



*A workshop at High-Tech Engineering, a Dunstable-based SME which recently won a national award for supply chain excellence through the SC21 programme.*



*Baroness Taylor, Minister for Defence Equipment and Support, signs up to the SC21 programme at Farnborough International Airshow 2008*

# SC21: recognising SMEs in the supply chain

*How does the SC21 programme help SMEs in the supply chain? Here, Russ Armitage, SC21 Chairman, looks at how smaller companies can take part in the programme and at some of the benefits it brings to them.*

**S**mall and medium-sized enterprises (SMEs) have always been an important part of the aerospace and defence industry. Put simply, industry needs them to be part of the process for a supply chain to work successfully. Achieving supply chain improvement is critical to the continued competitiveness of the UK aerospace and defence industry and the 21st Century Supply Chains (SC21) programme aims to accelerate the process.

The idea behind SC21 was to find an efficient way of making companies, large and small, perform well and relate to each other in the right ways. What is in place through the programme is a set of processes on performance, on accreditation, and also on relationship management, both up and down the supply chain.

SC21 companies have signed up to a formal recognition process that reflects the contribution and commitment of their supply chain. Financially, it costs nothing to join SC21, and member companies can benefit from specific savings – for example, they may achieve reduced overheads from supporting fewer supply chain audits from customers, which is valuable in offering the most competitive solutions to customers. Through participating in SC21 businesses also understand how the industry will be changing in the future and will be aware of the latest developments in the sector – key competitive advantages to them.

It is worth pointing out that, although SC21 is sponsored by the Society of British Aerospace Companies (SBAC), it was set up from the start by the aerospace and defence industry so that anyone in the sector could take part. For instance, we have submarine manufacturers, surface ships manufacturers, even defence electronics companies, so it actually maps very well to working with the MoD. Civil aerospace companies such as Bombardier and Airbus are also involved, so it has a larger footprint than just the defence industry.

Under the programme, four or five Prime Contractors will gather together and allow one Prime to lead the way, working with the SME to improve the overall performance. The others then recognise the performance improvements that take place. It is almost like a set of house rules that, firstly, make it much easier for an SME to know what it needs to do to perform, and secondly, to get recognition from the SC21 programme when it is performing.

Organisations achieving and maintaining agreed criteria in terms of delivery, quality, sustainable improvement and the associated improvement frameworks (business and manufacturing excellence) will receive recognition in the form of a bronze, silver or gold award sponsored by an SC21 company. Implementing

these four aspects of development and performance delivers a benefit to all parties in the areas of competitiveness, enhanced customer perception and lower internal costs.

For instance, High-Tech Engineering, a Dunstable company that uses leading-edge technology to produce quality precision-engineered components for customers in the aerospace, defence, scientific, electronics and auto motorsport industries, recently won a national award for supply chain excellence. This kind of award recognises the company's excellence in implementing supply chain improvements, and was sponsored in this case by a key customer company: GKN.

The major benefits of SC21 for smaller companies is that they learn to perform, in simple terms, at a higher level of delivery and higher level of quality, and through SC21 they have an improvement programme to help them work with the Prime Contractors. Of course, if SC21 gives them the toolkit to do it, then the Primes are much more likely to use those SMEs, rather than going abroad to a lower-cost economy.

A most significant development recently has been the fact that the MoD officially signed up to the programme at the Farnborough International Airshow in July 2008. SC21 gives the MoD a standard method of improvement that it understands. The programme endorses what Primes are doing with SMEs, and it gives SMEs the confidence that what they are doing will be recognised.

Everyone involved in the SC21 programme is delighted that SMEs are coming forward and are improving themselves, and we hope that this

continues. A lot of them are keen and well motivated, and that is good for us to see because it helps not only them, but also the whole industry, right through to the MoD and the troops on the front line. The future of the UK aerospace and defence industry depends on having an efficient supply chain if we are to remain globally competitive. I believe that SC21 is the way to achieve that.

*For further information, please visit the SBAC website: [www.sbac.co.uk/sc21](http://www.sbac.co.uk/sc21)*

*The future of the UK aerospace and defence industry depends on having an efficient supply chain*



Russ Armitage,  
SC21 Chairman