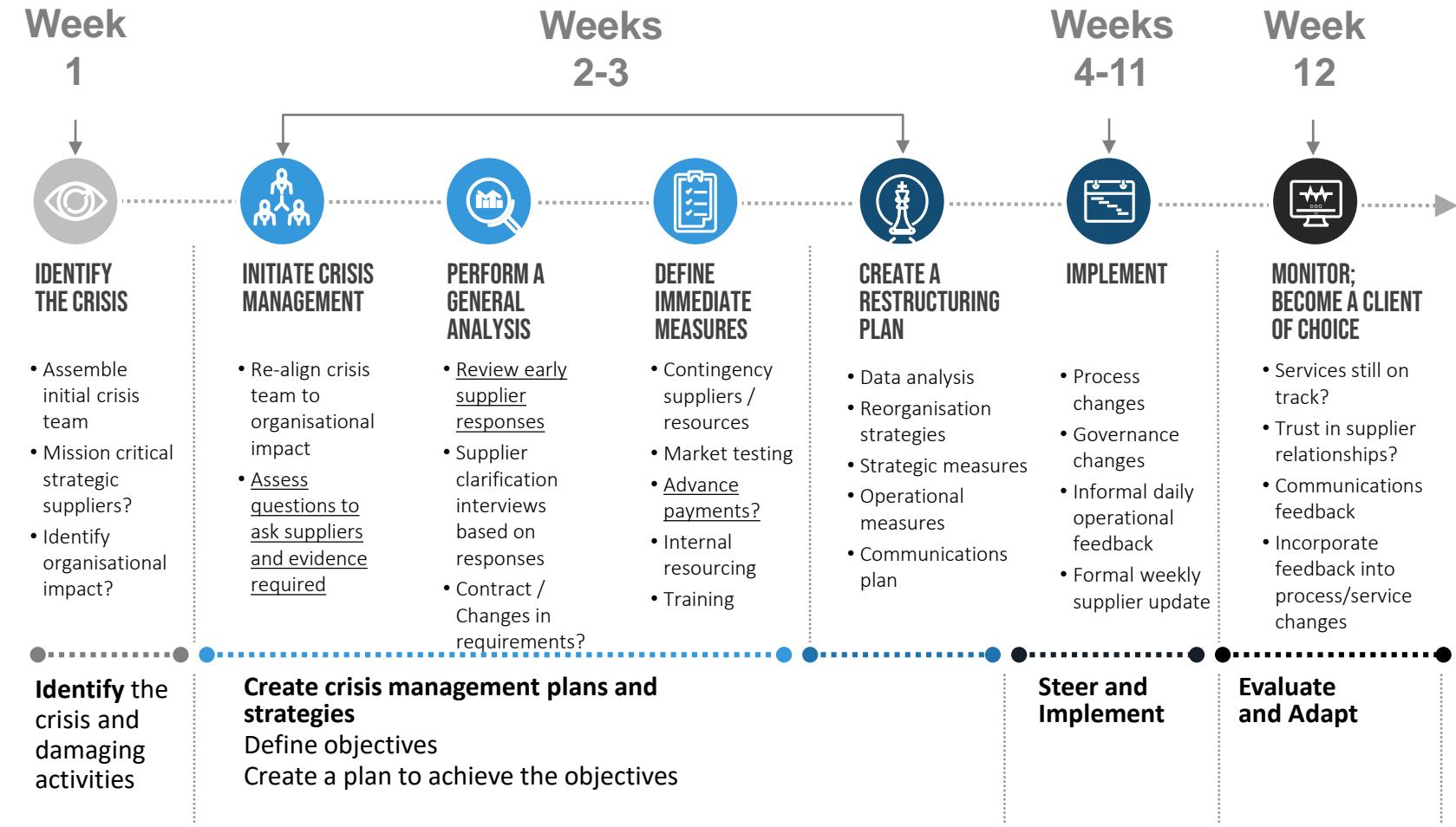
No-one is legitimately available to perform the service – this is a **trigger**. It means everyone is self-isolating or ill, AND they are physically (by law – not by their management) prevented from recruiting other people / interims to perform the service.



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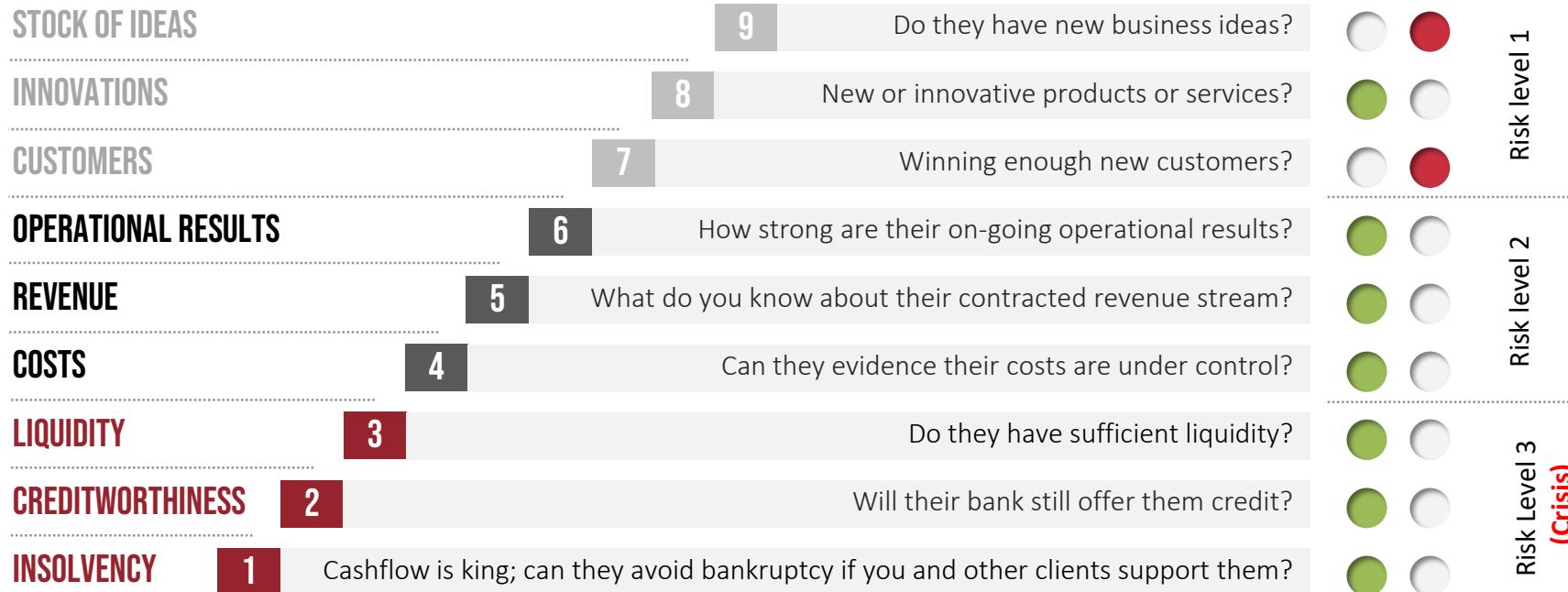
The 90 day navigation plan – for mission critical strategic suppliers



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How to diagnose crises in enough time – honest conversations with your strategic suppliers



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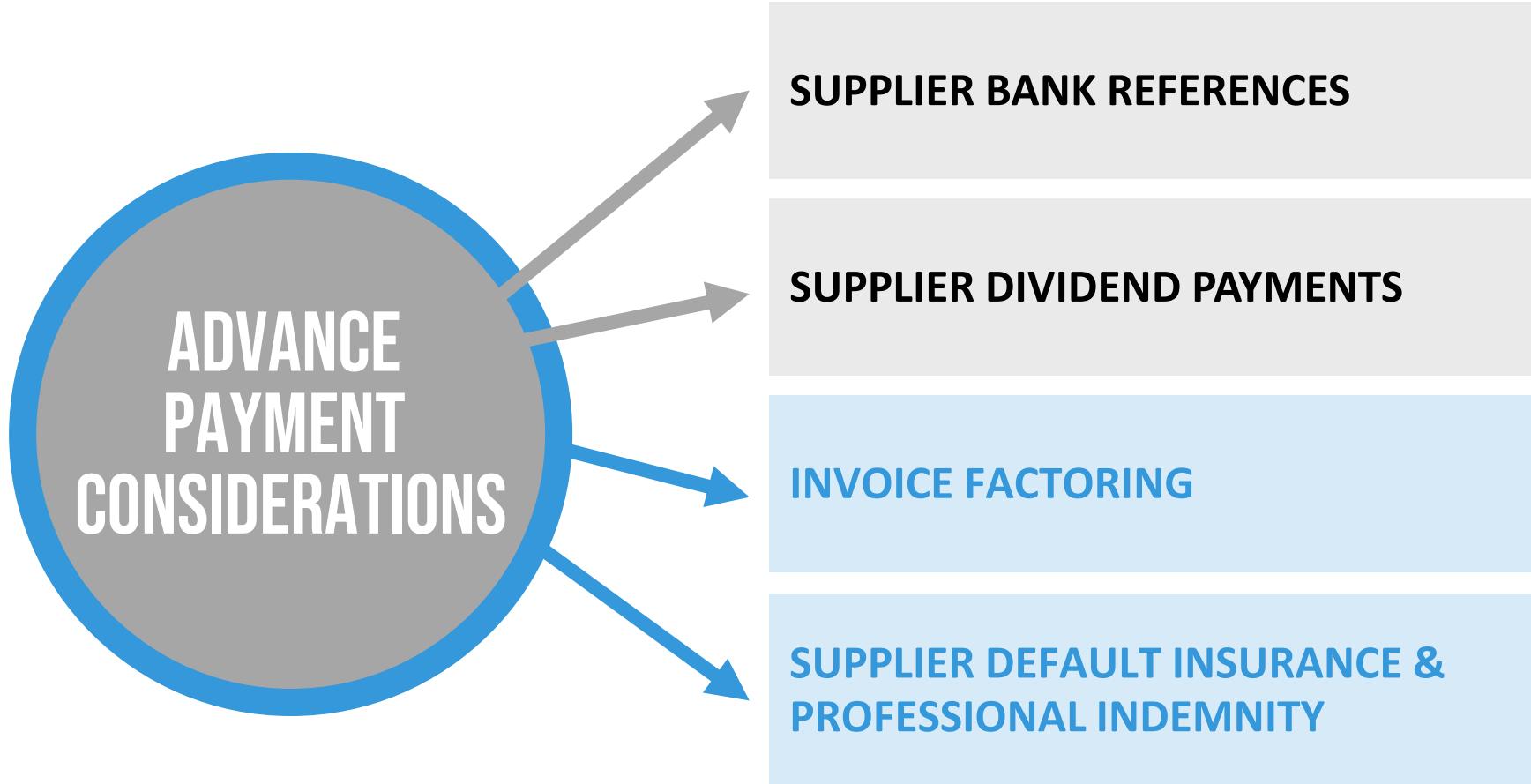
Strategic Supplier's "Expert Responsibilities" can be implied in law



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Thinking of paying your suppliers in advance? (not just before the invoice falls due)



# CRISIS AVERTED

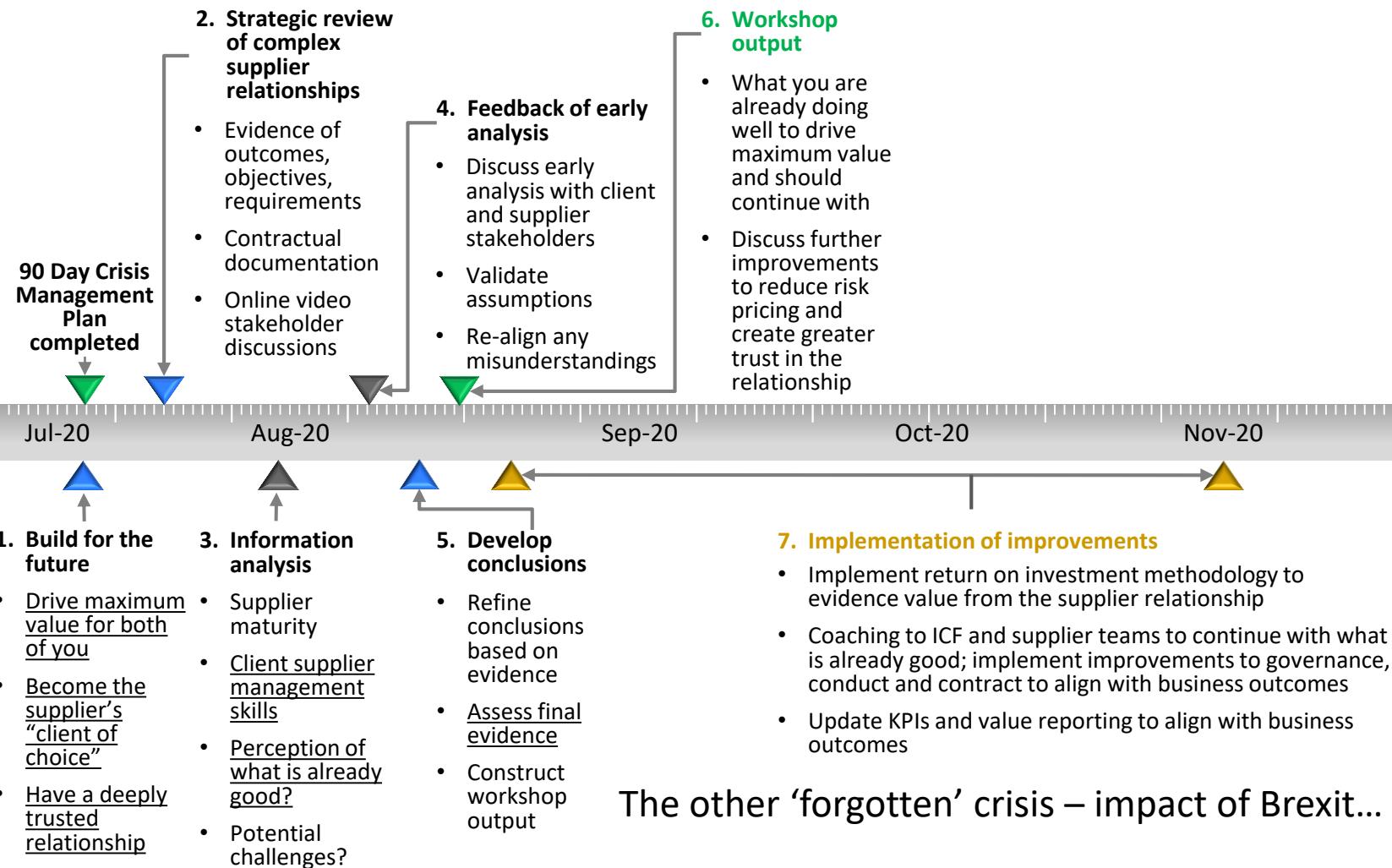
THE FUTURE – DRIVING  
MAXIMUM VALUE



*...how suppliers nominate their 'clients of choice'...  
(...and how you'll get priority service in the future...)*

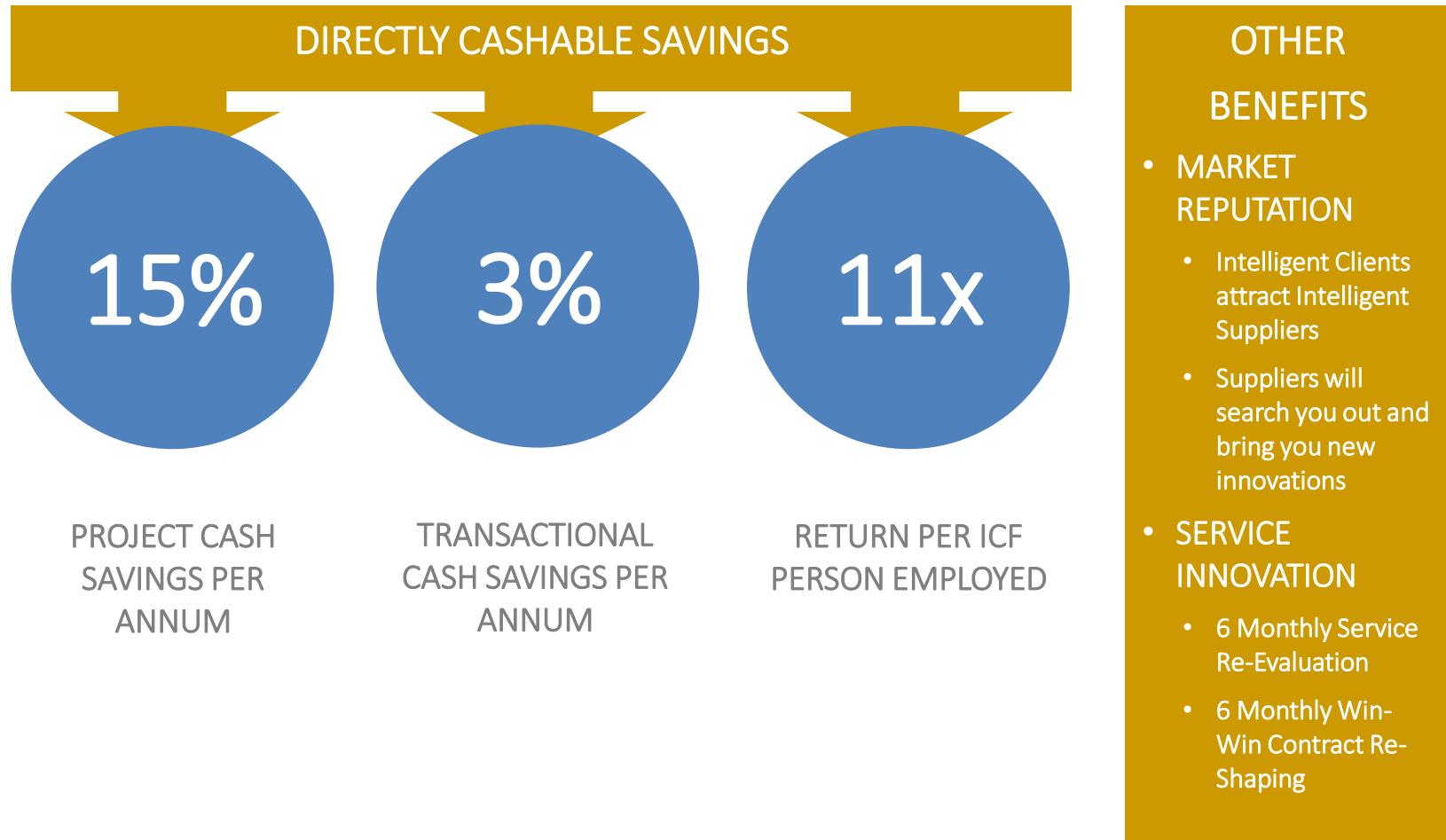
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The future – a plan for driving maximum value and becoming the ‘Client of Choice’



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## Why Build a World Class Intelligent Client Function?



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The benefits of being a 'Client of Choice'

## What do strategic suppliers want from clients?

### 1 Respect from Client

- Strategic partners often reflect back how they themselves are treated by the client

### 2 On-time Payments

- Cashflow is the lifeblood of commerce. Delayed payments will decimate any goodwill you have created

### 3 Collaboration

- Strategic suppliers want to feel part of the team.
- Share business planning - want to share success

## What does a 'client of choice' receive as a result?

### 4 Management support

- Crisis – go extra mile to resolve issues, quickly
- Supplier's management teams mobilise quickly

### 5 Supplier Resources

- Most talented team
- Secure scarce resources
- Higher service at lower cost

### 6 Innovation

- Early (first) access to new ideas and products

### 7 Prioritisation

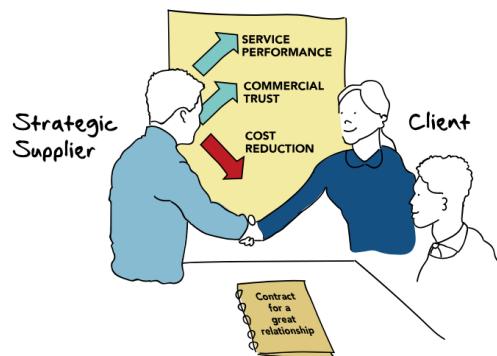
- You'll receive 'first in queue' attention
- Consistently prioritised service levels

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## The 10 characteristics of an optimised strategic supplier relationship

To drive maximum value



- Objectives being met  High reputation with your peers
- Critical friend supplier  Internal team aligned
- Inherent commercial trust  Services always aligned to outcomes
- Sustained collaboration and innovation  Flexible/agile contract structure
- Reduced service cost  Evidenced based results

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The Eight Key Components Found in Every Fit for Purpose Strategic Supplier Relationship

ARTICULATED BUSINESS VISION

SUPPLIER “EXPERT RESPONSIBILITIES”

AN INTELLIGENT CLIENT TEAM

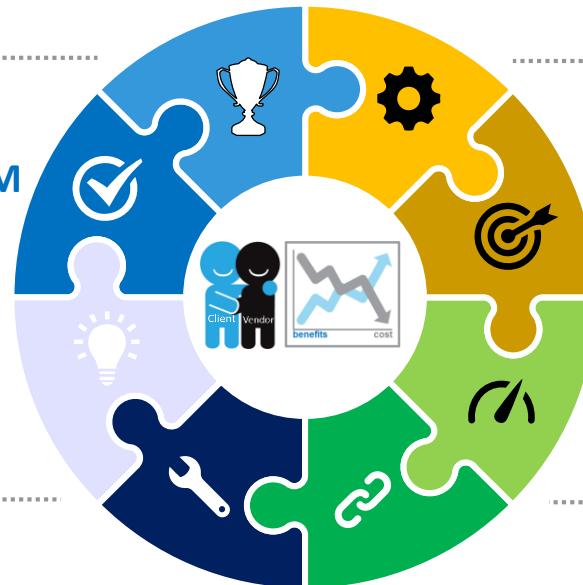
FIT-FOR-PURPOSE CONTRACT

AN INTELLIGENT SUPPLIER

BUYING GOVERNANCE

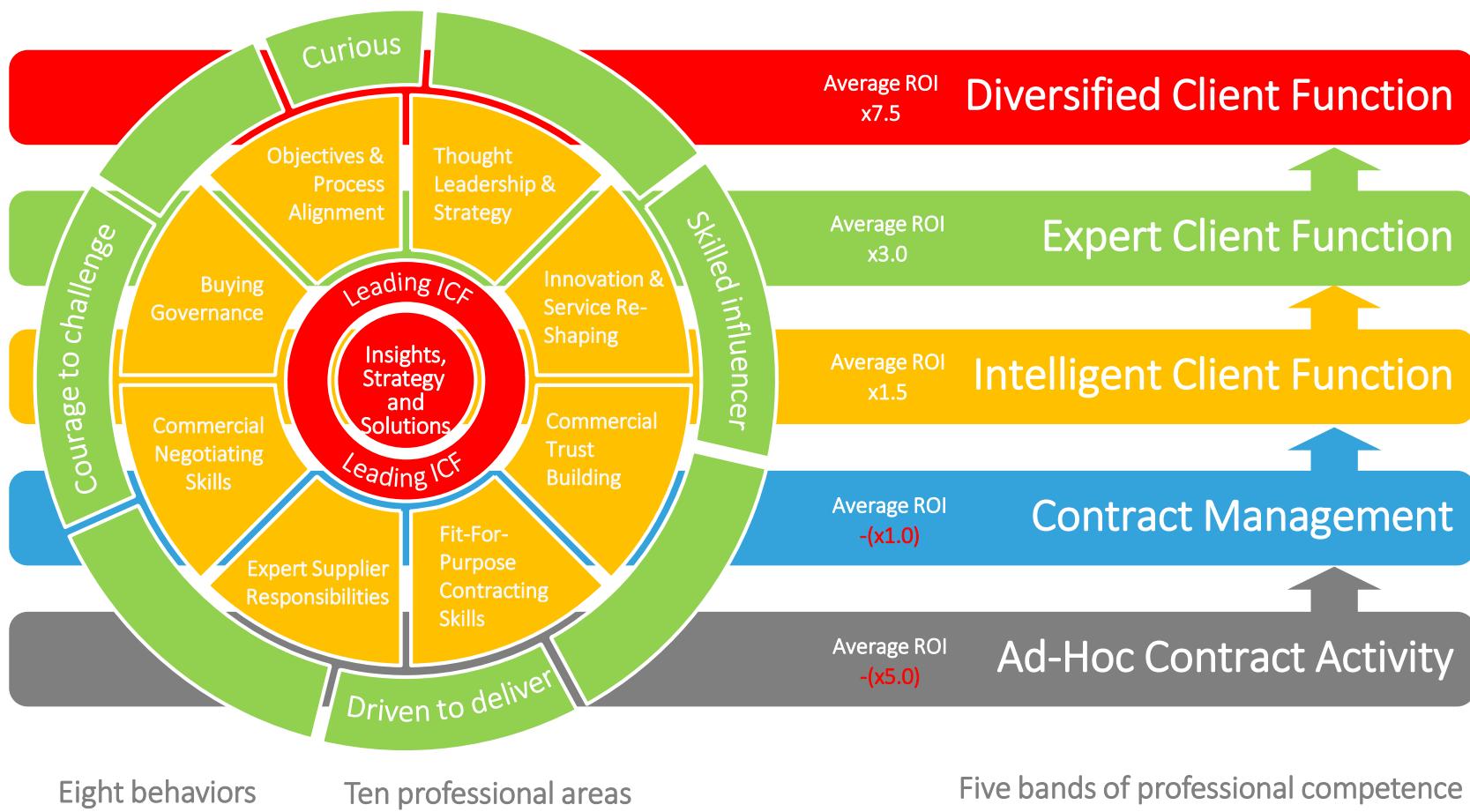
CLEAR SERVICE REQUIREMENTS

RELATIONSHIP MANAGEMENT



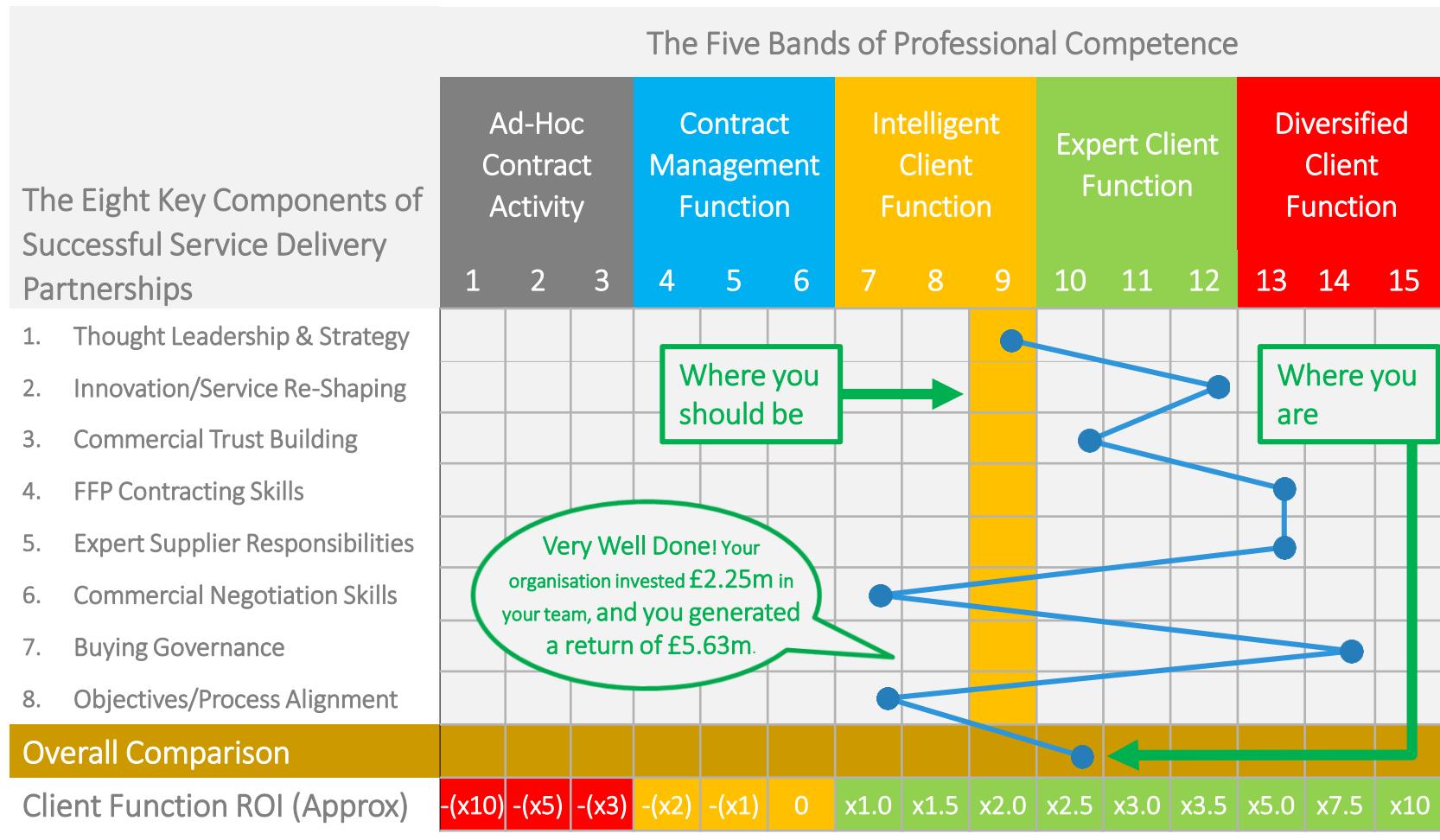
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## Intelligent Client Function – What ‘Good’ Looks Like



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Your ICF Team strengths aligned to 'What Good Looks Like' for your specific supplier



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The future – a plan for driving maximum value and becoming the ‘Client of Choice’

## ANY QUESTIONS?



### The Current Crisis

1. Identify Crisis
2. Initiate Crisis Management
3. Analysis
4. Define Measures
5. Create Restructuring Plan
6. Implement
7. Monitor

### The Future

1. Build For The Future
2. Strategic Review
3. Information Analysis
4. Feedback
5. Develop Conclusions
6. Workshop Output
7. Implementation of improvements

**Informal and confidential chat :** If you would like a brief call at some point to discuss how to apply the 90 day crisis plan or the 120 future plan to your specific circumstances, you can schedule a call with us over the coming days. Just put ‘call 90’ or ‘call 120’ into the questions box and we’ll arrange something with you.

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