

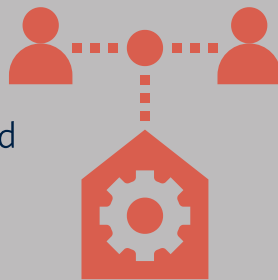


## Sourcing Ingredients During COVID-19

Everyone remembers the [supply shortages](#) when the pandemic hit - everything from toilet paper and flour couldn't be found. Supply chains were put to the test and their weaknesses put on display for the world to see; you may have faced some yourself. Below are tips to ensure you continue to have a [strong source](#) of ingredients during these uncertain times.

### Step 1: Estimate

- With the change in consumer purchasing habits, businesses need to estimate how demand will change
- Estimating demand is the foundation to a supply chain plan



### Step 2: Map Out Supply Chain Networks to Understand Key Impacts

- Work with tier 1 suppliers to understand supply chain throughout all tiers
- [Map it out](#) to view which areas are impacted when an outbreak or disaster strikes



### Step 3: Evaluate All Options for New Supply Sources

- Have [alternate suppliers](#) ready
- Determine what can be designated to another supplier
- Diversify supply chain geographically



#### Domestic

[Thomas Net](#)  
[Maker's Row](#)  
[MFG](#)  
[Kompas](#)

#### Overseas

[Alibaba](#)  
[Aliexpress](#)  
[India Mart](#)

As new suppliers are selected, here are some things to keep in mind:

- Availability of suppliers
- Additional cost due to logistics
- Tariffs
- Price difference per unit
- Minimum order quantity
- Turnaround time for orders
- Payment terms

If the supplier is based in Canada or the United States you can check their rating through the [Better Business Bureau](#).

## Step 1: Estimating Demand

1. To estimate demand, leverage your direct communication channels with your direct customers and use [market insights](#) or external databases to [estimate the demand](#) for other customers.
2. [Build 3-6 plans](#) based on the market insights under a range of demand scenarios.
3. When to restock?
  - a. Buying extra when the price is low:
    - i. Provides a reasonable price and will guarantee inventories for a period of time
    - ii. Will secure raw materials ahead of time that are in short supply
    - iii. May tie up cashflow needed for future use based on the carrying costs associated with holding additional inventory
  - b. Buying enough over time:
    - i. Optimizes the price the supplier offers because over time the price typically averages out on its own

## Step 2: Determine how supply will be impacted and understanding key risks

**Pros:** It will help to review all areas to assess changes in lead times (this includes border closures and business opening phases) and to continuously monitor updates. Doing so provides visibility in to the structure of your supply chain that will be useful beyond the pandemic.

**Cons:** This task may be extremely time consuming and tedious.

**Tips:** Here are examples of [Nike](#) and [Patagonia's](#) supply chain map

## Step 3: Evaluate any option for new supply sources

If/when one of your original suppliers is hit hard by the pandemic, it may be worthwhile to accelerate the exploration of additional options, especially given you're not the only business that will have lost their supplier.

One option is to source locally:

- Sourcing locally benefits small businesses and the local economy
- Simplified transportation logistics - this will lower transportation costs and subsequently, environmental costs
- Improved supplier-buyer relationships and more accessibility to visit the supplier
- Avoid any issues with [border delays](#) or [government policy](#).

When seeking out new suppliers, diversifying your supply chain in different geographical areas could be key.

**Pros:** Sourcing materials from various locations can be helpful in the long run as other disruptions to the supply chain can occur i.e. natural disasters. This also ensures a continuous flow of product, continuous streams of revenue, and consistent deliveries to customers.

**Cons:** Makes quality control difficult to maintain and may come with lower economies of scale.

**Tips:** [Shopify](#) provided a great report with more in-depth information comparing domestic versus overseas suppliers.