

# Kingston University

## SUPPLIER RELATIONSHIP MANAGEMENT STRATEGY

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## 1. What is Supplier Relationship Management?

Supplier Relationship Management (SRM) is a formalised way of continually working with, managing, monitoring and developing suppliers and their overall performance to improved costs, quality and value for money.

The management of individual suppliers needs to be embedded throughout the overall sourcing process as this has a powerful influence on effective contract management and ongoing strategic and operational success.

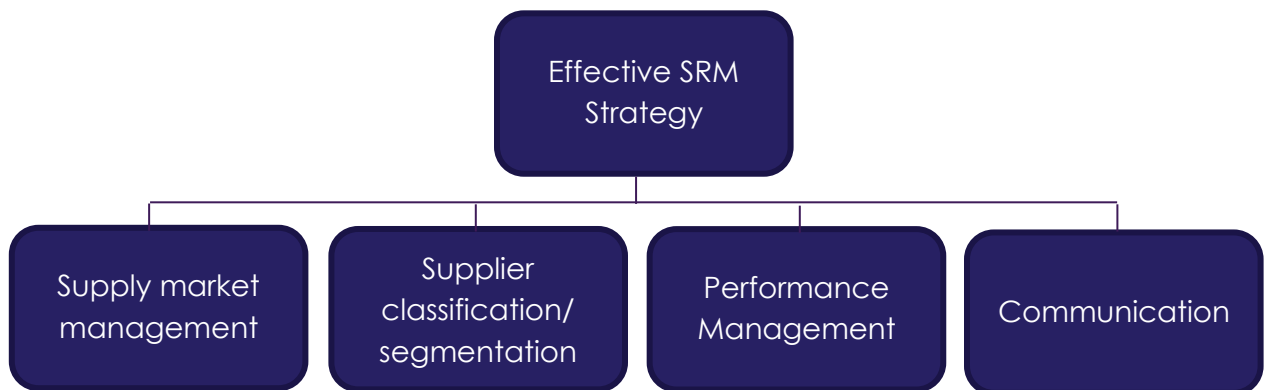
This strategy aims to:

- Build or improve key supplier relationships and mitigate against risks
- Promote and facilitate contract performance management and best practice
- Create a common understanding and standardised approach for reference by contract managers
- Rationalise and motivate the supply base

## 2. The SRM Strategy

This document provides a structured approach to be adopted by contract management resources throughout the University to enable the effective management of the supply market and the achievement of the University's objectives.

Key suppliers will be prioritised for the application of the SRM strategy which is fourfold as depicted in figure 1.



### 2.1 Supply Market Management

Contract management resources will monitor the overall demand for goods, services and works provided by individual suppliers so that they can explore opportunities for leveraging spend and obtaining best value for money from the supplier while ensuring timely delivery at the right quality and price.

This process should start at the contract development stages where the contract management resources should seek to understand the role the particular contract plays in the supplier's overall client mix and business operations. They should also seek to understand the overall supply market's history, dimensions, dynamics, drivers, niches and its upstream and downstream players in order to

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determine its complexity. This will inform the development of a bespoke and suitable relationship management strategy.

Information about the supply market and the supplier should be updated regularly. Supplier information can include the supplier's history, current business profile, costs, drivers, motivators, processes, performance and existing relationships with other higher education institutions (HEI) and other public sector organisations.

Due diligence checks and other information will need to be sought about the supplier in order to assess their suitability as an organisation to work with. Tools for this can include:

- Dun and Bradstreet or Creditsafe financial reports
- Selection Questionnaires
- Pre-award performance review audits
- References
- Customer feedback

As part of market research, individual meetings can be held with potential suppliers to:

- Assess the competitive appetite for the requirements to be procured
- Develop benchmarking opportunities and added value benefits
- Determine risks within the supply chain
- Identify innovative solutions that could be integrated into the specification
- Determine sustainable development opportunities that could be available through the proposed procurement

### 2.2 Supplier Classification

The University has thousands of supplier supporting its daily operations. Majority of these are selected by some sort of competition (quotes or tenders) and managed through a variety of performance management strategies.

Suppliers should be segmented based on their overall strategic and operational importance to the University and prioritised in accordance with Pareto's 80/20 rule. The level of spend, company size, range and scope of the products or services provided are some of the measures that can be used to classify suppliers.

### 2.3 Performance Management

This is carried out to ensure contracts deliver their specific business objectives post award.

#### Service Levels

The awarded contract should incorporate the bespoke SRM strategy. Care should be taken by the procurement group to develop robust contracts that specify all the metrics and tools needed to support a robust supplier performance management programme.

At the offer stage, tenderers will be required to confirm their acceptance of the service levels.

#### Kick-off Meeting

After contract award, a kick-off meeting should be convened prior to contract start to reiterate the overall requirements of the contract to ensure that the supplier fully understands what is required and expected from them e.g. adherence to the relevant terms and conditions of contract, attendance at regular performance review meetings, the need to submit performance-related management information, assessments against agreed key performance indicators (KPI) etc.

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### **Contract Performance Review Meetings**

Once the contract has started, the Contract Manager will arrange regular contract performance review meetings with the supplier's Account Manager throughout the duration of the contract.

It is recommended that the performance review meetings should:

- Be conducted at least on a quarterly basis or other regular period, as appropriate and agreed by both parties.
- Be a face-to-face meeting attended in person by both parties at either the University or supplier's premises. Alternatively telephone or video conferencing could also be used.
- As much as possible, be attended by the same supplier representatives throughout the duration of the contract.
- Discuss pre-arranged agenda items, many of which should be long-standing items, e.g. updates since last meeting, performance indicators, customer feedback, areas of concern etc.

Notes and agreed actions should be individually taken by both parties and retained. Each party shall ensure that any actions requiring their or colleague's completion are completed in a timely manner and by any deadline that may have been agreed by both parties.

Where the supplier is required to complete any actions, the Contract Manager should continue to monitor the overall progress made by the supplier in completing those actions and where necessary, remind the supplier of any forthcoming deadlines and their strategic or operational importance.

The Contract Manager shall follow up the supplier to ensure that detailed management information is received at the agreed intervals and in a timely manner.

### **Key Performance Indicators**

KPI can be used towards assessing, measuring and improving the supplier's performance and the overall supply market.

They can be used to identify areas where the supplier's performance is sub-optimal and putting plans in place for improved performance. They can also be used to communicate the priorities of the contract and how the relationship with the supplier will be managed.

## **2.4 Communication**

Building on existing best practice, the Contract Manager will need to ensure that each supplier is communicated with effectively so that business objectives are delivered and to provide an avenue for mutually constructive feedback to be provided.