

STRATEGIC RELATIONSHIP MANAGEMENT: MUTUAL BENEFITS FOR BUYERS AND SUPPLIERS

Submitted by: Efficio

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A closer, more strategic approach to managing key suppliers can deliver substantial benefits for organisations willing to invest the time and resources, say procurement advisors Efficio (<http://www.efficioconsulting.com>).

Strategic Relationship Management (StrRM), Efficio says in its latest Viewpoint (http://www.efficioconsulting.com/_uploads/documents/view-point/strategic-relationship-management.pdf) article, is a more advanced form of Supplier Relationship Management (SRM) which has been widely accepted as mutually beneficial for buyers and suppliers.

Efficio Principal Julian Catchick says: "SRM has caught on because it is good business. But within the SRM mould there are opportunities for a more advanced approach offering much bigger benefits. We call this Strategic Relationship Management."

He says Strategic Relationship Management is appropriate with suppliers of high-cost goods and services which have a high impact on a business, as opposed to lower-price, lower-impact items.

Typical features of StrRM include both parties being well informed about one another's business, an effective escalation process to enable efficient and effective communication of major issues up to management level, fast, flexible communication to resolve issues on either side and regular meetings to identify opportunities to streamline processes.

It requires commitment from both parties, first-class planning, supplier performance data management and market intelligence, Catchick says. Crucially, it requires effective networking at executive level to nurture existing suppliers and identify new sourcing opportunities.

However, the benefits of StrRM are substantial. It typically results in clear action plans agreed by both sides, including expenditure with a given supplier, recent performance information across the entire organisation and market intelligence on the supplier's sector.

Holding collaboration workshops may lead to getting more service or product customisation out of an existing agreement without a change in total cost, with the purchasing organisation and supplier work together to design, develop, test and roll out a bespoke product or service. This can produce a competitive advantage for the purchasing organisation.

Catchick concludes: "Successful implementation of StrRM requires considerable commitment of management time and resources if it is to be successful.

"If managed and resourced properly, however, it can bring substantial rewards, delivering value far beyond those envisaged in the original buyer/supplier contract.

"The insights it produces can feed into future sourcing strategies, new products and the harnessing of

innovative thinking among key suppliers.”

Ends

Notes to editors:

A higher form of SRM: The benefits of Strategic Relationship Management can be downloaded from:
http://www.efficioconsulting.com/_uploads/documents/view-point/strategic-relationship-management.pdf

About Efficio

Efficio is a results-focused procurement consultancy with a track record of helping leading organisations achieve more value from their procurement. It is headquartered in London, UK, and has offices in France, Germany, Switzerland and the US.

Efficio combines the credentials of a top tier firm with the depth of expertise of a flexible niche player. Clients include 3i, AstraZeneca, Barclays, BAT, Biffa, British Gas, Ford, Scandic, HSBC, KKR, Nokia, National Grid, O2, Tryg and Thames Water among others.

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