

UNIDO SPX Buyer Engagement and Matchmaking Capacity Building

Extracts from the training module



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Agenda

1. Introduction

2. Training modules in detail

- I. Process of engaging buyers
- II. Facilitating the matchmaking process
- III. SPX Collaboration with CSR programme/SME development initiatives
- IV. Buyer engagement check-list



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1. Introduction



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Objectives

- Aim of the training and participant expectations
- Gain a better understanding of your operational challenges & opportunities
- Support SPX Centre endeavours in Buyer Engagement and highlight its integral role in SPX programme effort
- Understand SPX status in the context of the local content policy framework in the country
- Agree on way forward & on components of a new work plan including elements of Buyer Engagement



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Key issues

1. How does the SPX fit in the overall strategy? What are the objectives it seeks to fulfill? How is the SPX team assessed/evaluated?
2. Recognize current SPX operational issues but not lose sight of the overall picture - **Buyer Driven process**
3. Place SPX work in the context of buyer needs – **Buyer engagement check-list**
4. Prioritize work effort - **‘perfecting’ the SPX service offer, engaging with ‘right’ buyers, ensuring a good quality supplier profile database**



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1. SPX within the host institution

- Is SPX considered an SME support programme, an investment support/after-care intervention?
- Resource allocation directed to achievements of key programme goals
- How is the SPX team's performance assessed?
- What type of interaction is there between SPX team and the rest of the organization?



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2. SPX operational issues

- We will discuss and propose solutions to Profiling and BM challenges currently faced
- Key fact there is a need to overcome SME reluctance
- The initial phase is always difficult – need to pick ‘low hanging fruits’ – **emphasis on Buyer Engagement to use these as carrots**
- Emphasis on the buyer driven SPX



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3. SPX work and buyer needs

- Are we sure we have the right suppliers in the database/ appealing to buyers?
- How easy is our selling of SPX to buyers? Buyers are not waiting for us
- Notwithstanding all, SPX can play a partnership role to main buyers – not so much in terms of information sharing but more to ease the process of buyers engaging with suppliers – **SPX provides a service rather than a commodity**



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4. SPX prioritization

- There is a lot to do but we cannot do all at once!
- UNIDO can provide you with some insights to help you realign the priorities, ultimately you decide what comes first
 - **Good use of SPX tools (if and when these help you achieve goals)**
 - **Solid SPX service proposal (Profiling and BM)**
 - **Improve buyer engagement and pragmatically select most dynamic SMEs to propose to buyers**



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The SPX Logical Framework – why we do what we do?

OBJECTIVE	Leverage local content and subcontracting activity of buyers to generate SME development, productivity and technological upgrading as well as employment creation and new investment
OUTCOME	SPX Programme implemented on an effective and sustainable basis provides continued support for buyer-supplier match-making, supplier profiling, supplier benchmarking and investment promotion
OUTPUTS	<ul style="list-style-type: none">• Development of an SPX supplier profile database and Supplier Benchmarking established as permanent service of the SPX;• Buyer engagement to generate collaborative partnerships and ongoing subcontracting opportunities;



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Module I

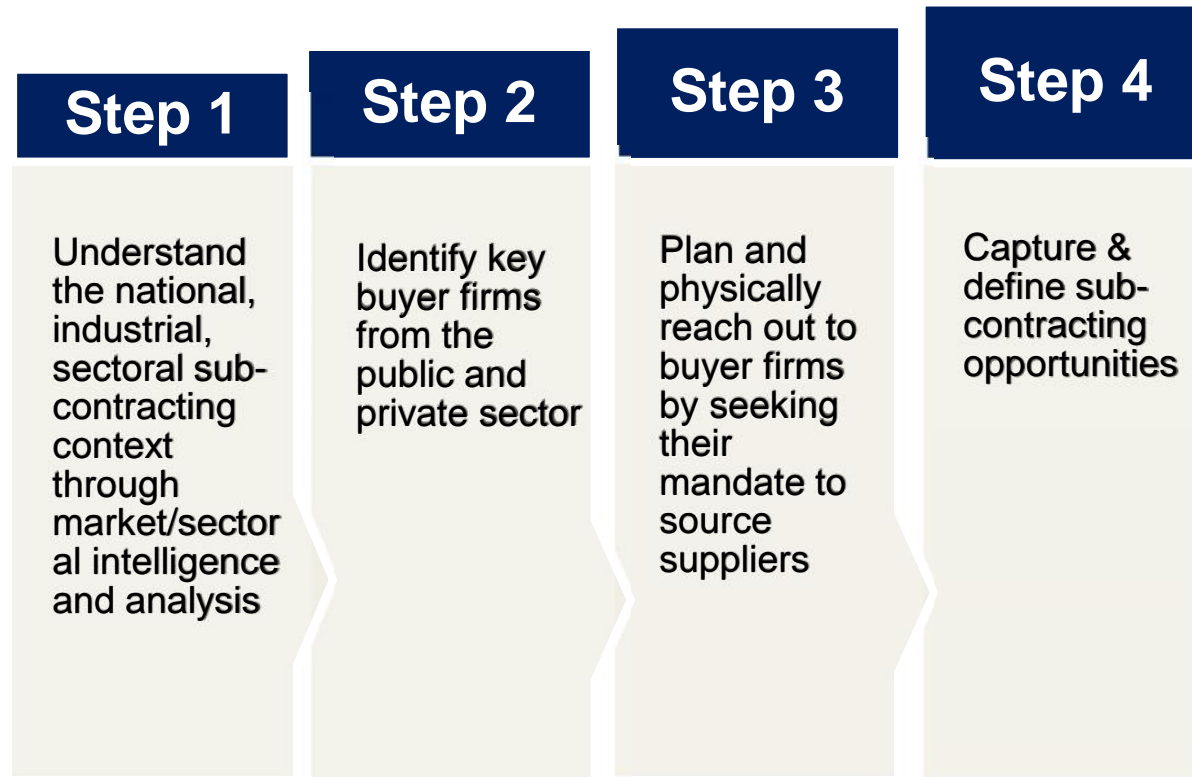
Process of engaging buyers



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The process of engaging buyers



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**the macro economic
and general business
environment**

**The realistic subcontracting
potential through evidence
of backward linkages**

**Specific industrial/sectoral/corporate
subcontracting and suppliers development
characteristics and/or programmes**



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Subcontracting	Outsourcing
Based on annual legal contracts with commercial terms and conditions	Based on a legal contract with emphasis on long term relationship and profit-loss sharing
Short term work assignments	Long-term relationship
Separate and maybe divergent objectives	Common objectives for both sides
Review through audits and meetings to check deliveries against contract	Review through partnership meetings and process audit aimed at continuous improvement
No motivation for high performance	High rewards for higher performance
Metrics usually related to penalty causes	Metrics are the basis of the relationship between buyer and supplier and is used for continuous improvement



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SPX service proposal to buyers

- The SPX Programme structures, resources and operations aim to optimize supply chain opportunities for local business especially SMEs;
- The SPX Programme reviews and analyses all potential economic activities in the country suitable to generate local content opportunities;
- The SPX Programme offers opportunities to and interacts with local suppliers and buyers to provide a clear and simple information about subcontracting potential and criteria;
- The SPX Programme supports local suppliers to meet the standards required in the sectors and by providing assistance and advice to local SMEs;
- The SPX Programme assist buyers in their quest to implement local content strategies and supplier development programmes;
- The SPX Programme supports partnerships between buyers and suppliers to effect the transfer of knowledge, expertise and skills as well as help realize local content strategies;



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Buyer expectations in supplier engagement

Some key issues



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- Governance and business ethics
- Supplier code of ethics
- Corporate social responsibility
- Supplier selection criteria
- Supplier development and management
- Contract management
- Forward price agreements (FPAs)



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Module II

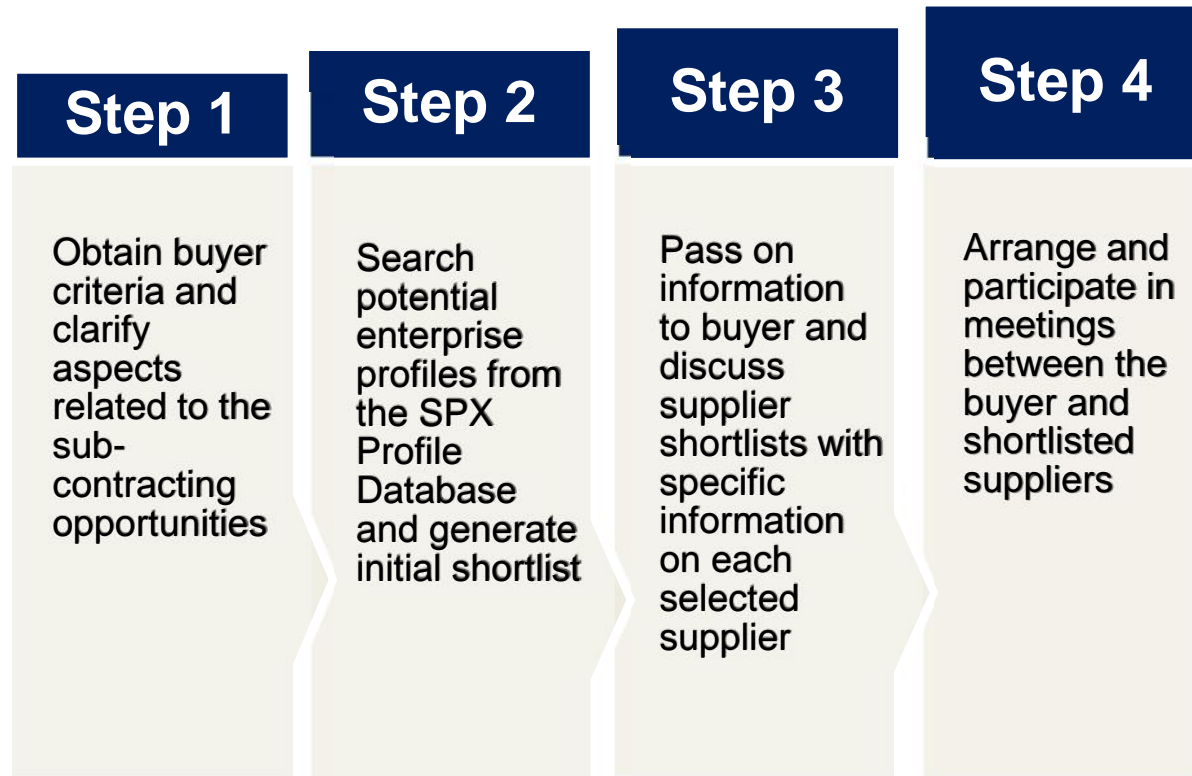
Facilitating the matchmaking process



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The SPX matchmaking process



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Module III

SPX collaboration with buyer SME development initiatives and CSR programmes



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- Once discussions with buyers start, it would become clearer that SPX is not merely providing them with a **commodity (information) but we can play a role as service provider (SPX process geared to assist buyer firms)**
- The issue is that buyer firms might have the infrastructure and their own systems but still require SPX input to directly engage with domestic firms so that they realise their local content commitments and their CSR strategies.



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Module IV

Buyer engagement check-list



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Buyer engagement checklist

What type of products/suppliers do buyers need?	Do these match SPX Profiling and Benchmarking suppliers?	Which SPX value proposal to present to buyer firms?
<ul style="list-style-type: none"> ○ Information on buyer firms ○ Bills of Material ○ Product categorization ○ Supplier classification 	<ul style="list-style-type: none"> ○ Tier 1 suppliers ○ Tier 2 suppliers 	<ul style="list-style-type: none"> ○ Propose to buyer new SPX serviced Tier 1/2 suppliers; ○ Provide buyer with access to SPX BM metrics for upgrading measurement & basis for supplier contract management

Targeted SPX Profiling and Benchmarking



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