

How Builders Can Help Mitigate Supply Chain Issues

Written by: Ken Pinto, Author of "How Much Is the Milk?" and Founder of Kenzai USA

BY ORDERING AHEAD OF TIME, CONSTRUCTION FIRMS CAN BE PART OF THE SOLUTION TO MATERIALS SOURCING WOES, A SUPPLY CHAIN EXPERT WRITES.

Escalating materials prices, product scarcity, and delivery delays against a backdrop of increasing client demand are stressing out contractors searching for a path out of the cyclical fray. Even if they don't immediately understand how, commercial contractors do have the ability to solve many of their existing challenges — especially those related to supply chain strain.

Here are three ways construction firms can be part of the solution.

Understand your suppliers' needs

Using historical sales data, suppliers inventory product they know will sell more immediately as this approach diminishes storage concerns, risk of theft, and extra capital outlays. Storing large product quantities, or quantities that consume a sizable physical footprint, adds a tremendous cost and hassle factor, forcing suppliers to move inventory around their store, yard, or warehouse, risking potential damage and taking up in-demand product space.

To best prepare for inbound product requests, suppliers make



product commitments long before they sell them, a process often rooted in "best guesstimate" methodology. As a result, products purchased can end up being the wrong ones. Even if sourced correctly, inventory guesses can also cause under or overstocking, a costly error that frequently worms its way into pricing passed on to the supplier's customers.

All suppliers want to sell more product and become a commercial contractor's one-stop-shop. However, many struggle with smaller staff sizes, inventory storage capability, and free cash on hand, leaving them in a more reactionary role. This, too, has a trickle-down impact on all with whom the supplier does business.



About the Author

Ken Pinto is the author of a practical roadmap for business leaders interested in solving supply chain issues titled “How Much Is the Milk?” He’s also the founder of Kenzai USA, an international supply chain solutions company. Opinions are the author’s own.

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