



Supply Chain Relationships

Code of Practice

Working together to secure our future



21st
century
supply
chains



About AIDIS

AIDIS is the national trade organisation representing suppliers to the civil air transport, aerospace, defence, security and space markets operating in the UK economy. Together with its regional partners, it represents over 2,600 companies, assisting them to develop new business globally, facilitates innovation and competitiveness and provides regulatory services in technical standards and accreditation.

AIDIS members' interests encompass aerospace manufacturing, maintenance and through life service, professional advice, academic research, training and education, the British Airports Group and UK Industrial Space Committee.



About 21st century supply chains

21st century supply chains (SC21) is an Industry programme aiming to transform the way the UK does business.

The supply chain relationships code of practice forms an integral part of the relationship management framework to improve supply chain performance.

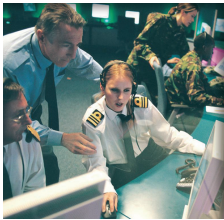
For more information on SC21 and other relationship improvement tools please go to the website:

www.adsgroup.org.uk/sc21



Supply Chain Relationships

Code of Practice



- It encompasses collaboration, partnering and alliances, and encourages working together with openness, honesty, integrity and trust
- It enables teams to challenge issues and behaviours to make a step change in performance. This is achieved by understanding and mitigating risk and removing non value adding activities across the enterprise
- It creates an environment in which teams understand and work towards their shared objectives whilst still meeting their individual targets
- Contract and project performance is demonstrably improved throughout the lifecycle as a result of embedding the code of practice

The code of practice supports the National Action Plan for 21st Century Supply Chains.

Supply chain relationships vision

Inspiring exceptional performance by setting the highest standards for relationship management through the extended enterprise to create value and sustainable competitive advantage

Supply Chain Relationships

Business Benefits



Implementing the code of practice creates an open environment which enables the following:

- Improved time to contract through joint working and parallel activities
- Reduced lead times (from contract to first delivery) as a result of improved planning, concurrent engineering and design, and the early engagement of the supply chain
- Improved delivered quality
- Improved customer satisfaction through a more open dialogue enabling requirements to be better understood and discharged at all levels in the supply chain
- Reduced programme risk and overruns by joint problem solving
- Reduced product, service and support costs, or enhancing capability at existing cost, by the elimination of waste in business processes
- Improved 'On Time In Full' schedule adherence underpinned by accurate demand forecasting
- Reduced inventory benefiting from predictable and stable delivery performance as a result of open and shared planning
- Effective investment planning throughout the supply chain.
- Focussed business planning, including capacity and skills

Communication

Creating an environment that fosters co-operation, openness, and sharing of information is key to developing trust and enabling joint performance improvement.

Key enablers:

- An understanding of each parties' perspectives, long term strategies and goals
- An understanding of each parties' business processes and business environment
- Sharing of long term plans and forecast data and, where appropriate, joint development and alignment of such plans
- Regular and timely dialogue encompassing both strategic and operational reviews
- Consistent and appropriate communication with clear points of contact defined
- Communications maintained throughout the Product Life Cycle



Through life capability management

Delivering integrated supply solutions utilising the capabilities and knowledge at all levels of the supply chain, to fulfil customer requirements in the most cost effective way throughout the life of the project, product or service.

Key enablers:

- Earliest possible involvement of collaborative supply chain partners to enable the insertion of leading edge technologies and support capabilities and solutions, supported by innovative commercial frameworks
- Establish integrated multi-function and cross company teams to develop, evaluate and integrate solutions which improve capability, customer value and reduce risk in the end to end value chain
- Deploy common integrated processes to deliver Through Life capability management
- Encourage innovation throughout the extended enterprise to reduce through life costs and enhance end user value

Supply Chain Relationships

Continuous improvement

Driving a lean management culture within enterprises and between supply chains, to remove waste and aspire to six sigma levels of quality. Be prepared to share knowledge and experience to enable our industry to always be a leader in competitive value chains.

Key enablers:

- Promote and embed the conditions for a sustainable lean management culture across the entire enterprise
- Train and educate lean thinking at all levels within the organisation
- Encourage, assist and reward lean behaviours and processes throughout the supply chain
- Make full use of agreed performance measures on schedule adherence, product quality and overall through life cost to drive continuous improvements as a way of life
- Encourage long term relationships as an enabler for performance driven partnerships
- Collaborate with others to document best practice and share learning across the Industry



Commercial agreements

Effective commercial agreements establish a framework within which teams can work together to deliver on their individual and joint commitments to meet the customer's needs.

Successful commercial relationships are built on being open, honest, frank and fair.

Key enablers:

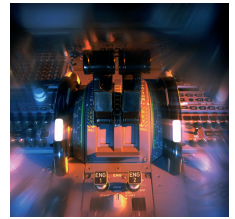
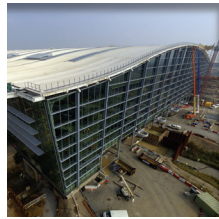
- Openness and clarity of both organisations' individual and joint objectives to provide a fair and equitable result for all parties
- Commercial Agreements should be output focused and allow teams to be innovative in how this is achieved
- Commercial agreement should support the desired behaviours in executing the project
- The contract should incentivise the achievement of the full range of desired outcomes with intelligent use of contract terms
- Tailor commercial agreements to the circumstances of the relationship and desired outcomes
- Agreement and application of a contract amendment process to keep the contract current
- Jointly agree how to develop, assess, mitigate and manage contract and project risks
- Maximise the efficiency of the route-to contract process
- Deliver on ones' commitments

Ethics

All business must be conducted in a principled manner with the highest degree of personal and business integrity.

Key enablers:

- Respect commercial discussions and honour agreements
- Treat any information given or received in accordance with the confidentiality provision marked on it
- Honour the intellectual property rights, copyrights, patents and trademarks of all in the supply chain
- Declare any personal interest in a purchaser-supplier relationship which may, to others, seem to affect impartiality
- Initiate bidding processes with the intent and authority to place business
- Establish clear and transparent supplier selection processes
- Be personally accountable for our conduct and actions



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