

Improved formula

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A new supplier relationship management team and detailed joint planning was a winner for GSK and VWR, says Rebecca Ellinor, Deputy Editor, Supply Management magazine.

**CATEGORY - Best purchaser-supplier collaboration
WINNER - GlaxoSmithKline and VWR International**

GlaxoSmithKline and VWR International have worked together for more than 20 years. But recently the pharmaceutical giant and distributor of laboratory supplies decided to revamp their relationship and, as the judges put it, "turn something good into something excellent".

The result delivered savings to GSK and drove the international expansion of VWR. So how did they do it?

Key to the changes was the appointment of Carol Hosker to oversee the relationship between the two and the creation of a relationship management team and joint planning process.

The relationship management team consists of a senior purchaser to work exclusively with VWR and the supplier's two global GSK account directors based in the US and Europe. The team uses a detailed planning process and focuses on local and global opportunities to help VWR expand and cut costs for GSK. Regular reviews, from weekly team meetings to global quarterly reports involving senior executives from both parties, now take place.

Lean operational techniques have also been applied to boost performance. And where VWR staff lacked the "LeanSigma" (within GSK it is dubbed "Operational Excellence") process improvement skills needed, GSK arranged for training on internal courses. This ensured common understanding and working practices.

VWR achieved savings at more than 50 GSK sites - compared with 16 in 2004. Annual GSK savings have risen by 74 per cent, from £2.6 million in 2004 to £4.7 million in 2006.

At VWR global sales have risen by 23.4 per cent, equivalent to \$14 million (£6.85 million), with substantial growth in biologicals and manufacturing. VWR has also increased the number of suppliers it handles on GSK's behalf. In addition, VWR has acquired a distributor in Singapore to help supply GSK's new operation there.

But the work doesn't stop there. The relationship management team is also involved in leading a review of the entire business relationship. The interactions between GSK and VWR have been analysed and broken down into seven key elements: price management, inventory, VWR sourcing, customer service, delivery, invoice payments and reports.

Hosker, GSK's lab supplies distributor manager, describes the performance over the past two years as "unprecedented" and says all the tools are in place to enable the relationship to evolve so both parties can meet the challenges of the future.

"We've had a long history, now we've had a step-change, but the story doesn't stop there, there's a lot more work going on," she adds.

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