



## GLOBAL SOURCING:DO´S and DON´TS

Part 1 of 3

Date: March 19<sup>th</sup>, 2014

Nowadays..everything is global.. we see name tags changing from “Production Master Scheduler” to “**Supply Chain Manager**” but is this all true?

Do people really understand all the implications of a **developing a global SCM strategy?**

My personal point of view is No.

Reality is that as formal “**7 Step Strategic Sourcing Process**” methodology is relatively new, the old planning tricks of production planning still very valid, and both need to be factored into a good plan for a **successful SCM strategy** abroad.

However, as once a Design Engineer and as **Sourcing Professional** of several types of goods and services, I believe the most effort we put up front in an adequate sourcing process, the higher possibilities we have to succeed in our efforts to develop an **international supply chain** and optimize **Total Cost of Ownership**.

So, it is up to us to merge successfully the new tools designed by younger generations with learnings of decades of experience at the shop floor.

Based on my personal experience here are my two cents which I hope to be of help to **Global Sourcing Managers** today:

- 1) DO: As a Team Leader, make sure you set the conditions for absolute collaboration between engineering, production, quality and buyer as one single **Sourcing Team**.

If you as a **Sourcing Manager** lead the team, realize your first responsibility is to bring all stakeholders on board with your strategy, and make them feel part of the decision making process, this will not only give you sympathy and support, but credibility!

- 2) DON´T overlook important details. **Technical specifications** are critical to be in black and white for **suppliers** but, make sure product drawings are updated and physical samples are available to validate that! Service requirements for vendor should also be very well laid out and supplier selection factors clearly defined by the entire team! Not only the buyer.



- 3) When you go to source out of your mother country. DON'T expect foreign nationals to understand the same as you...remember, our job has a name tag of "global" but reality is we all human have a "local mindset" and most often than expected, the other party perception is very different to ours. Many times, deals do not go through successfully because expectations among parties are completely off!
- 4) DO validate communication!! make sure you take the time to understand the other party point of view and backwards. On the other hand, make also sure your team has the same understanding as your potential supplier. Practice several tests to make sure expectations are lined up... and "green means green" for all stakeholders.
- 5) If you are not familiar with the other country culture, my advice is DO seek for local help. Remember, doing business with foreign suppliers represents a great opportunity to reduce your TCO but also brings significant risk for your operations and your company reputation. I have seen cases where foreign companies are "bad-mouthed" because they put in charge freshmen buyers and whether they realize it or not, vendor management can identify that very easy.  
Do you think you will make the best deal possible if the other party do not trust your deep understanding of the deal? My answer is No, and you will be leaving money on the table. My advice: find a good partner that knows the country ways and how to get things done. At the end, it is all about *metrics* and time matters.

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