

REthink
IMPACT

Seminar Series on Supply Chain for Businesses and SMEs

ISM-HK Seminar

10 JULY 2021

Challenges and Potential of New Normal

Agenda

- 1:30 - 1:45 **Opening Speech** presented by **ISM-HK President, Kenith**
- 1:45 - 2:15 **Supply Chain issues in a Changing World** presented by **Kevin Beveridge**
- 2:15 - 2:20 Break
- 2:20 - 2:50 **Challenges of Retail Procurement** presented by **Alison Hung**
- 2:50 - 2:55 Break
- 2:55 - 3:25 **Sustainability and Supply Chain** presented by **Felix Lam**
- 3:25 - 3:30 Break
- 3:30 - 4:15 **Panel Discussion - Mark Millar, Jeff Hoo, Kevin Beveridge, Felix Lam**
- 4:15 - 4:20 **Closing remarks** presented by **Kenith**
- 4:20 - 4:30 Questionnaire

Speakers

REthink IMPACT

Challenges and Potential of New Normal



Kevin Beveridge
Logica Management
Consulting



Alison Hung
Group Procurement Service
Director at A.S. Watson



Felix Lam
Head of Sustainability
in Green Council

Panel Speakers

REthink IMPACT

Challenges and Potential of New Normal



Mark Millar
Honorable Advisor at ISM-HK
Author of Global Supply Chain Ecosystem



Jeff Hoo
Senior Manager at
Eastern Worldwide



Kenith Poon
President, ISM-HK

Opening Speech



Kevin Beveridge - Logica Management Consulting
Previously with TTM Technologies, Celestica, and IBM

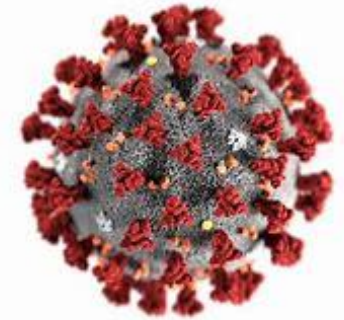
Supply Chain issues in a changing world

– and take-aways affecting
SMEs

Contents

- A reflection on the last few years of changes affecting business and their supply chains
- Continuing issues likely to affect business
- A look at supply chain issues by industry and how they will impact SMEs
- The new Normal for Supply Chains and the considerations for SMEs
- Final Thoughts

- Technology trends
- The economic growth of China, India, and other countries
- Covid, and the resulting impacts to all businesses:
- Increasing cyber security threats
- Geopolitical changes
- Tighter environmental controls

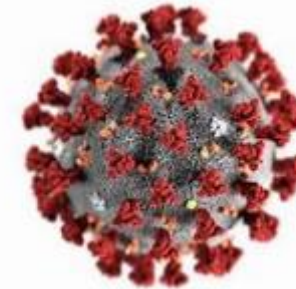
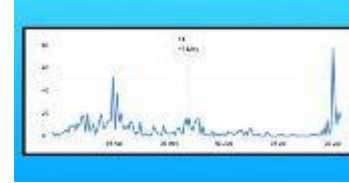


A personal reflection on the last few year's challenges



Continuing issues likely to affect supply chain

- Covid waves likely to continue
- Slow global travel rebound likely
- Supply chains may become more regional and local
- WFH likely to continue
- Technology changes will continue to accelerate:
- Cyber threats are only likely to increase



Are Hong Kong SME's positioned to handle these changes as well as large companies?

Continuing issues likely to supply chain

- Do you have anything to add?
- Do you see any other big issues that have affected SMEs (or any business) in recent years?

A review by major industry segments

A look at supply chain by industry

Green Energy

- Strong market trend towards green solutions and pollution reduction
- Expect high growth prospects of green energy and e-vehicles likely to persist
- Most automotive companies will need to shift to e-vehicles to survive
- Prices likely to come down as companies move into these markets
- This is likely to continue to drive global electronic shortages for years to come

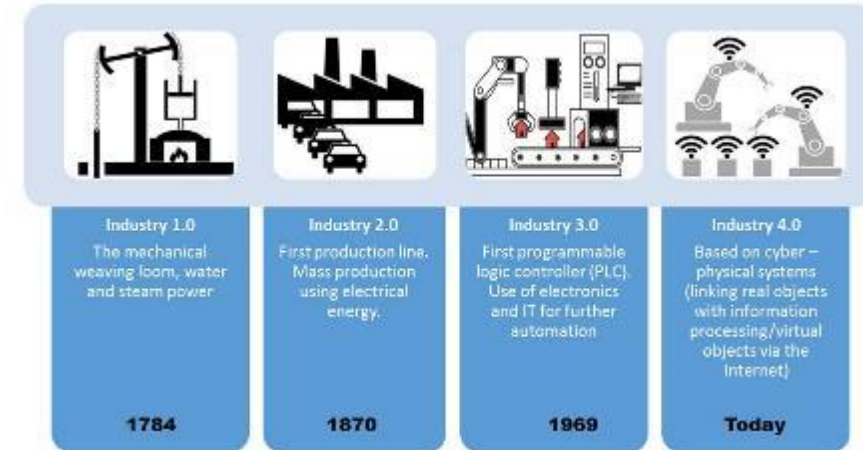


This represent a growth market

A look at supply chain by industry

Manufacturing

- Ongoing growth in IOT and Automation (Industry 4.0)
- More US supply chains to shift outside of China
- China to shift to higher end products and focus on the domestic market
- The growth of other regions in manufacturing: SEA, Mexico, India, and local
- Technologies such as 3D printing likely to have ir



ONSHORE Software development

companies located in the same country (often also the same city) as you

OFFSHORE Software development

companies abroad

NEARSHORE Software development

companies in neighboring countries

HYBRID Development outsourcing

onshore management + offshore/ nearshore development

Expect more automation and change

A look at supply chain by industry

Retail

- Likely to slowly return as Covid impacts reduce
- Expect less travellers for a while yet
- Technology advancement will continue to drive more ordering from home, and less in store shopping
- Ongoing other tech change: self-serve checkout, contactless payments, supply chain automation,...
- Smaller business may struggle to compete with the technology available to larger retail chains

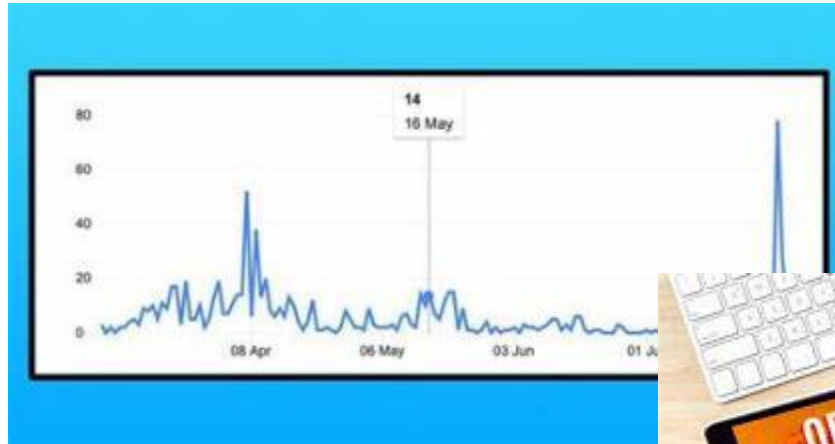


Opportunities exist for retailers that adapt

A look at supply chain by industry

Dining

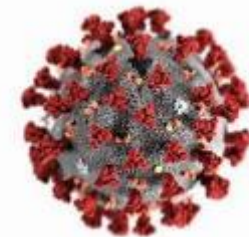
- Likely to slowly return as vaccines take effect
- Results will vary by region
- Ongoing use of distancing and heightened cleanliness focus
- Ongoing use of home delivery likely – including ghost kitchens
- Ongoing technology changes such as digital menus, automation, ...



Expect change and a rebound

Biotech/Medical

- 
- A scientist wearing a white lab coat, a white hairnet, and a white face mask is working in a laboratory. They are holding a small, red, rectangular object, possibly a microplate or a sample holder, in their hands. In the background, there are various pieces of laboratory equipment, including glass flasks and tubes, some of which contain green liquid. The setting appears to be a clean, professional laboratory environment.



This represents a long-term growth market

A look at supply chain by industry

Travel/Hospitality

- Modest growth likely but unlikely to return to prior levels
- Restrictions likely to persist with recurring waves of Covid
- Likely to return first to nations with Vaccine access (rich nations)
- Expect more bankruptcies and business disruptions
- Displaced workers will continue to migrate to new career



Expect a slow rebound

A look at supply chain by industry

Logistics

- Ongoing changes expected as global supply chains shift
- Increase focus on safety protocols
- Companies tied to e-commerce likely to emerge strongest
- Ongoing IT solutions helping the tracking technology
- Nearshoring is also likely to have an effect in all regions to varying degrees

LOGISTICS and RFID



ONSHORE Software development

companies
located in the
same country
(often also the
same city) as
you

OFFSHORE Software development

companies
abroad

NEARSHORE Software development

companies in
neighboring
countries

HYBRID Development outsourcing

onshore
management
+ offshore/
nearshore
development

Expect more technology and market changes

Actions for SMEs to consider

Possible Actions

- Take all possible action to minimize Covid risk
- Target customers that will benefit from future technology changes (green energy, IOT, medical, bio-tech ...)
- Look at alternate channels for sales which is less reliant on face-to-face contact (e.g. home delivery, on-line channels, etc...)
- Aim for flexible work arrangements with employees, including WFH if possible, and temporary staff – companies may have to compete for employees
- Leverage new technology and IT trends – maybe there is a new way to do things that can open a new door
- Mitigate recurring costs as much as possible

Business that identify new market opportunities have potential to thrive!

A look at supply chain by industry

- **Do you have anything to add?**
- **Are there any other actions you feel SMEs can take to thrive in today's market?**

Wrapping up

The New Normal for all businesses – including SMEs

- **The pace of change is accelerating!**
- Technology trends represent both opportunity and risk for all businesses
- Some trends to watch:
 - Ongoing IT and IOT growth
 - Increased use of IT Analytics in Sales and forecast prediction
 - Ongoing use of personal data by companies, including cyber risks
 - blockchain
 - Bio-tech advancements
 - Cyber-crime



Final thoughts

- Business environment changes will continue to accelerate
- Keep an eye on technology changes, try to tie your business (and yourself) to industries that grow as a result
- Consider diversifying your business to other regions but with caution
- Prepare to change business strategies if necessary to adjust to continuing changes
- Be creative with solutions as you explore new business opportunities tied to long-term trends
- Consider the entire Pearl river market for your business, with supply chains tied more and more to local region (suppliers & customers)
- Treat cyber protection as a top priority to reduce risk
- **Be willing to change and adapt!**

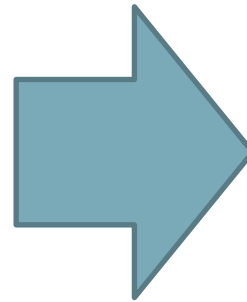


One last thought

- Is there a parallel now between now and 2001?



+ 20
years



Who will the new successful companies be in another 20 years?

5 mins break...





Alison Hung - A.S. Watson
Group Procurement Service Director

Challenges and Next Step for Retail Procurement



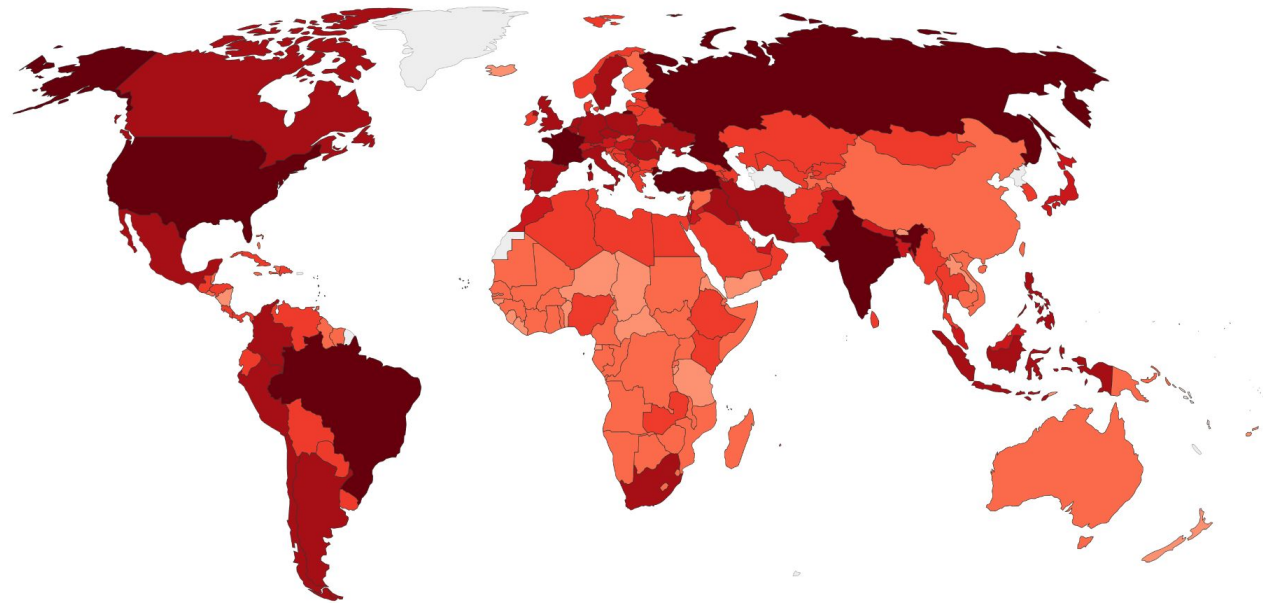
How our lives being changed...since 2020

Today...

Cumulative confirmed COVID-19 cases

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World
in Data



No data none 1 50 100 10,000 100,000 500,000 1 million 5 million >10 million

Source: Johns Hopkins University CSSE COVID-19 Data

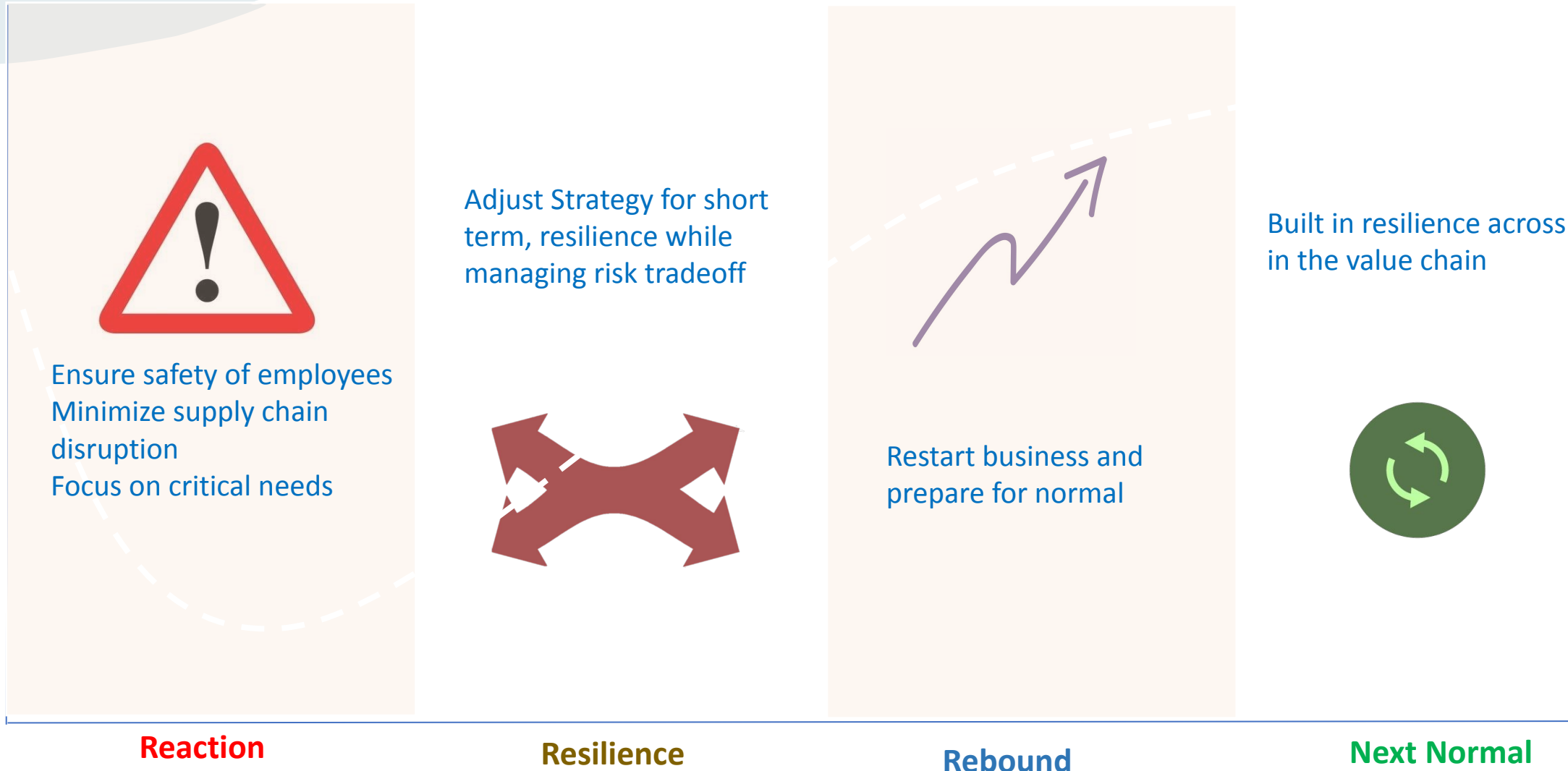
CC BY

Source: Our World in Data – 5 July 2021

No. of Cases	184m
Recovered	169m
No. of Death	4m
Fully Vaccinated	895m

[illegible]

Which Stage we are in NOW?



How has it impacted Procurement?



Staff Safety

A+B Team/ WFH/ Furlough

PPE Supply Shortage

Global Sourcing/ Secure Supply

Store Staff/ Customers Safety

Social Distancing Equipment

New Way of Working

Virtual X



Disruption of supply chain

Secure supply

Rethink Local/ Multi- Sourcing

Freight Cost Surging

Local Sourcing

Risk and Resilience

Support Ecommerce blooming

Ramp up Capacity + Capability

Commodity prices surging

Manage price and Supplies



Market lockdown – Store Close

Ecommerce

Market Re-open

Digital and Contactless

Drive Traffic

Online + Offline

Market Re-open & Lockdown again

Ecommerce



Liquidity – Cash Flow

Deferral or spend control

Fighting – Cost Increase

Invest for Future Continue

Online + Offline + GREEN

Contract Re-negotiation

Move to Variable Cost Based

Invest for Future

Online + Offline

Reaction

Resilience

Rebound

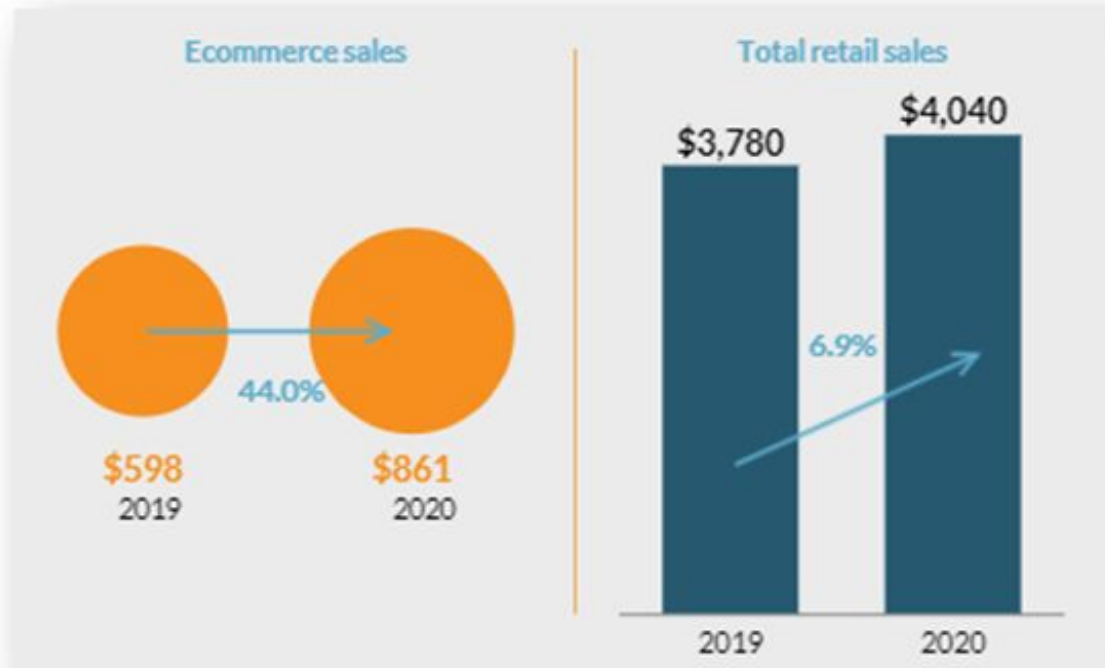
Next Normal

Panic Buying

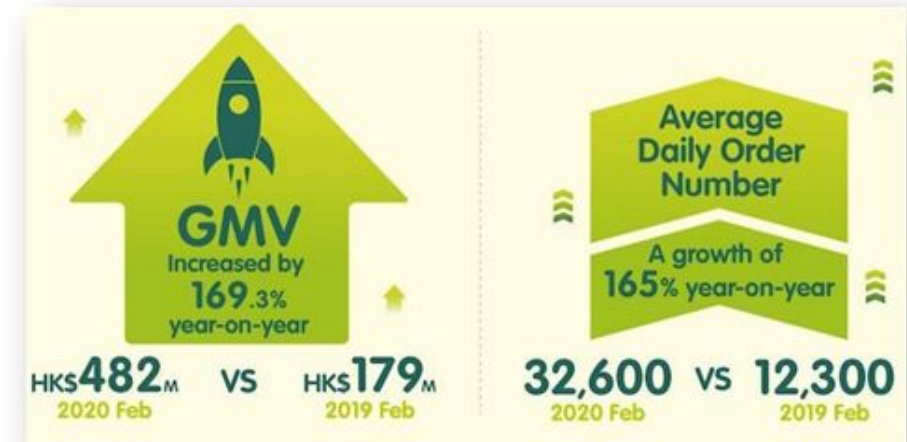
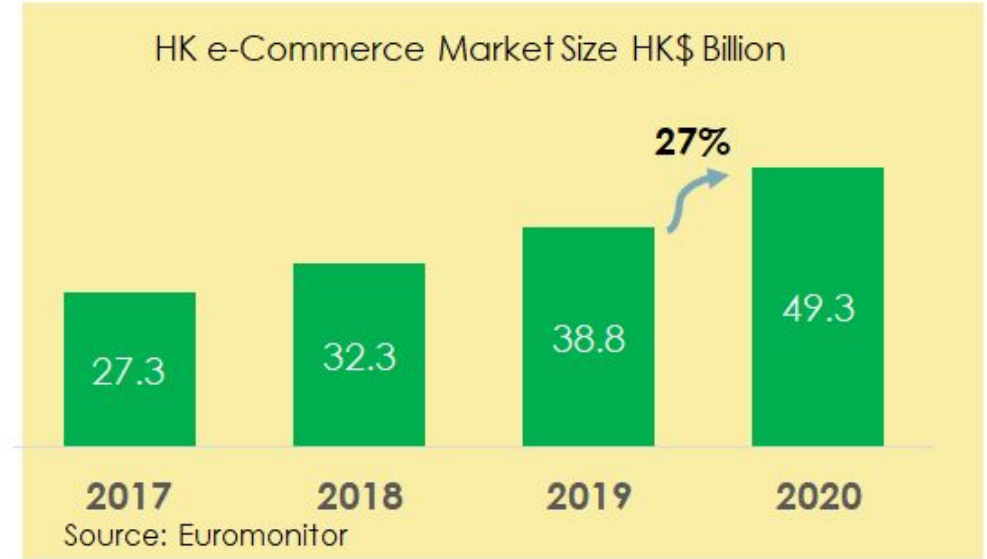


E-Commerce jumps

US Retail landscape in 2020
YOY comparison in US\$ Billion



Source: Digital Commerce 360, US Commerce Department



Work from Home (WFH)



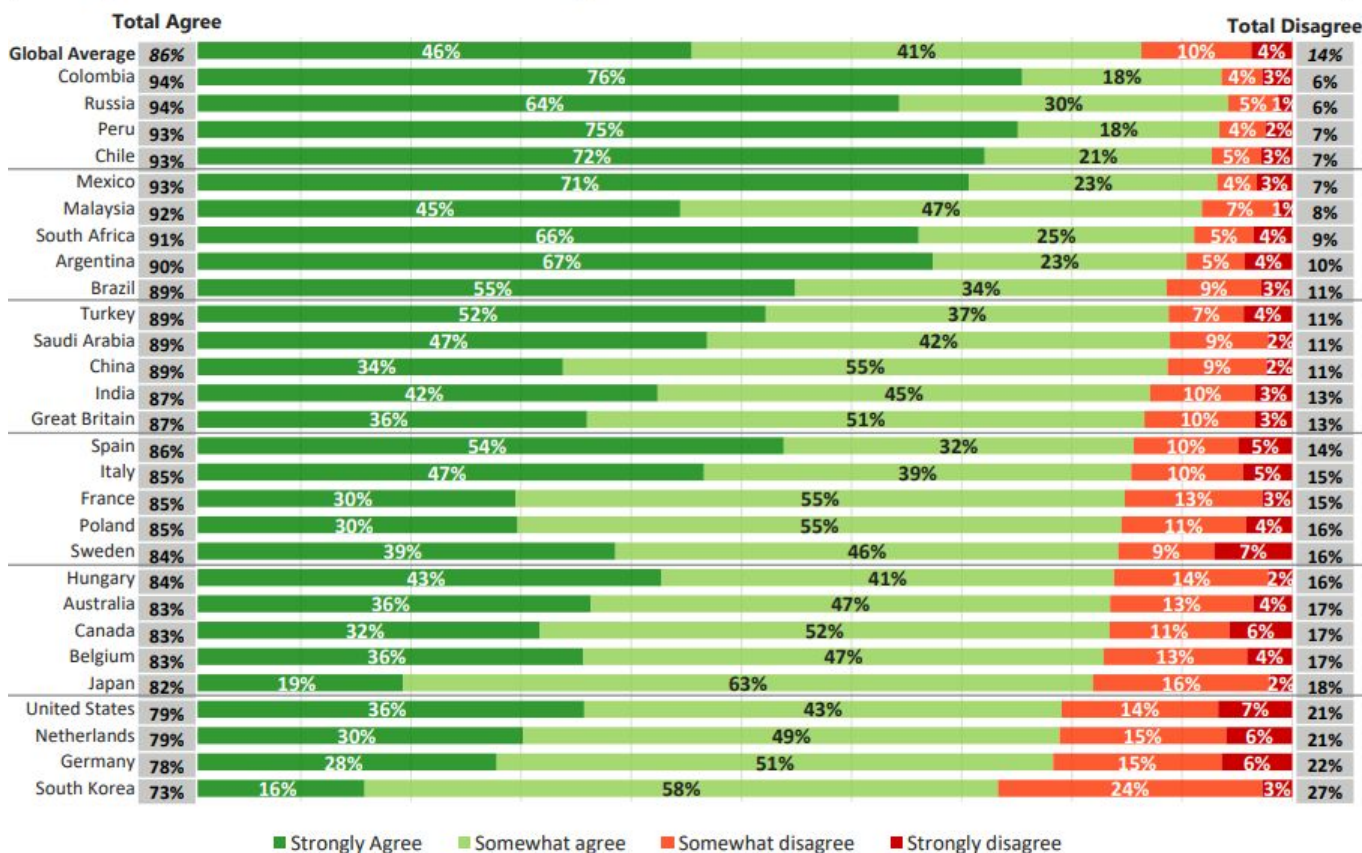


Back to Store



Sustain your Business with Sustainability

I want the world to change significantly and become more sustainable and equitable rather than returning to how it was before the COVID-19 crisis



Younger generations are most concerned about sustainability in a post-COVID world

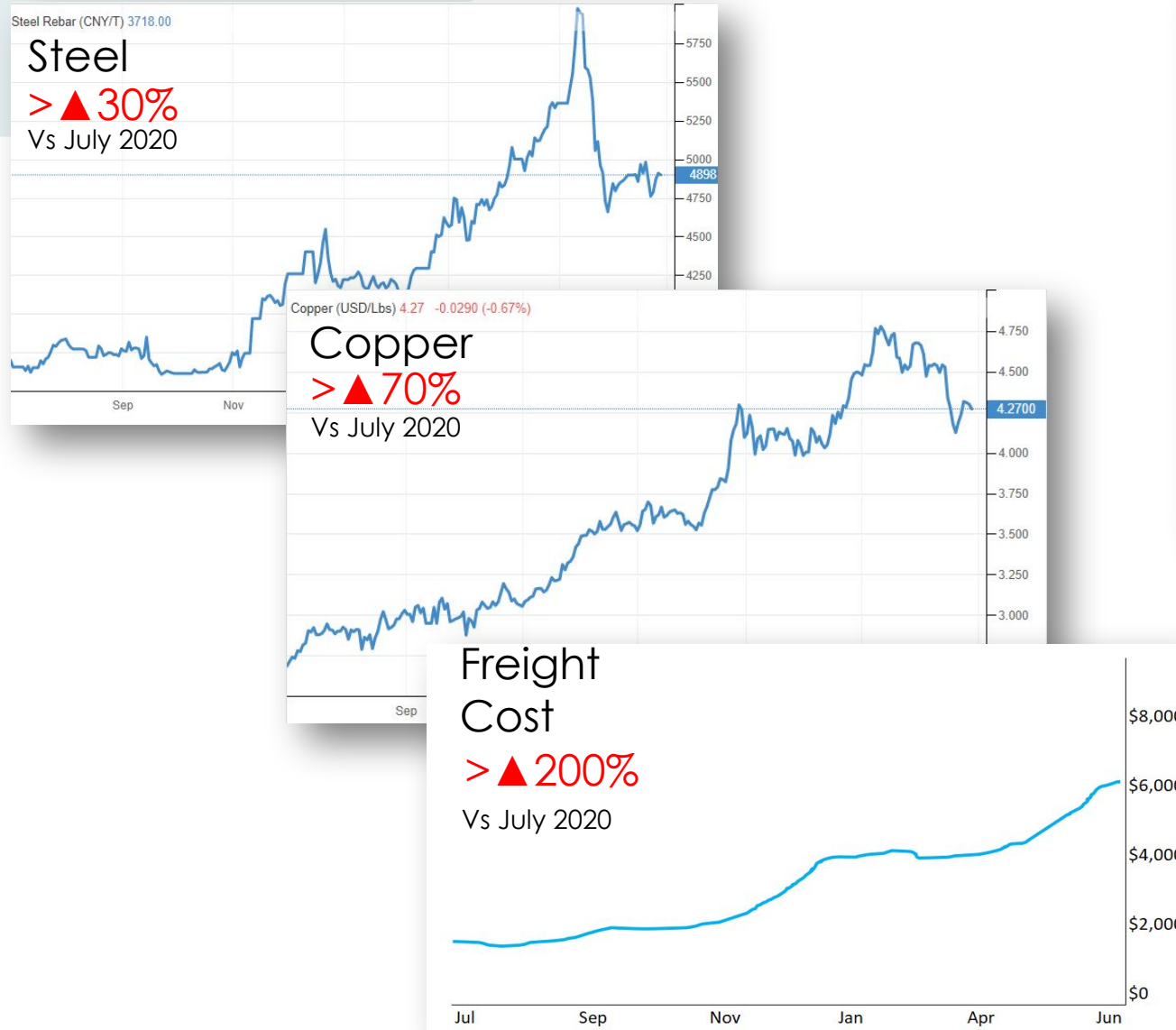
% of internet users in each generation who say the following is a little or a lot more important after COVID-19



Question: Has the importance of any of these things changed for you, because of coronavirus? - Companies behaving in more sustainable/eco-friendly ways | Reducing how much single-use plastic I use | Reducing my carbon footprint/impact on the environment
Source: GlobalWebIndex Custom Research, May 19-26 2020
Base: 17,149 internet users aged 16-64

<https://blog.gwi.com/chart-of-the-week/sustainability-post-covid/>

Combat Cost Spiking



Surge in Shipping Costs Globally Could Cause Price Hikes From Coffee to Toys



Aerial view of shipping containers sitting stacked at Nansha Port, operated by Guangzhou Port Group Co., on June 8, 2021 in Guangzhou, Guangdong Province of China. Qian Wenpan—Nanfang Daily/VCG via Getty Images

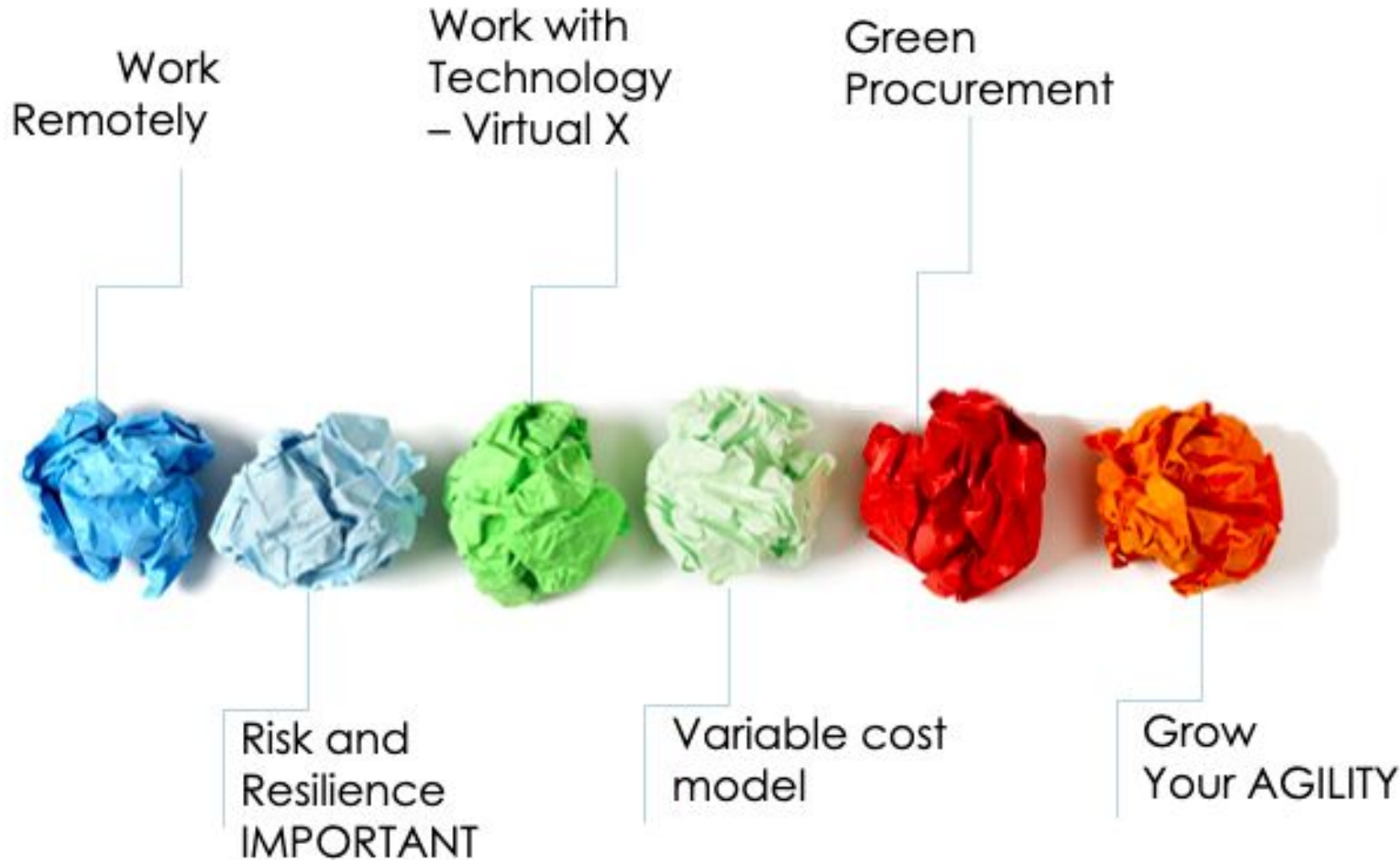
BY ALEX LONGLEY, CATHERINE BOSLEY AND DEIRDRE HIPWELL/ BLOOMBERG JUNE 13, 2021 12:47 PM EDT

Article | 7 June 2021 | Read in 7 minutes

5 reasons global shipping costs will continue to rise

Shipping costs have risen sharply and fierce competition for ocean freight capacity is the new normal. With new capacity only slowly coming onstream, freight rates are expected to continue to reach new highs this year and will remain above their pre-pandemic levels in the longer term

New Way of Procurement Working



What is the role of Procurement?

Re-Build Supply Chain
Base/Capability

Preserve Capital
Invest for the future

Mobilize Support Structure

Source with Purpose

What is the role of Procurement?



RE **THINK**
INVENT
POSITION

5 mins break...

Certified Professional in Supply
Management (CPSM) Preparatory
Course 採購與供應管理專業課程



Organized by ISM-HK

Accelerating Ambitious Impacts on UN SDGs Goals through Supply Management

Felix Lam
Head of Sustainability
Green Council



Agenda

- Background of UN Sustainable Development Goals
- Why does Supply Management matter
- Supply strategies and practices for generating positive impacts on 17 SDGs
- Takeaway

Background of UN Sustainable Development Goals

Global Sustainability Priorities

- In September 2015, the United Nations announced the adoption of the "2030 Agenda for Sustainable Development" . Set up a global development blueprint for a total of 15 years (2016 – 2030) to replace the "Millennium Development Goals"
- Committed to remove poverty and ensuring that all humans enjoy (1) economic prosperity, (2) environmental sustainability and (3) social justice, and move towards sustainable development
- Under the agenda, 17 Sustainable Development Goals (SDGs) were established, with a total of 169 specific targets, and were supported by all 193 member states

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Summit to Kickstart Implementation of Global Goals on 25th Sept 2015

“

Already COVID-19 threatens decades of progress made towards achieving the Sustainable Development Goals. As we build back in an inclusive and sustainable way, we have a once in a lifetime opportunity to achieve the SDGs. But we cannot do it without business leadership.

António Guterres
Secretary-General of the United Nations



#UnitingBusiness

Photo: UN Photo/Mark Garten

Why does supply management matter?

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Target 12.7

Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Ensure sustainable consumption and production patterns



In 2019 (population at 7.8 billion), worldwide material consumption reached 100 billion tons increased from 27 billion in 1970 (population at 3.7 billion).

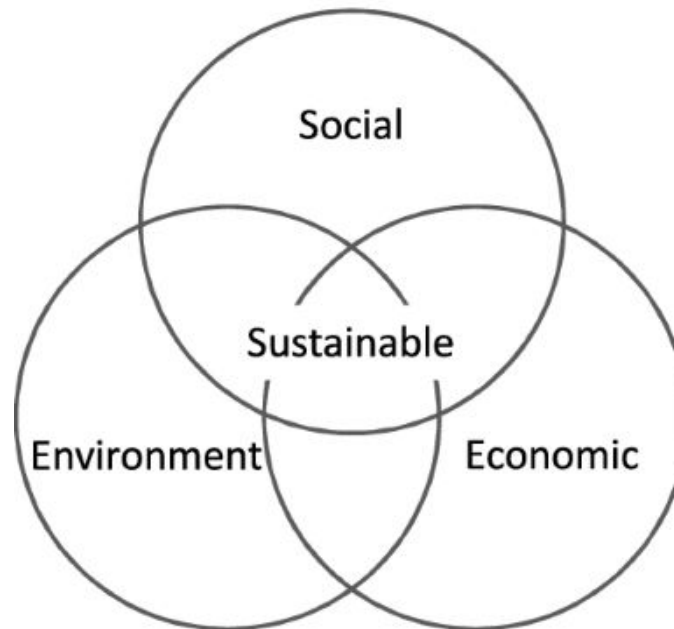
Asia-Pacific regressed in SDG12

Progress towards Sustainable Development Goals in 2019



Source: ESCAP, 2020a.

How could supply management create positive economic and social value, while minimizing the environmental impacts to the society?





SUSTAINABLE DEVELOPMENT GOALS





Food packing and catering services



Dishwashing services



廿年歲月 穩步向前

授人以魚不如授人以漁，對弱勢社群來說，一份工作比只給予他們資助更重要。明朗服務有限公司自1997年來為更生人士及精神病康復者提供在職培訓，讓他們在工作中建立正確人生觀，協助他們發揮潛能。

*To divert food that may have been wasted under your operation or wasted along your **value chain**, to feed those most in need!*

Donate food which are surplus/ugly/near-expiry/
packaging damaged



Donate leftover food to become
hot meal

樂餉社 feedinghk.org
惜食堂 www.foodangel.org.hk
食德好 www.foodgrace.com
膳心連 www.foodlinkfoundation.org







SDG Target 3.9

“substantially reduce the number of deaths and illnesses from hazard chemicals and air, water and soil pollution”

Have you identify the actual and potential environmental damages in the production process of your suppliers?

How could you ensure your suppliers (Tier 1, Tier 2,) do not substantially incur hazardous chemicals, air, water and soil pollution?

Specify the proper usage and application of chemicals in producing your products or services.

Inclusive Sourcing -- A growing trend of Sustainable Procurement



Gender equity and
the economic
empowerment of
women



People with
disabilities



Disadvantaged socio-
economic
communities



Age and
intergenerational

Between 2011 and 2017, Walmart Foundation funded training for more than 600,000 women farmers. Finally, Walmart spent \$30 billion with women-owned businesses between 2012 and 2019.



TARGET 9-2



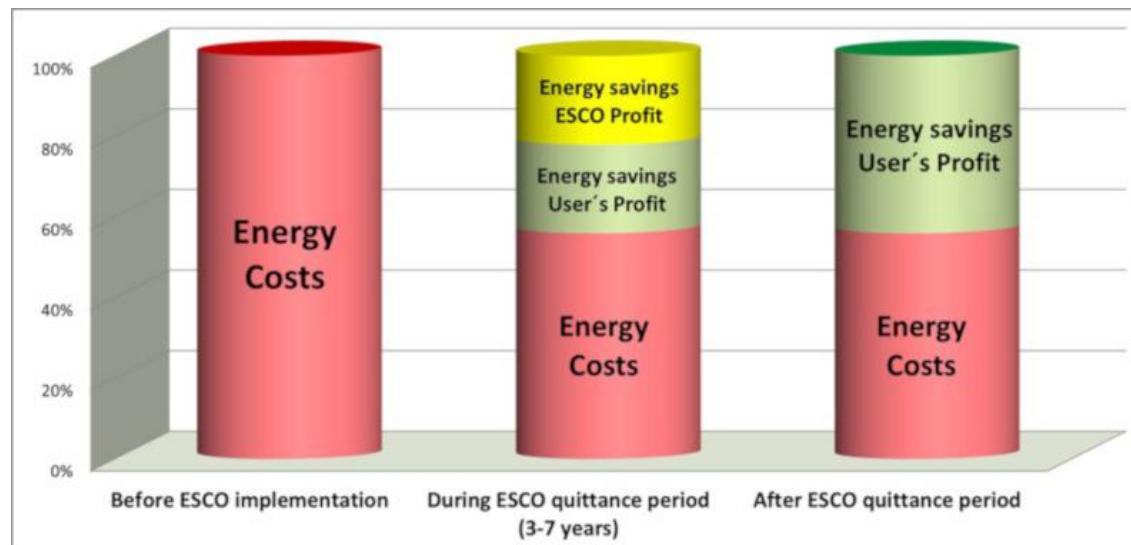
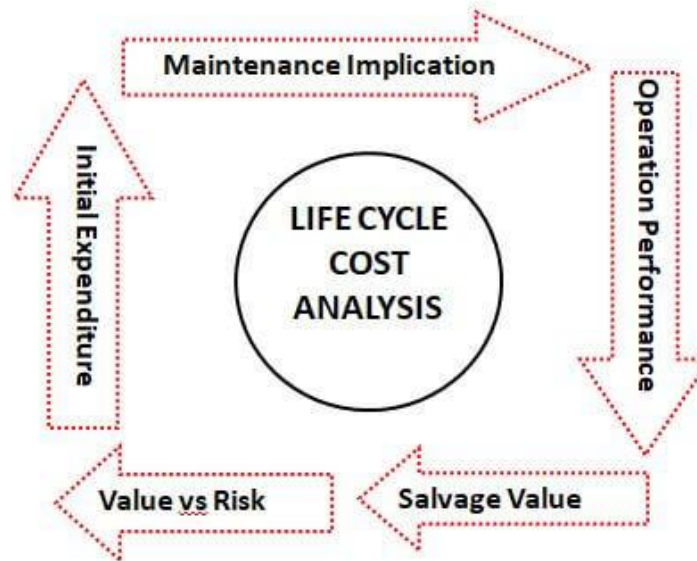
**PROMOTE INCLUSIVE
AND SUSTAINABLE
INDUSTRIALIZATION**

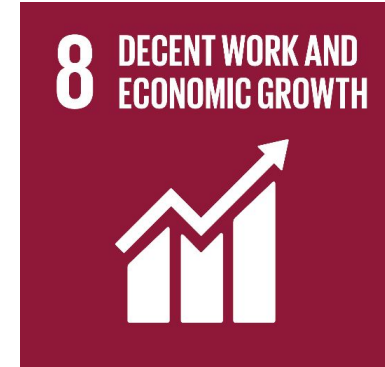


Target 6.4 – Water use and scarcity “substantially increase water-use efficiency”

6 CLEAN WATER
AND SANITATION



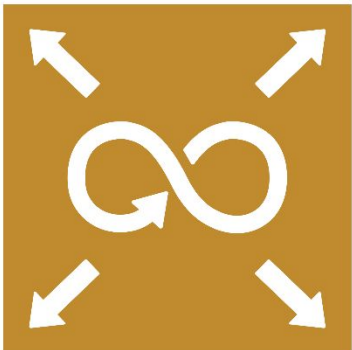




Promoting decent work in global supply chains by focusing on ensuring fair wages and ending child labour, forced labour, modern slavery and human trafficking through:

- Capacity Building on employees and suppliers
- Due Diligence on Procurement and Supply Chain Operations
- Supply Chain Risk Management
- Stakeholder Engagement

TARGET 12-1



IMPLEMENT THE
10-YEAR SUSTAINABLE
CONSUMPTION AND
PRODUCTION
FRAMEWORK

TARGET 12-2



SUSTAINABLE
MANAGEMENT AND
USE OF NATURAL
RESOURCES

TARGET 12-3



HALVE GLOBAL PER
CAPITA FOOD WASTE

TARGET 12-4



RESPONSIBLE
MANAGEMENT OF
CHEMICALS AND
WASTE



TARGET 12-5



SUBSTANTIALLY
REDUCE WASTE
GENERATION

TARGET 12-7



PROMOTE
SUSTAINABLE PUBLIC
PROCUREMENT
PRACTICES

To set up practical operational guidelines on:

- Rethink
- Reuse
- Repair
- Reduce
- Recycle



- Green specifications
- Life Cycle Costing



Organizations should re-think and assess for the potential impacts of climate change including:

- Extreme weather might increase the risk of supply disruptions due to natural disasters e.g. flooding, wild fire, cyclones etc.
- Rising temperature is challenging the capability of existing cold chain.
- Extreme weather also threatens the efficiency of food supply chain.
- Transition to low-carbon economy will reduce the demand of high-carbon products. Are you selling?
- Different governments will launch different measures for achieving carbon neutral. Would these measures change your sourcing strategy?





PRESS RELEASE

July 21, 2020

Apple commits to be 100 percent carbon neutral for its supply chain and products by 2030



Already carbon neutral today for corporate emissions worldwide, the company plans to bring its entire carbon footprint to net zero 20 years sooner than IPCC targets





Do you have Single Use Plastic in your product packaging and supply chain?

Explore the “right” solutions to avoid SUP!



Specification for ordering seafood!





BIODIVERSITY AND CORONAVIRUSES

The emergence of COVID-19 has underscored the fact that when we destroy biodiversity, we destroy the system that supports human life. Biodiversity loss provides opportunity for disease to pass between animals and people.

<https://www.worldenvironmentday.global/biodiversity-coronaviruses>



Specification for ordering wood and paper products:



100%
Products containing material from FSC certified forests that meet the environmental and social standards of FSC.



Mix
Products with material from FSC certified forests, recycled material or other controlled sources.



Recycled
Products containing post-consumer material and may include some pre-consumer material.





Ensuring Procurement Governance:

- Ethical Purchasing Guidelines
- Segregation of Duties
- Regular Training on Anti-corruption and Fraud Prevention
- Code of Conduct for procurement employee in dealing with suppliers



Takeaway

- UN SDGs are global recognized language, framework, blueprint and priorities for building a sustainable development society.
- Among the 17 goals, SDG12 (Responsible Consumption and Production) is “enabling” for other goals because on-going unsustainable consumption and production pattern is generating negative impacts for all other goals.
- Globalization and outsourcing have continually supported the economic growth but damaging the environment at an accelerating rate.
- Procurement and Supply Professionals, being the organisational leaders in supply chain, can create positive impacts, value and outcome to the society while contributing to the sustainability goals of organisation.

**Thank you for your
listening!**



5 mins break

Panel Discussion

Themes:

- Global Trade Shifts
- Trends in supply chain tools and manufacturing technology
- Lessons from PPE and medical supply shortages
- The Economic bounce-back and component shortages
- Top lessons for companies for 2021 and beyond

Opening question:

- What do you see as the biggest trends in supply chain affecting businesses in HK in the short-to medium term?



Kenith Poon
President, ISM-HK

Closing Remarks

Who is ISM?



Institute for Supply Management (ISM), founded in 1915, is the **largest supply management association in the world**. ISM is a not-for-profit organization that serves its 45,000 members and professionals and organizations with an interest in supply management in more than 90 countries.

By executing and extending its mission through education, research, standards of excellence and information dissemination – including the renowned monthly ISM Report On Business® where the **Purchasing Manager's Index (PMI)** has been quoted worldwide – ISM maintains a strong global influence among individuals and organizations.



Who is ISM Hong Kong?

ISM-HK is an affiliate of ISM in Hong Kong, used to be known as the Institute for Supply Management - Pearl River Delta (ISM-PRD), is serving members, professionals and organizations with an interest in supply management in Hong Kong and neighboring region.

ISM-HK's mission is to lead the supply management through its standards of excellence, research, promotional activities, and education, and play a highly influential role in the industry and business community.

Membership

Corporate Member

US\$ 900 for up to 6 persons
US\$1,400 for up to 10 persons
US\$2,600 for up to 20 persons
US\$130 for every additional person

A Corporate membership fits every kind of company or organization that require professional development and networking for their sourcing, procurement, logistics and supply chain, quality, manufacturing and operations functions. All members under this category enjoy the same rights and benefits as an Individual Regular Member. Corporate Member receives special discounts for ISM corporate training programs.

Individual Regular Member

USD\$240

An Individual Regular Membership offers the full member benefits include professional development, volunteer and leadership opportunities, educational events, certification preparation and opportunities to accrue Continuing Education Hours for recertification.

Associate Member

HK\$ 350

An Associate Membership entitles members in this category to participate in ISM-HK's premier events at a discounted fee, and enjoy all other benefits as an Individual Regular Member would enjoy, except the following:

- not entitle for the ISM certification programs
- no membership link into the ISM global membership in US

Student & Academic Member

USD\$120

ISM-HK encourages students and academics interested in supply management to join the association. This category offers dues-free membership to full-time students and academics who meet certain criteria.

Corporate Training & Consultation

ISM-HK offers dedicated corporate training / consultation to corporate clients

General Training

Topics include:

- | | | |
|---------------------------|------------------------------|----------------------------|
| • Category management | • Vendor management | • Stakeholder engagement |
| • Strategic Sourcing | • Shared Service Center | • China sourcing |
| • Supply chain compliance | • Procurement transformation | • Supply risk management |
| • Contract management | • Negotiation skills | • Supplier relationship |
| • Global Sourcing | • Production outsourcing | • Manufacturing operations |

Customized Training

Include:

Up to 2 days client needs and facts finding, understand the challenges and focus on potential solutions. Scope includes stakeholder interviews, spend analysis, organization assessment, etc.

CPSM Qualification

Certified Professional in Supply Management® (CPSM®) is a professional qualification offered by ISM. CPSM represents one of the highest standards of professional certification in the world of supply chain.

ISM在全球推出**注冊供應管理專家** (Certified Professional in Supply Management, 簡稱CPSM), 代表著最為嚴格的供應管理職業資格認證和供應管理領域最高程度的專業資格。CPSM認證項目範圍包涵到整個供應管理, 強調供應管理的專業性, 適用於參與運作和決策的採購與供應鏈管理專業人士。CPSM認證項目的目標是成為全球供應管理專業人士竭力追求的最高認證。



CPSM Coverage

CPSM emphasizes the major competencies of supply management including:

- Sourcing
- Category Management
- Negotiation
- Legal and Contractual
- Supplier Relationship Management
- Cost and Price Management
- Financial Analysis
- Supply Chain Strategy
- Sales and Operations Planning
- Quality Management
- Logistics and Material Management
- Project Management
- Leadership and Business Acumen
- Systems Capability and Technology
- Risk and Compliance
- Corporate Social Responsibility

Why CPSM?



Earn More

Those with a CPSM Certification earn 14.7% more on average than those without.



Career Advancement

Companies seek candidates who engage in continuing education



Global Recognition

Demonstrate your mastery of a rigorous curriculum that is globally recognized



Practical Expertise

Drive execution, deliver results, and provide expertise by earning your certification.

CPSM Certification Requirements

- Three years of experience in supply management (Full-time; professional; non-clerical, non-support) and Bachelor's degree from a regionally accredited college or university (or the international equivalent)
- 5 Years experience in supply management (Full-time; professional; non-clerical, non-support)
- Successful passing of the three CPSM exams

Please take a few minutes to fill out our survey.



Your feedback is very much appreciated, thank you.

JOIN US NOW!



Register for CPSM EXAM



Register for ISM-HK Membership