

Navigating Supply Chain Challenges 2025



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Kansas Manufacturing Solutions



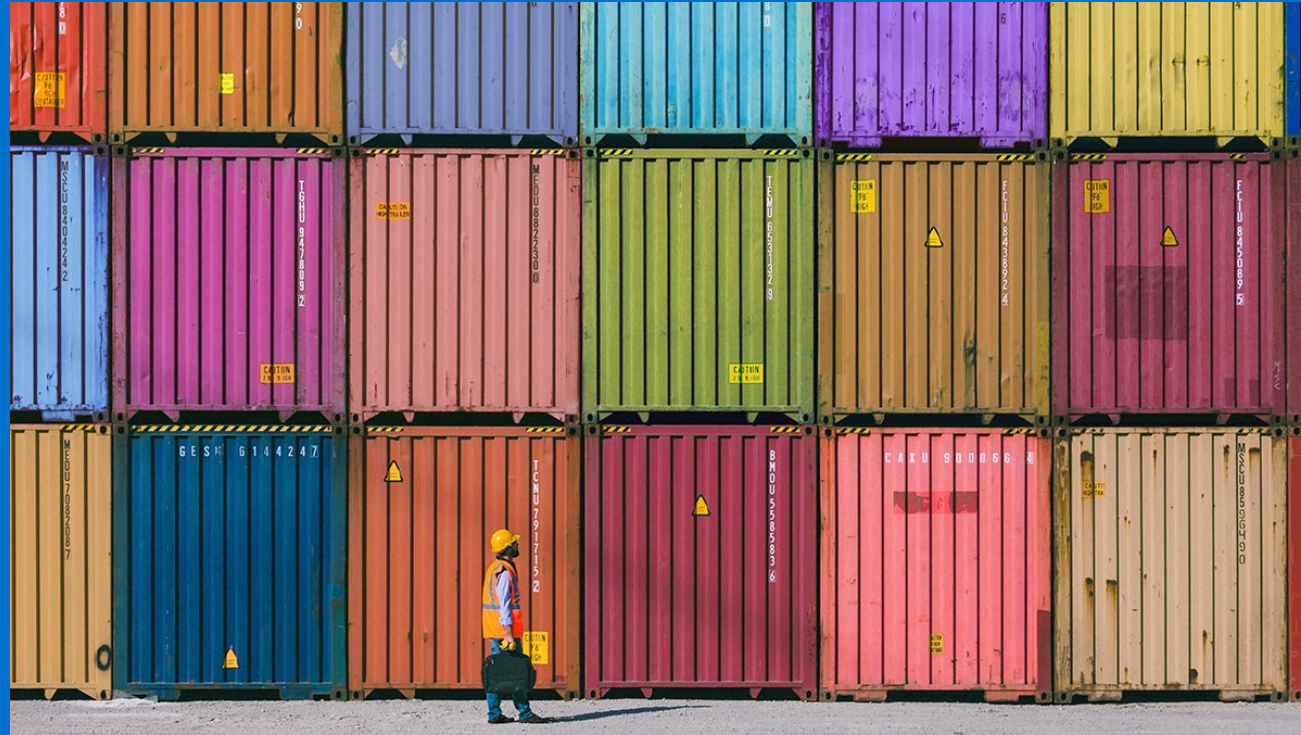
Jason Willey

Supply Chain Management Specialist | KMS

"Manufacturing supply chains are the lifelines of industry, seamlessly connecting raw materials to finished products."

Overview

- How do we create a **Robust Supply Chain Portfolio** to improve our supply chain resilience?
- What are some ways we can control pricing by **Optimizing our Cost Management** skills?
- **Educating manufactures** on working with policy makers.



Supply Chain Portfolio

Avoiding Single Supplier

➤ Supply Chain Disruptions

- Supplier faces labor strike/ natural disaster/cyberattack
- Capacity Constraints

➤ Quality Control Risk

- Supplier Quality declines no back up to maintain standards
- Rejecting poor quality shipment can lead to delays

➤ Inability to Scale Efficiently

- Demand Spikes
- Rapid expansion risk

Expanding your Supplier Base

➤ **Identifying alternate suppliers**

- Maintain operational flexibility

➤ **Conducting comprehensive risk assessments of suppliers**

- Potential suppliers location, evaluating factors such as political stability, regulatory environment, infrastructure capabilities, and trade policies.

➤ **Maintaining backup supplier agreements**

- Ensure continuity of supply in case of unexpected disruptions or demand fluctuations.

Value of Supplier Contracts

➤ Higher supplier cost

- Without long-contracts suppliers will offer higher prices
- Rush orders have higher fees

➤ Weak negotiating power

- Has less leverage when negotiating better prices, terms, or payment flexibility.

➤ Reduced Business Stability & Continuity

- Higher risk of losing key suppliers without notice
- Can take months to replace a supplier

Develop Long-Term Strategic Supplier Partnerships

➤ Long-term contractual agreements

- Provide stability and encourage suppliers to prioritize service and quality.

➤ Regular engagement and collaboration

- Supplier visits, business strategy discussions, and knowledge-sharing initiatives to align operational objectives.

➤ Supplier incentive programs

- Reward performance excellence through preferential payment terms, larger order volumes, or joint investment opportunities.

Negotiate Flexible and Adaptive Contract Terms

➤ **Incorporating flexibility clauses**

- Allow for volume adjustments, pricing renegotiations, and alternative sourcing options in response to market changes.

➤ **Developing tiered pricing agreements**

- Balance cost efficiency while maintaining contingency sourcing arrangements.

➤ **Ensuring exit strategies**

- Supplier agreements that allow for seamless transition to alternative vendors when necessary.



Cost Management

Key Aspects of Cost Management

➤ **Cost Analysis & Reduction**

- Identifying major cost drivers (materials, labor, logistics) and finding ways to reduce waste and inefficiencies.

➤ **Pricing & Profitability Strategies**

- Adjusting pricing models in response to fluctuating production costs while staying competitive.

➤ **Technology & Efficiency Investments**

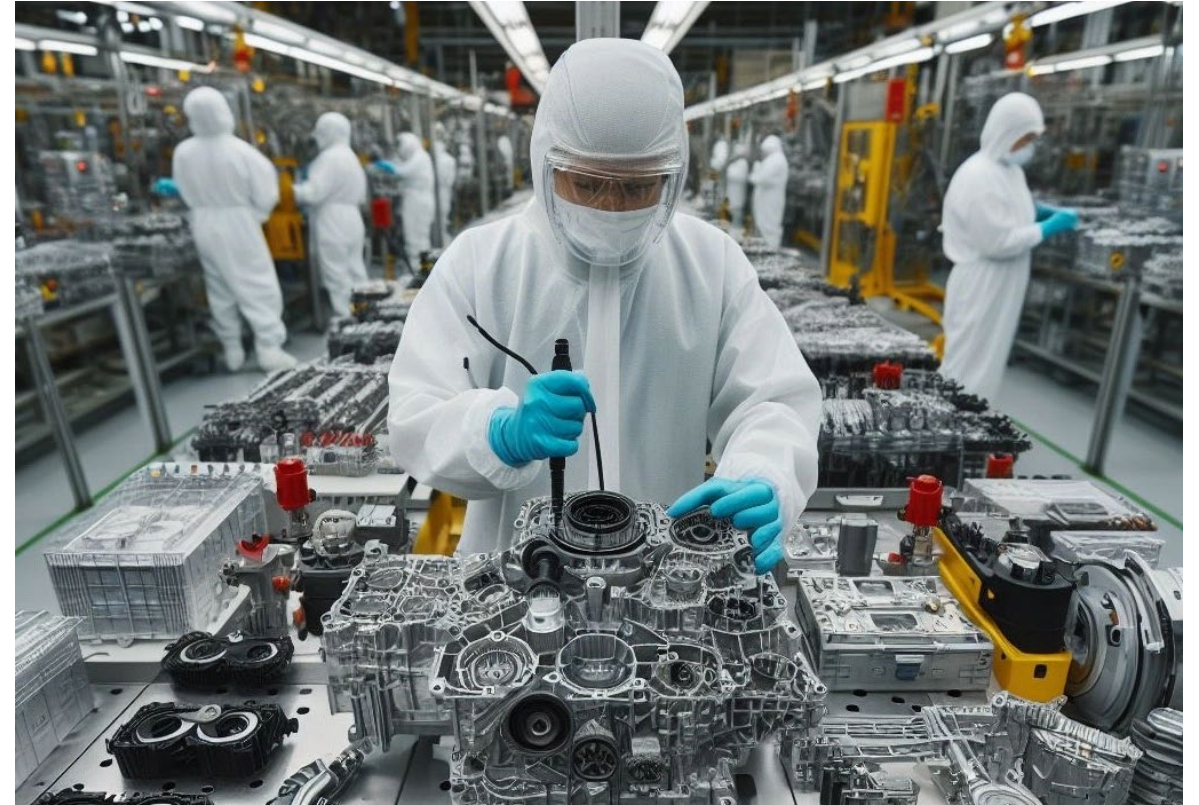
- Implementing automation, lean manufacturing, and digital tools to improve productivity.

➤ **Financial Planning & Risk Mitigation**

- Monitoring market trends, managing cash flow effectively, and preparing for disruptions.

Cost Management Examples

- A U.S.-based auto parts manufacturer faced a 25% tariff on steel imports from Canada. Rather than absorbing the cost, they:
 - Shifted sourcing to a domestic steel supplier with a slightly higher base price but no tariff burden.
 - Negotiated bulk purchasing discounts to offset price differences.
 - Saved \$2.5 million annually by avoiding tariff-related expenses and securing long-term supplier contracts.



Cost Management Examples

- A small electronics manufacturer struggled with rising material costs. To remain competitive, they:
 - Conducted a waste analysis and found that 15% of raw materials were being discarded due to inefficient cutting processes.
 - Invested in automation that optimized material usage, reducing scrap waste by 30%.
 - Reallocated savings into R&D and product innovation, increasing market share.



Cost Management Examples

- A mid-sized furniture manufacturer saw labor costs rising due to increased demand. To maintain profit margins, they:
 - Implemented automated cutting and assembly systems, reducing labor needs by 20%.
 - Trained workers to operate and maintain the new equipment, avoiding layoffs while improving efficiency.
 - Increased production capacity by 35% without hiring additional staff.



Key Aspects of Cost Management

➤ Questions to take back to work:

- What is the biggest cost management challenge your business is currently facing?
- How do you balance cost-saving measures with maintaining product quality?



Educating Manufactures and Policy Makers

Collective Voice

➤ **Join Industry Associations & Advocacy Groups**

- Engage with organizations like the Kansas Manufacturing Council (KMC), National Association of Manufacturers (NAM), and local Chambers of Commerce to have a stronger, collective voice.
- These groups lobby legislators on behalf of manufacturers, making it easier for small businesses to influence policy.

➤ **Build Relationships with Legislators**

- Meet with state and federal representatives to express concerns about policies impacting manufacturing.
- Attend town halls, legislative hearings, and roundtable discussions to ensure policymakers understand business challenges.



Media Alertness

➤ **Participating in Public Comment Periods & Petitions**

- Submit feedback on proposed regulations through government portals like Regulations.gov.
- Sign and circulate petitions that push for legislative changes impacting manufacturing.

➤ **Leverage Media & Public Awareness**

- Write opinion pieces for local (online) newspapers or industry magazines to highlight key issues.
- Use social media & company websites to spread awareness and rally community support.

Programs for Progress

➤ **Partner with Educational Institutions & Workforce Development Programs**

- Advocate for workforce training programs in partnership with community colleges and trade schools.
- Push for state-funded apprenticeships and technical education grants to address the skilled labor shortage.

➤ **Host Factory Tours & Business Roundtables for Policymakers**

- Invite local and state lawmakers to tour facilities and understand manufacturing challenges firsthand.
- Organize roundtable discussions with other manufacturers to collectively address policy concerns.



Final Thoughts

- Developing a robust **Supply Chain portfolio** helps increase your supply chain resilience
- **Optimizing your Cost Management** strategy can help you identify major cost drivers, adjusting pricing models, and managing cash flow.
- Knowledge gain on ways to engage **Policy makers** within our state and nationally.

***Step by Step Risk Management guide* will be emailed**

**If you have any questions, please send me an email:
jwilley@wearekms.com**

Thank you for your time today
