

TOWARDS A HOLISTIC APPROACH TO SUPPLIER MANAGEMENT

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WHEN YOU NEED TO BE SURE



WHY DO SO MANY CSR PROGRAMMES STALL?

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**and how to avoid yours
being one of them...**

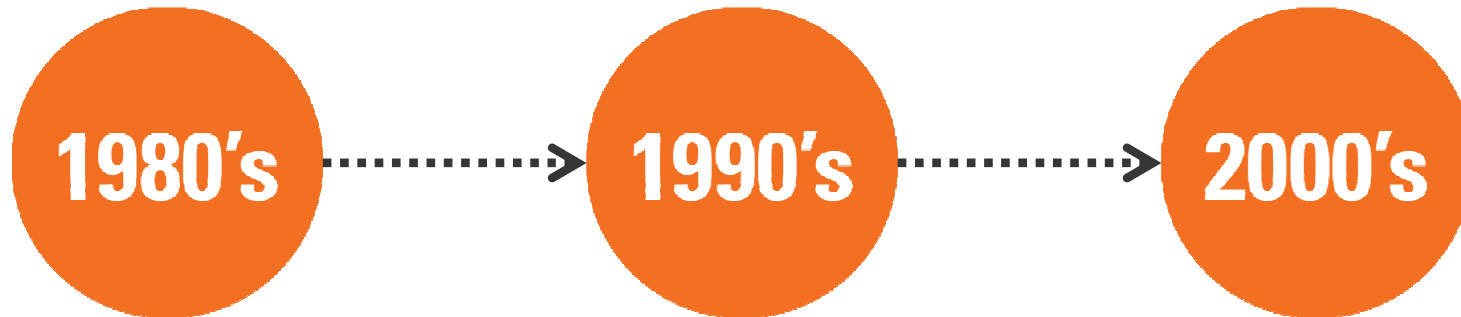
PROGRAMME CRITERIA

- Companies base their CSR programmes on a number of criteria
- Corporate Ethos
- Business Drivers
 - Reputation Management
 - Customer/Consumer Expectations
 - Investor Demands
- Legal Requirements

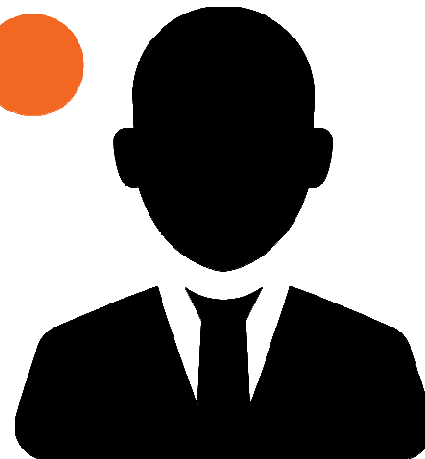
Do Nothing

Do No Harm

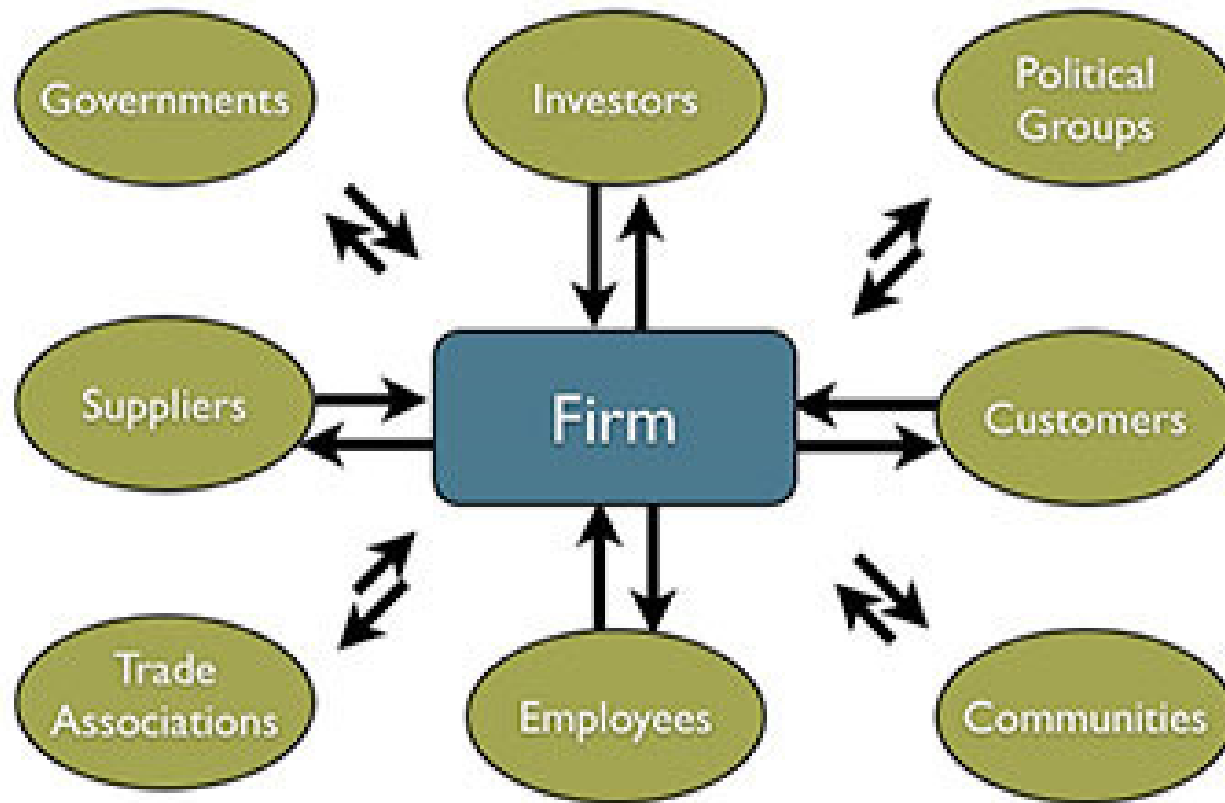
Do Some Good



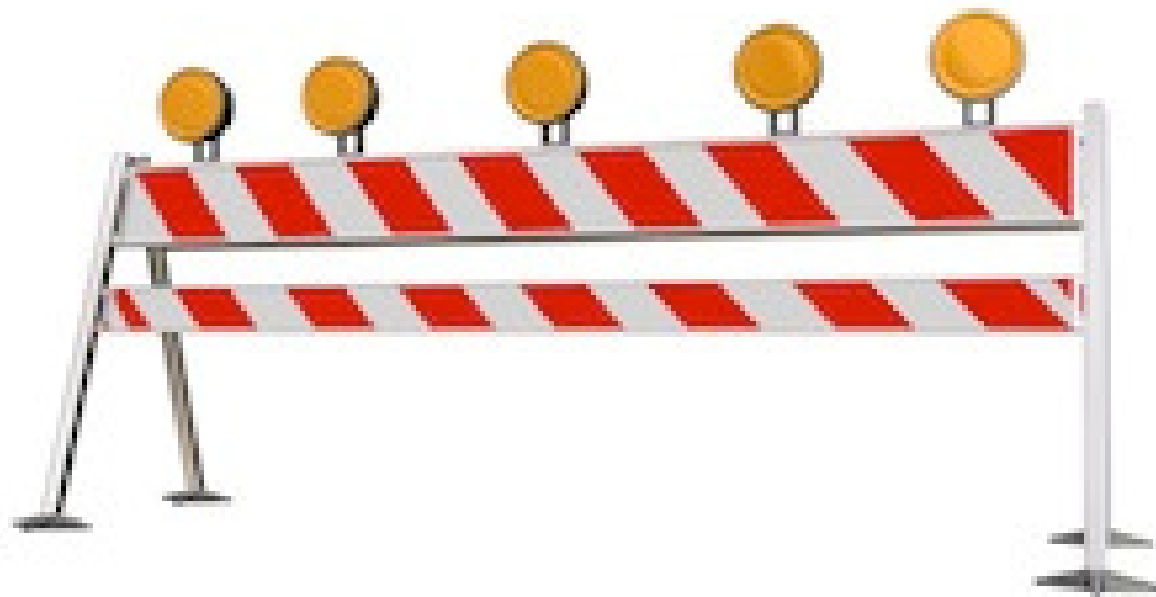
How do you make sure your programme meets your objectives..... And continues to do so?



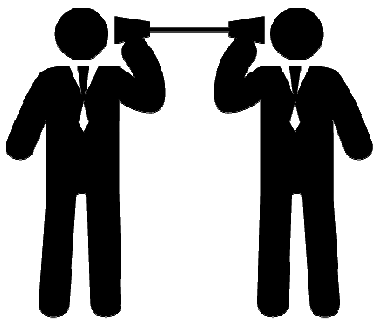
TYPICAL STAKEHOLDER MAPPING



- ✓ Code developed or adopted
- ✓ Objectives set
- ✓ Suppliers informed
- ✓ Monitoring begun
- ✓ Issues discovered



- Key to success is taking everyone with you on the journey
- Communications are critical at every step of the way
 - Internally – and at all levels
 - With suppliers (and possibly even customers)
 - With the wider stakeholder base



INTERNAL STAKEHOLDERS?



SOME EXAMPLES

- How do your buying practices affect your suppliers?
 - Do you know the critical control points in the product development and manufacturing cycle?
 - Do you know the supplier's production schedules and interaction with other orders?
 - Is everyone in your organisation aware of this information and do they use this in their decision making?
 - Do you set prices that cannot be achieved without breaching your CSR requirements?



- Some companies are setting KPIs for their internal teams on
 - Timeliness of decision making
 - Deadlines for placing orders
 - Pricing agreements
 - Processes for changes if required
- The more advanced are even setting up feedback loops from their suppliers to create a 360° measurement of their performance
- In some cases this feeds into the measurement of their objectives as part of their appraisal and reward systems



- How are your buying teams managed?
- And what is their role in supplier management?
- What are their main objectives?
 - Cost saving?
 - On-time deliveries
- Can a supplier be on-boarded by-passing the CSR function?
- How is Buyer's performance measured?



- More advanced companies are including CSR targets in Job Descriptions and Objectives across all functions
 - KPIs with targets for supplier performance in sustainability matters
 - Tasking Buyers with responsibility to follow up on Corrective Actions and close these out
 - Integrating supplier performance questions into their ordering/financial systems

- But beware of unintended consequences and driving bad behaviour!



- Initiatives that exemplify best practices in gaining supplier buy-in range
- From the obvious
 - Briefing suppliers on requirements at the start of the programme
 - Training on tackling non-conformities
- To the less so
 - Providing resource to help suppliers make improvements
 - Working with suppliers from product design stage to plan production in a sustainable manner

Establish a win-win environment with suppliers and the organisation



- Ensure a common message is understood internally and communicated externally
- Promote knowledge and transparency
- Help your own and your suppliers' practices evolve by
- Communicate with internal and external stakeholders about your proactive approach

DON'T GET DIVERTED!

