



Supplier Relationship Management

**New Tools to Assist your Decision-Making Process
prior to Awarding Business**

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FORUM2016

New Tools to Assist your Decision-Making Process - SRM



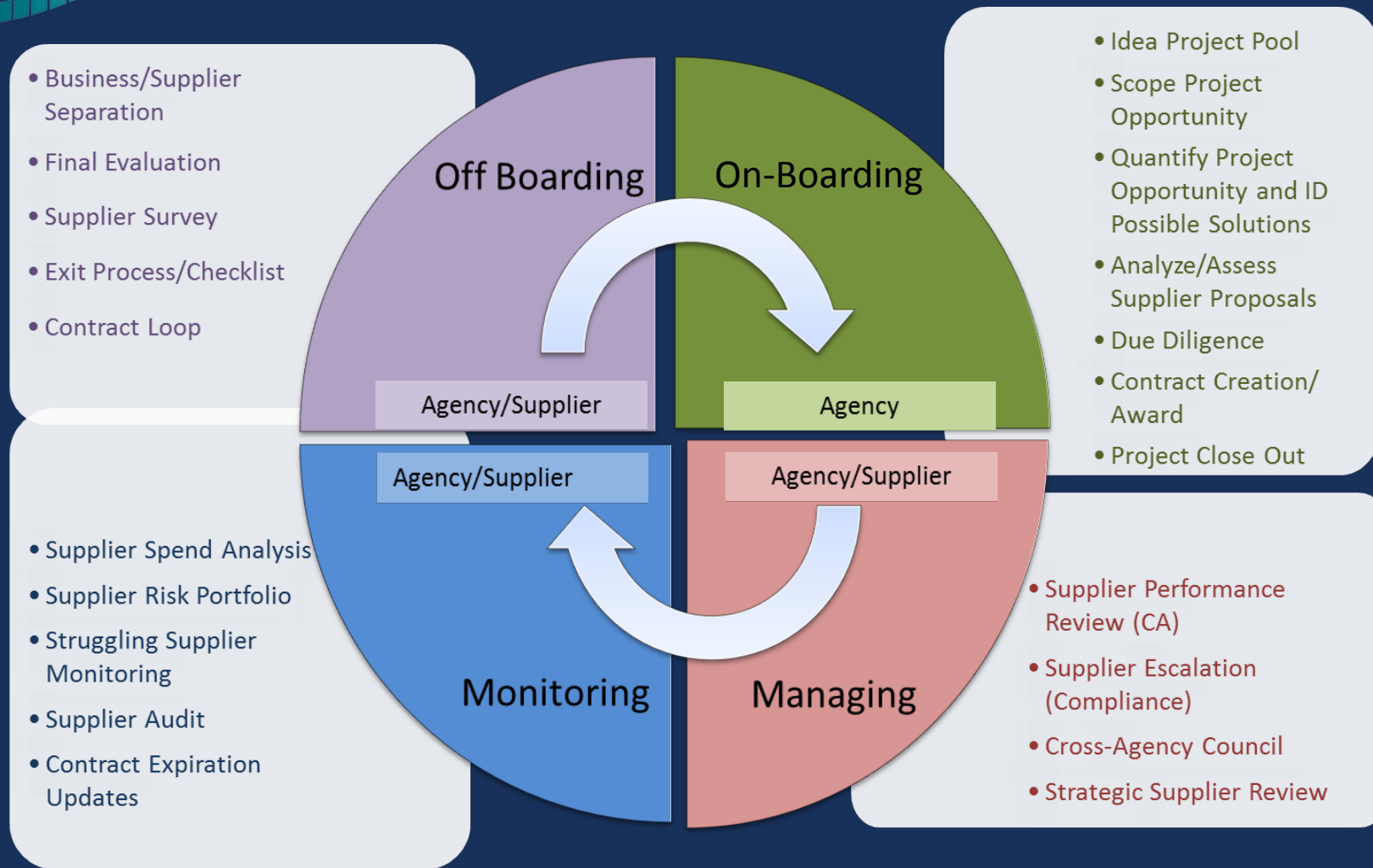
Your participation in an effective SRM program is just one of the tools a supply chain group can utilize to move from a “reactive, tactical” role within an organization to a “proactive, strategic” role that is more centric to the organization’s goals.

New Tools to Assist your Decision-Making Process - SRM

3 inter-relating wheels of one SRM program



New Tools to Assist your Decision-Making Process: 4-Phase Supplier Lifecycle Management



New Tools to Assist your Decision-Making Process - SRM

Happy Buyer!

www.fmctechnologies.com



Happy Supplier!

www.managementtrust.com



New Tools to Assist your Decision-Making Process - SRM

❖ Communication



❖ Collaboration



❖ Commitment



Tools to Assist your Decision-Making Process: SRM -The 3C's

❖ Communication

- ❖ Increased efficiency – expectations are known and realized
- ❖ Cost savings:
 - ❖ Negotiated Savings
 - ❖ Reduce occurrence of compliance issues and re-solicitations
 - ❖ Savings from new processes/methodologies from supplier recommendations
- ❖ Follow-up
 - ❖ Periodic meetings to review performance and expectations
 - ❖ Red Flags are waving! Help get the contract back on track
 - ❖ Thanks for a job well done!

Tools to Assist your Decision-Making Process: SRM - The 3C's

❖ Collaboration

- ❖ Maximize supplier value and opportunity
 - ❖ Share cost efficiencies through supplier-driven technologies or methodologies
- ❖ Gain access to new technology, spark new ideas
- ❖ Work with supplier on issues that may be hindering them from fulfilling a project or contract
- ❖ Emotional engagement with supplier
 - ❖ Gained through open communication and commitment

Tools to Assist your Decision-Making Process: SRM - The 3C's

❖ Commitment

❖ Supplier Development

- ❖ Use of SWaM suppliers that may be new to doing business with your organization
 - ❖ May include operational, academic or emotional support
 - ❖ These activities help supplier feel respected and valued

❖ Commit to Listening to Supplier Feedback

- ❖ May lead to you being a “Customer-of-Choice”
- ❖ You receive their best people on projects

❖ You go to the head of the line when product is in short supply; You get the supplier's most talented personnel

❖ “Preferred Customer” status

❖ Committed to mutual benefit and gain through a trusted relationship

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

- **D – I – E-ing to get it right!**
 - Due Diligence
 - Making sure WE get it right when awarding business
 - Remember, suppliers will perform their own to decide if they will do business with YOU
 - Innovation
 - Supply base gets it right through performance and innovation
 - We get it right when we seek innovation from suppliers
 - Engagement
 - Work together to ensure we ALL get it right

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Due Diligence is:

the process of performing an investigation before a contract is signed by

- a series of questions, sometimes answered by completing forms and sometimes answered through the course of an interview
- Research into the operational/financial/security risk of strategic partners and performance history of tactical partners

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation

Procurement must start looking to suppliers for inspiration and new capability, stop prescribing specifications and start tapping into the expertise of suppliers,” [writes David Rae in Procurement Leaders](#). The Agency Leadership expects it of your CPO/Director, and your CPO/Director expects it of you.

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation – what?

- ❑ New products, better ways to develop products already on the drawing board, new processes that can streamline the way procurement and the suppliers can work together
- ❑ Use best practices to “innovate” your processes to reduce cycle time (solicitations, negotiations, contract management)
- ❑ Cost savings!!!

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation – why?

- ❑ New products may meet the need of your entity much better than the “just give me what I ask for” approach
- ❑ New processes that can streamline the way procurement and the suppliers can work together
- ❑ “Innovate” your processes to reduce cycle time (solicitations, negotiations, contract management)

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation – why?

- ❑ Cost savings!!!
 - ❑ Create, negotiate and award a contract: 291 hours x your salary
 - ❑ Administer, Manage, Update Contracts: 57 hours
 - ❑ Cost per PO issued (from req to final payment) - \$75-\$126
 - ❑ Re-solicitation Additional Cost
 - ❑ “Re-do” Quick Quotes – 69 hours
 - ❑ Complaints/Terminations – 25 hours

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation – how?

- ❑ Visit Supplier Expos (like the one yesterday!) to find what is new and available
- ❑ Use best practices to “innovate” your processes to reduce cycle time (solicitations, negotiations, contract management)
- ❑ Encourage it through collaboration (sound familiar?)
- ❑ Win their trust (stakeholders and suppliers)

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Innovation – who?

- ❑ Major source for innovative ideas is the stakeholders that procurement serves
- ❑ There is no reason why procurement can't set the stage, it's possible to be an instigator of innovation!
- ❑ Roles change - Innovation can come from anywhere, from R&D, internal customers, marketing, sales, end users and YES – Suppliers as well!

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Engage - The need for supplier engagement in procurement is greater than ever

- ❑ You're probably not realizing the full collective power of your supplier relationships!
- ❑ Engagement comes in more than one flavor
 - ❑ Not just suppliers, but internal customers and end users as well
 - ❑ Professional organizations to find best practices, co-op contracts

Tools to Assist your Decision-Making Process: SRM - D.I.E.-ing to get it Right!

Engage - The need for supplier engagement in procurement is greater than ever

- ❑ Don't forget –
 - ❑ Suppliers get to choose their customers too
 - ❑ Suppliers can help simplify operations
 - ❑ Leverage the wisdom of your suppliers
 - ❑ Leverage the wisdom of your peers
 - ❑ **Remember that there's something in it for you as well**
 - ❑ Build strategic procurement skill sets

Tools to Assist your Decision-Making Process: SRM – COMING IN 2017!

Coming in 2017

Procurement Complaint Form re-design to be ON-LINE!

- Benefit Goals
 - No need to find the most current form
 - Submitted information will go into a database
 - Database will be “searchable” for PCF info (Due Diligence)
 - Database will include info from 1999!

Vendor Outreach

- Collaborate with DSBSD and Agencies
- Provide awareness of Vendor’s Manual when doing business with Virginia

QUESTIONS – Comments???

Happy Buyer!



Happy Supplier!

