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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

- 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

- 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

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

- 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

- 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

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)

- 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

- 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

- 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)

- 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
Periodic Meetings with Suppliers

- 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

Roles the Suppliers can Play Today
- Printing
- Technology
- Telecom
- Office Supplies

Pitfalls
Suppliers Participating in Purchasing’s Strategic Planning Process

- 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

- Service Levels
- Savings
- Benchmarking
- Cost Indices
- Performance Scorecards
- Customer Feedback
- Supplier Feedback
- Effectiveness of Purchasing Organization
Creating a Professional Relationship with Suppliers

- 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

- 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)

- 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?