RESOURCES

The Top 6 Supplier Relationship Management Challenges—and the Digital Capabilities You Need to Overcome Them



Key Takeaways

- The main challenges facing supplier relationship management teams today include ensuring quality, managing risk, fostering corporate social responsibility, meeting compliance requirements, and managing costs.
- A multienterprise work management system brings structure to unstructured processes across supplier networks, and it can help pharma industry supplier relationship management overcome their biggest obstacles.
- The best supplier relationship management teams are focused on working with suppliers to create competitive advantage—and multienterprise work management can help you ensure success.

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At pharma companies around the globe, supplier relationship management teams are key players on the forefront of efforts to build more agile, responsive, and resilient supply chains—and their roles and responsibilities are evolving fast.

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When you're with the right supply base and you have partners for your business, you should treat them as partners. You should trust them. You should make them part of your business.

The best **supplier relationship management** teams are driving business growth by working with suppliers to create competitive advantage, maximize value, reduce risks, and continually improve business processes.

Here's a quick rundown of the top six challenges facing modern supplier relationship management professionals—and the types of digital capabilities that can help make you a supplier management rock star.

1. Ensuring quality

Today's supplier relationship management teams are the first line of defense when it comes to ensuring quality. In addition to working with suppliers to ensure product quality standards are met, supplier relationship management teams continually work to identify and implement business process improvements that have a direct impact on operational efficiency and the bottom line.

Typical quality issues that **supplier relationship management teams** must contend with include boosting the efficiency of production management processes, avoiding defects like materials and packaging problems, and working to manage and reduce supplier incidents and issues.

2. Reducing risk

The risks that threaten to disrupt your supply chain are numerous and range from environmental and public health concerns like natural disasters and pandemics to geopolitical events like trade wars; business risks like raw materials shortages and price fluctuations; and operational risks like **a lack of upstream supply chain visibility**. The list goes on and on—and working with suppliers to successfully manage and mitigate risks is one of the most important responsibilities of modern

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supplier relationship management teams.

3. Fostering corporate social responsibility

From environmental stewardship to getting involved with the local community, companies across all industries are demonstrating a commitment to corporate social responsibility. As the use of outsourced services has skyrocketed and supplier networks have grown more complex, pharmaceutical companies have become increasingly dependent on partners for meeting corporate social responsibility objectives.

Much of the responsibility for meeting those goals—and ensuring that suppliers meet ethical, social, and environmental standards—falls on the supplier relationship management team.

4. Meeting compliance requirements

Working to ensure that suppliers meet regulatory requirements for things like pharmaceutical ingredients, environmental controls, and manufacturing standards is a major challenge facing supplier relationship management teams. Tracking compliance becomes even more difficult and complex when working with various suppliers in different countries. Ensuring close collaboration and coordination with suppliers and making sure service level agreements are met is a key responsibility.

5. Managing costs and creating business value

Procurement and supplier relationship management teams have always been concerned with getting the best deal possible from the business partners they select. In the past, that meant ensuring the lowest cost of transactions. Today, the focus is on maximizing the business value of every aspect of partnership, according to Nico Bac, a supplier relationship management expert and the founder of consulting firm Digital Procurement Now.

> *“There are still some price buyers out there sometimes, but especially in today's time, it's not a very smart approach,” said Bac, who was interviewed on*

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*a recent episode of **TraceLink's Agile Supply Chain Podcast**. "There's all these other elements that are way more important than if a supplier gives you a three or five percent discount."*

6. Driving innovation

Today's supplier relationship management teams are tasked with creating business innovation by working closely with suppliers on joint development projects that drive operational improvements. Establishing close relationships with the right partners is critical when it comes to maximizing business value and creating new kinds of competitive advantages.

"When you're with the right supply base and you have partners for your business, you should treat them as partners. You should trust them. You should make them part of your business," Bac explained. "There's many good examples [where] the ecosystem of suppliers is what made the supply chain unbeatable, either from a resiliency point of view, from an innovation point of view—whatever you're looking for."

Supplier relationship management and the power of digitalization

Meeting the demands of modern supplier relationship management requires a digital network platform that helps your team and your entire supply network act as a single, cohesive unit—one that reduces or eliminates the need for disjointed manual supplier management processes and provides a clear picture of projects, accountabilities, and deadlines across all partner companies, people, and processes.

The answer is multienterprise work management—a new type of cloud-based application that enables you to digitalize shared work with your network of supply partners. Multienterprise work management allows supplier relationship management teams to create networks of internal team members and suppliers and bring them together in a single, virtual environment to collaboratively work on quality issues, risk reduction, process improvements and

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innovations, corporate social responsibility initiatives, and issue resolution.

Procurement teams are using multienterprise work management solutions to boost the performance of every supplier relationship management objective. With a multienterprise work management like **Agile Process Teams from TraceLink**, your supplier relationship management team can:

- **Improve Quality**
  Digitalize multienterprise processes handled today with email and spreadsheets to improve the execution of production changes, quality defect resolutions, and supplier management issues.

- **Reduce Risk**
  Capture risk incidents as they happen, classify them, and power joint decision making to mitigate risks.

- **Improve Compliance**
  Digitalize change management, quality document exchange, and incident resolution to ensure products and processes comply with applicable regulations.

- **Enhance Corporate Social Responsibility**
  Enable improvements in supplier communication and related corporate social responsibility processes to identify issues and manage corrective action.

- **Drive Down Costs**
  Dramatically lower long-term costs through faster incident resolution, permanent reduction of recurring incidents, and joint innovation with your supplier network.

- **Power Innovation**

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As processes get digitalized and streamlined, the time to resolve incidents and execute changes shrinks, freeing up time for supplier relationship management teams to work with suppliers on innovation. Teams can also leverage collaboration capabilities to identify and drive process innovations.

Supplier networks are more complex than ever—and it’s time to move beyond phone calls, emails and spreadsheets and embrace new ways to work with supply partners to improve your ability to track supplier performance and efficiently manage work that spans multiple enterprises.

Multienterprise work management on a digital network platform enables you to overcome today's biggest supplier relationship management challenges and can boost the performance of your suppliers across the metrics that matter most to your business.

Learn more about Agile Process Teams today.

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