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## Make Your Suppliers Greater Stakeholders within Your Purchasing Operation

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# **Make Your Suppliers Greater Stakeholders within Your Purchasing Operation**

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# Stakeholders

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- **What is a Stakeholder?**
- **Examples of Stakeholders in the Purchasing Function:**
  - **IT**
  - **Finance**
  - **Legal**
  - **Customers (Internal and External)**
  - **Senior Management**
  - **Suppliers**
  - **Purchasing Staff**
  - **Any Body Else?**

# Traditional Views and Roles of Suppliers

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- **A Necessary Evil**
- **Order Takers**
- **Long-term vs. Short-term Relationships**
- **The Fear of Studying Cost Factors**
- **The Selection Process- RFQs and RFPs**
- **Partners and Alliances**
- **The Arrival of E-Procurement and Supporting Software Packages**

# The Gap

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**The biggest issue facing the Purchasing-Supplier Gap is a lack of knowledge on the part of the supplier's senior management on how the relationship is going.**

# The Current Purchasing Environment

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- **Less Staff**
- **More Responsibilities**
- **E-Procurement**
- **Cost Factors on the Table**
- **Greater Demands for Savings**
- **M&As**
- **New Suppliers**
- **New Processes**

# **New Thoughts on the Purchasing – Supplier Relationship**

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- **Improve the flow of information between the Suppliers and Purchasing.**
- **Make Suppliers a part of your Purchasing Family.**
- **Create a professional relationship with suppliers.**

# Ways to Make Your Suppliers More Active Stakeholders

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- 1. Select and Work with a Dynamic National Account Manager for Strategic Suppliers**
- 2. Strategic Supplier Councils**
- 3. Supplier Performance Scorecards**
- 4. Periodic Meetings with the Senior Management of Your Strategic Suppliers**
- 5. On-Site Supplier Support**
- 6. Participation in Purchasing's Strategic Planning Process**



# The Supplier's National Account Manager (NAM)

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- **Selecting the Proper NAM for Your Company**
- **Changing NAM Partners**
- **Involving the Senior Management of Your Supplier in the Process (The Gap Issue)**
- **Strategic Planning and the NAM**
- **Lessons Learned**

# Strategic Supplier Councils

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- **Which Suppliers to Invite?**
- **Do I Invite Competitors?**
- **Which Internal Stakeholders to Involve?**
- **Goal and Objectives of the SSC**
  - **Savings**
  - **Cost Reductions**
  - **Process Improvements**
- **How Often?**
- **Take Aways and Follow Ups**

# Supplier Performance Scorecards

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- **Keep Them Simple!!!**
- **Who to Measure?**
- **Involving Internal Stakeholders (Customers) in the Process**
- **What to Measure?**
- **Factors and Weights**
- **Ask Suppliers to Grade Themselves**
- **Grading Guidelines**

# Supplier Performance Scorecards (Continued)

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- **Scorecard Frequency- Annual and Quarterly**
- **Comparisons with Other Suppliers**
- **Distributing Scorecard Results to Supplier Senior Management**
- **Follow Ups**
- **Publish Results**
- **Supplier Recognition Ceremonies and Awards**
- **Lessons Learned**

# Sample Supplier Scorecard

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# Periodic Meetings with Suppliers

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- **Addressing the Gap Issue!**
- **Finding the Time**
- **Selecting the Appropriate Suppliers**
- **Who to Invite from the Suppliers and Why?**
- **What Internal Stakeholders To Ask to Participate and Why?**
- **Frequency of Meetings**
- **What to Discuss?**
- **Lessons Learned**

# On-Site Supplier Support

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- **Roles the Suppliers can Play Today**
  - **Printing**
  - **Technology**
  - **Telecomm**
  - **Office Supplies**
- **Pitfalls**

# Suppliers Participating in Purchasing's Strategic Planning Process

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- **What Does This Mean?**
- **Who Would Participate?**
- **How Would They Participate?**
- **Open Exchange on the Future of Both Sides**
- **Focus Area- Cost Factors of All Parties**
- **The Expected Results of Such Involvement**



# How to Measure the Success of These Efforts

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- **Service Levels**
- **Savings**
- **Benchmarking**
- **Cost Indices**
- **Performance Scorecards**
- **Customer Feedback**
- **Supplier Feedback**
- **Effectiveness of Purchasing Organization**

# Creating a Professional Relationship with Suppliers

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- **What does a professional relationship with suppliers mean?**
- **Gaining insights from suppliers on the current relationships.**
- **How do you change a relationship that is not working?**
- **What role does “socializing” (golf, lunches, etc.) with suppliers play in this relationship?**
- **Moving forward with relationships with suppliers.**

# Final Thoughts

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- **It is worth the time, cost, and effort**
- **Focus on a few key suppliers initially and then grow the program.**
- **Do not let the fear of possibly dropping a supplier hinder your efforts.**
- **You are not committed to being locked into a long-term relationship with a supplier.**
- **Your strategic involvement with key suppliers will benefit all stakeholders.**

# Final Thoughts (Continued)

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- **Developing criteria for judging the service (support) vs. pricing dilemma is an important result of this process.**
- **Complacency on both sides is the biggest obstacle to a strong relationship.**
- **Have you created a professional relationship with your suppliers?**
- **Have you done all you can to eliminate The Gap?**