

HOW TO COLLABORATE WITH SUPPLIERS LIKE A *PRO*

"A HOW TO GUIDE"



**SUPPLIER
COLLABORATION**

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BACKGROUND

The quality of supplier collaboration can mean the difference between an efficient supply chain and a poorly executed one. Improving this process can only start when there's a strong commitment from supply chain partners to work as a team.

[Per Mckinsey & Company](#) - Taking Supplier Collaboration to the Next Level (July 2020): "Companies with advanced procurement functions know that there are limits to the value they can generate by focusing purely on the price of the products and services they buy. These organizations understand that when buyers and suppliers are willing and able to cooperate, they can often find ways to unlock significant new sources of value that benefit them both...work has shown that supplier collaboration really does move the needle for companies that do it well. In one McKinsey survey of more than 100 large organizations in multiple sectors, companies that regularly collaborated with suppliers demonstrated higher growth, lower operating costs, and greater profitability than their industry peers."

In our 35 years of supplier management experience, we at IDAS, with our wide experience in developing user-friendly supplier portals and managing thousands of suppliers worldwide, have learned that increasing visibility and traceability with suppliers is key. That's why we put into practice the phrase we so much believe in: "Communication. Communication. Communication. Don't tell them, show them." When we provide support with action, we can help achieve better supplier collaboration.

*Would you agree that
supplier collaboration is key?
Would you take steps to improve yours?*

HOW TO SET, AND ACHIEVE COLLABORATION GOALS WITH SUPPLIERS

Here are a few strategic goals:

- Make your suppliers a strategic partner who can help create better competitive differentiators
- Synchronize expectations to ensure the right materials are available at the right time and location
- Drive synergy and create a holistic relationship



Here are a few tactical goals

- **Maintain required on time delivery (OTD) levels**
 - Poor on-time delivery (OTD) performance from suppliers impacts more than customers. It's also an indicator of poor production efficiency and materials handling procedures. Consistent OTD problems can negatively affect many other areas of a company's supply chain. While most supply chain organizations strive for 99% OTD from suppliers, most will be around 80-85% at best.
- **Maintain required quality goals** (Parts Per Million Defective PPM) levels. PPM is a measure of defects recorded in every million products produced, and can form a valuable benchmark of business performance and capability.
- **Maintain flawless daily communication** with suppliers and avoid issues of limited access to suppliers' information. Let suppliers explain themselves in case of issues, and work solutions out together.



Do you believe your suppliers would appreciate an improvement in collaboration?

SO HOW CAN YOU BETTER COLLABORATE WITH YOUR SUPPLIERS IN YOUR WORKDAY?

This is our 3-step approach:

Step #1:

Increase visibility and traceability with your suppliers by using online tools like user-friendly web supplier portals for on-time PO confirmations. This will also help communicate accurate changes in your requirements in real-time, enabling all sides to adjust to constantly changing demands during times of crisis.

Step #2:

Obtain accurate WIP (work-in-progress) and stock level quantities from your suppliers and manufacturers. This will help you identify and analyze any potential shortages that may lead to line stoppages while also immediately fulfill requirements that arise from your manufacturing sites when needed.

If suppliers are reluctant to share such information, It is important to emphasize that this will be mutually beneficial and help grow their business with such strong customer support demonstrated.

Step #3:

Share as much information with your suppliers as possible. Send forecasts, news updates, and accounts payable information with your supplier online. This will increase supplier participation rates and overall information sharing.

The bottom line: Be traceable. Don't tell them, show them!



If improving supplier collaboration could improve your business, would you try a proven approach?

HOW TO KEEP IT COLLABORATIVE WITH SUPPLIERS

Achieving a healthy level of collaboration with suppliers is essential for a successful relationship. But in an ever-changing business landscape and world in general, it requires constant maintenance. Incorporating a few simple routines within your organization and using user friendly technology tools can ensure that your collaboration levels with suppliers stay as high as possible.

Following are 6 tips to maintaining and increasing supplier collaboration:

Service

Always be service orientated when deploying your supplier portal. Make sure you can be reached and stay responsive to supplier requests. From login to technical questions, quality service at every stage leads to higher supplier engagement and participation rates.

Ease of Use

Keep your portal as easy to use as possible for suppliers. Reduce the number of required inputs to the minimum needed, make validation messages crystal clear, and be sure there are no special technical requirements needed (such as software downloads) to use the portal.

User-Friendly

Be sure the GUI (Graphical user interface) is user-friendly and web-based, so those who already use other web pages and applications find it intuitive and familiar. Keep your portal mobile-friendly as well and include on-screen messages telling the user what needs to be done.

Tutorials and Training

Today, nearly all users are visual learners. Make use of online how-to videos rather than text tutorials. These videos should be as professional and detailed as possible. Also, offer in-depth training sessions when needed.

Provide Both Incentives and Penalties

Provide small incentives for regularly participating suppliers. And, in turn, enforce penalties to non-conforming ones. An small incentive example could be ensuring payments for supplies are consistently made on-time. Another would be communicating a supplier's importance to the accounting department, which can also avoid further disruption.

Buyers and Administrators Buy In

Make sure all ranks within the organization have bought into the portal deployment and understand the goals and KPI targets. Buyers and administrators are on the front lines, facing suppliers daily—they're the ones that can convey the importance of portal usage to supplier contacts.



*Would you agree that
collaboration with suppliers
could always be better?*

THE END GAME - SMALL STEPS TOWARD BETTER SUPPLIER COLLABORATION CREATE A HEALTHY SUPPLY CHAIN

At the end of the day, effective supplier collaboration can improve relationships with suppliers and deliver significant benefits including:

- Transparency of supplier open orders
- Shared PO information between MRP, supplier, buyer, planner, and management
- Predictions of which suppliers will be On-Time In Full (OTIF) before delivery is missed
- Knowing inventory levels at your supplier
- Knowing the lead-time for every part
- Accessing live order status from anywhere, at anytime
- Improved supplier performance
- Improved customer satisfaction
- Cost-reduction of new parts development and lower inventory levels
- Real-time, and better-informed business decisions
- Strategic suppliers growth per real and proven customer service levels



You'd say yes to any opportunity to improve supplier relations, right?

IDAS – ABOUT US

To know more information on how small steps toward better supplier collaboration create a healthy supply chain, contact our sales managers today :

USA – Peter Robinson ++1-408-3488863 Peter.Robinson@idas.ai

United Kingdom – Gautam Dutta ++44-7754 079 777 gautamdutta@sonasoft.co.uk

Europe/Israel – Lior Katz ++972-5028830 lior@idas.ai

or send us an email at sales@idas.ai or Visit our website <https://idas.ai>