

Home truths

Open and honest communication is vital to successful supplier relationships. And the process can be made easier by involving a third party, as Tina Fegent explains

Following the launch earlier this month of Magic and Logic - a best practice guide to procurement in the creative industries - the issue of investing in supplier relationships is getting the recognition it deserves.

But while it is vital to hold formal and regular reviews, have you ever thought about what your supplier or client thinks about you? Have you ever asked them? Do you know what has worked, what hasn't and what could have been improved on?

If done correctly and by both sides, it is amazing what you can learn about how your organisation interacts with others. There could be areas of your internal client's dealings with the supplier that causes delays to the output - which costs you money and which could easily be resolved. But unless you know what's causing the blockage you can't do anything about it.

While at Orange, the marketing team wanted to bring in a specialist external third party to review the relationship between Orange and its three main marketing agencies - advertising, media and brand. I was cynical about the need to spend the money on a third party; after all, I could make up a questionnaire and do it free. After much discussion, we employed a third party to work with us (Relationship Audits and Management - RAM).

We agreed the scope of work, the number of people at Orange and the agencies to interview. We actually asked all parties to contribute to the costs. Sharing the costs made everyone feel as though they were equal stakeholders and to be comfortable about speaking candidly to RAM.

The process was very detailed. While you could do this internally, it is astounding how open a supplier will be to a third party, especially if they are asked the right questions. And it is often the comments made as the third party is walked to the lift that sum up the relationship and provide a true picture of their feelings about you.

The results we gained were worth the investment. We found how they felt about us as a customer, how they felt about working together for Orange and how our processes and timelines did not always leave us in the best position to get the most from them. We were all honest about how we worked together. Sometimes it is the small things like "Mary is never at her desk and never answers her phone" that are annoying.

RAM got each side to commit to an action plan based on the feedback. And this gave us our main priorities for the next six months, when there would be another audit conducted and progress on the priorities measured. It also formed part of our bonus schemes with two of the three agencies, so measuring the relationship with them did have revenue attached to action and improvement.

Relationship auditing can also be conducted on your clients. As a gamekeeper turned poacher with advertising agency Grey, we audited relationships with our top 20 clients over 18 months. This time it was a one-way process to understand their views on how well - or badly - the agency was doing. The intelligence gathered from the exercise related to casting of the agency teams, processes, ability to synthesise learning from other markets, standards of service delivery and the extent to which the agency was meeting client expectations. It was worth spending the money as we then knew what we needed to do to keep our important clients on an even keel in a market known for short-term tenure.

It is a big challenge to cultivate and maintain long-term links with suppliers and clients in a way that allows a commercial relationship to flourish and bring mutual benefit. And to do this properly requires an investment and a recognition that a relationship specialist may help you get to where you want to more quickly and efficiently. Purchasing should be given the budget to allow proper investment in this area to maximise the potential of commercial relationships.

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