

SUPPLIER RELATIONSHIP MANAGEMENT

HOW TO MAXIMIZE VENDOR VALUE
AND OPPORTUNITY

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Supplier Relationship Management: How to Maximize Vendor Value and Opportunity

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Contents

About the Authors	ix
Preface	xiii
Chapter 1: Procurement Success vs. SRM Failure	1
Chapter 2: Supplier Relationship Management	7
Chapter 3: To SRM and Beyond!	13
Chapter 4: Introducing Supplier Interaction Models	27
Chapter 5: The “Ordinaries”	45
Chapter 6: “Problem Children”	63
Chapter 7: The “Critical Cluster”	89
Chapter 8: Putting Supplier Interaction Models to Work	113
Chapter 9: The Role of IT in TrueSRM	143
Chapter 10: The “Difference” You Get from TrueSRM	157
Index	171

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Preface

It is quite unusual to find white space on the map of a field as thoroughly researched as procurement. Therefore, it took us some time to understand how enormous the white space of supplier relationship management, or SRM, actually is. Indeed, the reader may well even question this assertion, given that SRM is hardly a new term. It has been talked and written about for decades and it has been applied in many ways. Sometimes it is even taken as synonymous for procurement itself. The closer we looked at SRM though, the bigger our fascination with the subject became. Just consider the careless use of the word *partner*. What exactly qualifies a supplier as a partner? Is a supplier that consumes a large share of a company's budget and provides excellent service at highly competitive prices a partner? And even if one business unit, one functional entity, or one hierarchy level thinks so, does the remainder of the company agree and does it manage the relationship to this alleged partner in a consistent way? And again, what is SRM anyway?

In truth, SRM really is a white space in the sense that everyone talks about it, and many companies have implemented features of it, but hardly any organization has put in place a comprehensive approach to driving value from it. The final push came from a CPO roundtable in New York City in April 2013. We quizzed the 50 CPOs present, who represent many of the most prestigious American businesses, with some of the previous questions. Their response was eye-opening—most of them identified SRM as a top-priority item, and none of them had seen any convincing approach to solve it. Before we knew it, we were totally absorbed by the subject and found ourselves dedicating spare minutes to SRM whenever we could. The result of our work in understanding and implementing SRM is this book.

In this endeavor we were fortunately not alone. We also owe a great debt to many of our past and current colleagues at A.T. Kearney, who have been at the forefront of developing effective procurement practice over the years. Due to space considerations, we have to limit acknowledgements to those who gave us the most valuable assistance, both as discussion partners and as rich sources of ideas: Íñigo Aranzabal (Madrid), Johan Aurik (Brussels), John Blascovich (New York), Reuben Chaudhury (New York), Laurent Chevreux (Paris), Johnson Chng (Hong Kong), Mark Clouse (New York), Charles Davis (London), Fred Eng (New York),

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We are confident that this book will change the way companies deal with their suppliers in a way that ultimately benefits both parties. We hope it will encourage our readers to drive alignment across business units, functional entities, and hierarchy levels. Our hope is that you enjoy reading it as much as we enjoyed writing it.

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