



SPOTLIGHT ON STOCK

In the news these days we hear about stock stuck at the ports, empty shelves, and product shortages. As a key supplier to both the mechanical services and fire sprinkler markets, to us stock is king. Without it our unrivalled customer service wouldn't exist. So, we asked our Group Supply Chain Director Mark Dyer about all things stock, global supply chains, Brexit, and its impact.

Mark Dyer
Group Supply Chain Director

Survival

During the last three years we've had to navigate the most chaotic period of 'strategic supply chain management' that I've ever experienced in my life.

The uncertainty of Brexit was something we all had to deal with. Not knowing whether we were staying or leaving the EU had a substantial impact on the UK economy, across all business. We were then faced with a global pandemic which only added to the uncertainty felt across the world. Nobody was certain what would happen and what the aftermath would be, so when lockdown began, we started to see supply and demand issues, price rises, a lack of stock availability – not just



on our shelves but on the supermarket shelves and elsewhere.

Never in my lifetime did I imagine salaries would be paid by the UK Government and workers would be told to stay at home. But those were the cards we had been dealt and we had to start looking at how we could continue to run Shawston amidst these changing times.

It's our job to make sure we have deep stocks of the products that our customers want for their jobs in 4-6 months. Our customers rely on our knowledge and expertise to help their business run smoothly; they expect us to have the stock where they want it when they want it. And we rely on our suppliers to do the same job we're doing – as their customer. We keep in close communication with

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these suppliers and have solid relationships, this keeps us in the loop and notified of any potential problems on the horizon.

Moving Forward

Relief arrived in December 2020 when the vaccines arrived, however this relief came with continued anxiety. Nobody knew how long it would take to roll-out the vaccines and what the world would be like after the roll-out plan. We began to see businesses “living for today” due to the uncertainty of the future, but in global supply you can’t live for today, we have to order upto 6 months in advance otherwise we could potentially run out of stock. These stock predictions take accurate planning and forecasting and is an ongoing process at Shawston to ensure we have a constant flow of product.

We’ve still managed to bring the stock into the country and get customer deliveries out everyday to their sites. We’ve been hit with price rises and so we’ve had to pass on price increases along the way, but that’s the harsh reality of what’s happened to hundreds, if not thousands of businesses around the UK and the globe. We’ve all had to navigate choppy waters and hopefully everybody will come out the otherside, whether that be suppliers or competitors.

The Brexit Effect

The impact of Brexit has been huge, but it’s something that we planned for. Since leaving the EU single market, all goods traded between Great Britain and the EU now face extensive customs checks. We had lots of stock on order pre-Brexit, but now face shipping delays, custom

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delays – Brexit meant lots of new paperwork at customs which takes some getting used to – and once the goods arrived in the UK, distribution became a problem too with a shortage of HGV drivers adding to the delays in goods arriving at their destinations. The haulage sector has traditionally employed high numbers of non-UK workers, but Brexit has made it much more difficult for UK companies to recruit drivers from Europe.

I think we’ve all become much more aware of how intrinsically linked all these areas are to ensure we get a constant supply of the products we want and need. You only need to go into your local supermarket to see the knock-on effect of such delays, we are sometimes faced with little to no products on the shelves, which in the past would have been unheard of. It has been a steep learning curve for all businesses.

A Post Covid Shawston

For us stock is king, so planning and projecting stock levels is key to us. Our purchasing team are well experienced in forecasting and speculating market trends and applying this knowledge to our stock profile. However, nobody could have forecast a national lockdown or a global pandemic.

Covid has completely changed the marketplace. Manufacturers in every single country around the world suffered hugely from the knock-on effects of

the outbreak; raw material supply issues, no staff due to lockdowns, rising costs, port side delays, extensive customs check, lack of drivers. The list goes on.

Our Strategy

Nevertheless, Shawston's strategy gave us a head start and we have been able to keep relatively deep stock levels throughout. We currently hold approximately £4m of stock and pride ourselves on maintaining these levels to ensure that we always have enough to meet customer demands.

But it's a fine balance. Going deep on stock orders means making large cash commitments, which is a tough decision to make when the country was in lockdown and sales were unpredictable. Throughout this time, we even received orders from our competitors. A strange position to be in, but a clear indicator that we have the right strategy in place.

Navigating UK Logistics

Since Covid there have been less ships sailing and many shipping companies deliberately slowed down their operations to conserve fuel due to the uncertainty of resources. And then we saw 'Pingdemic' which also proved disruptive and caused major delays, with many drivers having to self-isolate, creating even more back logs at the docks. As a just-in-time business this is a difficult situation for us; the supply chain is much slower than before, so our strategy to invest in deep stocks enables us to continue to supply our customers during this time. But we have faced rising costs, as has everyone; post Covid the cost of shipping a container

has increased by 486%. A stark reminder that we are now operating in unprecedented times.

The Future

In the short-term getting through the winter without any more lockdowns is important, not just for us, but for our customers as well. Another lockdown will make the UK logistics part of our business more challenging – getting stock from docks and delivering it to our customers. However, we're constantly talking to our customers at a senior level, and we're all pretty experienced by now, so we're fairly confident that any more restrictions would have a fairly low impact on our ability to source and supply products.

Supply from the Far East and Asian markets will continue to have an effect on the UK stock availability. Our strategy will remain the same, we will continue to invest in stock, our purchasing team will build on all they have learnt navigating the choppy waters of Brexit and Covid, and we will continue to provide unrivalled customer service by giving the customers what they need, in full and on time.

We have learnt a lot over the last 3 years, and we have a great team of people at Shawston that are fully invested in making this business a success. It has been a real team effort guiding Shawston through these rocky times and I'm proud to have been amongst this dedicated group of co-owners ♦

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FREIGHT TO EU
PAPERS MAY CHANGE
1 NOV PLEASE CHECK

