

PROCUREMENT TALK, S7 E11

GETTING THE BEST FROM SUPPLIER MANAGEMENT

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Welcome to Procurement Talk and this is your host David Byrne. Procurement Talk is for procurement and business professionals where we provide insights and solutions to your procurement challenges.

Hello and welcome to Procurement Talk. This is your host, David Byrne. It's great to be back for another episode.

In this episode titled "Getting the Best from Supplier Management", I really just take the next step from my previous podcast where I raise the question about what makes a good supplier. What do you consider is important to you when choosing a supplier?

And today, I'd like to expand on this topic and talk about Supplier or some people call it Vendor Management. When we talk about vendor management, we are talking about building strong, long-term partnerships with your suppliers. This is a crucial aspect of procurement because it ensures that the business maintains strong, reliable relationships with their suppliers while optimising costs, quality and also efficiency.

And to do this, I have put it together in a group of six, and I call it the best six approach for supplier management.

And it's a key that these six items are critical to deliver that supplier management that you're looking for across your organisation.

Firstly, it's cost control and value optimisation. Effective vendor management helps negotiate favourable terms, ensuring competitive pricing and reducing unnecessary expenses. And that's that value component that you're really looking for when negotiating and discussing and working through those terms to ensure that they're favourable for both parties, but delivering that real value that you're looking for.

Second of all, getting the best from your suppliers is risk mitigation. Managing vendors properly reduces risk related to supply chain disruptions, compliance issues, and quality inconsistencies. Nobody likes having a compliance issue brought forward or a quality issue that leads to rework. This is a risk issue that you need to mitigate and you need to be on the front foot working on with your suppliers to ensure that the quality is there, the compliance is there, the consistency with supplier chain is not disrupted. That's a key component for having the best relationship with your supplier.

Thirdly, performance monitoring. Yes, it's an integral part of it to have a regular assessment of your vendor performance, to ensure they're meeting the standards and the KPIs that you've agreed on. Whether or not that's monthly or quarterly, documenting the meeting and managing the issues as they arise. That's an important component. If you wanted to take it further, you could step it further like I spoke about in my previous meeting about setting up a charter and working at that executive level. That's a really step change and lifting it up. And it's about managing that performance, and that's a key component of that in the best six approach.

The number four is innovation and collaboration. Innovation is a bit of a **catch-crow** word that people tend to gravitate towards, but innovation and collaboration are important, and it's important from a supplier's perspective that you have that good relationship with vendors, that they can lead strategic initiatives. They can foster innovation. They can bring forward new ideas and new opportunities and better tailor solutions that meet your business needs.

The fifth one, compliance and ethical standards. This is important too. It ensures your business is aligned to a legal, environmental, and ethically sustainable organisation that fosters their reputation and is aware that any legal consequences that may occur if they drift away from those strong business and ethical values.

And the last of the big six is about efficiency and continuity. Continuing to look to streamline that vendor management, look at efficiency opportunities and ensuring timely delivery of goods, minimising production delays.

These are all good issues that can help work to lifting that efficiency and that continuity between both your organisations.

And that's really what you want to do. It's about fostering that strong vendor relation. It isn't just about building a business. It's about building a business partnership that drives mutual success.

And although suppliers aren't on your payroll, your relationship with some of your suppliers can be similar to the relationship you have with some of your employees. They are part of the team, part of the working day, and part of your success. So it's important to get the best from those suppliers.

And you can play your part by making sure that you provide clear and transparent communication. Work on building that mutual trust and respect that you want between both of the parties. Ensure payments are made on time and at a fair prices. That's really important. No one likes to be held back for an invoice or chasing an invoice. Ensure that there are regular performance reviews and that you're working together to iron out any issues if there are issues.

Technology is constantly evolving and changing. So how can we work together on new digital tools to streamline procurement or improve efficiencies and vendor management? This will benefit both businesses.

Also look at being flexible and problem solving. Don't be hard-nosed. Work together. Work collaboratively during the challenges, offering solutions instead of placing blame when issues arise, and they do arise. That's going to happen when you've got a strong and a high level of supplier engagement.

And lastly, look for joint innovation and growth opportunities that you could both participate in new initiatives that could help improve your service offering and help also improve your contribution to society and also your local community.

I hope you can see how important relationships with suppliers are, and the importance of building those relationships. Really, it's about the formal and also the informal as well, relationship between your business and your supplier.

Give me a call at BWD if you think my team and I can help you with this. See our website for the contact details at bwdconsulting.com.au.

Well there you have it, all the very best and bye for now.

This concludes this episode of Procurement Talk. Thank you for listening. Procurement Talk is brought to you by David Byrne and BWD Consulting. We're helping organisations transform procurement. Talk to you again soon. Bye for now.