the IT factor

Sonu Kundi

Supplier Management: More aces in your hand

Whether you are a single-brand or multi-brand retailer, effective supplier management is an essential business requirement.

What you are aiming for is to develop and manage a positive and mutually-beneficial partnership with all of your suppliers – rather than succumb to a relationship in which you have little bargaining power. At the heart of that objective should lie impeccably managed information about all your transactions and dealings – whether in the buying, ordering, handling on returns processes.

One of the myriad challenges of retail is that it can seem as if the suppliers hold all the cards. Take buying, for instance. Gone are the good old days of a trade price list and a discount for purchasing a certain number of units. Now there is perpetual flux in pricing and a head-spinning range of discounts and rebates including: invoice discounts, advertising support, retrospective discounts, super-retros, box money, early payment discounts, packages… Phew!

No wonder some retailers focus just on package discounts and hope for the best with the rest. Unfortunately, this fingers-crossed approach puts the power firmly in the hands of the suppliers.

Quality IT, however, can redress the balance significantly, meaning you can manage order sizes to maximise discounts and take advantage of all other discounts and rebates on offer. Down the line, that gives you higher profits and more flexibility on what prices you can charge consumers.

In the ordering process, too, a powerful IT system will give you the management information you need to ensure you buy only what has the best chance of selling within reasonable timescales. With a system like Cromwell's Open-Retail, it is simple to run reports on fast-moving and slow-moving stock or on prices for alternative suppliers and brands, putting you in the driving seat whether ordering online or from a supplier's rep sat in front of you. It is also straightforward to keep tabs on small item and accessory sales and inventories across one or several branches – and, with automated

or assisted ordering, you will never run low of these high-margin essentials.

When suppliers release yet another amended price list, batch updating facilities in the system mean you can change prices in bulk rather than laboriously changing them product by product.

In stock management, too, effective IT means that you can manage the supplier relationships with proficiency and professionalism – keeping track of what has and had not been delivered, and what is faulty or damaged, with impeccable accuracy. By reconciling actual deliveries with orders, you have a powerful tool with which to negotiate with suppliers and keep them on their toes regarding standards.

You can also efficiently manage deliveries from suppliers and to your end customers, and manage your overall warehouse space and sub-lots to maximum advantage. With IT that is integrated with your supplier's back-end systems, you can check at any time, day or night, on what they have in stock – and keep customers fully informed on delivery dates.

Finally, the headache of handling returns can be streamlined and simplified with IT. It is

straightforward to report on the amount and status of RMAs in the system, so you can track any aspect of the journey taken by faulty, damaged or otherwise unwanted items, including whether you have been credited by your supplier.

Interacting professionally with your suppliers, and managing the relationships closely, without an IT system is, of course, possible. But it's far more difficult and you don't need added complexity when you are trying to focus on maintaining a profitable business.

Having effective supplier relationship management capabilities in your IT system means: far less money tied up in dead stock; more fast-moving stock in place when and where you need it; reduced paperwork and fewer 'phone calls; more reliable shipments; more time to spend on productive and profitable business activities; and greater uptake of discounts and rebates.

At the end of the day, suppliers need retailers and retailers need suppliers. A powerful IT system can only streamline and enhance those relationships. It may not give you all the Aces in the supplier relationship - but it will certainly deal you a better hand.