SRM as value enabler: going beyond cost management
Who am I?
SRM as value enabler: going beyond cost management
Belief #1

SRM
(Supplier Relationship Management)

= 

SPM
(Supplier Performance Management)

FALSE
What is SRM?

**Supplier relationship management (SRM)** is the discipline of strategically planning for, and managing, all interactions with third party organizations that supply goods and/or services to an organization in order to maximize the value of those interactions. In practice, SRM entails creating closer, more collaborative relationships with key suppliers in order to uncover and realize new value and reduce risk of failure.

*Source: https://en.wikipedia.org/wiki/Supplier_relationship_management*
What is SRM?

SRM as value enabler: going beyond cost management

- Supplier segmentation
- SPM (Supplier performance management)
- Supplier development and collaboration

Global X-Functional governance & process & systems

Supplier selection & onboarding

Supplier offboarding
SRM as value enabler: going beyond cost management

Where does it fit?

CORPORATE STRATEGY

SOURCING STRATEGY

Define needs
Research
Go to market
Negotiate
Award & implement

SUPPLIER RELATIONSHIP MANAGEMENT

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Belief #2

SRM (Supplier Relationship Management)

= Cost Savings

True or False?
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Why is it important?

- Enhance quality
- Limit risks
- Reduce costs & inventories
- Decrease waste
- Improve service & satisfaction
- Encourage breakthrough thinking

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Belief #3

SRM (Supplier Relationship Management) = Time & Energy

True or false?
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SRM business case

Needs
Solutions
Results
SRM business case

Issues?
- Service
- Quality
- Costs
- Innovation

Needs
Solutions
Results

SRM as value enabler: going beyond cost management

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SRM business case

Issues?
- Service
- Quality
- Costs
- Innovation

Actions?
- SRM strategy

SRM as value enabler: going beyond cost management
SRM business case

Issues?
- Service
- Quality
- Costs
- Innovation

Actions?
- SRM strategy
- Segmentation

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SRM business case - segmentation

Supply risk / Criticality

- Bottleneck suppliers
- Strategic suppliers
- Routine suppliers
- Leverage suppliers

Development and collaboration

Business impact

SPM
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SRM business case

Issues?
- Service
- Quality
- Costs
- Innovation

Actions?
- SRM strategy
- Segmentation
- SPM

Needs
Solutions
Results
SRM as value enabler: going beyond cost management

SRM business case - SPM

- Supplier scorecard
  - Service
    - % deliveries on time
    - % deliveries in full
  - Quality
    - PPM = (total number of units rejected / total number of units received) x 1'000'000
  - Cost
    - % annual cost reduction
    - % working capital reduction
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SRM business case

Issues?

- Service
- Quality
- Costs
- Innovation

Actions?

- SRM strategy
- Segmentation
- SPM
- Collaboration

Needs

Solutions

Results
SRM business case

**Issues?**
- Service
- Quality
- Costs
- Innovation

**Actions?**
- SRM strategy
- Segmentation
- SPM
- Collaboration

**Results?**
- Service
- Quality
- Costs

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Keep in mind…

Your SRM

- Customize & coordinate
- Prioritize
- Drive adoption
- Support by solutions
- Start small

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Are you ready?
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WHAT'S YOUR STORY
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