

THE SUPPLIER EXPERIENCE SURVEY

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The reality of
supplier experience

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Too focused on
internal goals?

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Fixing communications

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Six obstacles to Supplier
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Foreword

The year of the supplier.

by Costas Xyloyiannis, CEO of HICX

The events of 2020 and early 2021 revealed just how reliant the world is on an ecosystem of successful, reliable and efficient suppliers. One of the most important lessons has been a recognition of the need to move away from thinking about how we buy, and to focus more on how to optimize value and seek collaborative opportunities in supplier relationships. The onus is now firmly on enterprises to explore ways in which to improve how they work and engage with their suppliers.

2020 – A year of change

However, at the same time, relationships with suppliers are becoming continually more complex and harder to manage. The events of 2020 showed the dependency large organizations have on their supply chain and its fragility. People saw how something unexpected somewhere could make massive organizations suddenly come to a standstill. The global pandemic presented immediate and urgent challenges for organizations around agility, visibility, and risk. It has accelerated the need to be looking at areas such as genuine partnership, becoming customer of choice, and increasing resilience.

This is where supplier experience comes into play. Forward-looking brands are increasingly looking to provide their suppliers with a best-in-class experience to ensure that they get the best terms and service, preferential treatment, access to innovation, and ultimately for them to become more competitive in their industry areas.

Putting supplier experience at the forefront

Supplier experience is therefore the subject of this latest survey from HICX. Supplier experience refers to all the interactions that take place between an organization and its suppliers.

Supplier Experience Management (SXM), meanwhile, is the practice of creating the conditions in which a buying organization and all of its suppliers can achieve mutual success together.

Surveying leading procurement professionals

In this survey, we asked 100 of the most senior procurement professionals from organizations of \$1 billion turnover per annum upwards in Europe and North America (with a third of respondents representing organizations with \$10 billion turnover or more) about their function today and the vision for the function in the future. The survey posed two types of question: one based on actual activities and the other focused

on aspirational objectives covering areas such as data management and onboarding, communications, and operational priorities. The results provided interesting insight that highlighted the gap between aspirations and the operating reality for many organizations. A practical framework of steps to bridge that gap, and how to evolve an increasingly supplier-centric approach, are two considerations that derive from the survey.

One of the major barriers to this evolution, as the survey reveals, is not determining what 'success' means through the lens of the supplier – and the lack of common ground on this point sets the context for a number of contradictions that slow down the evolution to a world of Supplier Experience Management. This survey takes a look at these points of difference, exploring the customer's world and comparing that to the view of the supplier.

Direction of travel

Procurement and supply chain functions are constantly maturing and seeking to find the next pocket of value. Optimizing the end-to-end supplier experience is the next frontier for large organizations. Much of the emphasis is on optimizing internally, however there is also a need to optimize externally. If not, the value chain becomes unsustainable and costs from inefficiencies brought about by complexity and knowledge loss do not justify avoiding the cost of change.

Ultimately, the goal is one of establishing trust and transparency to build relationships based on mutual success, not only for the customer but also for the supplier. Including the supplier is key. Their success contributes to the organization's overall success. Their values feed into the organization's own corporate values. Due to this, no matter how strategic or tactical the relationship, all relationships must focus on managing the experience for the supplier, so that they can focus on giving you their best support in whatever they do.

Managing this at scale forms the basis for supplier experience management and is the direction many are looking to move. This survey provides a guide to the starting point for many and includes opinions on the next wave of priorities.

“ The events of 2020 showed the dependency large organizations have on their supply chain, and its fragility.

Data management and onboarding: **The reality of supplier experience**

When it comes to data management and onboarding, significant challenges remain, warns Nicolas Walden, Senior Advisor from The Hackett Group's Procurement Advisory membership program.



These challenges, according to Mr Walden, include, “the process being too manual; an ongoing need to maintain the currency of data; a lack of integrated systems and data being siloed; and lastly, adopting a one size fits all onboarding process.” Indeed, “a lot of information is requested, which seems to be increasing continually,” he continues.

Misplaced confidence?

It is no surprise that, as relationships become more sophisticated, the amount of information needed to service those relationships also grows. Despite these growing requirements, the majority of respondents in the HICX survey believe that it remains easy for their suppliers to submit and update their data, with 98% agreeing that they would go as far as to say it is effortless.

78% of procurement professionals also believe that their suppliers would describe their organizations as either ‘excellent’ (57%) or ‘best-in-class’ (21%) to do business with. On the other hand, if these responses have been fueled by anecdotal feedback from the suppliers to their clients, it is likely to be masking the reality. Richard Wilding, Professor of Supply Chain Strategy at Cranfield, reveals that studies have also shown that suppliers generally report that the relationship is better than it actually is - mainly because most, understandably, do not want to upset their customers. In reality, issues such as late payments frequently create a spiral of mistrust, he adds.

Omera Khan, Professor of Supply Chain Management at Royal Holloway University of London, agrees, pointing out that no supplier will admit to being dissatisfied, unless the relationship is breaking down. Her advice is that any true measure of satisfaction needs to be indirect. “Better to ask about procedures, buyer attitudes, payment times, and order forecast accuracy, and infer a satisfaction score from the answers,” she suggests.

Procedures and systems in practice

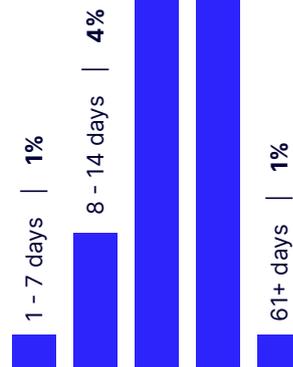
For example, expanding on the above and taking a procedure such as onboarding, the HICX survey reveals that it still takes an average of 15 to 28 days to onboard new suppliers. Contrastingly, only 5% of respondents say they achieve an average of 14 days or under, which means that there is room for significant improvement in this area. It is a procedure that is highly impacted by the organizational size. 52% of enterprises with a turnover of more than \$10 billion stated that average onboarding times range from 29 to 60 days. 90% of enterprises with turnover of \$1 billion to \$2.5 billion state that the average is between 15 and 28 days.

When it comes to the number of supplier-facing systems, a similar scenario emerges. 99% of suppliers must interact with at least two or more systems, and 10% of the largest enterprises revealed that the number of supplier-facing systems is between 11 and 20.

Organizational impact

Having multiple systems means that it is less likely that suppliers will engage as frequently as they might, which has a detrimental effect on the quality of data. When asked to rate the quality of supplier data on a scale of zero to ten, the average score was a mediocre 6.12 out of ten. While most respondents also felt that suppliers’ master data records only need updating on average around twice a year, the number of disparate, separate systems increases the chance of not all data being updated across all entry points for the data – and it doesn’t even begin to take into account everyday changes to information that have to take place, for example in the areas of compliance or health and safety. As a result, the number of manual interventions rises, which is another source of undocumented, but also significant, hidden cost.

THE AVERAGE TIME TO ONBOARD A NEW SUPPLIER ACROSS ALL SUPPLIERS IN SURVEYED ORGANIZATIONS’ REMIT



29 - 60 days | 31%

61+ days | 1%

On the other hand, if suppliers were faced with a single portal only, it would encourage them to engage far more regularly. A frequent touch approach has a significant positive impact on the data, so much so that Mondelez, for example, has established objectives to measure and promote this activity, such as targets for the number of visits per supplier per year and the number of suppliers logging in to the system. In order to drive continuous improvement, ways are identified for bringing more value to the portal, and to make it a 'one-stop shop.' As Stephane Sacherer, Associate Director, Global Procure to Pay, explains, it means the supplier requires just "one link" to work with Mondelez.

"The objective is to have suppliers return again and again. If this is not achieved, the data still becomes obsolete. Ways of encouraging this behavior include invoice tracking or dashboards, for example – and also small suppliers need to keep data up-to-date," he adds.

The benefit of the Mondelez approach is that it takes into account the entire, end-to-end supplier experience, including all touchpoints for both data and information. Often, the 'best-in-

98%

of senior procurement professionals believe it is really easy and effortless for their suppliers to update them on changes to their information or data

78%

of procurement professionals rate themselves as 'excellent' or 'best-in-class' to do business with

99%

of suppliers have more than two supplier facing systems that their suppliers interact with

class' evaluation is only considered from a single function point of view, which does not reflect the whole experience that a supplier will encounter, which will include

many stakeholders across the business. Supplier Experience Management involves evaluating all of the touchpoints as one single experience.

MOST RESPONDENTS FELT THAT CHANGES TO THE AVERAGE SUPPLIER'S MASTER SUPPLIER RECORD WERE NEEDED TWICE A YEAR

77%

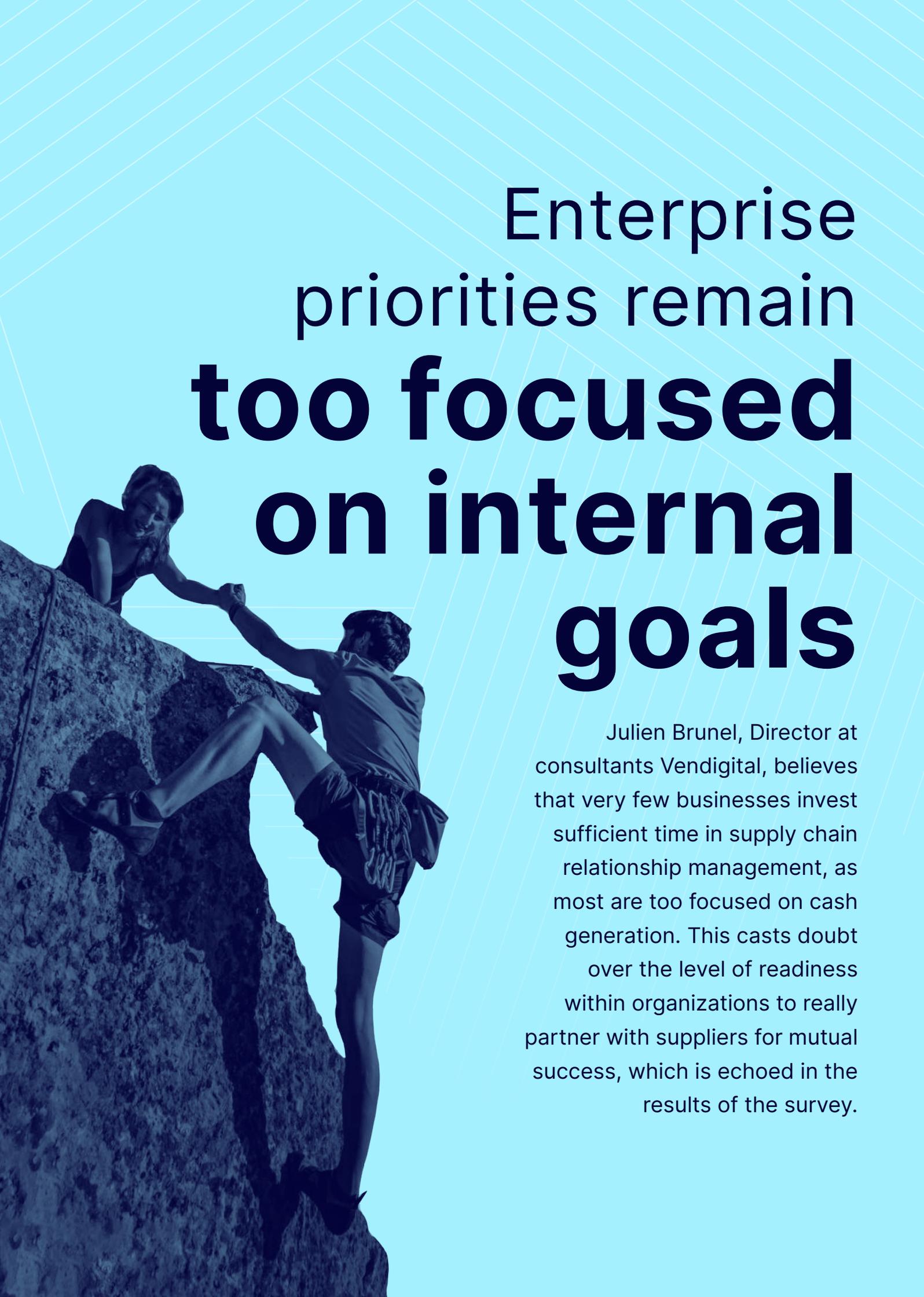
Average supplier master data record needs changes twice a year

7%

Average supplier master data record needs changes once a year

16%

Average supplier master data record needs changes three to five times a year

A photograph of a woman on a rock ledge reaching out to help a man climb. The man is hanging from the ledge, and the woman is leaning over to assist him. The background is a light blue sky with a pattern of white diagonal lines.

Enterprise priorities remain **too focused** **on internal** **goals**

Julien Brunel, Director at consultants Vendigital, believes that very few businesses invest sufficient time in supply chain relationship management, as most are too focused on cash generation. This casts doubt over the level of readiness within organizations to really partner with suppliers for mutual success, which is echoed in the results of the survey.

The results show that supplier-centric objectives fail to make the top three list for almost all organizations, in favour of more traditional, internally-focused enterprise objectives. For example, despite only 1% of respondents having one single portal for suppliers, few are looking to streamline supplier facing tools (5%); and goals that relate directly to supplier satisfaction or feedback are rarely cited as a consideration at all.

Top three priorities

The survey reveals that the majority of enterprises is broadly in agreement about what the three most urgent priorities for the next twelve months are. Digital transformation and automation is ranked in the top three list for 81% of those canvased, followed by operational efficiencies (75%), and contribution to margin growth (74%). These are placed significantly ahead of any of the other competing priorities, with team

skill improvements coming in next at just 25%, cost savings at 18% and supplier risk management at 13%.

‘Operational efficiencies’ is also the most popular number one priority at 36%, although there are significant differences between organizations with a turnover of \$7.5 billion or more, where the number one priority was digital transformation and automation (39%); and those under \$7.5 billion, where operational efficiencies was the number one priority for 58% of enterprises in this category.

Meanwhile, streamlining supplier facing tools (2%); improving supplier service levels and supplier satisfaction (0%); and initiating programs to capture feedback (0%) are the least likely activities to be prioritized as the number one concern in the next twelve months.

Internal pressures

The results reveal that many procurement professionals remain under pressure to focus on objec-

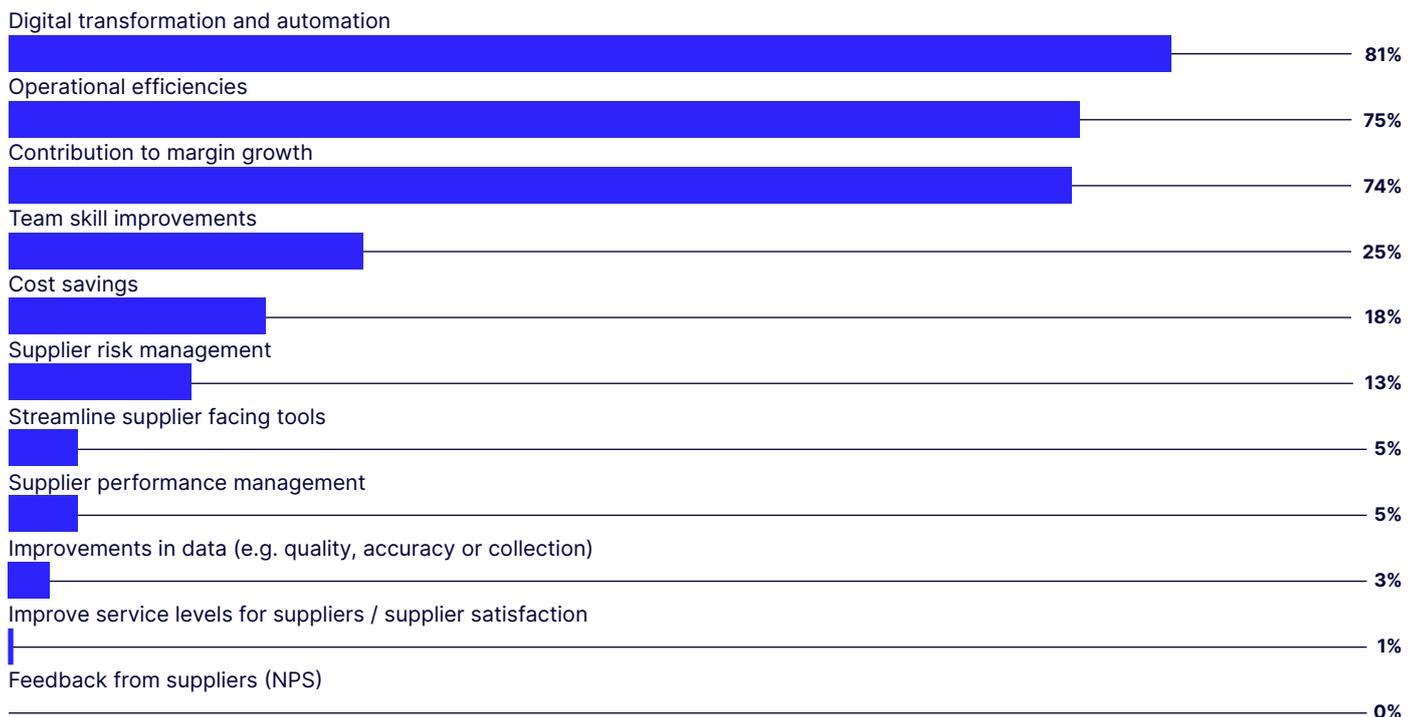
tives that could lead to negative impacts on relationships with suppliers. As the 2020 Deloitte CPO Flash Survey affirms, “CPOs identified cost management as a top priority right now, commanding eight times more focus in day-to-day operations than anything else.”¹

This, however, can be counter-productive. Where contract terms push too much risk onto unhappy suppliers, they can become less likely to want to cooperate or add value to the relationship.

The Deloitte survey goes on to warn: “For many, the decades-long focus on reducing the supply base and driving cost reduction while streamlining procurement strategy has affected many organizations’ ability to react swiftly and confidently in these challenging times.”²

Both the Deloitte and the HICX survey suggest, however, that the same mistakes could be being made again, if the emphasis remains solely on cost management or internal objectives for the longer-term. While it may be necessary during the recovery

PERCENTAGE OF RESPONDENTS RANKING THE FOLLOWING AS A TOP PRIORITY WITHIN THEIR TOP 3



phase following the pandemic, it will mean that opportunities are being missed. On the other hand, those that blend internally focused and supplier-centric goals will gain competitive advantage, which will define forward thinkers or leaders in the future.

Supplier satisfaction: Changing mindset

There are examples of the supplier satisfaction mindset gaining traction. Tom O’Byrne, Head of Supply Chain Development at security and defence contractor Qinetiq, covers both Supply and Procurement in his role. He says: “The profession is moving away from cost savings, to looking at the complete value chain. Efficiency and speed are important, but agility and supply chain resilience are the priority.”

He warns, “Driving economies of scale through a single supplier doesn’t work in the wake of COVID. You need an ecosystem approach to provide flexibility and

collaboration. With an ecosystem, you can judge the strengths of relationships and share opportunities. This helps you boost innovation and agility – and keep up with developments around sustainability and diversity.”

Crucially, though, Mr O’Byrne adds: “Beyond that, we are also lowering barriers to entry using tools that simplify processes for suppliers. E-sourcing and other industry tools increase satisfaction by reducing process inefficiencies.”

Beatrix Praeceptor, Chief Procurement Officer at packaging and paper firm Mondi, agrees, as she notes, “We noticed significant improvements whenever we moved from pure price negotiations to a total cost of ownership approach that integrates the supplier’s expertise and creativity. Technology can also help by streamlining processes, which frees procurement to focus on managing relationships

and finding new solutions.”

As with personal relationships, Ms Praeceptor explains, suppliers are always willing to go the extra mile if they are satisfied with their business partner’s approach and service.

Overcoming internal pressures

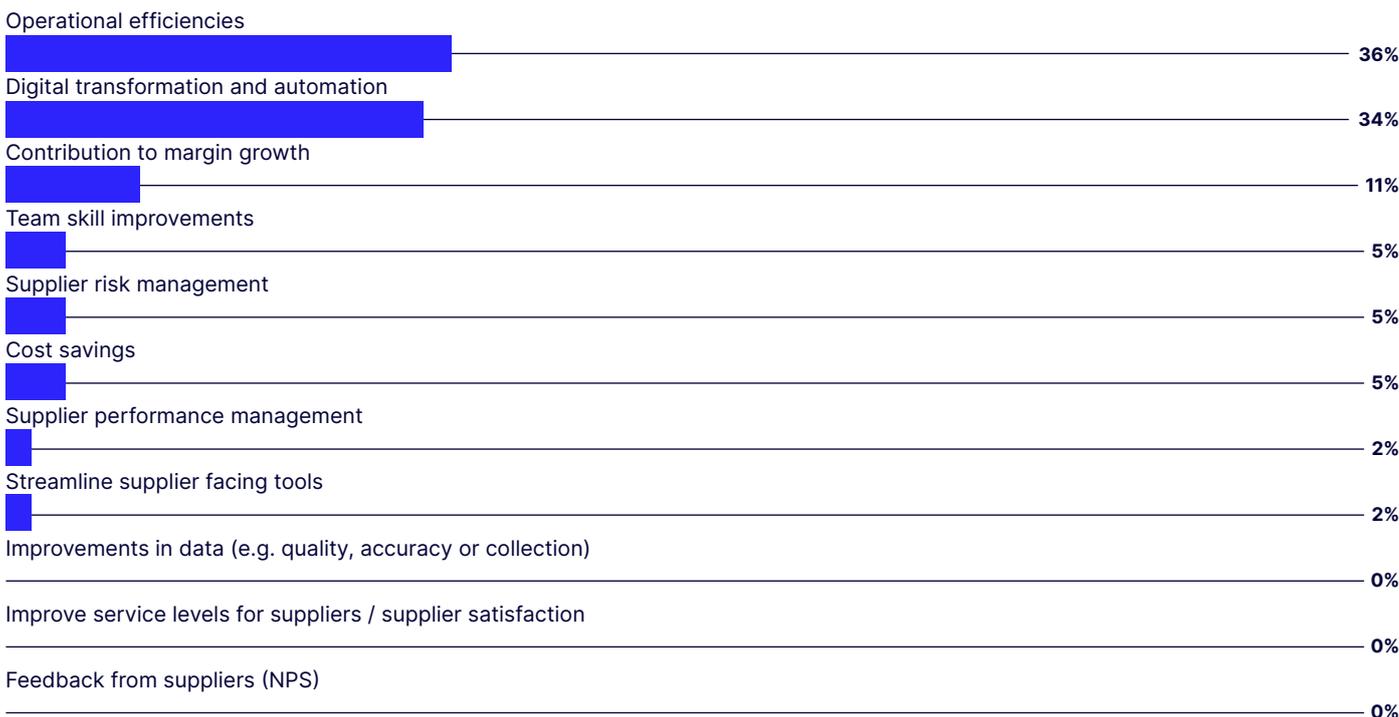
While procurement professionals remain under pressure to demonstrate contribution to internal goals, it runs the risk of ignoring the connection between the top priority, operational efficiency, and its link to supplier satisfaction. These are more tightly integrated, or mutually dependent, than is frequently assumed.

When internal procedures are prioritized as the route to improving operational efficiency, it leads to a focus on fixing problems, rather than addressing the root cause of the problems.

¹ Deloitte CPO Flash Survey: Procurement strategy shifts after coronavirus (spendmatters.com)

² 2020 CPO Flash Survey: Key Insights for Procurement Strategy | Deloitte US

PERCENTAGE OF RESPONDENTS RANKING THE FOLLOWING AS A TOP PRIORITY





We noticed significant improvements whenever we moved from pure price negotiations to a total cost of ownership approach that integrates the supplier's expertise and creativity.

Beatrix Praeceptor, CPO of Mond

A supplier-centric approach (for example, investing in integrated systems that give suppliers a real-time view of areas such as demand or invoice status), not only improves supplier satisfaction, but also reduces the amount of supplier enquiries that might otherwise be submitted to Procurement, Accounts Payable, or other teams, for example.

Further, it means that resource and cost savings are being made in alternative ways, which allows for differentiation, as well as providing opportunities to improve data in addition. As Costas Xyloyiannis explains, "Once internal operations have been squeezed as much as possible for efficiency gains, there is a need to take a step back and view the bigger picture of how processes can be made more efficient for partners. It must be remembered that, for much of the information and data, it is the partners that are the source of truth. It is them that the organization depends on. So if efforts are focused on making it easy for them to provide good data and information, then it is also going to accelerate the organization's overall digitalization efforts and contribute to all the other goals."

Why should you care about what your suppliers experience?

Procurement leaders may feel they face a tough conflict between cost pressures on the one side and building relationships with suppliers through Supplier Experience Management (SXM) on the other.

However, these two pressures are not mutually exclusive. Investment in supplier experience and supplier satisfaction provides both a direct and an indirect return on investment for those organizations prioritizing it.

Areas of direct impact, for instance, could include higher supplier engagement rates, which in turn creates more accurate data and therefore reduces the hidden costs of bad data; and fewer enquiries with higher levels of supplier self-service, meaning that the cost of serving suppliers is reduced.

In another example, streamlining onboarding and reducing the number of systems and entry points are two ways of achieving higher supplier engagement rates. Investing in solutions to tackle these areas results in more accurate data – and less resource is required for manual administration tasks that the customer has to undertake, or duplicate requests for the supplier. Furthermore, a consistent onboarding approach, which can be

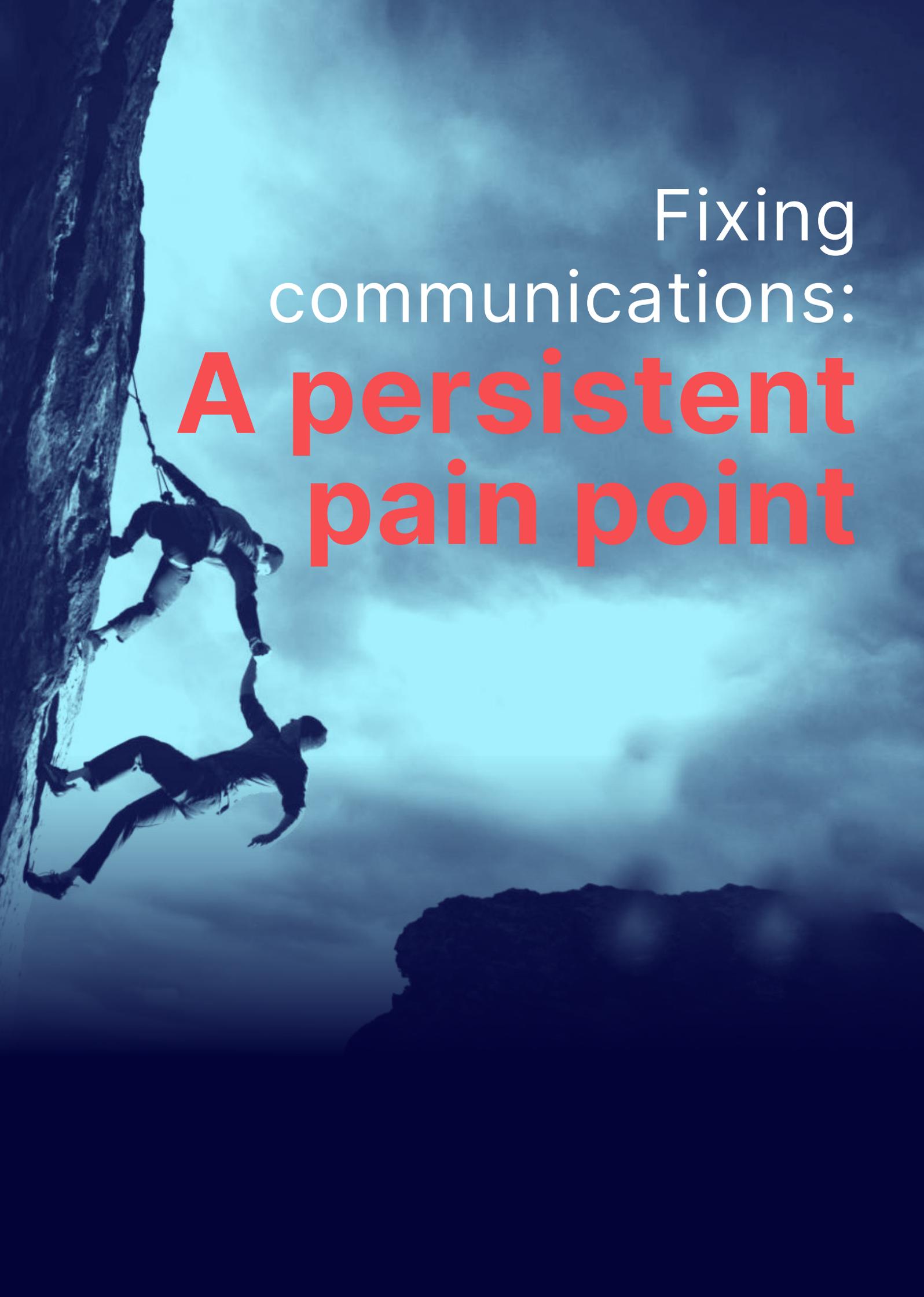
customized to accommodate specific supplier conditions, can be put into place. This ensures that all suppliers have been evaluated against consistent criteria by the procurement team and means that every relationship starts on the right track – regardless of location or strategic priority. The time taken to onboard and the consequent reduction in administrative workload are improvements that are able to be measured.

Also, incorporating areas such as payment status visibility or forecast visibility further reduces the number of enquiries, or assists in scaling mass communications, thereby not only contributing to a return on investment, but also helping to build trust between the customer and the supplier.

Indirect benefits are more difficult to quantify, but equally as important. Suppliers represent anything from between 40% and 70% of an enterprise's outgoings, compared to 13 to 20% for employees¹, so they are a huge part of the fabric of a company.

Similar to employees, motivated suppliers work harder to deliver above and beyond basic expectations. They will also be motivated to improve products or services, or share innovation. Also, similar to employees, the cost of replacing and on-boarding a new supplier is significant, so it always pays to invest in maintaining and improving existing relationships. Not to mention, supplier turnover is disruptive internally, while teams also prefer to work with the suppliers they know and trust.

¹ Journey to Procurement Excellence" IBM Emptoris, 2015

A photograph of two people rappelling down a dark, craggy cliff face. The scene is set against a dramatic, cloudy sky with a blue and grey color palette. The person higher up is pulling the rope, while the person lower down is being lowered. The overall mood is one of challenge and teamwork.

Fixing
communications:

**A persistent
pain point**



I don't blame suppliers for being very angry and frustrated at times, particularly when it comes to poor communication and late payment, but I believe there's a sea-change on the way.

So says Stephen Day, Chief Procurement Officer at market research house Kantar, who believes that the 64% of respondents in the HICX survey who cite communications as a top three area for improvement cast the spotlight on a persistent pain point.

Good supplier communications should, he argues, cover the business's overall direction of travel and relevant category strategy as well as the intricacies of purchase orders, payment terms and who to address queries to.

Improving communications and streamlining processes

Communications is one of the two interlinked pain points that topped the list of areas that enterprises believe would be the most problematic in the eyes of suppliers, alongside over two-thirds who also admitted that the time to resolve enquiries is also a factor.

One of the main issues for enterprises is that their traditional technology landscape (and subsequent procedures that derive from that) prevent them from doing better, a point which is reiterated in the third most popular concern, in which 46% of respondents identified that suppliers would cite more streamlined business processes as a desired improvement in order to make it easier for suppliers to do business with them.

For example, one practical point to consider is how enquiries are defined, routed and handled. Enquiries that can be seen as somewhat unimportant to a large enterprise could be extremely important to a supplier in certain scenarios. This might include the timing of an invoice payment in order for the supplier to meet its own obligations, or knowing a specific forecast in order to anticipate demand.

We spoke to a number of suppliers to gain a better understanding of the issues they face. Ian Glassdoor, who represents both the procurement and supply side of Wales-based recycling

experts Endurmeta, explains that in his world, the dialogue between Procurement and Supply Chain can be particularly poor when it comes to paying up, with too few or too many contact points being common problems. "Late payment is always an issue for us as a supplier and when we receive, without explanation, £20,000 for an £80,000 invoice with the rest being paid in dribs and drabs, we are forced to accept it when the client is important," he says.

Suppliers point out that being passed between various departments is just as frustrating as radio silence and with 46% of respondents admitting that more streamlined business processes would help make their enterprise easier to work with, there is clearly an appetite for change. In Mr Day's view, this cannot come soon enough. "There's been a very notable imbalance between suppliers and enterprises for some years now – and with cheap sourcing from China, procurement professionals like me have got away with a lot of things that may no longer be tolerated," he adds.

Part of the issue is linked to cross-functional communications, which, as Carol Williams, Head of Procurement, Europe, at UK top ten construction firm Laing O'Rourke, explains: "The reality is that there are multiple stakeholders in our business who have dealings with suppliers. When it comes to due diligence around checking that work has been delivered on time and to a good standard, departments outside Procurement will always need to be involved."

This frequently leaves open a question around 'who owns the end-to-end experience for suppliers?' In turn, this then has the potential to leave other questions unanswered. In the event of a supplier request for information, for example, does an organization know the severity of the enquiry and its impact on the supplier? If it is required, how does the supplier make clear the urgency of an enquiry?

**Advantages for enterprises:
Example from the pandemic**

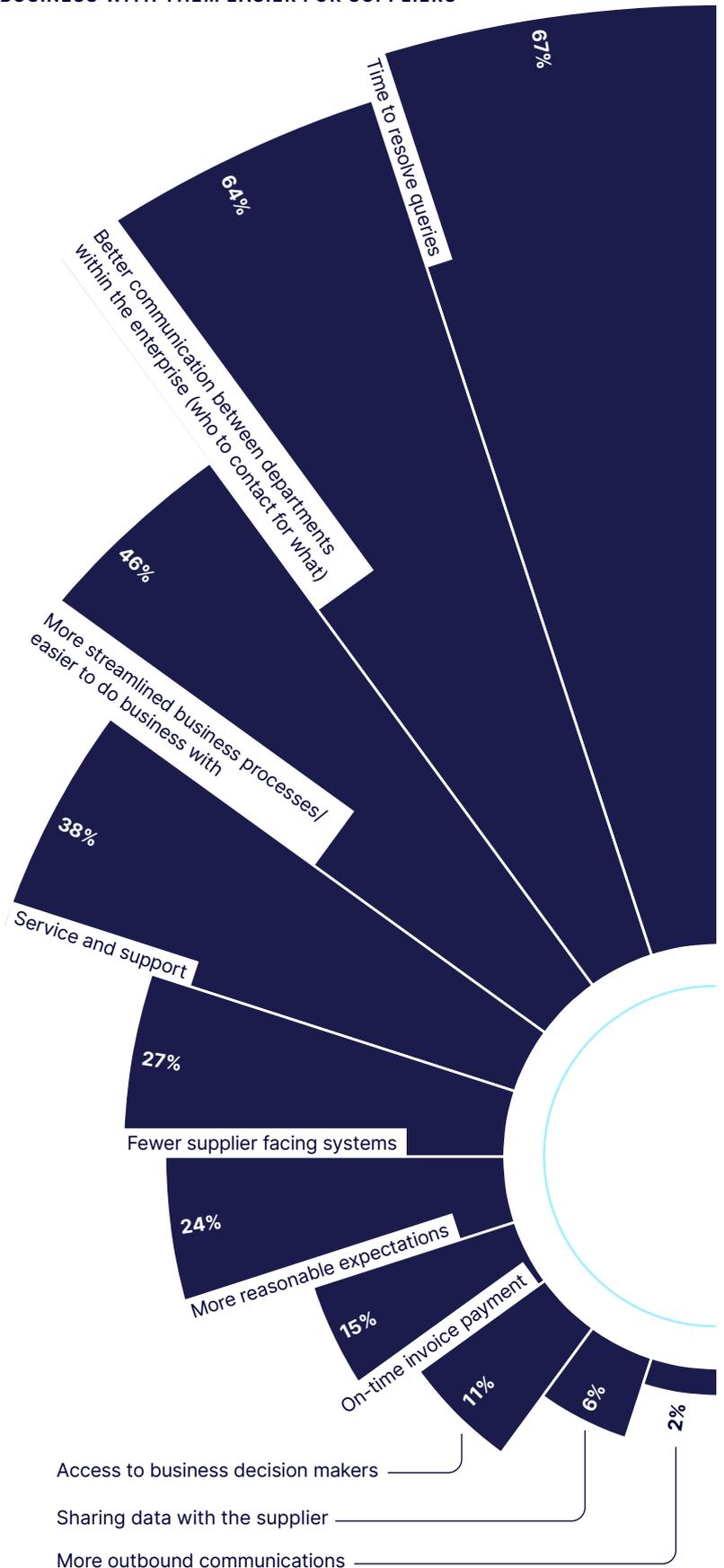
Oliver Chapman, Group CEO of UK based OCI Limited, which provides supply chain partnering solutions, believes that supplier-centricity requires both cultural change by procurement leaders and a dedicated communications point for all enquiries. He explains, "Being passed on to the accounts department can often prove fruitless, and many suppliers will tell you that being passed from pillar to post inside an organization is both fairly routine and incredibly frustrating."

He continues, "I don't underestimate the scale of the effort that would be required to become genuinely supplier-centric but if it could be achieved, it would not only make suppliers' lives easier but would have enormous benefits for the entire relationship between them and their clients in the future."

Events of 2020 have provided a number of examples where a supplier-centric approach to communications has proven advantageous. As Jerry Grable, Director, eBusiness at BAE Systems, Inc, explains, the pandemic situation was a case in point whereby centralized supplier information combined with a supplier messaging program meant that it was easy for both sides to stay up-to-date in the midst of rapidly changing conditions.

As Mr Grable maintains, "I don't know otherwise how we would manage to contact over ten thousand suppliers and build a picture of supplier readiness to support our continuity planning. It would take a whole team of people pounding the phones for days or even weeks to do something I've now been able to do on my own in a matter of hours."

TOP AREAS THAT ORGANIZATIONS THEY SAY NEED TO IMPROVE TO MAKE DOING BUSINESS WITH THEM EASIER FOR SUPPLIERS



The road to supplier centricity

What does a supplier-centric organization look like?

There are two main pillars to consider in terms of determining an organization's level of supplier centricity. One is the cultural mindset of the organization towards suppliers and the other is the technological framework to facilitate a supplier first approach.

With regards to the cultural mindset, the first and most important shift that needs to take place is the acknowledgement that all suppliers (not just the strategic few) should have access to a one-to-one style relationship. This means that the organization is able to 'put itself in the shoes of all suppliers' and is able to consider ways of removing friction on an ongoing basis so that suppliers are in a position to deliver the best outcomes.

It also means that internal teams are ready to work cross-functionally, so that the experience for suppliers is seamless throughout the entire lifecycle of the relationship. According to Costas Xyloyiannis, "The real challenge here is, there is no owner of the supplier experience. Nobody has an end-to-end understanding of what the suppliers go through. That means, for a start, that organizations do not see that they have a supplier experience problem. And, if there is no ownership, there is no way that the problem can be fixed."

Finally, it means that the customer is willing to share and work together with suppliers on mutual goals in areas such as sustainability and diversity and a recognition that success is not a zero-sum game. For a business to win, it doesn't mean its suppliers have to lose.

The technology pillar then provides the enablement mechanism to drive the relationship with the supplier.

First, this requires a centralized single portal for onboarding, such that the supplier is onboarded to the enterprise, rather than onto an array of disparate systems. This should be configured to be as streamlined as possible based on the type of relationship. It will avoid duplication of information entry, while verifying accurateness of data.

Second, the portal should provide centralized access to customized content that is relevant to an individual supplier, along with an automated view of upcoming tasks specific to a supplier. This is to ensure that vital information is kept up-to-date, such as submission of certain documents at a given time.

It should include self-service tools for enquiries, backed up with fully digitized workflows to remove friction throughout the lifetime of the relationship.

There will be a supplier messaging program in place for when mass communications, or customized mass communications to groups of suppliers, needs to be carried out.

Finally, it would include feedback mechanisms or channels for suppliers to be able to present information, raise concerns or undertake activities such as submitting ideas or concepts for consideration in areas requiring innovation, as well as supporting a two-way indicator to measure the health or performance of the relationship.

Organizations should consider a checklist to incorporate the above and track their progress towards becoming truly supplier-centric.

An objective measurement of supplier centricity is helpful to reflect the current status and identify gaps with the aim of improving the initiative on a continual basis.

A combination of the right mindset, the required technology and measurement of progress are key to successful transformation into a supplier-centric enterprise.



The real challenge here is, there is no owner of the supplier experience. That means, for a start, that organizations do not see that they have a supplier experience problem. And, if there is no ownership, there is no way that the problem can be fixed.

Costas Xyloyiannis, CEO of HICX

Six obstacles to **Supplier Experience Management**

“The events of 2020/21 have brought home to business the significance of supplier management and a need to harness the power and value from supplier relationships,” says Nicolas Walden, Senior Advisor in The Hackett Group’s Procurement Advisory membership program.



However, while there is agreement on the importance of this, the industry continues to grapple with the practical problems that are holding back progress in this regard. In the survey, we asked respondents to identify the issues that they consider to be the biggest obstacles to improving supplier experience or supplier relationship management.

Most common issues relate to weakness in process, data or communications

The most common obstacle, according to the HICX survey, is accommodating regional or local requirements, with 82% of respondents agreeing on this point. This reflects the significantly involved nature of supplier relationships. Organizations have complex supply networks that span the globe. Each geographic region has nuances that feed into supplier master data, such as legislative requirements that must be adhered to. According to one respondent: “There are certainly technology challenges when it comes to governing all operational data across all ERP and P2P systems, while trying to accommodate both centralized and local requirements, which is a barrier to managing relationships effectively.”

Similar to the results found in Deloitte’s Global 2021 Chief Procurement Officer Survey, which identified that poor quality of data remains a top barrier to the effective application of technology¹, the same is true when it comes to supplier experience or relationship management, with 72% of respondents indicating that here, once again, poor quality data is a major obstacle for them.

The next most common obstacle is interdepartmental communications and information sharing, as 62% agree that this remains problematic. There are many points of failure when it comes to processes involving both internal

and external communications and across teams and functions. On the other hand, as Mr Walden points out, “A great modern digital supplier management experience should be simple, consistent, and streamlined, addressing the many requirements of different stakeholders – buyers and suppliers.”

For just over half of respondents (52%) and in fourth place, having too many manual processes or exceptions creates a barrier to improving supplier experience or management. Although down in fourth position, this remains a key issue that is frequently either the culprit of, or interlinked with, the top three problems already highlighted. Difficulty in addressing local requirements means that manual workarounds may be used; manual, non-standardized processes lead to data inconsistencies; and having exceptions means that delays in communications or communicating incorrect information are all far more likely.

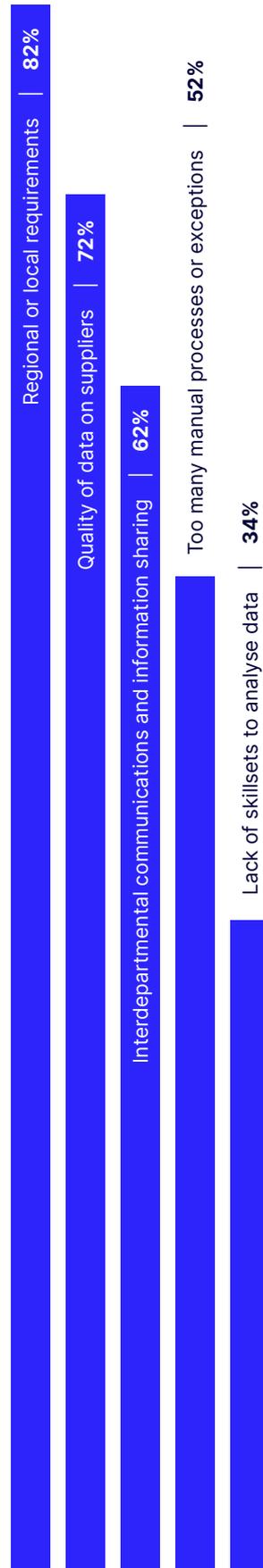
Completing the top five was lack of skillsets to analyze data, at 34%. This is likely, however, to increase in importance over time. As more and more organizations overcome data quality issues, there will be an ever growing appetite to answer business-related data questions within the procurement function. Anecdotally, it has been observed that there are already an increasing number of data specialist jobs being created in the sector and the likelihood is that this demand will continue to grow.

To varying degrees, each of the above are underpinned by a need to address issues around either people, processes or technology – and in most cases it involves a combination of all these aspects.

What about feedback from suppliers?

We have been referring to supplier experience throughout the discussion, however we are missing a vital component – the

TOP 5 BIGGEST OBSTACLES TO IMPROVING SUPPLIER EXPERIENCE OR RELATIONSHIP MANAGEMENT



¹ 2021 Chief Procurement Officer Study | Deloitte Insights

suppliers themselves. Since suppliers are the 'recipients' of the experience and the goal is to improve that experience for them, the fact that 82% of organizations only elicit feedback on supplier satisfaction once a year from some suppliers suggests that a lack of input from supplier side is also a hindrance to improvement. It demonstrates that, for many, communication is all too often considered as predominantly a one-way effort (outbound from the customer organization to the supplier), as opposed to considering how two-way communications channels could be better established.

On the other hand, once these mechanisms are established, organizations have the opportunity to iterate based on feedback, in order to make ongoing improvements to the supplier experience.

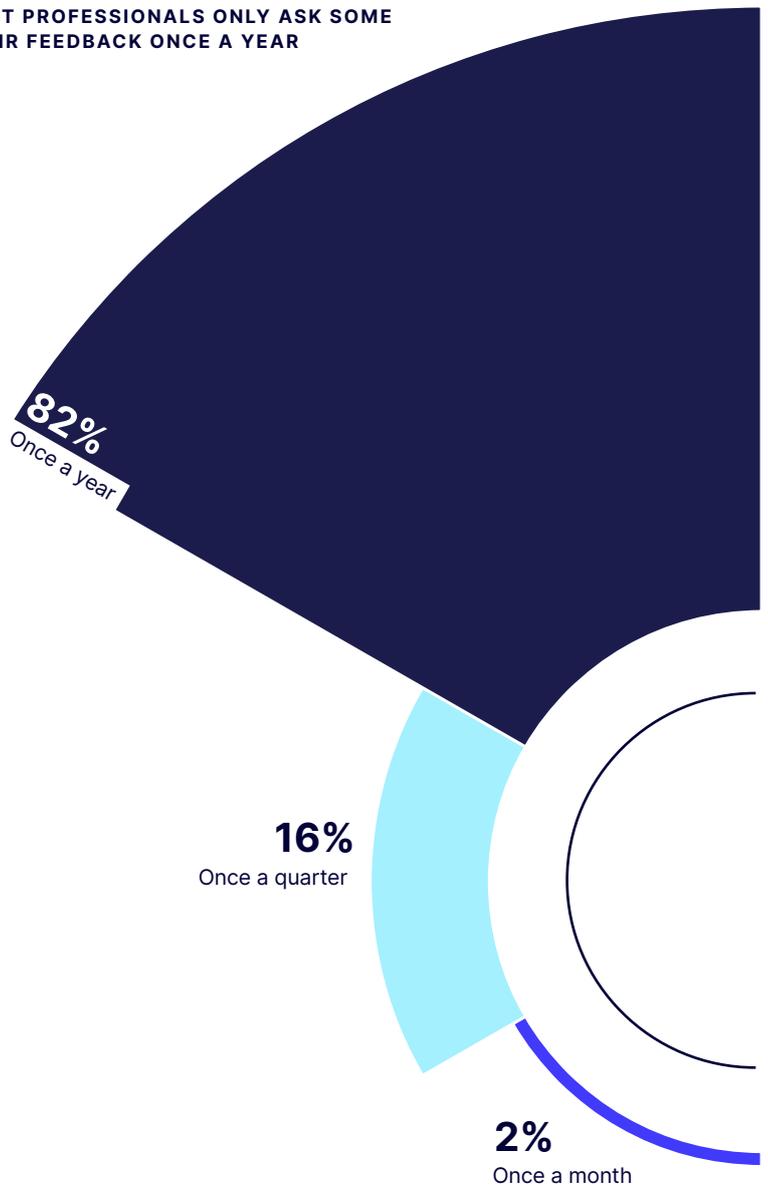
A view through the lens of the supplier

Supplier satisfaction is low on the list of priorities due to internal pressures facing procurement teams – and these same pressures apply when considering whether relationships between suppliers and their customer organizations are as well balanced as they could be.

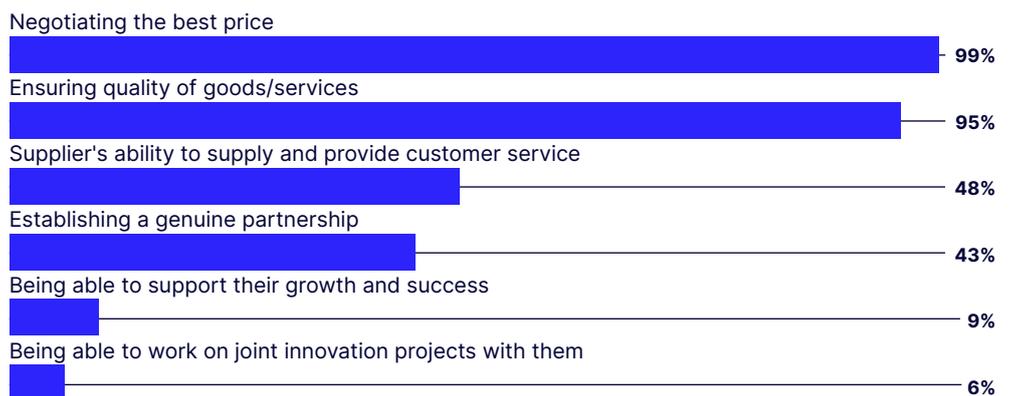
For example, when ranking what are considered to be the three most important factors in a supplier relationship, 99% of respondents had negotiating the best price within their top three. Under half (43%) cited establishing a genuine partnership as being one of the most important factors and just 9% selected being able to support their growth and success. Only 6% valued being able to work on joint innovation projects with them, which shows that there are potentially rewarding opportunities being missed.

While not surprising, the result reveals the need for some cultural rethinking in order to remove a final barrier to improving supplier experience and supplier experience management, which is to view the experience also through the lens of the supplier.

MOST PROCUREMENT PROFESSIONALS ONLY ASK SOME SUPPLIERS FOR THEIR FEEDBACK ONCE A YEAR



WHEN WORKING WITH SUPPLIERS, WHAT IS MOST IMPORTANT TO YOU?



Maturity Model: A framework for change

Forward-looking brands are increasingly looking to provide all their suppliers with a best-in-class experience in order to ensure that, in return, they receive the best terms and service, preferential treatment, or access to innovation, in order to become more competitive. A best-in-class experience is dependent on supporting two-way collaboration.

However, according to Costas Xyloyiannis, CEO, HICX, many organizations struggle to prioritize this internally as they, “still believe that taking care of the biggest, most profitable, and strategic suppliers, as it was years ago, is the most viable solution.” Today, such a strategy is no longer the best option, as he further explains, “Supplier Experience Management is about accepting this shift around seeing all suppliers, with a big emphasis on ‘all’, as true partners and, then, focusing on doing whatever we can do to set them up for success.”



The supplier experience maturity model

This, in turn, establishes a requirement therefore to be able to assess objectively an answer to the business question, 'To what extent do our current priorities and practices set up our suppliers, and our teams that work with them, to be successful?' One methodology for achieving this is to take the responses to questions such as those presented in this survey and attribute scores to those answers based on specific statements relating to areas such as end-to-end supplier experience, supplier communications, technology interfaces, goal focus and collaboration.

For example, a score could be determined by evaluating how the answer reflects one of six levels of maturity: whether the answer given to a specific question in each of the areas is focused on an internal only view, an internal first view, or a view to improve efficiencies; through to higher scores for a supplier friendly, 'supplier-as-a-partner' or truly 'supplier experience' first approach.

Applying this logic to the outcome of this survey (in which responses were assigned scores from zero to 100 for each of the areas, aggregated and subsequently weighted on averages), shows for example that, for the majority, an internal first view prevails, with 52% of respondents falling into this category. Meanwhile a further 40% fall into the efficiency view, in which there are some associated benefits for suppliers, although the outcomes are focused on the customer's need for operational efficiency.

We call this the 'Supplier Experience Maturity Model,' in which Level 6 is an aspirational target comprising requirements that continue to evolve based on availability of new technologies, iterative feedback from suppliers and through measurement of metrics, such as improving the level of supplier engagement, for instance.

The supplier experience maturity matrix

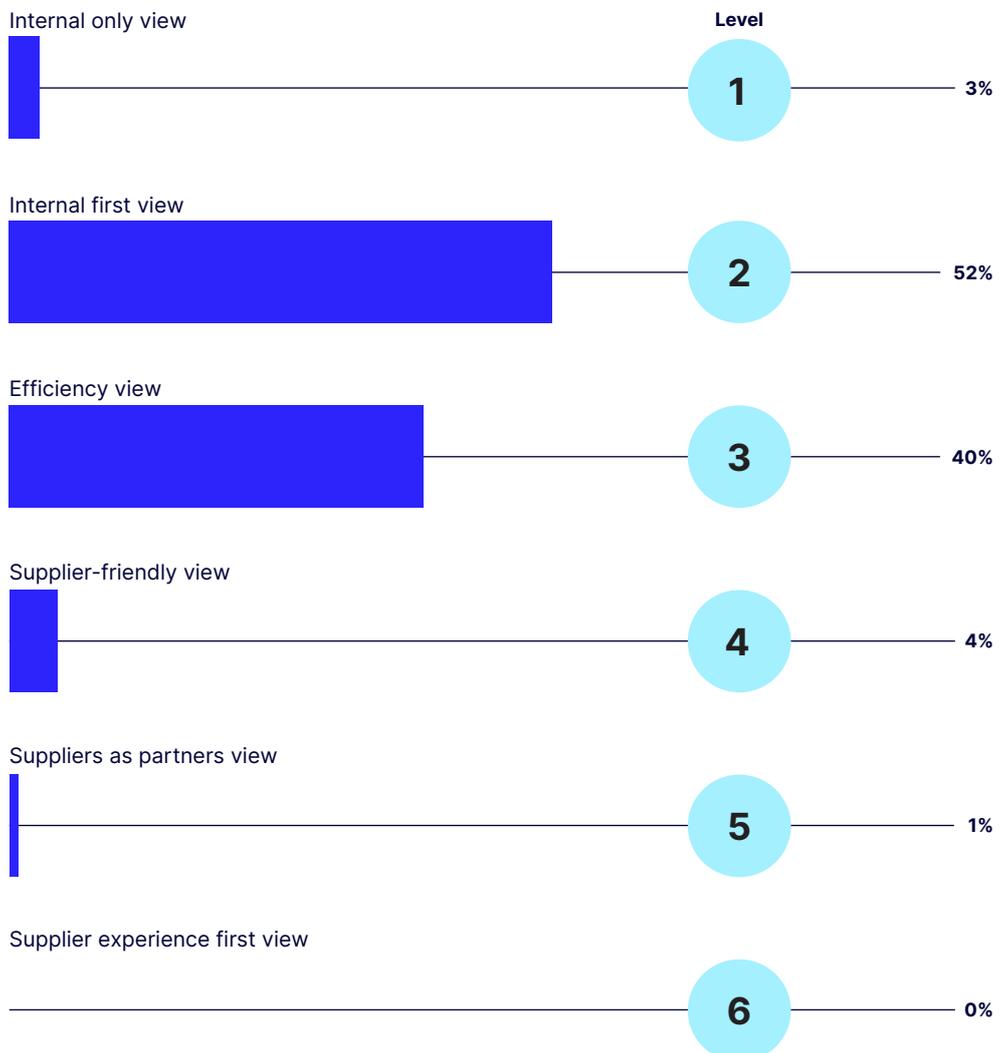
An alternative way of viewing the same results is to split the questions that form the basis of the analysis into two categories, namely those that measure the sentiment or the maturity of the aspirations for delivering superior supplier experience; versus those that assess the strength of the practical ability (based on technological or current process set-up) to support the execution of those aspirations.

Again, an average score based on the level of maturity of the responses for individual questions is derived for each category. By applying this method to the

answers given in the survey, it is possible to benchmark each series of responses against others, and this benchmarking results in a four-grid distribution (Page 21) showing an organization 'type' in terms of its approach to supplier experience management.

The 'types' that were uncovered by this exercise included: traditionalists (who achieved a relatively low score in both aspects), by-standers (those that 'talk the talk' but do not have the foundations to execute), accidental heroes (who are in a good practical position to support a supplier experience first approach but currently do not think that way) and leaders, who, relative to the others, were strong in both categories.

THE SUPPLIER EXPERIENCE MATURITY MODEL



The HICX Maturity Model

The six levels of performance:

1. Internal only view

Little to no consideration is given to the supplier experience. All the focus is on the buyer's benefit. Little to no collaboration.

2. Internal first view

Low adoption of initiatives to help suppliers. IT interfaces with suppliers are fragmented. Feedback is sought only occasionally. Rare collaboration with suppliers.

3. Efficiency view

Isolated examples of processes designed with the supplier in mind. Improvements of IT and processes are ongoing. Some collaboration with a few select suppliers.

4. Supplier-friendly

Company-wide recognition that for suppliers to deliver their best the organization must be supplier-friendly at all touch points. Extensive collaboration with suppliers.

5. Suppliers as partners

A joined-up, friction-free experience for all suppliers. Communication is two-way, with regular feedback. Goals are mutually shared.

6. Supplier experience first

Incorporating level five, while also showing iteration based on supplier behavior and feedback and investing in leading edge technologies and solutions to improve supplier experience.

Using a framework as a blueprint for change

To a certain extent, the overall score is less important than the subsequent questions that arise from an objective assessment of the current state and then determining practical steps that could be taken to improve the score. Establishing a score also provides a mechanism for demonstrating ongoing progress against supplier experience management goals.

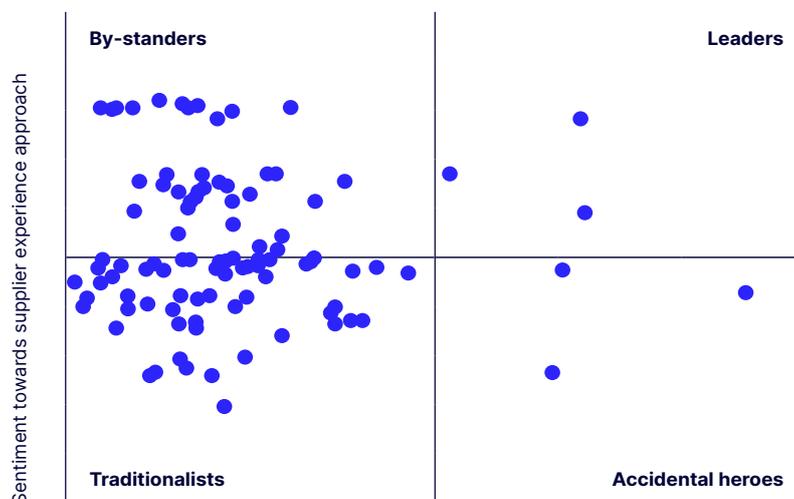
For example, simply exchanging at least one of the top three priorities to include just one that is supplier-centric would yield a better result. Other solutions may include new software to bring all supplier interactions under a single portal.

Supplier messaging programs that incorporate a feedback process could be commissioned every quarter, as another example.

The benefit of capturing a score and measuring performance over time is that it shines a light on the weakest areas that need redress. From highlighting these shortcomings, a workable roadmap for improvements can be determined and the scoring system provides a framework to execute against in a step-by-step manner.

Alternatively, this model can be used to benchmark one's own current position in comparison to the results of this survey to evaluate the next best steps or recommendations based on a specific outcome.

THE SUPPLIER EXPERIENCE MATURITY MATRIX, DISTRIBUTION OF RESPONSES BY MATURITY LEVEL



Sentiment of practical ability to support supplier experience first approach

“ Since sharing the initial findings, we have already had a number of additional companies also undertake this survey in order to benchmark themselves within the framework of this matrix and start to consider how they might adopt a more supplier-centric approach.

Anthony Payne, CMO of HICX

Creating conditions for mutual success

Brian Alster, General Manager of third-party risk and compliance at consultant Dun & Bradstreet, reiterates how events such as the pandemic and Suez Canal blockage underline the need for companies to recognize the direct link between operational efficiency and supplier satisfaction.

This survey, meanwhile, reveals that there is still a difference between what procurement leaders perceive as good versus how this translates into an actual end-to-end experience for suppliers. Enterprises must be encouraged, therefore, to make a better effort in understanding how their current infrastructures and processes impact the complete supplier experience.

A new look at supplier communications

The survey showed how facilitating two-way communications is vital to success, but demonstrated that communications channels still need work.

Automating information sharing processes and workflows, implementing self-service Supplier Information Management through a unified portal, and ensuring all supplier data is kept in a single, easily accessible repository — to include feedback on supplier experiences so any friction can be addressed — are all areas that should be evaluated. Benefits from improving these areas will be felt mutually by both suppliers and the enterprises they seek to serve.

Enterprises also need to obtain

greater feedback from the supply base about their entire lifecycle experiences with the aim of identifying areas for efficiency gains and improvement.

Tackling the challenge head on

The onus is on the organization to put itself in the position of the supplier and objectively assess how the combination of its people, processes and technology are delivering on supplier experience. As Costas Xyloyiannis explains, “The way organizations are digitalizing at the moment often lacks ambition, as projects that are undisruptive to the organization are preferred over others. As a result, all too frequently, many are far too cautious about tackling the

real underlying issues, as there are so many supplier systems and so many processes involved.

This can make it feel like a challenge simply too daunting to take on — as we saw in the survey in which a majority flagged up that they are struggling with all the regional and local requirements, for example, and see this is an obstacle. But, in the same way as employee and customer experience refocused on creating more value for the subject involved, exactly the same needs to happen with supplier experience and Supplier Experience Management. That way, suppliers — and the organizations that they work with — can really start winning together in a way that they haven't been able to before.

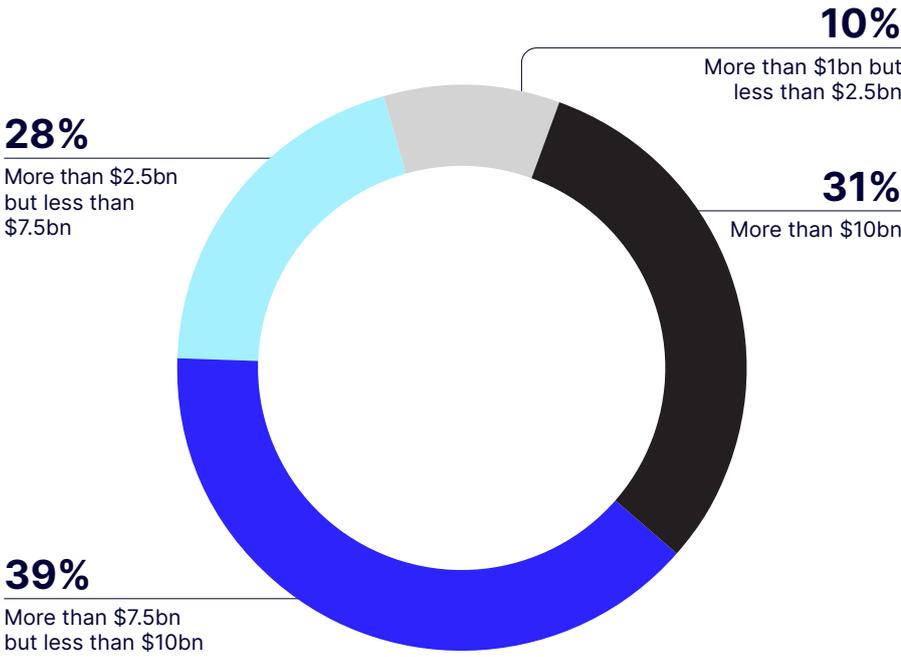


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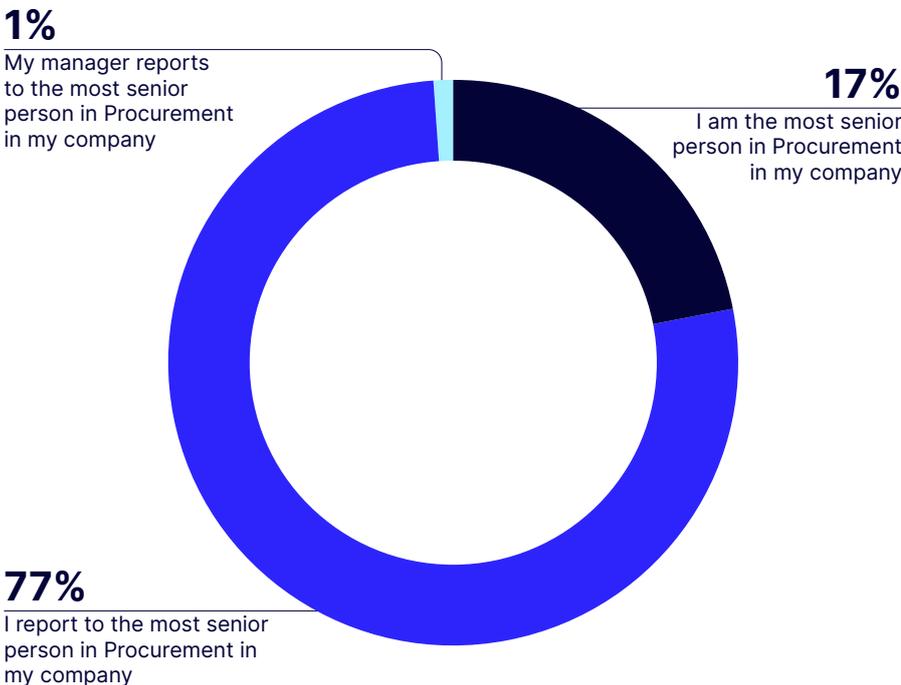
Costas Xyloyiannis, CEO of HICX

Demographics

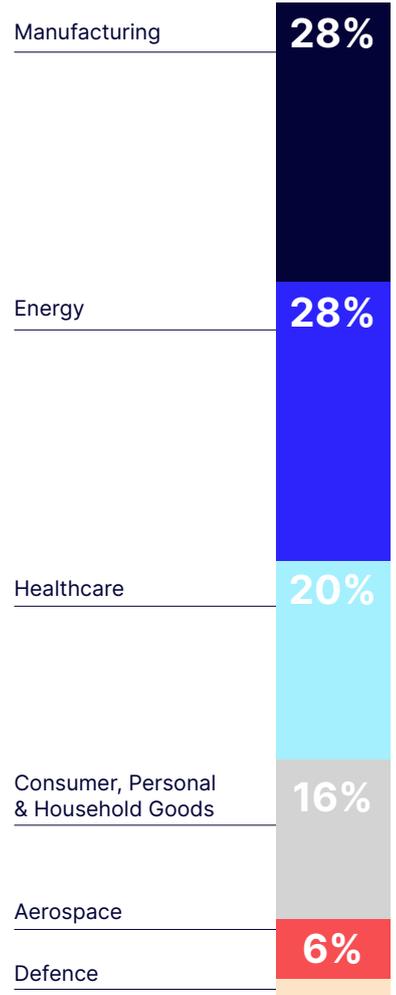
ANNUAL TURNOVER



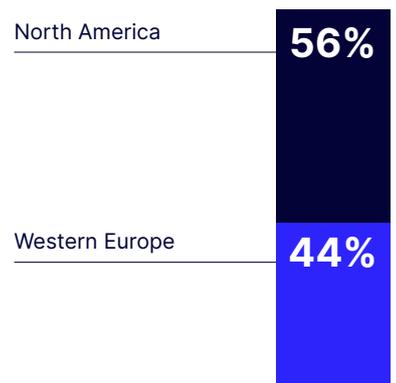
SENIORITY



SECTORS



REGION



HICX is the Low Code Platform for Supplier Management.

We enable business to find, maintain, and re-use trusted Supplier Data and Information across their Enterprise, across any spreadsheet, app or system. Our solutions enable your businesses to be more reliable, flexible, and scalable. Building from a rock solid platform of good quality data, we help businesses become digital in supplier management, third party management, compliance and risk, master data and finance management.

