

SRM – CURRENT TRENDS IN SUPPLIER RELATIONSHIP MANAGEMENT

SRM A SOUČASNÉ TRENDY VE SPOLUPRÁCI S DODAVATELI

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Abstract

The purpose of this paper is to describe and understand the current opinions and trends in supplier relationship management (SRM), but with base of the traditional point of view. A systematic literature review, mostly articles, was conducted as a research method of this paper. The responsible supply chain management is the key to a comprehensive and sustainable company. The crucial part is not only to select the best suppliers, but most importantly to create the mutual cooperation. The article is divided into five sections according SRM concept. The paper gives the basic overview of the current possible understanding of the supplier relationship management.

Abstrakt

Účelem příspěvku je popsat a pochopit současné názory a trendy v oblasti řízení vztahů s dodavateli (SRM), ale stále s použitím tradičního pohledu. Jako metoda zkoumání byla použita systematické rešerše literatury, ve většině případů odborných vědeckých článků. Zodpovědné řízení dodavatelského řetězce je klíčem ke komplexní a udržitelné společnosti. Rozhodující je proto nejen vybrat ty nejvhodnější dodavatele, ale hlavně vytvořit podmínky pro následnou vzájemnou spolupráci. Článek je rozdělen do pěti sekcí dle základního konceptu SRM. Příspěvek podává základní přehled o současném možném pochopení řízení vztahů s dodavateli.

Key words

Supplier relationship management, cooperation, supplier selection criteria, supplier categorization

Klíčová slova

Řízení vztahů s dodavateli, spolupráce, kritéria pro výběr dodavatelů, kategorizace dodavatelů

INTRODUCTION

The main goal of this paper is to describe the current understanding of the supplier relationship management, based on the traditional point of view. To achieve that, is necessary to focus on the basic principles of the concept and try to find new insights. The crucial part is always to select the best suppliers, and to create the lasting mutual relationship. The article is divided into five sections according the SRM concept. Each one is described and explained to give the basic overview of the current possible view of supplier relationship management.

CURRENT TRENDS

The supply chain is complex system of organizations, people, technologies, information and data, which leads from original source to final customer. The responsible supply chain management is the key to a comprehensive sustainability of the company.

(Zimmer, 2015). The ability to strategically and ethically manage supplier relationships, in order to minimize risks and maximize benefits, is usually the long-term businesses a competitive advantage. Originally a rather competitive relationship was applied in the supply chain. Nowadays we can more see more of those transformed into partnerships. But they must be beneficial for all the players, so the entire supply chain is becoming more efficient and competitive than its separate units (Sjoersdsma, 2015).

The entire SRM concept can be implemented by five main steps, based on specific goals, activities and information support (Gros, 2012). Also is very important to identify how these functions participate in the main activities of the SRM process.

THE PRESENT AND FUTURE REQUIREMENTS FOR INPUTS AND SOURCES

The organizations can no longer count on on their own resources in terms of innovations and strategic interactions. They have to look for new partnerships and possibilities outside their company. There is a big challenge for many organizations to integrate information regarding planning, decisions and processes between all the companies within the supply chain. The whole process of integration should maximize the added customer value and minimize the involved efforts. However, the identification of demanding activities for integration and business functions is not always easy to understand, both within the organization and among their relationships (Da Silva Garcia, 2015). Very crucial is also the personal ability and responsibility of human resources within operations and management. By effectively managing the supplier relationship, the organizations can improve the knowledge transfer among applicable business functions. The behavior of the project team has a strong impact on the quality of the relationship with the supplier. The studies have shown that the capabilities of a project leader are decisive for the success of early supplier involvement. The specialists are advised to be very selective. Suppliers and their experts should have innovative capabilities and should be able to connect effectively with the company's managers, IT specialist and developers. Effective knowledge exchange is important for both formal and informal settings, so the involved parties could connect and collaborate on a personal basis. Also managers should be very careful to replace people in already working teams as each employee may need time and effort in order to get accepted by the other team members involved. The same applies for changing suppliers. Even the interpersonal relationships and trust are important, companies and managers are advised to periodically check by internal audits and follow up on buyer–supplier relationship quality (Sjoerdsma, 2015).

THE SELECTING CRITERIA AND THEIR EVALUATION

The supplier relationship management is not possible without mirror image of the customer relationship management. The implementation of SRM must be based on review of current and potential suppliers. In both cases, we evaluate their potential in terms of costs, ROI, motivation to fulfill the customer requirements and mutual cooperation (Gros, 2012). In this part of article is important to emphasize how the strategic participation of purchasing can influence supply management activities thru the choice of appropriate operational and strategic criteria. The studies very often focus on supplier selection and monitoring supplier performance evaluation. Commonly are based on operational and strategic criteria. To choose the appropriate supplier selection criteria and to monitor supplier performance are the ways to the right outcome. That is better purchasing performance of cost, quality, delivery, flexibility and innovation (Nair, 2015).

ASSESSMENT AND CATEGORIZATION OF EXISTING SUPPLIERS

The most practical implication is to involve existing suppliers early in their innovation processes, but it's necessary in the same time to actively manage supplier relationships in order to increase the project performance. Organizations need not only focus on formal agreements (e.g. contracts), but also on information system flow and EDI implementation.

As Kim (2015) stated in Journal of Supply Chain Management, based on extensive study of automotive industry, down bellow are described possible categorizations of the suppliers and their basic attributes.

Deep relationship - closely tied and cooperative.

- Both companies are synchronized in their operations through specialized interfaces.
- Both companies remain highly responsive to each other (e.g., JIT manufacturing).
- Both dedicate a significant portion of their internal resources to the relationship.
- The efficient communications and coordinated production activities.
- Very often highly dependent on each other (operationally and strategically).
- Both are less likely to engage in unilateral power play.
- Both are more likely to cooperate for mutual benefits.

Sticky relationship - closely tied but adversarial.

- The companies essentially consider each other as a necessary evil.
- Their exchange tie persists.
- The more powerful company may streamline and systemize exchanges.
- The weaker company may often be forced into relation-specific investments.
- The dominant company leans toward using adversarial tactics.
- The weaker company at the same time tries to "get even" via covert means.

Transient relationship - arms-length and adversarial.

- Both are relatively clear about how they interact with the other party.
- Based on discrete transactions, their business deals are struck through competitive tendering and aggressive price negotiations.
- The contacts are mostly short-term, as in open commodity markets.
- With short-term gains (e.g., price advantage) as their primary focus, parties prefer to enforce and adhere to contractual terms, leaving open markets as the recourse in case the relationship fails.
- Consequently, it is largely confrontational or, at best, indifferent.

Gracious relationship - arms-length but cooperative.

- Two companies may not work together intensely but in high regard and goodwill.
- Both may engage in intermittent and short-term yet recurrent collaborations.
- The business deals might take place infrequently, but they occur endearingly.
- The supplier is less reliant on the buyer and typically is resourceful.
- The supplier has diversified product offerings and a balanced customer base.
- Both parties retain autonomy in their respective operations, while remaining positive toward each other over a course of time.

There is no single, ideal way to manage a buyer-supplier relationship. Building a deep relationship may work in some cases but not all of them.

Environment for compatibility

It is always necessary during the integration process to create such an environment, so the interests of suppliers and customers are consistent. The integration contributes to SRM by sharing information on strategic supply specifications and information/materials flow (Gros, 2012). Implementation of the sustainability and responsibility principles into customer-supplier relationships brings risk reduction and generates new business opportunities. Streamlining of information flows and establishing key partnerships helps to increase security and reduce operational risk. The transmission of responsible principles into supply chain opens access to new markets and customers who call for high ethical and environmental standards. High loyalty of the suppliers is associated with long-term partner relationships also. The supplier relation can also play large role during new tender as this area suggests a high level of processes and overall management. (Maria Jesus Saenz, 2015)

Mutual cooperation monitoring and further sharing

It is crucial to continuously monitor the effects of mutual cooperation. Cooperation and coordination consists of mutual adjustment and alignment between buyer and seller, based on expectations, organization, goals and responsibilities. The findings have several theoretical implications. First of all, the positive relationship between relationship quality, knowledge transfer, and project performance is supported. Secondly joint projects, their evaluations based on expenses and ROI, and achieved savings. The distribution of financial effect is necessary to clarify by setting the exact rules. After reaching a consensus plan of revenues, profits, and return on equity, is necessary to find another step to approach them (Gros, 2012).

CONCLUSION

This paper presents a literature review of support models in SRM. We can definitely say, that there is no single best way to manage suppliers' relationships. Buyer-supplier relationships involve conflicting interests and require careful strategic consideration. Both parties have to navigate through different needs and therefore is important to always seek a balanced portfolio. As we can see, there is definitely a progress in companies' understanding

of SRM importance, as the SRM gained rising attention in last few years. Hopefully, this trend will continue in future in both academia and practice.

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