

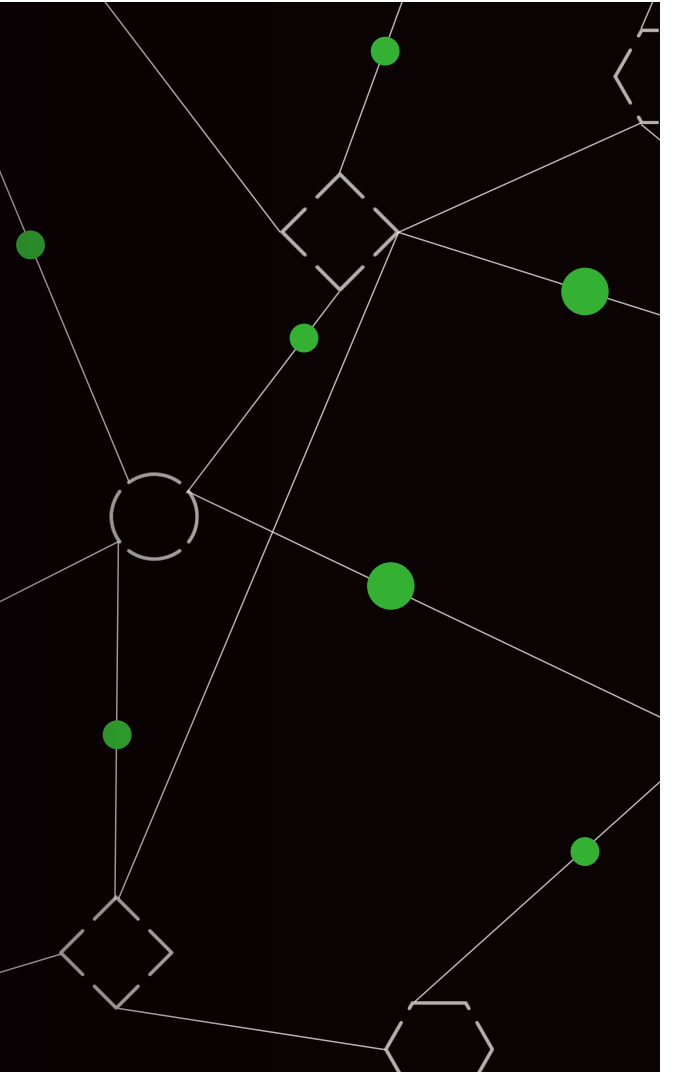
Elevate
by Enable

Australia

Mastering Supplier Relationship Management

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Agenda

1. Introduction
2. Traditional Procurement
3. Future Procurement
4. Supplier Relationship Management
5. Case Study



Who are we

One New Zealand Group Limited (formerly known as Vodafone New Zealand), is a New Zealand tier 1 telco.

- ~2,000 staff
- 70+ retail stores
- Multiple offices in cities nationwide
- 1,000 + suppliers – including tech giants - Microsoft, Amazon, Google, Cisco, Apple, Samsung, Palo Alto, Ciena etc. and other business suppliers such as recruitment firms, building supplies, computers, peripherals – Lenovo/Dell etc.
- We transact ~\$1B with suppliers every year and we estimate approximately \$000'sm could attract rebates @ 2%-3% = \$xm – \$xm p.a.



Who are CIPS



The Chartered Institute of Procurement & Supply, is a global professional body working for the procurement and supply profession.

- ~ 70,000 members
- 180 countries
- Multiple offices in cities worldwide
- Promotes and develops high standards of professional skill, ability, and integrity among all those engaged in procurement and supply chain management.
- CIPS are the awarding body for the Procurement and Supply profession.



Traditional Procurement



Discount



Payment Terms



RFI / RFP



Contracts



Faster



Sustainable



No Forecast



Traditional Procurement





**Procurement stands at a crossroads—
transform and become indispensable to
the business or be rendered obsolete by
the relentless rise of AI.
The choice is stark: evolve or vanish”**

Dane McIndoe (MCIPS)



one.nz

Future Procurement

- Business relevant procurement
- Adopt a revenue focus
- Develop future datasets
- Utilise your greatest assets
 - Customers
 - Suppliers
 - Partners
 - Supply Chain
- Adopt business partnering
 - Embed procurement in business
 - Understand the sales cycle

The biggest limitation for procurement is its own business.



Supplier Relationship Management

Supplier Development



Supplier development is, at its simplest level, about giving regular feedback of the supplier's performance as experienced by the buyer's organisation, together with any customer complaints. This information can often, in and of itself, provide a strong incentive for suppliers to improve their performance, particularly in areas such as delivery reliability and lead times"

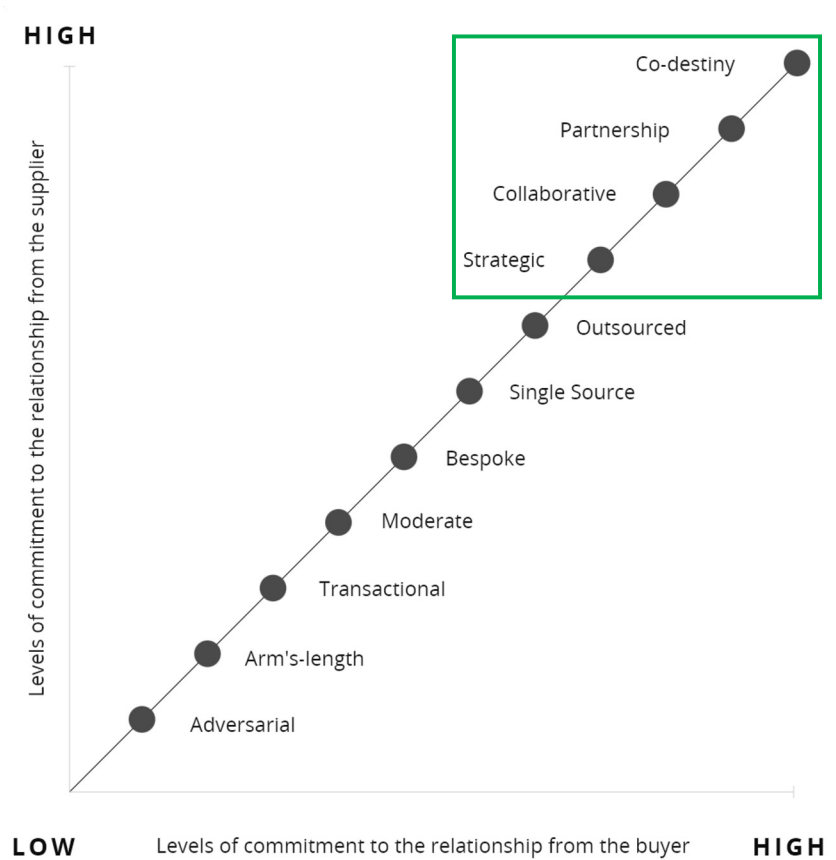
Handfield R, Krause D

Avoid the Pitfalls in Supplier Development MIT Management Sloan Review, Winter 2000, Vol 41, Number 2

Supplier Development

- Map your supplier base
 - Use spend data (\$\$\$ or PO count)
- Dispose of all legacy top end Supplier status's
- Define what each top tier means for you
- Review every supplier below Strategic, which of these are acting like a partner.
 - You will be surprised what you find

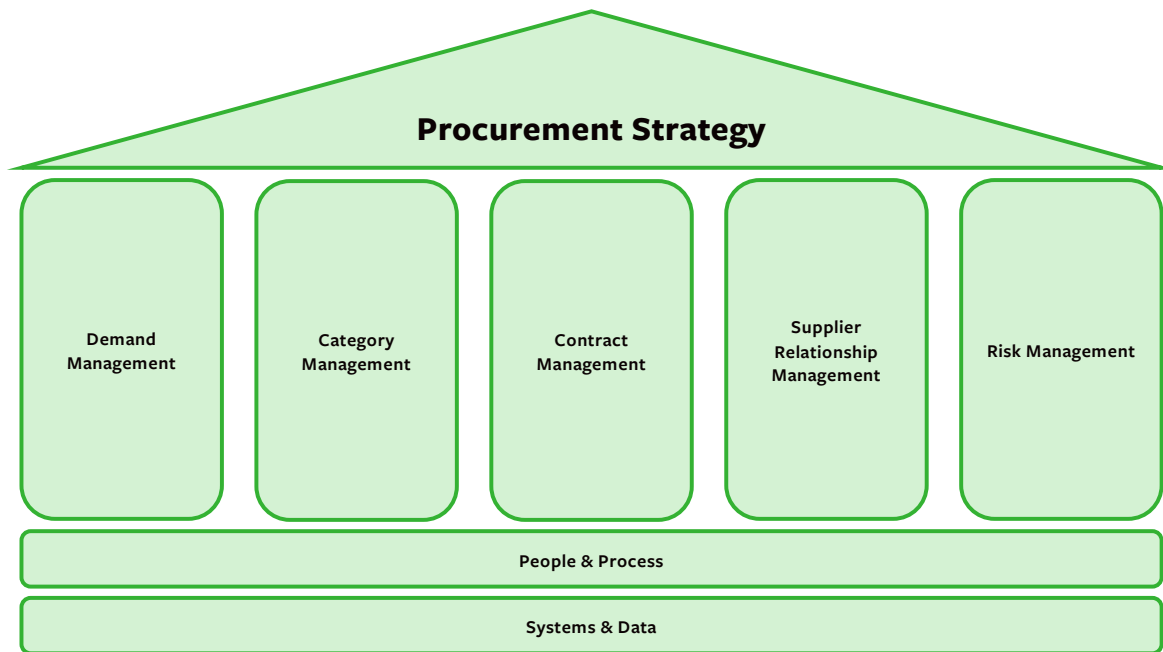
You are only as good as you worst supplier, make sure it is not one of the top tier partners.



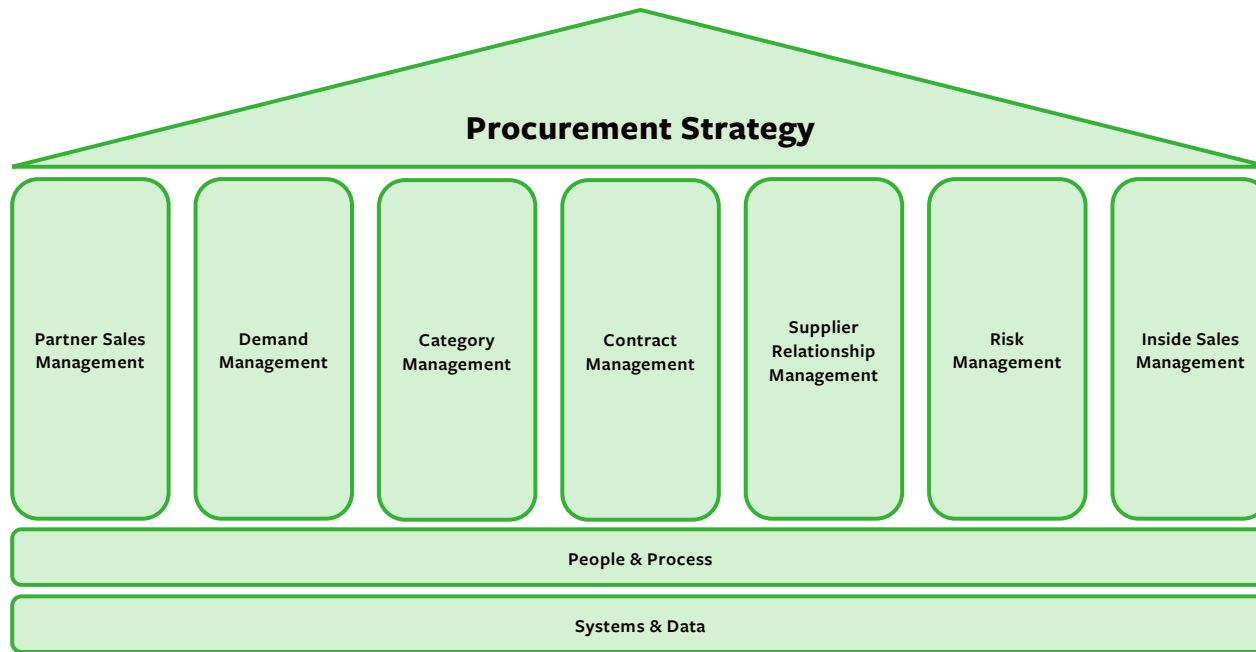
Future Procurement

Case Study

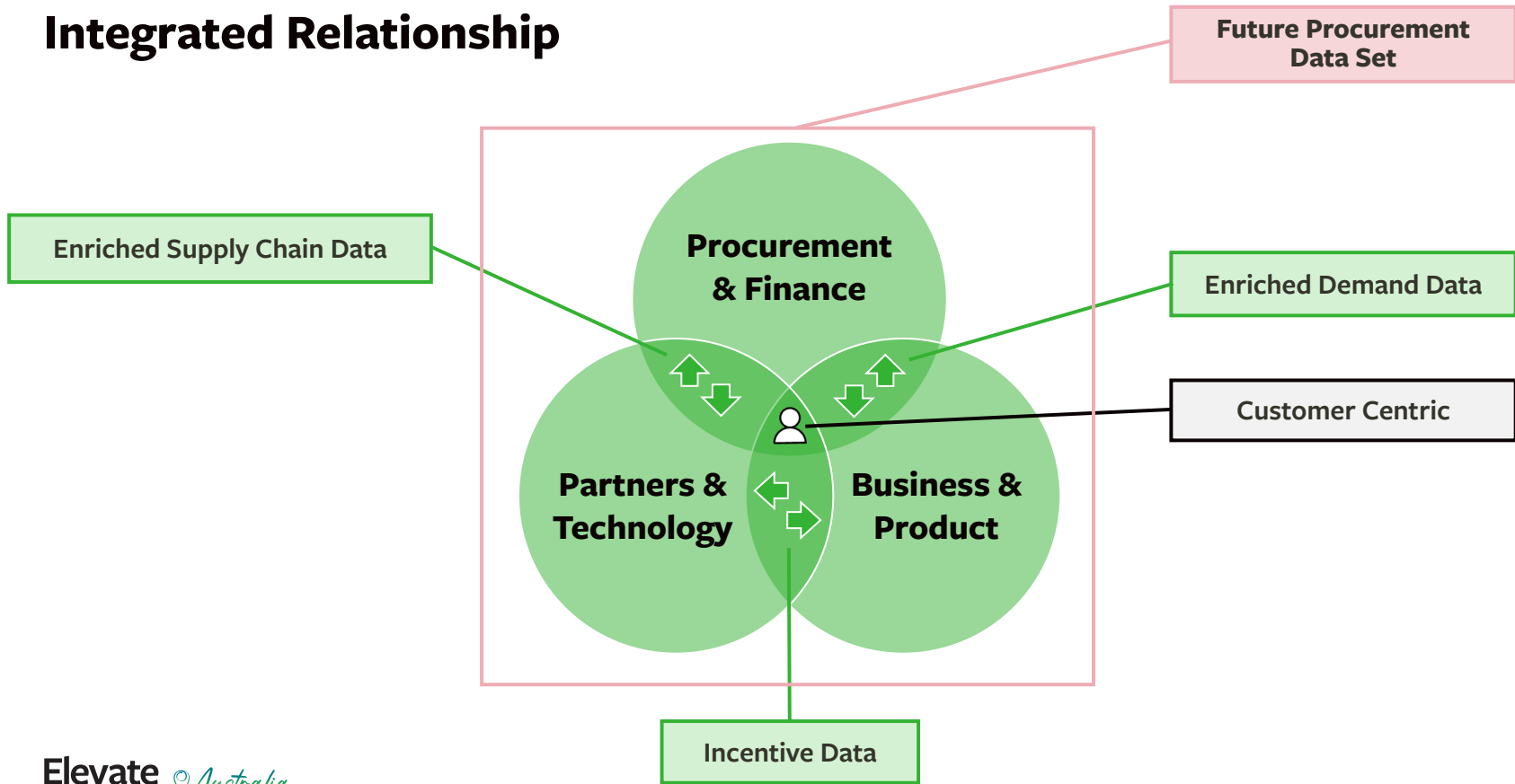
Traditional vs Integrated Relationships



Traditional vs Integrated Relationships



Integrated Relationship





Case Study

To establish the relevance of active Supplier Relationship Management & Supplier Development, a review was conducted between two competing suppliers with similar products, company size within market, yet at apposing ends of the supplier relationship commitment scale.

Supplier #1 – Partnership Status

- Reactive communication
- Average margin
- Inconsistent stock availability
- Difficulty to cater for custom runs
- Little or no collaboration on range
- No incentive / rebate scheme
- Spend = \$x,xxx,xxx

Supplier #2 – Transactional Status

- Proactive communication
- Excellent margin
- Consistent stock availability
- Able to complete custom runs at volume
- Insights on global trends by style, feel, & look
- Open to rebate plan
- Spend = \$x,xxx



Supplier Development

Supplier #2 was moved to 'Collaborative' status, work commenced together to assess current category spend, product range, and future aspirations, then established a governance plan to monitor growth and performance. Additionally to test alternate supply chain options drop-ship only was continued, ensuring that no stock or inventory management was required to commence enhanced trade.

Supplier #1

- Spend remained the same
- Base customer ordering remained static
- Revenue remained static
- Margin remained static
- Removed any focus from engagement

Supplier #2

- Spend increased nearly 5,000%
- Acquired net new customers
- Revenue increased
- Achieved a 2.5x increase in net margin
- Moved to holding inventory
- Implemented new technology for low volume SKU's
- Expanded range into other ICT products



The relationship with One NZ is based off truth, clear visions, and long-term mutual outcomes. We deliver the best-in-class value for the end user, which in turn delivers the right commercials for us, One NZ and ultimately our suppliers.”

Supplier #2