

Term of the Month: Supplier Relationship Management – September, 2016

Supplier relationship management (SRM) is the systematic, enterprise-wide assessment of suppliers' assets and capabilities with respect to overall business strategy, determination of what activities to engage in with different suppliers, and planning and execution of all interactions with suppliers, in a coordinated fashion across the relationship life cycle, to maximize the value realized through those interactions.^[1] The focus of SRM is to develop two-way, mutually beneficial relationships with strategic supply partners to deliver greater levels of innovation and competitive advantage than could be achieved by operating independently or through a traditional, transactional purchasing arrangement.^[2]

In many fundamental ways, SRM is analogous to [customer relationship management](#). Just as companies have multiple interactions over time with their customers, so too do they interact with suppliers – negotiating contracts, purchasing, managing logistics and delivery, collaborating on product design, etc. The starting point for defining SRM is a recognition that these various interactions with suppliers are not discrete and independent – instead they are accurately and usefully thought of as comprising a relationship, one which can and should be managed in a coordinated fashion across functional and business unit touch-points, and throughout the relationship lifecycle