

Implement an Effective Supplier Relationship Management Program

Four-step guide for sourcing & procurement leaders



1 Design

Definition of program scope and supplier value

- Identify stakeholders
- Define SRM objective
- Select potential suppliers for SRM
- Create implementation plan

2 Align

Stakeholder alignment and team structure

- Communicate business case to internal stakeholders
- Build SRM program team
- Define roles and expectations for SRM team
- Agree on supplier list for SRM
- Set supplier goals and objectives

3 Launch

Supplier communication and outcome expectations

- Supplier communication and engagement
- Mutual agreement on metrics, targets and scoring methodology
- Initial supplier assessment and development plan

4 Govern

Performance tracking and continuous improvements

- Establish two-way performance tracking and conduct quarterly business reviews
- Identify new opportunities for joint value creation

Supplier relationship management is a coordinated effort to identify and develop the best suppliers able to support the overall business strategy. Supplier relationship management programs are used for engaging high-value suppliers. But poor program design and lack of engagement from key internal and external stakeholders cause many supplier relationship management programs to fail. This can lead to lost credibility with business partners and the supplier base.

Sourcing & procurement leaders should follow this Gartner four-step guide to implement a supplier relationship management program that delivers the greatest value to the organization. Map out your implementation plan, from defining program scope and aligning key stakeholders to managing supplier interactions and enabling continuous improvement.

The role of sourcing & procurement is to unlock new value from the supply base and protect the organization from future disruption. Gartner can help: We offer insights, advice and tools that support performance management, risk mitigation, and innovation of the sourcing & procurement team as well as suppliers. Learn more on [gartner.com](https://www.gartner.com).

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