

Gartner®

Gartner for Supply Chain Leaders

Transforming Supplier Relationships Amid Supply Chain Disruption

Drive supplier innovation, cost optimization and supply base efficiency with an automated scorecard



Introduction

One of the most common questions Gartner gets from procurement organizations looking to measure supplier performance is, “What metrics should we include in our supplier scorecard?”

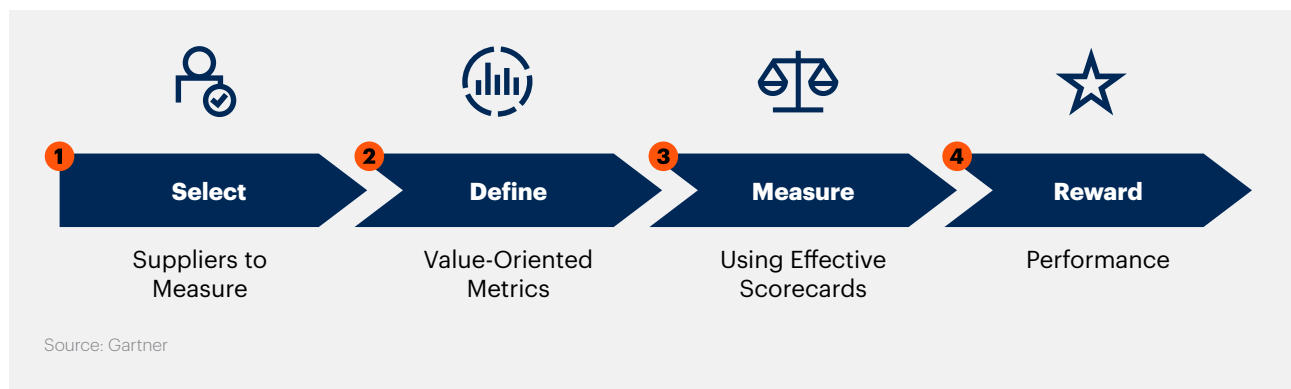
The better question to ask, however, is “How well do our suppliers meet the current and future needs of our business?”

According to our survey of 275 supply chain executives, improving the performance of existing suppliers is among the top critical tactics procurement leaders must use to deliver value to the business. To ensure that suppliers’ performance aligns with business goals, suppliers should be measured beyond traditional operational metrics such as on-time delivery, quality and cost savings. While these metrics are fundamental, there are several other aspects that buying organizations value, and they should also be included in the suppliers’ performance assessment.

These range from measuring suppliers’ innovation capabilities and ability to support new product introductions, to the quality of the relationship and responsiveness of their service team. Incorporating these value-oriented metrics helps companies move from being reactive, looking only at history, to being predictive and future-focused.

This white paper provides the business case for automating supplier scorecards to enable a robust supplier performance evaluation process. It also provides an overview of Gartner’s automated supplier scorecard platform, which operationalizes the key steps needed to develop a best-in-class supplier performance management (SPM) program capable of transforming supplier relationships in the face of ongoing supply chain disruption (see Figure 1).

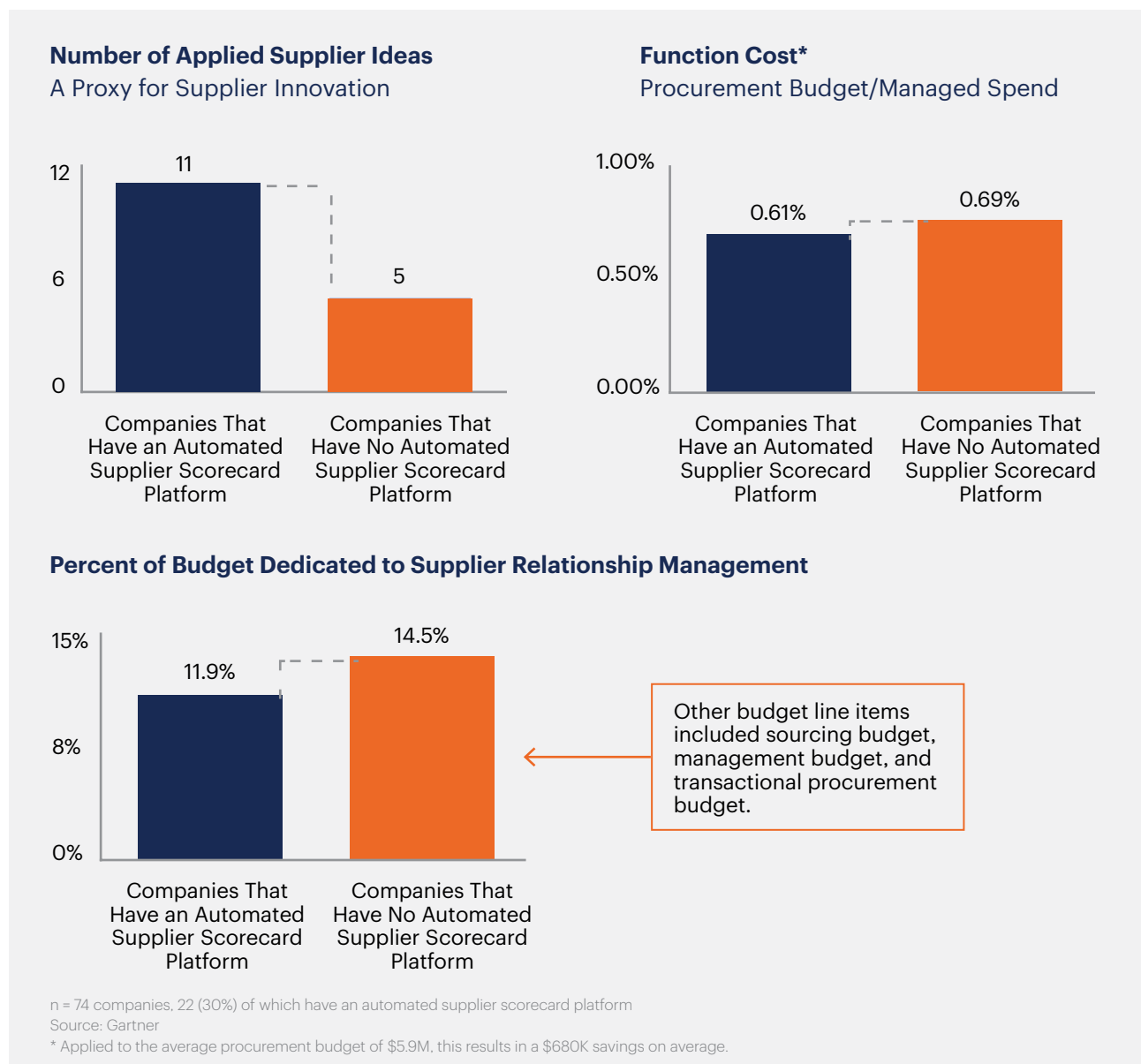
Figure 1: Four Steps to an Effective SPM Program



The Business Case for Automated Supplier Scorecards

Procurement organizations with effective scorecard automation extract more innovative ideas from their supply base at a lower function cost. They are able to do so, in large part, because of the efficiencies of automating the supplier scorecard process (see Figure 2).

Figure 2: Clear Business Case for Automated Supplier Scorecards



Scorecard automation generates other efficiencies, too:

- **Better leveraged supply bases.** Efficiently generating supplier performance insights serves as a critical input to the procurement organization's sourcing strategies.
- **More rationalized supply bases.** Effective scorecarding enables procurement functions to confidently award business and build deeper relationships with a fewer number of suppliers.

About Gartner's Automated Supplier Scorecard Platform

Merlin, Gartner's automated supplier scorecard platform, is designed to help procurement organizations extract more supplier innovation, lower overall costs and deliver supply base efficiencies. This comprehensive tool enables collection, aggregation and analysis of mission-critical performance information for your highest-priority suppliers, minimizing time spent setting up critical KPIs and on manual data management, while maximizing time on strategic activities.

The platform houses Gartner's library of best-practice scorecards in 25 spend categories able to be deployed to up to 160 suppliers for self-assessment, as well as to procurement staff and/or key business partners for internal assessment. The survey is online and easy to use, enabling the gathering of performance data and experiences across cost, delivery, quality, flexibility, partnership and risk dimensions.

Merlin's 25 Spend Categories

Chemicals	Construction	Contract Manufacturing	Direct Materials	Facilities Management
HR Benefits	IT Consulting	IT Hardware	IT Software	Legal
Logistics	Management Consulting	Market Data & Research	Marketing	MRO (Maintenance, Repair & Operations)
Office Supplies	Outsourced Providers	Packaging	Printing	Raw Materials
Security	Telecom	Temp Labor	Travel	Waste Management

Scorecards are designed as out-of-the-box, yet you can customize in two important ways:

1. Edit the KPIs included to meet your specific category needs. Scorecards are ready-built with a mix of quantitative and qualitative KPI questions.
2. Map KPIs to a general respondent pool or to a single respondent.

The platform includes invitation email templates you can use to invite participation among suppliers and internal teams and deploy your custom survey links. Surveys are generally open for two weeks. Approximately two weeks following assessment, the procurement organization receives a performance dashboard per supplier that can be segmented by region, function, internal versus supplier responses, and trends over time. The dashboard also provides a view into how performance compares to Gartner's aggregate benchmark.

- To access Gartner's Automated Supplier Scorecard Platform or participate in any Gartner supply chain benchmarking, [email our research team](#).
- If you are already a Gartner client, please refer to the terms of your services agreement for how many deployments, at what frequency and across how many spend categories you have access.

Actionable, objective insight

Position your supply chain organization for success. Explore these additional complimentary resources and tools:



Activity Map

Key Sourcing & Procurement Activities

Identify the 29 essential activities for managing sourcing and procurement.

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Guide

Supplier Relationship Management

Implement an effective program with a 4-step framework.

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Report

Cost Optimization in Sourcing & Procurement

Gain buy-in for cost-cutting decisions with 4 best practices.

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Research

Three Principles of Inventory Excellence

Reduce material supply cost and avoid inventory waste and risk.

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