

# How do you develop a successful supplier strategy?



Imagine that an important component for your company suddenly becomes scarce because a central supplier fails. Production stops, rising costs and dissatisfied customers are the result. It is precisely such risks that can be minimized with a well-thought-out supplier strategy. But how do you find the right balance between cost optimization, quality assurance and security of supply? A targeted strategy helps to reduce dependencies, make partnerships sustainable and increase competitiveness. In this article, you will learn which steps are necessary to build a robust and future-proof supplier management.

## 1. The importance of a strategic supplier policy

Suppliers are much more than mere suppliers of goods or services – they are strategic partners. Wise selection and management of these partnerships can be the difference between smooth operations and supply bottlenecks or quality issues. Companies must therefore define clear goals: Is it primarily about cost reduction, security of supply or promoting innovation?

## 2. Analysis of your own needs

Before developing a strategy, you should first analyze your own procurement needs in detail. The following questions will help:

What materials or services are essential to our business?

What is our average and maximum requirement?

How dependent are we on certain suppliers or markets?

Are there seasonal fluctuations or crisis scenarios that need to be taken into account?

Tools such as ABC **analysis** (classification of materials according to value) or **XYZ analysis** (prediction accuracy of demand) help to systematically record one's own requirements.

## 3. Supplier evaluation: Who is a good fit for us?

Not every supplier is suitable for every company. Various criteria should be taken into account when selecting and evaluating suppliers:

**Reliability:** Are agreed delivery times met?

**Quality:** Do products and services meet our standards?

**Flexibility:** Can the supplier absorb short-term changes in demand?

**Value for money:** Are the costs in line with the market?

**Innovative strength:** Can the supplier contribute to process improvements or product innovations?

A structured supplier evaluation system helps to make well-founded decisions. For example, companies can use scorecards to objectively compare different suppliers.

#### 4. Strategic partnerships vs. multi-source strategy

There are different approaches to supplier management. Companies have to decide whether they want to rely on a few strategic partners or use several suppliers in parallel.

**Single sourcing:** A single supplier takes over the entire supply. This reduces coordination effort, but carries the risk of a high dependency.

**Dual sourcing:** Two suppliers share procurement, which reduces risk but still remains efficiently controllable.

**Multi-sourcing:** Several suppliers are commissioned in parallel to ensure maximum flexibility – but the management effort also increases.

Which strategy is the right one depends on the market situation, the criticality of the materials and internal resources.

#### 5. Supply chain risk management

A good supplier strategy also takes into account potential risks and develops countermeasures. These include:

**Geopolitical risks:** minimizing dependence on individual countries

**Supply failures:** Establish alternative sources of supply

**Currency fluctuations:** Conclude contracts in stable currencies

**Sustainability:** Ensuring environmental and social standards

Modern digital tools for **supplier evaluation** and **early risk detection** help companies to adapt to changes at an early stage.

#### 6. Implementation and continuous improvement

The best strategy is of no use if it is not implemented consistently. Regular supplier audits, close exchange with partners and continuous market observation are essential to adapt the strategy to current developments.

Successful companies also establish a **culture of continuous improvement** – both internally and in collaboration with their suppliers. This can be done through regular performance reviews or joint innovation projects.

## Result

A well-thought-out supplier strategy is a decisive competitive factor. Companies that systematically analyze, evaluate and actively shape their supplier relationships benefit from more stability, lower costs and greater adaptability to market changes. It is worthwhile to invest in strategic supplier management – not only in the short term, but as a long-term success factor for the entire company.



### **Richard Porstmann**

Ich bin Interim Manager durch und durch. In jedem meiner Mandate steckt ein Teil an Beratung, Know-how, das ich mitbringe und an meine Auftraggeber transferiere. Als Global Citizen verstehe ich Zusammenhänge länder- und kulturübergreifend und versuche, unseren Planeten durch meine Entscheidungen nicht nur gerechter, sondern auch sicherer und nachhaltiger zu machen. Sicherlich ist es dabei vorteilhaft, dass ich selbst in Brasilien geboren und als Deutsch-Brasilianer in einem internationalen Umfeld, darunter Asien, Südamerika und Osteuropa, gelebt sowie auch an mehreren Produktionsstandorten gearbeitet habe.