

Creating Global Competitive Advantage With Suppliers

Foster's - Supplier Relationship Management

Supplier Relationship Management

Maintaining market leadership requires diligence on all business fronts. Suppliers are an important part of maintaining the competitive edge – not only for costs, but also for supply chain innovation and efficiency.

Make sure you are working with your suppliers to generate more value from your supply chain than your competitors.

Case Study – Foster's Group

The Challenge

Foster's Group Limited is a global premium-branded beverage company committed to delivering quality products enjoyed by millions of people around the world every day.

The Foster's Global Procurement group is developing a team of professionals highly skilled in category management.

Foster's recognises that suppliers are a strategic source of competitive advantage in its mission to win business.

It also knows that more than 20% of the value of a negotiated supplier contract can be lost if the contract is not implemented and managed effectively.

Supplier Relationship Management is a key focus in the next phase of developing Foster's procurement capability.

Foster's asked The Faculty to help with an initiative to establish a more robust supplier relationship management process.

Our Approach

Foster's wanted to assess how key suppliers viewed their performance, and to determine whether Foster's was in step with industry practice among other major US wine producers.

Foster's engaged The Faculty to conduct a strategic analysis of its preferred suppliers to help prioritise supplier management strategies and activities for the year ahead.

Based on insights gained from a recent study of Australian suppliers, The Faculty developed a Supplier Relationship Assessment Framework for the US context.

Views of suppliers were sought in on-line surveys and in face-to-face discussions. In addition, Foster's category managers were interviewed about their approach to supplier management and their views on the supply base.

Findings revealed valuable information to help Foster's develop a progressive supplier relationship management agenda.

The Results

This project created a more formal and structured approach to manage Foster's supplier relationships in the United States. It enabled Foster's to:

- ▶ Create and implement a Supplier Relationship Development program
- ▶ Quickly understand areas of opportunity for addressing operational weakness or strengths to build on
- ▶ Set the agenda for working with suppliers in the future
- ▶ Identify and develop relationships that will deliver better value to Foster's and suppliers

“Without taking this strategic, third party process, it would have taken us much longer to understand what was really happening in the supply base – crucial time we didn't have. We need to make sure we continue to lead the industry so that we can build our business and our suppliers' insight and feedback are a key part of being able to do that.”

Rohan Whitmee, Foster's Wine Estates Americas, Napa California, USA