

Don't take supply chains for granted

Note Windsor's logistics manager, Brendon Jones, illustrates the value of nurturing long-term supplier partnerships in the face of market volatility

The electronic components supply market continues to face significant challenges, costs are trending upwards and lead times are lengthening, for all product technologies. In addition, several manufacturers have experienced raw material cost increases which are being passed on and we expect this trend to continue.

The pandemic and strong economic factors are driving demand to significantly exceed supply. Wafer fabs, including test and assembly, are now at or beyond full capacity. On average, demand versus supply is in the range of 120 per cent. For some materials, capacity is now critical, leading to unprecedented manufacturing lead time increases. We are expecting this situation to remain for some months, possibly well into 2022.

To compound these challenges, we have had storms, earthquakes, manufacturing factory fires and freight reductions to contend with.

A good CEM needs to navigate supply chain pressures while finding ways of adding value to the outsourcing relationship and simplifying customers' lives.

Brendon Jones said: "Through our key supplier relationships and Note's Central Sourcing division, we receive regular manufacturer updates from our strategic distribution partners and forecast the forward trends to

allow us to work with our suppliers to minimise any disruptions."

All staff are now on site and the company has introduced Covid-19 processes and procedures. These include PPE and social distancing, plus reorganising the office space/shop floor and staggering start/finish and break times.

High consumption rate, lower value components such as generic resistors, capacitors and diodes are managed under consignment stock agreements with two preferred suppliers. Fast-moving consigned component reels are located on the shop floor in an area set aside for off-line set up to minimise set-up and changeover times.

Note Windsor also buffers component and final assembly goods at strategic suppliers or on-site for end customers. The final assembly goods arrangement tends to be for specialist parts needed for build-to-order projects. Windsor buys the components and materials on behalf of its customer; whereby it is underwritten by them and managed by Windsor on a min/max basis.

During early 2021 several component manufacturers requested firm orders for a 12-month horizon to manage allocation. Depending on component segment, forecasts needed to be converted to firm orders to get allocation. Order visibility is critical to

ensure continuity of supply and Windsor's Kanban system aims to provide customers with peace of mind. The system self regulates by pulling higher level build when demand dictates and slows up when demand falls, allowing us to manage finished goods, work in progress, components in a kit form and even components that are on order or in buffer with suppliers.

Windsor nurtures long-term supplier partnerships, meeting regularly to review demand, forecasts and lead times to ensure continuity of supply. In any economic climate, an effective supply chain cannot be taken for granted. Like any other part of the business, it must be subject to continuous improvement. In this current market, long-term visibility is best to enable us to communicate through to our strategic supply base to manage these supply chains. The more visibility customers can give us, the more we can plan and forecast.

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