

Business First NZ

Workshop Report:

Supply Chain Management Part 1:

Market Risks, Mega Trends, and Negotiation

1st June 2021, facilitated by Dr Carel Bezuidenhout and Professor Nigel Grigg
from the College of Science

along with

Wayne Macpherson, Jennifer Scott, James Lockhart, and Tanya Jurado
from the Massey Business School

Executive Summary

This report summarises the recent *Business First NZ* Workshop for 2021 hosted by the Massey Business School, to engage local businesses. The initiative seeks to assist business leaders to highlight business problems and seek practical solutions in their pursuit of business excellence and sustainable competitive advantage.

This workshop, with 16 attendees, was titled “*Market Risks, Mega Trends, and Negotiation*” is the first in a two-part mini-series “*Supply Chain Management*.” It was facilitated by academics from the School of Food and Advanced Technology, and focused on understanding the bigger picture of global market trends and risks. This helped give attendees insight into how changes and challenges (risks and opportunities) in the global market might impact their business in New Zealand.

To date, the *Business First NZ* initiative has delivered eight workshops: two exploratory workshops in 2019, three dedicated workshops in 2020, one exploratory and two dedicated workshops in 2021. Key outcomes have included:

- Continuous discovery of challenges (risks and opportunities) impacting businesses – common themes of concern or interest to inform future workshops
- Contextualized problem identification and solving – providing business leaders with tangible outputs to implement at their respective organisation, post-workshop
- Massey-led workshop development and delivery to provide facilitated discussion for actions and supplementary resources, which individual businesses can tailor as required:
 - **Business models: Developing tailored business models and plans to work for you**, with Professor Stephen Kelly
 - **Letting go: Effective delegation for enhanced decision making**, with Mrs Beth Tootell
 - **Fail fast: How to fail your way to success in a crazy world**, with Dr David Tweed
 - **Reflections for excellence: Review, refine, and next steps**
 - **Understanding your market**, with Dr Pam Feetham & Mark Inman
 - **Supply chain management: Part 1 – Market risks, mega trends, and negotiation**, with Professor Nigel Grigg and Dr Carel Bezuidenhout

Specific outcomes from this most recent workshop included:

- Undertaking a ‘Landscape Scan’ from the perspective of local business
- Consideration of the impact of global risks and mega risk trends on local business
- Introduction to negotiation, cooperation, and trading – through a simulated activity

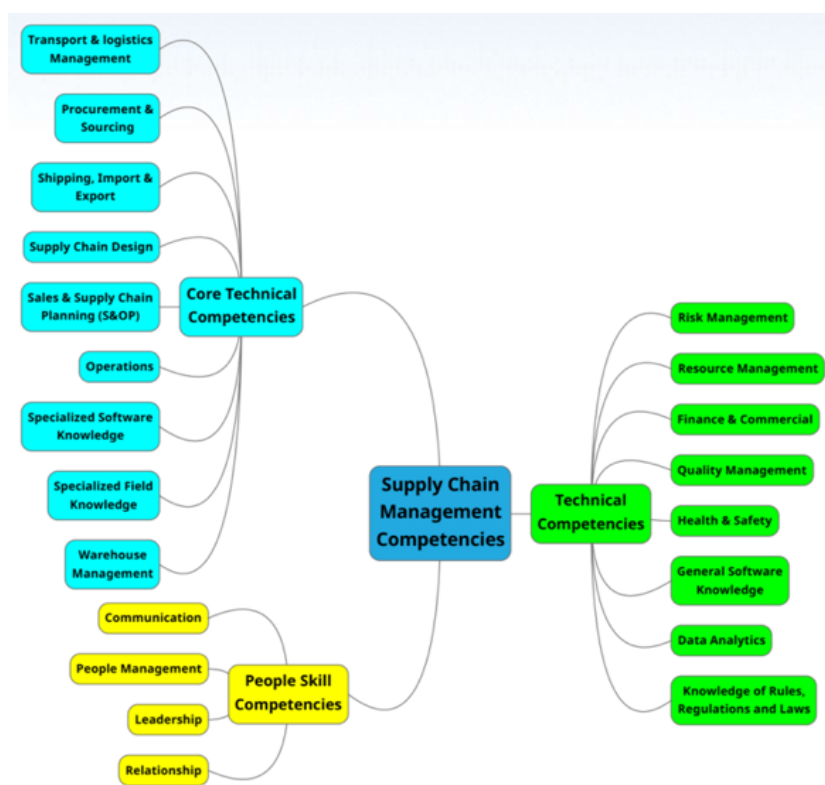
1. Businesses in Attendance

Across the *Business First NZ* workshops to date, the following business have been represented:

Business	Sector	Business	Sector
Advantage	IT Support	GasNet	Gas Delivery
AFC Motorcycles	Powersports Products	Genoese Foods	Food Preparation
Ali Arc Industries	Structural Metal Fabrication	Gillard Honey	Honey Production
Avatar Honey	Honey Production	Gropak	Agricultural Services
BakerAg	Agricultural Services	Henergy	Poultry Products
Betacraft NZ	Workwear	JR's Orchards	Apple and Pears
Business Central	Business Development	OBO	Sports Protection
CEDA	Economic Development	Palliser Estate	Winery
Carousel Confectionary	Confectionery Manufacturing	Prepack	Packaging
NZ Derlphiniums	Horticulture	Property Brokers	Real Estate
E&T Consultants	Education & Training (E&T)	Quest Industries	Plastic Moulding
ExportNZ	BusinessNZ Division	Speirs Foods	Food Preparation
FieldAir	Aviation Engineering	Steelfort	Machinery & Equipment
Gallagher Fuel Systems	Fuel Dispensing Systems	Tasman Tanning	Leather Products
Garden Barn	Garden Supplies	Turks Poultry Farm	Poultry

2. Workshop Summary

This workshop set out to introduce attendees to the different competencies of supply chain management, a broad umbrella approach to considering mega trends and risk reports, and the means to apply these concepts to grassroots, local business environments.



Source: Dr Carel Bezuidenhout, 2021

Attendees contributed to a local business ‘Landscape Scan’ to produce a summary of current risks they are facing. This was followed by a discussion of risk reports and global trends that might impact their operations.

Finally, attendees participated in a simulated experience, wherein they acted as ‘Lifestyle Farmers’ responding to market price fluctuations. Throughout this, concepts associated with negotiation, cooperation, and trading were introduced and expanded on.

Using the analogy of the black swan and grey rhino, a key takeaway was the need to continuously engage in landscape scans (locally and globally) to understand the potential likelihood and consequences (positive and negative) of risks in order to effectively manage them. Recognising that global risks are dynamic, with the perceived focus shifting among areas such as economic, environmental, geopolitical, societal, and technological, this scanning needs to remain at the forefront of business leaders’ decision-making.

3. Key Takeaways

3.1. Local business ‘Landscape Scan’

Attendees were asked to consider the current risks facing their businesses. Through a full group discussion, the following areas were identified:

- Increased regulation
- International policing
- Shortage of quality employees (e.g., getting the right people for the right job)
- Market protectionism (e.g., buy/source local vs international or buy/source from specific (‘friends’) countries)
- Margin retention (cost/price squeeze)
- Amplified by COVID:
 - Supply impacted by global shipping limitations (including, increased shipping costs)
 - Lumpy schedules (inconsistent flow of product through supply chains)
 - Ineffective skills deployment (mismatch between skills sets and industries)
 - Global market uncertainty (e.g., where/when is the ‘big’ crash? – the market makers are holding the market up)

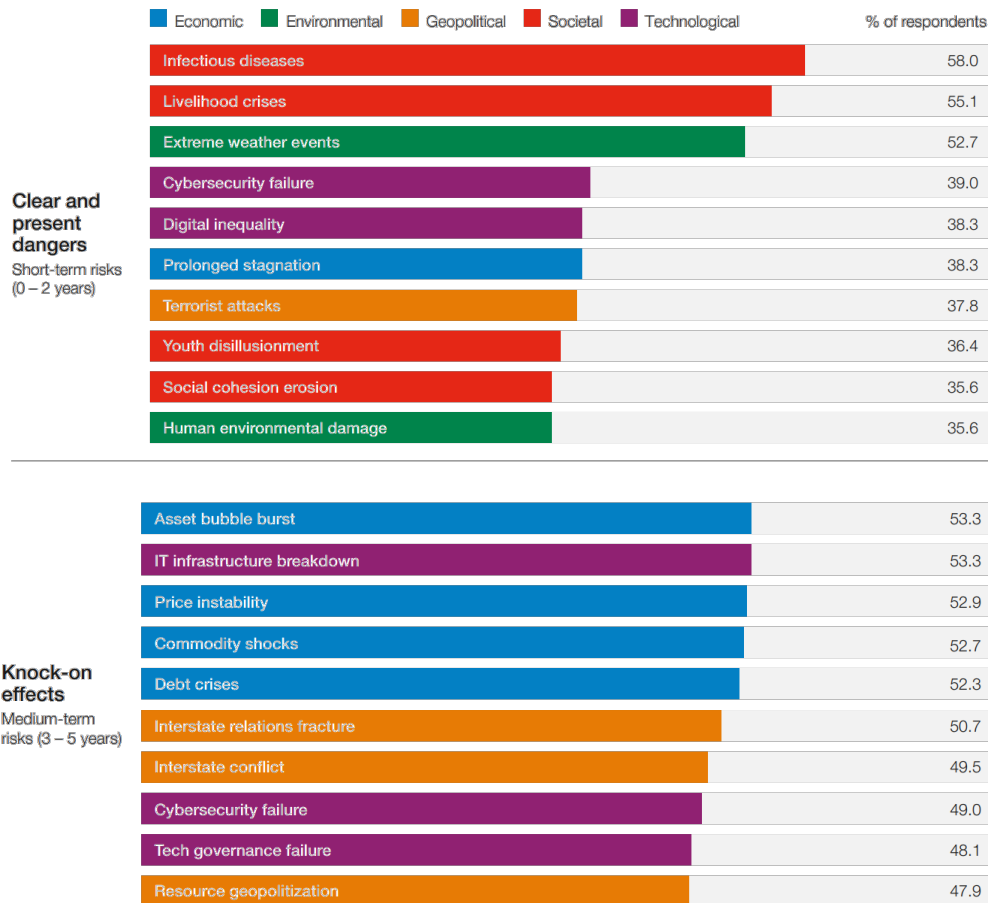
As shown above, some global trends and market risks have been amplified by the COVID-19 pandemic. However, reflecting on the first workshop in 2019, some of these trends have continued to linger; they don’t go away, they just re-emerge more prominently (grey rhinos).

3.2. Impact of global risks and mega risk trends

Using the example of risks around a fishing lake, attendees were guided through a means to reflect on the impact of potential risks. Understanding the need to consider both the *likelihood* and the negative *consequences* means you can understand the potential *impact*, and therefore prioritise which risks to manage or mitigate at any given time.

For example, although a risk event might be highly likely to occur, if the negative consequences are minimal it could be considered low impact, and therefore, low priority for allocating resources to overcome or mitigate against. Conversely, even if a potential risk event is less likely to occur, but has severe negative consequences, it would be prudent to allocate time, resources, and effort toward managing it.

This idea was expanded to global trend reports, including the World Economic Forum (WEF) ‘Global Risks Report 2021.’ Acknowledging individual and business perceptions of risks are in a constant state of flux, and that there are limited participants for the WEF survey, the discussion focused on the need to remain vigilant to risks across the global marketplace – for both current trends (0-2 years) and knock-on effects (3-5 years).



Source: http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf

3.3. Introduction to negotiation, cooperation, and trading

Following the discussion on risks, through a ‘Lifestyle Farming’ simulated group activity, attendees worked through the concepts of negotiation, cooperation, and trading. This was done by breaking into pairs, where each pair was assigned a commodity (milk, eggs, flour, sugar, butter), and given recipes for various end products (scrambled eggs, shortbread, sponge cake, pancakes, custard). Each ‘round’ (representing a week) groups were given new market prices for end products, and needed to negotiate with the other ‘businesses,’ to optimize their overall profits.

During this exercise, the group was introduced to additional negotiation concepts to utilize in each next round. However, without changes to supply or demand quantities (e.g., only market price changed), some groups got ‘stuck’ focused on long term profit only. There was a missed opportunity for the entire group (all sets of pairs) to work together to form a cooperative and maximise profits for all. Even with the encouragement of introducing a ‘cooperative CEO’ from the facilitator, this did not eventuate 😊.

4. Proposed Next Steps

Recognising this workshop was an introduction to supply chain management concepts at the global level, and both facilitators and attendees highlighted a desire to delve deeper into the mechanics of supply chain management, the next workshop will focus more on applying supply chain thinking and decision making that can be tailored to a variety of organisations. Following that workshop, will be the final 2021 workshop, looking at the Future of Work. Detail as follows:

Workshop	Overview	Tangible Takeaway	Logistics
Supply Chain Management Part 2: Applying SCM concepts to your business	<p>What is all the hype about SCM, how does it assist in everyday decision making? Led by Massey's supply chain expert, Professor Paul Childerhouse, this session will explore how taking a systems perspective to inter-firm interactions can enable enhanced competitiveness.</p> <p>Attendees will be provided with an overview of key concepts about different supply chain perspectives, supply chain thinking, logistical competitiveness, and value chain competitiveness. They will also engage in activities to delve deeper into the critical role of information and coordination along a supply chain.</p>	<p>At the end of the session you will have a deeper insight into the inter-dependency of firms within a supply chain. You will be more aware of how to leverage information for competitiveness advantage and what type of supplier and customer relationships are appropriate for different circumstances.</p>	<p>24th August</p> <p>2:30pm – 6:00pm facilitated session with nibbles and drinks provided</p>
The Future of Work: Employees and Employers	<p>Led by Dr David Brougham, this session will explore the future of how businesses might engage with their people: employees and as employers.</p> <p>Dr David Brougham is a Senior Lecturer specialising in the future of work. His research looks at how smart technology, artificial intelligence, automation, robotics and algorithms are changing the workplace. At present, he is looking at how employees and businesses plan to adapt to these changes as a result of technological disruption.</p>	<p>(stay tuned)</p>	<p>19th October</p> <p>2:30pm – 6:00pm facilitated session with nibbles and drinks provided</p>

Thank you

We would like to thank you for your continued participation in these workshops, and welcome any feedback, comments, ideas, or questions you may have. Please note, if there are any issues or amendments required, we would greatly appreciate your feedback on this report. Feel free to contact the group via Dr Wayne Macpherson, W.Macpherson@massey.ac.nz.