Purchaser / supplier global relations: what do buyers expect?

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What do buyers expect?

The basics: “one way” expectations
✓ Honesty and fairness in dealings
✓ Fair value / price
✓ Adherence to policy, contract terms
✓ Compliance with standards
✓ GS1 compliance

But there’s more!
Price savings alone are NOT sufficient

**Price**

**Total Cost of Ownership**

- **Process Cost**
  - Sourcing Cost
  - Evaluation/Order Mgmt
  - Returns Mgmt
  - Logistics Mgmt
  - Supplier Mgmt
  - Recall Mgmt
  - Compliance Mgmt
  - Training
  - Payment Mgmt
  - Inspection

- **Utilization Cost**
  - Standardization
  - Demand Mgmt
  - Labour Productivity
  - Maintenance
  - Shrinkage
  - Damages
  - Waste
  - Disposal
  - Recall Mgmt
  - Revision Procedures
  - Infection Rates
  - Etc.
We must work together to reduce cost

<table>
<thead>
<tr>
<th>TOTAL COST</th>
<th>Hospital Cost</th>
<th>Supply Chain Cost (Hospital)</th>
<th>Order Processing</th>
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<tbody>
<tr>
<td>PURCHASE PRICE</td>
<td>Supplier Cost</td>
<td>Supply Chain Cost (Supplier)</td>
<td>Inventory</td>
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<td>Transport</td>
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<td>Profit</td>
<td>Order Processing</td>
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<td>Selling Cost</td>
<td>Inventory</td>
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<td>Transport</td>
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<td>Product Cost</td>
<td>Sales</td>
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<td>Research, Manufacturing, Packaging, etc</td>
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Think and act as a system
Integrated supply chain processes

Supplier Relationship Management

Customer Relationship Management
Buyer - Supplier collaboration

“75% of sourcing savings can be lost within 18 months without SRM” - Geller & Company Survey