



Background

The Fencing Store has been sourcing an increasing range of products from overseas suppliers for over 5 years – we've built up a lot of experience and expertise in the entire process of getting the right product into our customers' premises. As well as supplying individual user orders, we have grown our trade customer base as shown by the following example of applying our skills to their bulk order requirements.



Our customer is a major user of colour steel fencing products – roll formed painted steel which is transformed from large coils into profiled panels, rails and posts. Their requirements have been sourced from various Australian suppliers of in finished, ready to install products made from both locally produced and imported product – the opportunity to reduce their costs and gain more control over their requirements stimulated the shift to buying the painted coil and roll forming it in their own facilities.

The Procurement Process

The Fencing Store worked with our customer using the following process ...

1. Get the exact specifications of the steel materials, paint and finish coil and probable initial order details;
2. Identify possible suppliers in China and Taiwan known to us – make contact with them to ascertain their ability, willingness and capacity to produce the initial order, including determining their likely minimum order quantity (MOQ) requirements;
3. Spoke to existing supplier customers in Australia to get additional background information on the supplier's performance;
4. As potential suppliers dropped off the list, work with the remaining suppliers to further focus on their ability to supply our order, including getting price offers and production timetables;
5. Insert all the offer information into a comprehensive spreadsheet for determining the landed into factory cost after modelling all of the cost elements – exchange rates, logistics, importation cost elements, any import duty applicable etc;
6. Provide this landed into factory cost to the customer for their decision and order details refinement – achieved a **20% reduction** of delivered to factory costs;
7. Select a supplier and arrange to have some sample material matching the customer's specifications sent down to Brisbane for test roll forming;
8. Conduct the materials testing and then place the order on the supplier ...
 - a. Very detailed purchase order issued including all materials specifications, order clauses, quality assurance and testing processes, mill test certificates, packaging & labelling;
9. Send colour samples to Taiwan for colour matching – approve samples returned by the supplier after colour matching;
10. Remit order deposit to the supplier or issue a Letter of Credit for order payment as applicable with safeguards in place to ensure supplier performance;
11. Book all shipping and other logistics;
12. Travel to Taiwan to conduct a final quality inspection and shipment acceptance; verify product quantities against the order, obtain mill test certificates verifying the base material specifications, obtain paint suppliers quality / specification documentation;



13. Work with the supplier, shipping company and freight forwarder in Taiwan to ensure the containers were packed correctly to avoid any product damage;
14. Work with Australian logistics providers to manage the unloading of the containers in Brisbane and then road delivery to the customers factory (reduced total delivery costs);
15. Work with the customer when they commenced roll forming the newly supplied products – worked beautifully!

Next steps ...

We are now working with the customer and additional suppliers:-

- on the next round of orders – *additional colours for the range*;
- establishing a forward order schedule based on the customer's forecast consumption rates, supplier lead times, logistics times;
- working with additional suppliers to send test material to Brisbane for further roll forming tests (additional supplier provides price + supply negotiation leverage and reduces dependency on a single supplier);
- negotiating with shipping companies for sea freight rate reductions based on an anticipated number of containers to be shipped;
- examining further avenues to reduce supply chain element costs.

Unicorn expertise & resources applied ...

1. Knowledge of potential suppliers in China and Taiwan;
2. Contacts in Australia to verify potential suppliers;
3. On ground personnel in China to visit potential suppliers and conduct background checks;
4. Order management processes – negotiation of prices & terms, quality assurance, logistics management;
5. Customer management – communication – content, clarity, updates, forward planning (inventory management).

For information on how we can help major users of bulk products and fencing project requirements, call us on **1300 530 306**

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