

# CALLING **ALL** RELATIONSHIPS

Episode 2.

## Define the Relationship Layer

**A framework for structured and planned execution.  
Like our own relationships our business relationships  
need structure else they become dysfunctional. What  
do these functional relationships look like?**



ISM—New Jersey, Inc.







**In 1983 McKinsey consultant Peter Kraljic  
suggested corporate buyers needed  
to grow more proactive in supply  
management**

**[HBR 1983 original article here](#)**



# Supplier **Relationship** Management (SRM) the systematic approach to:



Managing and evaluating a vendor's performance



Determining the supplier's contribution to the organisation's overall success



Developing strategies to ensure progression



## **Relationship** Management was a loose term back then:



Supply chains were invariably seen as overheads



Contracts were let and managed by traditional purist procurement



Early attempts to implement SRM failed deferred in favour of quicker more addressable wins





What followed was years in the wilderness

The tech (there was no tech!)  
was Excel

SRM was unscalable clunky spreadsheets &  
PowerPoint





40 years of slowly evolving SRM. Only in the last 4 have we really been paying attention

During Covid analysts from McKinsey to Gartner et al were delivering the same message that:

**procurement and supply chain pros should invest heavily in relationship driven resilience**



Having spoken with many CPOs in recent years  
they've all said the same thing




Seen a number of SRM systems  
but none of them actually do **Relationships**  
They're all KPI Dashboards



**So what exactly is the  
Relationship Layer?**





At first glance the relationship layer in the supply chain refers to relationships between the different entities of the ecosystem, such as customers suppliers manufacturers distributors retailers resellers etc





Look closer, and the relationship layer is defined as a type of relationship engagement that typically involves non-logistics activities and non-systemic functions

It comes from a broader definition of supply chain management, and supports a collaborative approach to a wider range of business processes and multi-party disciplines





## The Challenge

We humans don't live and function inside  
a legally drafted contract

We operate in the real world where things  
don't necessarily run to order or by clause





**70% of organisations fail in their digital transformation strategies**

**Over 90% of organisations fail to execute on their strategic objectives generally**

**Source, Intellibridge, The Balanced Scorecard**



Why? Well first let's say what it's not!

It's not down to the herculean challenge of integrating an ever-increasing source of systemic data

Complex yes Insurmountable no

Or the albeit mammoth task faced by co-operating logistical functions. Supply chain is anything but linear

No, the root of these failures to execute strategy sits higher in the non-systemic holy grail of the unstructured data layer in the relationship space. The area where the people are

We at Suppeco call this the **digital relationship layer**



# **Where are most challenging issues in digital transformation rooted?**

Reaching alignment, agreeing roles and responsibilities agreeing which battles, culture mapping priorities and drivers, unifying autonomy, timing, deadlines, budget, agreeing what to measure, translation, ability to course-correct, siloed thinking, change aversion



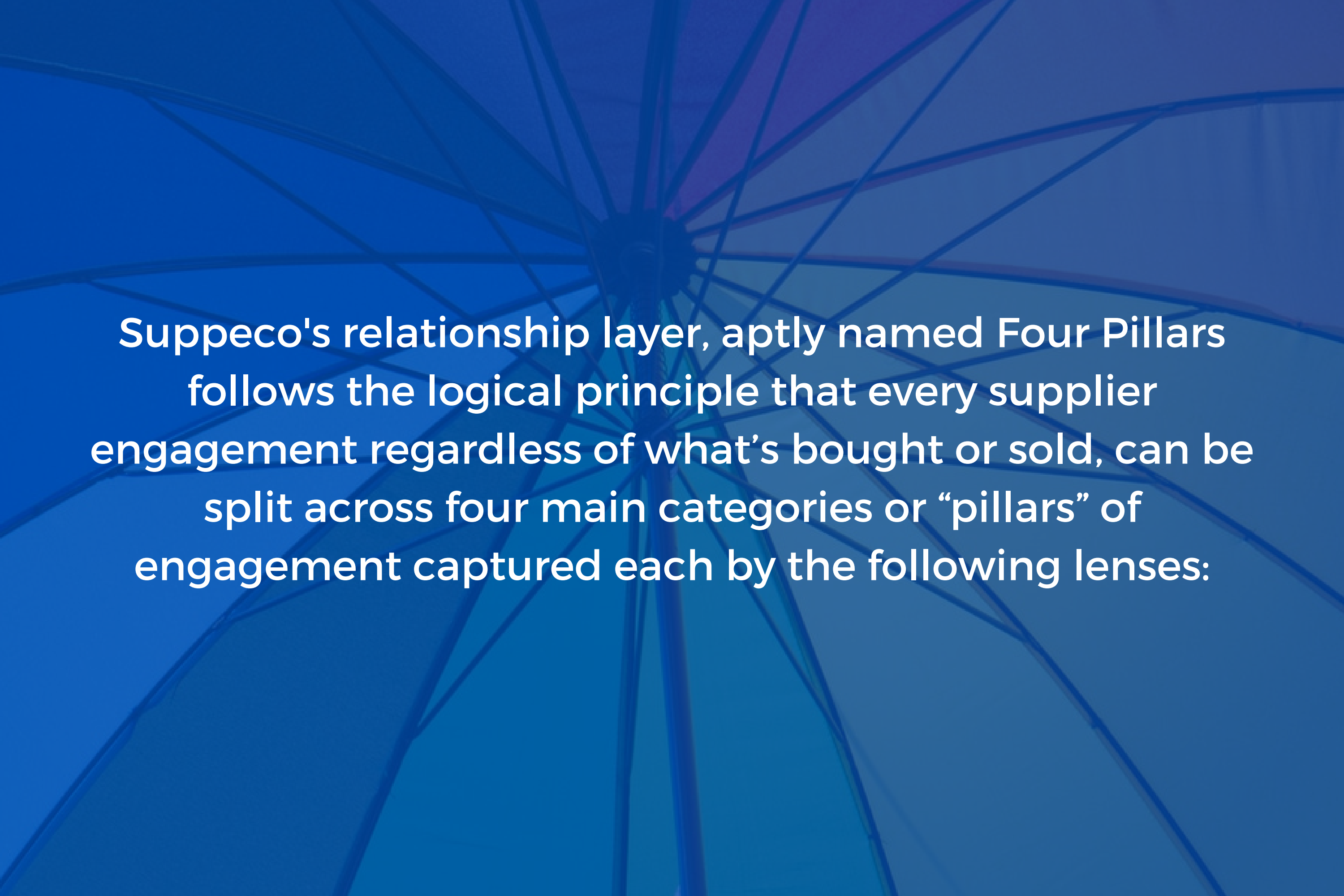
## Meaningful relationship layer execution looks like this

- Distributing the data to the people that need it
- Aligning to plan on all targeted objectives for execution and management
- Sharing and collaborating on priorities widely and in real time
- Reviewing activities with agility and measuring outcomes
- Assessing engagement cadence and progress
- Understanding the narrative as well as seeing red amber green flags
- Developing a continuous learning culture of getting the best out of the relationship



**Operationally, what are the  
elements a relationship  
consists of?**





Suppeco's relationship layer, aptly named Four Pillars follows the logical principle that every supplier engagement regardless of what's bought or sold, can be split across four main categories or “pillars” of engagement captured each by the following lenses:





## The Relationship Lens

**Typically focuses on qualities such as  
commitment communication, trust flexibility  
strategic alignment, objective setting  
governance, and other relationship-based  
values**





## The Commercial Lens

**Typically focuses on commercial and financial matters such as actual versus budget reduction in TCO all aspects of invoicing efficiency, PO management spend management and procurement**





## The Projects Lens

**Emphasises quality and focuses on environmental standards, audit, process quality, security, products and product lines delivery skills, staff & resources**





## The Service Lens

**Emphasises performance and focuses on different aspects of project and service delivery, efficiency across lifecycle, SLA compliance, performance management and support**



# Construction Sample

Relationship	Commercial	Projects	Service
Innovation <input checked="" type="checkbox"/>	Actual vs Budget <input checked="" type="checkbox"/>	Staff Resources <input checked="" type="checkbox"/>	Project Delivery <input checked="" type="checkbox"/>
Flexibility <input checked="" type="checkbox"/>	Reduction in TCO <input checked="" type="checkbox"/>	Process Quality <input checked="" type="checkbox"/>	SLA Compliance <input checked="" type="checkbox"/>
Commitment <input checked="" type="checkbox"/>	Invoicing <input checked="" type="checkbox"/>	Security <input checked="" type="checkbox"/>	Support <input checked="" type="checkbox"/>
Collaboration <input checked="" type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>
Managed Term Alliance <input type="checkbox"/>	Supplier ESG <input type="checkbox"/>	Initiation <input checked="" type="checkbox"/>	Ground Plans <input type="checkbox"/>
City Of London Planning <input type="checkbox"/>	Sourcing Phase 3 Materials <input type="checkbox"/>	Planning <input checked="" type="checkbox"/>	Plant Exco <input checked="" type="checkbox"/>
City Hall Planning <input checked="" type="checkbox"/>	Sourcing Phase 4 Materials <input type="checkbox"/>	Execution <input checked="" type="checkbox"/>	Plant Lease <input checked="" type="checkbox"/>
Strategic Plan Development <input checked="" type="checkbox"/>	Construction Information Management <input type="checkbox"/>	Minor Sub-Project Cash Plan <input checked="" type="checkbox"/>	Punchlist <input checked="" type="checkbox"/>
Permits <input type="checkbox"/>	Variations Feedback and & Logs <input type="checkbox"/>	Strategic Phase Design <input checked="" type="checkbox"/>	
	General Contractor Bidding <input type="checkbox"/>	Design <input checked="" type="checkbox"/>	
	Procurement 1 <input type="checkbox"/>	Post Construction Phase 1 <input checked="" type="checkbox"/>	
	Document Close Out 1 <input type="checkbox"/>	Demobilisation 1 <input checked="" type="checkbox"/>	



# Operational Covid Impact Sample

Relationship	Commercial	Projects	Service
Innovation <input type="checkbox"/>	Actual vs Budget <input type="checkbox"/>	Staff Resources <input type="checkbox"/>	Project Delivery <input type="checkbox"/>
Flexibility <input type="checkbox"/>	Reduction in TCO <input type="checkbox"/>	Process Quality <input type="checkbox"/>	SLA Compliance <input type="checkbox"/>
Commitment <input checked="" type="checkbox"/>	Invoicing <input type="checkbox"/>	Security <input type="checkbox"/>	Support <input type="checkbox"/>
Collaboration <input type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>	Collaboration <input checked="" type="checkbox"/>
Virtual Exec <input type="checkbox"/>	Supply Pivot Benchmark <input type="checkbox"/>	Pipeline On Hold Status <input type="checkbox"/>	Supply Pivot Service Assured <input type="checkbox"/>
Client Service Impacts 1 & 2 <input type="checkbox"/>	Payments Out Support <input type="checkbox"/>	WFH Burn <input type="checkbox"/>	WFH Governance Impacts <input type="checkbox"/>
Client Service Impacts 3 & 4 <input type="checkbox"/>	Expense Reduction Tracking <input type="checkbox"/>	Remote Hours Increase <input type="checkbox"/>	WFH Trend Observe 1 <input type="checkbox"/>
Business Failure Mitigation Plans <input type="checkbox"/>	Subcontract Failure Adjustment <input type="checkbox"/>	Export Control Release <input type="checkbox"/>	COVID KPI Workforce <input type="checkbox"/>
Exec Courtesy Card <input type="checkbox"/>	Overhead Adjustment <input type="checkbox"/>	Remote Teams Timelines <input type="checkbox"/>	Hardware Reports (Remote Team) <input type="checkbox"/>
Lateral Play <input type="checkbox"/>	SME Utilisation <input type="checkbox"/>	Long COVID Fatigue <input type="checkbox"/>	Software Reports (Remote Team) <input type="checkbox"/>
Master KPIs <input type="checkbox"/>	Regional Adjustment <input type="checkbox"/>	Vaccination Uptake <input type="checkbox"/>	Business Failure Service Cut-Over <input type="checkbox"/>
Code of Conduct, CSR Policy <input checked="" type="checkbox"/>		Product 1 <input checked="" type="checkbox"/>	
Fair Remuneration, H&S <input checked="" type="checkbox"/>		Product 2 <input checked="" type="checkbox"/>	





**Think digital transformation includes SRM?**

**You'd be right! It absolutely does  
With upward of 80% of a company's revenue  
generated outside its immediate borders  
by its suppliers, how could it not!**





**Non-stop  
business operations  
can look like this**





**One territory  
wakes up**





**Another  
goes to sleep**





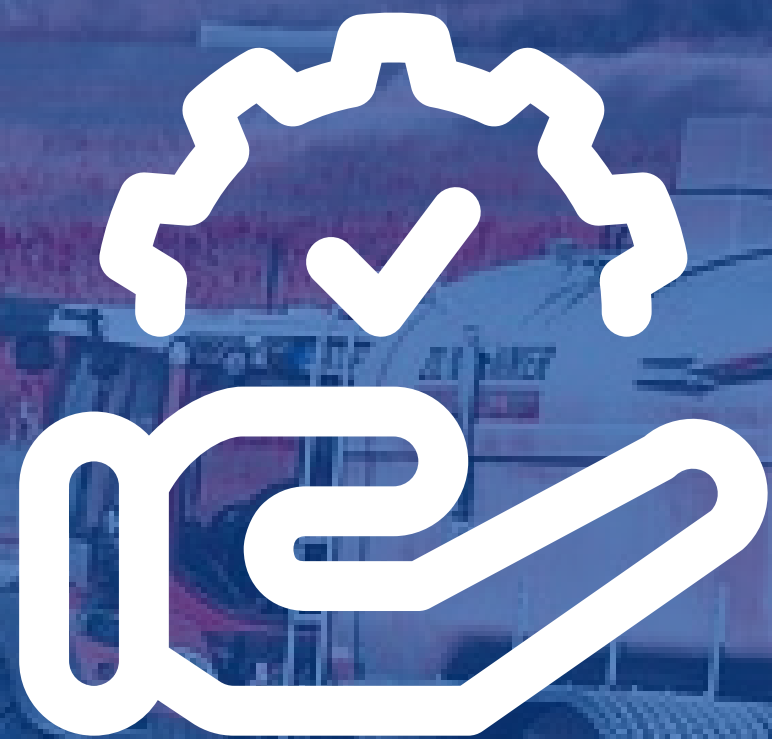
**Globally  
distributed teams**





**Remote functions**





**Multiple services lines**





**Operations**





**Timezones**



**Languages**





**And that's just  
the customer...**





**Now add the supplier  
ecosystem and all  
its interactions**



## **Today, equipped with a relationship-first, insights-driven digital platform, Suppeco partners can:**

- Explore plan align execute, manage tactical and strategic objectives
- Oversee all operational activities
- Gain complete visibility of all ongoing as well as any remedial actions or service improvement activity taken by all parties
- Track and audit against regulatory compliance standards
- Measure achieved levels of service with performance metrics, levers and KPIs
- Implement and execute contingency plans, mitigation tactics, and course corrections
- Benefit from automated workflows to ease resource constraints and stay ahead of events as they occur

# Four Pillars



**Configurable infrastructures for every relationship, in areas that previously lacked measurability now structured to support an unlimited array of opportunity for innovation and growth**



# Actionables



**Actionable visibility from tier zero deep into supply chain. The ability to see and do. To support live assessments continuous improvements and corrective measures**

# Insights



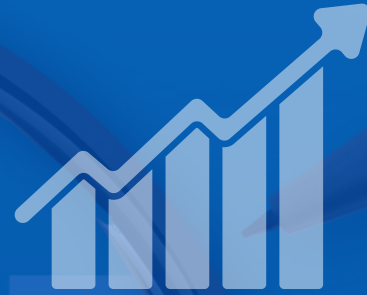
**Leverage the power of data deep into the operational footprint. Data is a valuable commodity, but it ages fast. We deliver live interactive measurable insights**



# Omni



**We've created an unrivalled frictionless  
environment for collaboration at scale across  
global territories, distributed multi-party teams  
departments and companies**



## **The golden age of Supplier Relationship Management**

**In what is fast becoming the golden age of modern SRM technology, those at the forefront are leveraging the potential in what their relationships have to offer to solve some of today's key challenges facing the customer-supplier ecosystem**



# Thank you

Get in touch

[www.suppeco.com](http://www.suppeco.com)

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**Reach out  
and explore**





**suppeco**

**Making value measurable**