

SUPPLY MANAGEMENT



Whatever your nursery is buying, you need to get the best out of your suppliers. **Stephen Gaubert** explains how...

Successful organisations of all sizes need to work hard to ensure they understand their supply needs and business objectives, and their suppliers' capabilities. This involves developing an approach that reflects the requirements of the business. There are five key areas to be addressed:

1 Understand your requirements

Determine what you are buying. Whether it's a commodity (e.g. stationery, printing) or a service (e.g. waste disposal, marketing) determine what is required, current/planned volumes, expected service levels, agreement period and order commitments. Understand your objectives: best value (balance between quality, cost and service), budgets, use of recycled products, sustainability policy and ISO accreditations.

2 Profile your ideal supplier

Determine the profile of your potential suppliers. National versus local organisations; suppliers specialising in your needs versus suppliers who provide a wide range of services/products; organisations with a multi-million pound turnover versus smaller organisations. Do you want to establish a 'partnership' relationship, or a more hands-off approach?

3 Select supplier short-list

In the short-list (4-6 options) include your current supplier, so that he is aware of what you're planning, and continues to provide the existing service. If he is an effective supplier then he will want to retain your business. Look for recommendations from colleagues, review trade directories, talk to local groups and chambers of commerce. Talk directly to the suppliers, and visit them to make sure that they are viable, professional and not a 'virtual' organisation. If possible, talk to some of their customers.

4 Issuing the tender

This sets out the information you expect to receive from every supplier, for example:

- Requirements/volumes
- Expected Service Level Arrangements (SLA), Service and Quality Management processes
- Operational and quality processes
- Pricing model template to compare responses; product pricing, add-on costs, fixed/variable prices, pricing variations
- Term of the agreement, termination process
- Project implementation plan
- Staff information (e.g. retention, CRB checking)
- Supplier financials, ISO accreditations
- Customer references

Do not be afraid to go back to suppliers and negotiate with them.

5 Managing suppliers

Once you've selected a new supplier and transferred the service, the hard work really begins. Nominate someone to 'own' the relationship with the supplier, who will be the key point for monitoring the deliverables, resolving problems, reviewing changes in requirements and product/service changes, and checking the invoices (depending on the size of your business, this could be you!). Establish a regular formal review of the service delivery (SLAs, service and quality



issues) and ensure that you establish and maintain a good relationship.

The best supplier relationships work well where there is strong communication between parties, a clear understanding of their mutual responsibilities and where there is a common objective - to deliver a best value service to the customer for the commercial benefit of both parties.

Stephen Gaubert helps organisations manage their overhead costs. For more information, call 020 8482 1370 or 07785 340 280, email stephen.gaubert@auditel.co.uk or visit auditel.co.uk/stephengaubert

IN THE NEWS...

IT MAY BE EASIER TO GET FINANCE TO GROW YOUR BUSINESS THAN YOU THINK...

Greater willingness from banks to lend could bolster the growth prospects of 270,000 businesses, according to independent research consultancy BDRC Continental - but awareness of the improving situation is proving a barrier to many. At the end of January, the BBA (the UK's leading association for banking and financial services) launched a campaign to let businesses know that they are more likely to get "yes" from their bank manager to their requests for finance than they might think. While just 37 per cent of SMEs searching for finance believe that they will be accepted, approval rates actually stand at close to 67 per cent.

A survey by BDRC has shown that, influenced by this mindset, the aforementioned 270,000 businesses in need of finance have neglected to apply. "This matters because more successful loan applications mean more orders for equipment, more new jobs and more plans to expand," commented BBA chief executive, Anthony Browne. "Small businesses are the engine room of the economy and the research we publish today shows how much stronger our recovery could be if more SMEs approached their banks for finance."

A new website, Better Business Finance (BBF), has been launched as a one-stop-shop resource for business of all sizes and sectors. Visit betterbusinessfinance.co.uk

EFFECTIVE COST MANAGEMENT IS NOT A ONE-HIT WONDER; IT NEEDS TO BE AN ONGOING ACTIVITY