

SUPPLIER DEVELOPMENT

Getting the Entire Organization on Board.

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Supplier Development initiatives (SDIs) do not form part of the natural course of business. It is safe to assume many organizations would not have engaged or known how to engage in SDI until the Broad-Based Black Economic (B-BBEE) Codes outlined activities that may contribute to Supplier Development.

Who ultimately owns the SDI though? In many instances the strategy to be deployed is decided by top management and delegated to a transformation manager (if you have one) or to the procurement manager (or team); again, if you have those roles within your organization. Small to medium enterprises do not always know how or where to start when it comes to Supplier Development and as a result may outsource this activity. Being in the people business, we understand that building and nurturing relationships is what underpins all we do. Why should this be different when it comes to Enterprise or Supplier Development? Surely, we are building and nurturing a relationship with an organization too? Here is the practical approach to Supplier Development we took within our organization:

We created a commodity listing, noting all suppliers we do business with in addition to their associated B-BBEE compliance. We further noted the rand-value expenditure monthly, which assisted our management team in understanding proportionally the 'value' of our suppliers from a procurement point of view. It is important to note, that the monetary value spent did not determine the value of the relationship with the supplier. The question we asked ourselves thereafter

was 'who operationally has a relationship and deals with a particular supplier regularly' and in answer to that question we created a commodity or supplier customer-relationship manager (CRM). In doing this, it assisted us in determining the individual/s involved who has a mutually beneficial interest in deploying tactics to achieve SDI and transformation objectives. The role of the CRM is to ensure that the suppliers within their span of control, understands what our business is about in addition to the impact and potential consequence of not working together effectively. In addition, it is our business to establish what our suppliers need from us to ensure their operation functions effectively. The engagement between supplier and CRM is how key performance areas are co-created and thus speaks to a mutually beneficial relationship. Examples of key performance areas we have deployed are: a range of early-payment periods; training and development initiatives either discounted or sponsored; project specific opportunities where a supplier is used to fully service a project; and assistance with human resource, information technology or marketing activities should these be required by the supplier to grow their operation and customer base.

The commodity listing is a document that is readily available to any line manager within our business. The listing is updated regularly indicating rand-value spend (per supplier) in addition to what the agreed-upon payment terms are. Furthermore, it is clearly indicated which suppliers are ear-marked as Supplier Development beneficiaries which is one of the key elements to ensuring that teams throughout the organization understand how to engage with a supplier and via which CRM. In our experience, appointing an individual to govern the overarching supplier relationship is what guides the procurement and payment process. SDIs and activities are therefore not challenged if at the onset various stakeholders understand the role they play in achieving the organization's Supplier Development strategy.

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