

Strategic Sourcing in Volatile Markets

For companies looking to source products and materials, volatility in the market can have a significant impact on the efficiency of their supply chains.

The escalation of conflict in the Middle East, for example, could lead to lower shipping activity in the area, increased oil prices, and inflated insurance costs.

“All of these factors could cause headaches for firms importing goods from around the world, and this means that you need to be more strategic with how you source. While the outlook can be concerning, by implementing some simple processes and procedures, you can find ways to keep your supply chain cost-effective without worrying about diminishing inventory.”



Talal Abu Issa
CEO of Beebolt

This quick start guide provides a range of actionable tips you can use to strategize your sourcing and succeed, even in a volatile market

1

Diversify Your Supplier Base

Where there is pressure on suppliers, there is an increased risk of them failing. If you depend on one, or a small number of suppliers, this can cause major challenges in case they go out of business or run out of inventory due to high demand. Similarly, dependency on a single region for supply can be detrimental if there is a disruption in that area.

Regularly scout, engage, and onboard new suppliers even if you don't need them immediately. This helps you ensure a diverse supplier portfolio ready for any market changes.



2

Strengthen Supplier Relations

Work on developing relationships with your suppliers to get a better understanding of how you can work together to streamline your approach. Communicate and share key information about your current challenges.

This improves collaboration and makes the supply chain more transparent so that you can spot issues in advance. Closer relationships can also help you negotiate better terms and get prioritized in supply.

Establish a routine of periodic meetings with key suppliers to discuss challenges, future projects, supply chain risks, and potential ways you can help each other.

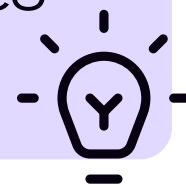


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Focus on Total Cost of Ownership (TCO)

It can be easy to concentrate solely on the purchase price of the goods from suppliers, but TCO offers a holistic view of the costs. For example, paying a slightly higher price per unit might be offset if they are shipped with CIP (carriage and insurance paid to). That requires the vendor to cover comprehensive insurance, meaning that the TCO could actually be less than buying a cheaper product where your organization had to insure the shipment.

Look beyond the sticker price to include expenses such as maintenance, currency risks, tariffs, and disposal costs associated with a supplier's goods or services in your TCO calculations.



4

Utilize technology

Supply chain management software like [Beebolt](#) provides better visibility regarding your sourcing efforts.

With real-time tracking of shipments, you can monitor the efficiency of your suppliers and spot potential problems before they hit. Messaging capabilities increase collaborative opportunities. You can also automate processes such as Requests for Quotes (RFQ), creating a more effective method of comparing suppliers.

Utilize cloud-based supply chain management platforms that offer scalability and security, while giving you a complete overview of your supply chain.



5

Utilize analytics

Use data to analyze market trends and supplier performance. This will give you insights into their future prospects, based on the information you have at hand.

Predictive analytics can help you forecast supply chain issues and market changes in advance, as well as identifying bottlenecks and inefficiencies. This allows you to prevent issues and act before your operations are disrupted.

Define specific, measurable goals for supplier performance, customer demand, and inventory levels to track progress and identify areas for improvement.



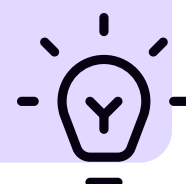
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Prioritize supplier compliance

In a challenging market, compliance can suffer. Suppliers might cut corners to reduce costs and increase margins. However, this can lead to disruption and reputational damage by association.

Compliance with regulatory requirements up and down your supply chain is essential for the ethical running of your business and this is why it is important to consider this when sourcing goods from suppliers.

Regularly conduct thorough audits of your suppliers to ensure they comply with all relevant laws, regulations, and ethical standards. Update your suppliers on any new developments and requirements. Remember to document everything for transparency.



Prepare For The Unexpected

In unpredictable markets, the only certainty is the occurrence of unforeseen events. Whether it's a sudden supplier shortfall, political upheaval, or a natural disaster, these disruptions can severely impact your supply chain's fluidity and your company's operational capacity. Crafting detailed contingency plans for various potential scenarios ensures your business remains resilient and can pivot swiftly in response to sudden changes.

Identify and assess the vulnerabilities within your supply chain and prioritize them based on their potential impact. For each identified risk, develop a tailored response strategy that includes alternative suppliers, logistical routes, and communication plans with stakeholders.



Enhance Inventory Management

Effective inventory management is crucial in volatile markets to balance the risks of stockouts against the costs of overstocking. Advanced planning and strategic stockpiling of critical components can safeguard against supply chain disruptions, but this requires a nuanced understanding of your inventory levels, lead times, and demand forecasts. By optimizing your inventory management practices, you can ensure product availability, maintain customer satisfaction, and minimize holding costs.

Utilize inventory management software to gain real-time visibility into stock levels, track product turnover rates, and predict future demand using historical sales data. Implement a just-in-time (JIT) inventory system to reduce excess stock and storage costs where feasible, but also maintain a buffer stock of high-risk or essential items.



About Beebolt

Beebolt is building the global operating system for international trade, helping people become supply chain superheroes. The company's end-to-end solution for supply chain teams helps customers **save four hours per shipment on average** by providing centralized tools for purchase orders, document management, shipment tracking, collaboration, invoice matching, smart analytics, and more. Beebolt integrates with your existing workflow seamlessly, bringing all your essential work together and giving you enhanced visibility over your supply chain.

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