

## Supplier Management

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### Course Summary

#### Description

In this training course, you will learn the skills needed to effectively manage vendors. Through hands-on exercises, you'll develop an integrated understanding of how vendors are chosen, motivated and managed.

During this course you will be introduced to the procurement life cycle and the three pillars of successful vendor management: commitments, relationships, and metrics. Commitments refer to the exchange of obligations in the forms of agreements, contracts, and statements of work. Relationships refer to the management of interactions between buyer and seller, starting from governance protocols to the negotiations of change. Metrics refer to the data that is collected during the execution of a procurement project and used to gauge performance. You will learn how to design metrics that will motivate the desired behavior and maximize value.

#### Objectives

After taking this course, students will gain knowledge and practices in the following:

- The Procurement Life Cycle Management
- Supplier Management and Its Importance in Organizational Success
- Buyer-Supplier Commitments
- Supplier Relationship Management
- Performance Management
- Supplier Evaluation Process
- Improvement and Development Initiatives
- Best Practices in Choosing Suppliers
- Steps in Motivating and Strengthening Supplier Relationships
- Managing Tactical and Strategic Supply Relationships

#### Topics

- Laying the Groundwork
- The Three Pillars for Successful Supplier Management
- Commitments
- Relationship Management
- What Gets Measured Gets Fixed

#### Duration

Two Days

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### Course Outline

- I. **Laying the Groundwork**
  - A. Supplier/vendor management defined
  - B. Importance of the supply base in supporting the buying organization's success
  - C. Suppliers' role in the buying organization's core competencies, critical success factors, business model, vision, mission, objectives, goals, and challenges
  - D. The procurement life cycle
  - E. Integration of suppliers and the procurement life cycle
  - F. Steps in managing the procurement life cycle
  - G. Case studies in the impact of the supply base on organizational profits and revenue growth
  - H. Terminology
- II. **The Three Pillars for Successful Supplier Management**
  - A. Overview of Commitments, Relationships, Metrics
  - B. Success Stories
  - C. Challenges
  - D. Learning Lessons and Case Studies in Applying the Three Pillars
  - E. Protocols
  - F. Change Management
- III. **Commitments**
  - A. The Importance of Early Purchasing and Supplier Involvement in Supply Decisions
  - B. Sourcing Initiatives
  - C. Supply Base Intelligence
  - D. Supplier Selection Process
  - E. The Right Selection Criteria
  - F. Request for Bids and Proposal Success
  - G. Terms and Conditions
- H. Types of Contracts
  - I. Uniform Commercial Code and Common Law
  - J. The Business Relationship and Organizational Knowledge and Understanding
  - K. The Right Supplier for the Right Product/Service
  - L. The Expectation Meeting
  - M. The Groundwork for Success – Protocols
  - N. Communication Process
  - O. Change Processes
  - P. Steps in Being a Buyer of Choice
- IV. **Relationship Management**
  - A. Supplier Relationship Management Defined
  - B. Terminology
  - C. Selection of the Type of Relationship
  - D. Arms' Length
  - E. Partnerships
  - F. Types of Alliances
  - G. Supply Base Intelligence
  - H. Supplier Segmentation – Acquisition, Multiple, Leverage, Strategic
  - I. Strategic Management of Supplier Segments
  - J. Level of Coordination and Collaboration
  - K. Supplier Evaluation Process
    1. Traditional
    2. Categorical
    3. Cost Ratio
  - L. Certification of Suppliers
  - M. Collaborative Efforts and Development
  - N. Steps in Identifying Supplier Management Initiatives for Supply Base Segments

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### Course Outline (cont.)

- O. The Implementation of a Supplier Relationship Management Program
- P. Steps in a Continuous Improvement Process
  
- V. *What Gets Measured Gets Fixed*
  - A. The Importance of Metrics in Supplier Selection, Development, and Management
  - B. Performance Management Defined
  - C. Terminology
  - D. Case Studies on the Impact of Performance Management
  - E. Metrics Used in Supplier Selection, Development, and Management
    - 1. On-time Delivery
    - 2. Conformance
    - 3. Responsiveness
    - 4. Green Initiatives
    - 5. Technology
    - 6. Value-added Impact
    - 7. Pricing
    - 8. Documentation
    - 9. Problem-Solving
    - 10. Continuous Improvement
    - 11. Growth
    - 12. Financial
  - F. Steps in Selecting the Right Metrics
  - G. Practices in Matching Metrics to Organizational Goals and Objectives
  - H. Steps in Setting up Metrics
  - I. Steps in Managing and Using the Metric for Improvement
  - J. Case Studies