



## **Core Business Process:**

### **Supplier Relationship Management**

Objective: To build and maintain mutually beneficial relationships with suppliers to ensure consistent quality, timely delivery, and cost efficiency, while fostering collaboration and innovation.

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#### **Step 1: Supplier Identification and Selection**

1. Define Requirements:
    - Identify the goods or services needed, including specifications, quality standards, and volume requirements.
  2. Conduct Supplier Research:
    - Use industry directories, trade shows, and referrals to identify potential suppliers.
  3. Evaluate Potential Suppliers:
    - Assess suppliers based on key criteria such as:
      - Quality of products/services
      - Pricing and payment terms
      - Delivery timelines and logistics
      - Financial stability
      - Certifications and compliance with industry standards
  4. Select Suppliers:
    - Shortlist and onboard suppliers that meet organizational needs and values.
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#### **Step 2: Contract Negotiation and Agreement**

1. Negotiate Terms:
  - Discuss pricing, delivery schedules, payment terms, and service-level agreements (SLAs).
2. Draft Contracts:



- Prepare detailed contracts outlining agreed terms and conditions, including penalties for non-compliance.
3. Obtain Approvals:
    - Ensure legal and managerial review before finalizing agreements.
  4. Sign and Store Contracts:
    - Execute contracts and store them in a centralized database for easy reference.
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### **Step 3: Supplier Onboarding**

1. Provide Clear Guidelines:
    - Share expectations, company policies, and quality standards with suppliers.
  2. Set Up Communication Channels:
    - Establish regular communication methods (e.g., email, meetings, shared platforms).
  3. Integrate Systems:
    - Connect supplier systems with organizational procurement or inventory management systems, if applicable.
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### **Step 4: Performance Monitoring and Evaluation**

1. Track Metrics:
  - Monitor supplier performance using key performance indicators (KPIs), such as:
    - On-time delivery rate
    - Quality defect rate
    - Responsiveness to issues
2. Conduct Regular Reviews:
  - Schedule periodic reviews with suppliers to discuss performance and address concerns.



3. Provide Feedback:
    - Share performance data and actionable feedback to help suppliers improve.
  4. Manage Risks:
    - Identify and address risks such as supply chain disruptions or compliance issues proactively.
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## **Step 5: Relationship Building and Collaboration**

1. Foster Open Communication:
    - Maintain transparent and consistent communication to build trust.
  2. Encourage Innovation:
    - Collaborate with suppliers on new product development, cost-saving initiatives, or process improvements.
  3. Recognize and Reward Performance:
    - Acknowledge exceptional supplier performance through awards, incentives, or preferred vendor status.
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## **Step 6: Issue Resolution and Conflict Management**

1. Identify Issues Promptly:
    - Monitor for problems such as late deliveries, quality issues, or miscommunications.
  2. Resolve Conflicts:
    - Address conflicts professionally, focusing on mutual solutions.
  3. Document Outcomes:
    - Record resolutions and actions taken for future reference.
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## Step 7: Continuous Improvement and Strategic Alignment

1. Review Relationships Regularly:
  - Conduct annual or semi-annual reviews to evaluate the strategic fit of each supplier.
2. Reassess Supplier Portfolio:
  - Replace underperforming suppliers or onboard new ones as needed.
3. Stay Updated on Market Trends:
  - Monitor market conditions and emerging technologies to adapt supplier strategies accordingly.
4. Promote Long-Term Partnerships:
  - Work towards building sustainable and long-term supplier relationships that align with organizational goals.

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Conclusion: Effective supplier relationship management ensures that the organization can rely on high-quality and cost-effective supplies while fostering innovation and collaboration. By maintaining strong partnerships, the company can achieve greater efficiency, reduce risks, and adapt to changing market demands.