WHITEPAPER

# ACCELERATE PRODUCTIVITY & INSIGHT VALUE

## How often should you meet Customer/ Suppliers and what to cover!

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## Introduction

In any relationship or engagement, regular reviews are a key part of ensuring success by being able to be sure the direction of travel is good for you all parties concerned and so that any issues can be addressed.

A key part of this is not only the content that is covered which is a given but also more importantly what is the ideal frequency in a business world where we are all strapped for time.

In a recent study, we got all deep and meaningful via a series of engagements to collect data from our customers, prospects, partners and employees alike and was able to conclude the following key points for anyone that managers vendors/suppliers to consider.

## Study Findings

I already said that everyone is short on time so I will give you the results up top. Our study found that the ideal frequency to meet your vendors when under standard conditions is quarterly (every 12 weeks) and the time that it should take to prepare for a session in a structured and meaningful way is on average 5.6 hours.

We use the word meaningful hear for a very good reason. If you are taking the last meetings agenda and minutes changing the dates and consider this meaningful prep you, I am afraid are just checking a box and there is very little quality or consideration given. So of those that genuinely prepared for these sessions, it was on average 5.6 hours each and every time.

So meeting quarterly with 5.6 hours prep each time means 22.4 hours just over 3 days of working time is going in to manage each vendor per year.

Please also consider that this is a happy path figure as well e.g nothing is wrong, it’s a very straightforward meeting with NO actions. When was the last time you were in one of those!

We asked our participants about this and the average number of actions that come of out each meeting was consistently thought to be a ‘few’ so a spread of 2 to 4 solid actions average of 3 and most actions were thought to be half a day worth of effort once all internal reviews and governance were completed.

That would put another 48 hours on this total per year when combined with the 22.4 hours prep.

**Total**
70 hours per year per vendor
or just over **11 days!**

## Impact per contract/ deal level

In terms of vendor management most companies selling solutions talk about how we will enable you to manage more vendors cheaper than you did before. Which is all well and true. But what about if you as an organisation refuse or knowingly don't manage vendors post-contract signed. What's the impact and what are you go conf away in terms of value.

Why change, well no organisation in any vertical that we have spoken to over the last 3 years is looking to actively reduce the amount they are doing via or with vendors. Now please don't confuse this with a company that wants to consolidate their vendors or to reduce the amount they spend on vendors, these are still very worthwhile endeavours. What I mean is that we struggled to find anyone that is looking to insource their operations for the long term to do more internally. We do see some point in time insource activity but always aimed at getting control back of services that are perceived to operating poorly, to consolidate these services or stabilise them and then ultimately outsource again but not keep it strategically inside the four walls of the company.

So if we go back on topic now, how much value do you risk losing or giving away if you don't manage each and every deal that you have made, its an interesting question right.

Well, we can safely say that the impact at a macro level of not managing a deal means that you are giving away a possible swing in real costs of up to 30% of the total contract value.

This is made up of many factors but they mainly all can fall into three categories

### 1. Reducing Risk

Assessing risk against the vendor and contract at the time of signing and tracking this through the lifecycle of the contract through as automated efficient means as is possible. Spotting and alerting to any emerging risk be it localised, industry or geographic related. Spotting signs of financial stress or concentrated risk and looking to address them as they start to crystallise.

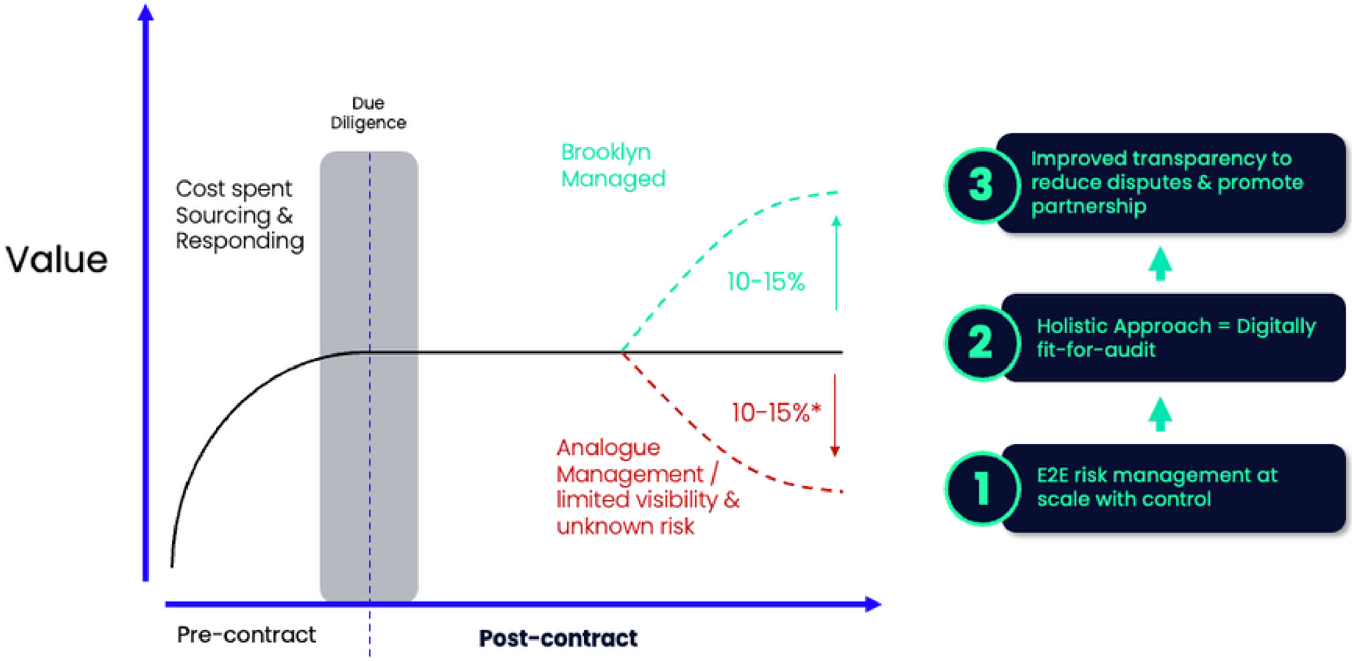
### 2. Assuring delivery

Assuming that you actually get what you want from the deal, and why wouldn't you, its been signed! A key aspect is ensuring that these actually materialise and the outcomes promised in the business case / spend justification. This comes in the shape of ensuring that both the vendor and you as the buyer deliver on their obligations as outlined, course correcting and amending them as necessary and things change.

### 3. Adding Value

The third is not only engaging in more efficient ways but being clear about the wants and needs or direction of travel, being transparent and receptive to your supplier through regular opportunities for touch points and engaging in collaborative situations.

Image : The drop off in value versus the potential upside of managing deals post-contract signature




How does that data highlighted above stack up if you consider how many vendors that you might have in your tail/chain? The tail/chain are those vendors that are not in the top 5, 10 or 50 where all your focus currently goes. I am talking about the 'un oved' not that you don't want to you just don't have the time to. All below figures are on a per annum basis.

It makes your eyes water a little once it's all added together, it didn't sound too bad before you looked at the table above, right! We recently spoke to a large company that has 400,000 suppliers in its tail which equates to a number that isn't worth thinking about......

Ok so I did think about it, you would need 11,984 full-time employees to manage them to a consistent minimum.

Table: Vendors under management versus hours and FTE needed for effective management

| No. of Suppliers | Meeting Prep (Hrs) | No Of FTE* | Plus Actions (Hrs) | No. of FTE* | Total FTE* Required |
|---|---|---|---|---|---|
| 100 | 2233 | 1 | 2800 | 2 | 3 |
| 500 | 11167 | 7 | 14000 | 8 | 15 |
| 1000 | 22333 | 13 | 28000 | 17 | 30 |
| 2500 | 55833 | 33 | 70000 | 42 | 75 |
| 5000 | 111667 | 66 | 140000 | 83 | 150 |
| 10000 | 223333 | 133 | 280000 | 167 | 300 |

**FTE - Full time equivalent / employee*

## Quarterly & Content

Ok so why meet quarterly and what at a minimum should the discussion cover.

There is also another good reason, a quarter or 12 weeks is the ideal amount of time to space these reviews out. There is a very good reason that business runs in quarterly cycles e.g VAT, Reporting etc as it's the ideal amount of time to spot or detect any meaningful change long enough to get some meaningful data and trends emerging and early enough to course correct should it be required.

So a QBR is a once-per-quarter meeting between a vendor and customer. During a QBR, both parties discuss how the vendor supports the customer business and how they can better support their business and employees. Items that should be considered to cover things such as:

1.Contractual Agreement - The current state of the contract arrangement. Have there been changes? Do there need to be some changes? Are we both looking at the same agreement in the same way.

2. External or Internal Factors - Have there been any recent changes in the vendors or our business that affects the products and services they provide? Consider regulatory or company strategy as topics.

3. Forward-Looking - Supplying and reviewing roadmap to assess if needs are being met and they are on target.

4. Challenges / Blockers - What are the concerns/challenges being picked up and addressing any inconsistencies or setbacks in the partnership?

5. Financial Stability & Risk - Checking for signs of company instability, such as financial or an increased risk profile.

## Meeting Timings

We have covered how regularly it should ideally be that a customer should engage with their suppliers and even ideally what to talk about, but remember that this is at a minimum. So in this case against this backdrop of questions and cadence, how did we come up with a total of 5.6 hours per engagement, based on what those we spoke to had to say on the subject. Well, that's in the table below.

Table: Engagement pre-petition activity broken down by task in minutes

| | Meeting (Avg) |
|---|---|
| Set-up Meeting | 10 |
| Co-ordinate Responses | 30 |
| Prepare Agenda | 20 |
| Prepare Materials | 90 |
| Format & Distribute Materials | 20 |
| Attend Meeting | 90 |
| Write up Notes (Minutes) | 45 |
| Format & Distribute | 20 |
| Allow for Corrections | 10 |
| | **335** |

So 335 minutes per end to end engagement, minus any action, that's where the 5.6 hours on average has originated from, of course, it makes sense that you can flex these for your organisation in question, perhaps other steps need to be included like an internal review before the meeting which some of our responders had in addition to these, either way, remember it needs to be a meaningful relevant meeting based on what the supplier provides to you.

## Conclusion

We all want to do a great job but what becomes apparent at scale is you either are going to need a standing army and very very deep pockets or a very effective Digital assistant if you ever hope to proactively engage and manage all your Vendors, it is as simple and succinct as that!

## All Vendor Data on a single pane of glass

If you're approaching your next meeting with a key supplier and want a fast and effective method of gathering your vendors' key insights – you'll be interested in Brooklyn's Vendor Data Hub, an intuitive and customisable dashboard including your vendor's most relevant data according to your function. Preparing for your next supplier meeting will become as easy as downloading a ready-made report so that you save time on manual tasks freeing you to initiate innovation and execute strategic actions.

Request a demo | info@brooklynsolutions.ai | LinkedIn