

SUPPLIER RELATIONSHIP MANAGEMENT PRINCIPLES

COMMUNICATION

ENGAGEMENT

INNOVATION

COLLABORATION

DUE DILIGENCE

COMMITMENT

Do you BUY from State Contracts?

Your Opinion Matters

Influence future procurements with frequent interaction with suppliers and provide feedback to Contract Officer on supplier performance

Do you ADMINISTER Contracts?

You are the "face and voice" of the contract

Frequent communication and review of operational expectations ensures transparency between supplier and COVA entity.

Do you CREATE Contracts?

You can Maximize Supplier Value and Opportunity

Engage supplier to identify innovations to improve products and services.

Identify "strategic" supplier base.

Be the Customer of Choice.



DEPARTMENT OF
GENERAL SERVICES

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Division of Purchases and Supply

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Supplier Relationship Management

Improving Processes
From Start to Finish



Department of General Services
Division of Purchases and Supply

WHAT IS SUPPLIER RELATIONSHIP MANAGEMENT?

The National Institute of Governmental Purchasing (NIGP) recognizes Supplier Relationship Management (SRM) as a set of principles, processes and tools that assist organizations in the management of supplier relationships to maximize value and minimize risk through the entire supplier relationship life cycle.

Two Primary Objectives of SRM:

1. Clear commitment between the supplier and the buyer
2. Organized process of understanding, agreement and interactions



How to Become a Customer of Choice

Engage your supplier

Seek feedback and listen for new opportunities

Give your supplier a "seat at the table"

Share information to receive newest concepts/innovations

Make business processes easy

Strive for clarity, simplicity, and consistency



Goals of a Successful SRM Program

- reduce the number of procurement complaints
- create more flexible contracts and less need to revise or renegotiate
- measure supplier performance and encourage innovation
- identify strategic contracts to save money
- improve decision-making tools and processes for awarding solicitations
- identify and simplify the escalation process



SRM improves costs and reduces the number of hours spent.

Do you know the cost associated with a typical procurement process?

(based on a 6-person buying group)

291 hours

Creating, negotiating and awarding a contract

Approximate number of hours per person

57 hours

Administering, Managing, Updating Contracts

Approximate number of hours per person

\$75-125 Cost per Purchase Order Issued

From requisition creation to final payment

Re-solicitations Additional Cost

69 hours

Quick Quote "re-do"

25 hours

Quick Quote PO issues/terminations

(2014): 30% re-solicitation rate

To learn more about the SRM process contact

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or visit <http://www.eva.virginia.gov/pages/eva-srm.htm>

BENEFITS of SRM

Communication, Engagement — Increased value from supplier: best service, higher quality, newest innovation and research; customer-of-choice

Collaboration — Paradigm shift from "us versus them" to "we", leads to participation and success for all

Innovation — Lead the way in change and innovation

Due Diligence — Time value and cost to organization: lowers risk of contract/PO termination and re-solicitation efforts; provides opportunity for conflict reduction/elimination

Influence — Efficiency through Source-to-Pay process: use established contracts/catalogs to ensure price accuracy and negotiated volume discounts; check accuracy of supplier information in eVA to facilitate timely payment

Collaboration, Influence, Transparency

Engage suppliers to review and verify:

- Expectations and contract deliverables;
- Understanding of contract content/language;
- Issue-escalation process;
- Means of measuring success.

Cost can never be the sole measurement of success.