

Whose Team is Your Key Supplier On?

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Abstract

Supply Chain Managers should be taking a proactive role in creating a teaming relationship with key suppliers. During the years of shrinking our supplier base through takeovers, mergers, technological changes, and mandated supplier reductions, key suppliers have become more critical to our companies successes. If you are not paying more than you should for your suppliers goods or services you must make your company stand out as being a more desirable company to do business with than your company's competitors. Volume is not the only answer.

The Opportunity

You will have an opportunity to get, first hand, rational for the necessity to have a structured program that involves your key suppliers in your business. This presentation details a supplier recognition program that created an atmosphere that lead to the participation of our key suppliers in cost savings and avoidance that exceeded our expectations. It is an important element of the whole structure that was recognized in the "Journal of Purchasing and Materials Management" as exemplifying the final stage of growth of Purchasing in becoming a competitive weapon. The results of this real life example will be detailed. You will get a step-by-step review of how this program was established. Because this example is multifaceted, you will have the ability to enact those portions that are appropriate for your business needs. You will have an opportunity to interact with the presenter and your peers to enhance what you can take back home and use.

Objectives

Take away the "how to" details of a successful supplier recognition program:

- What is a "key" supplier? A supplier with a proprietary product that has been designed into yours. A small number of qualified suppliers. A supplier that has performed with excellence in the past.
- How to begin: What are your expectations? Outline the program, create a theme, and develop the budget. The budget should include the facility for a supplier conference with all the required presentation equipment, luncheon, after conference reception, awards, and stationery and mailings. Include monetary (Return on Investment) expectations by which to measure success.
- Get management "buy in." Get needed support for the budget. Include the senior management and staff for presentations at the Supplier Conference. Tell the suppliers the condition of your business. Tell your suppliers what new business you anticipate being able to win, with their participation. How many times have you had to explain your senior managements expectations to the supplier base? Now is the time for senior management to tell the key suppliers all at the same time.

- Create a supplier conference in which the suppliers really want to participate. The setting is important. When is the best time? Who gets invited? How often? One day is enough for senior management to participate. The structure must be tight and not allow for the participants to feel that they are wasting time. There must be a representative of the supplier's senior management and the head of Quality or other significant department of the supplier. You should include the head of the peer department from your company. Don't forget the contribution that your customers can make. Break out sessions for discussion on specific topics. Set aside time for questions and answers (don't duck the tough ones) that can provide anonymity for the questioner. A reception time with refreshments to promote an informal setting to end the day.
- Key Supplier recognition program: The "pat on the back" that is worth more than the money to make it happen. Make sure that all the suppliers know what it takes to win an award. How many awards are to be made, in what categories and for what. Make the awards special. Have monthly awards for outstanding performance that are clearly visible. Make the awards at the Supplier Conference so that the winners' competitors can see the presentation. Publish the results, especially in the winner's local paper. Follow up that involves all of the employees of the companies winning the recognition awards.
- Report the results to assure that the program continues. To whom do you report the results? How often do you report the results. This is an important step in getting ready to assert for the support for the budget to continue.

References:

Contact the presenter at the above provided E-mail address, as he is the sole creator of the program used as the example. It also reflects his philosophy in dealing with and getting the most from the suppliers that are vital to your company's success.