



IFMA
WORLD WORKPLACE
Conference & Expo

Developing a Strategic Relationship Management Program

A Strategic Framework

October 25, 2007
New Orleans, Louisiana

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Presenters

Scott Tibbo, CFM
Managing Director CRE Services
Expense Management Solutions, Inc.

Robert Teplansky
Director EMSInsight
Expense Management Solutions, Inc.

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

A Realistic View of How Relationships Work



IFMA 2007 ©

"It's the next level of real-time vendor relations. But we're still beta testing."

Copyright 2000 by Supply Chain Technology News and www.totalsupplychain.com. Used with permission.

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Why Should You Care?

- 62% of outsourcing relationships fail due to relationship management issues
- Volume of spend subject to relationship management is massive and growing
- Increasing pressure from regulatory agencies and the market
- Opportunity to increase efficiency, decrease cost, generate revenue and minimize risk
- Potential impact is 10%-25% or more of contract value

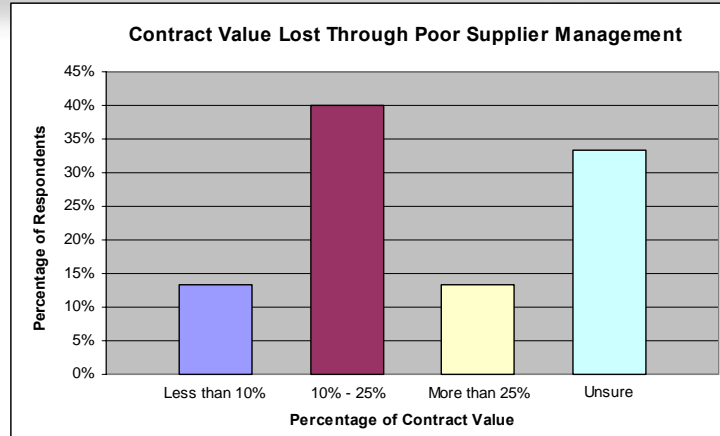
IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

What is at Risk? (EMS Study)



Source: "An Examination of Supplier Management Tools and Practices Today and Opportunities for Tomorrow," Expense Management Solutions, 2007

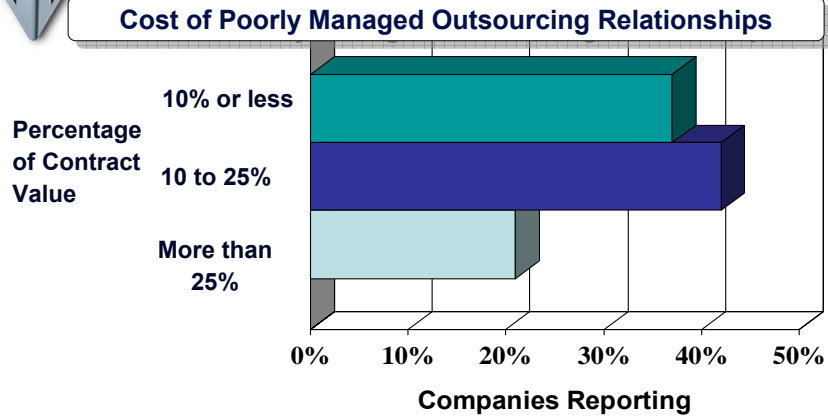
IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

What is at Risk? (IAOP Study)



From: "Leading Outsourcing Indicators," Michael F. Corbett & Associates, Ltd. 2004

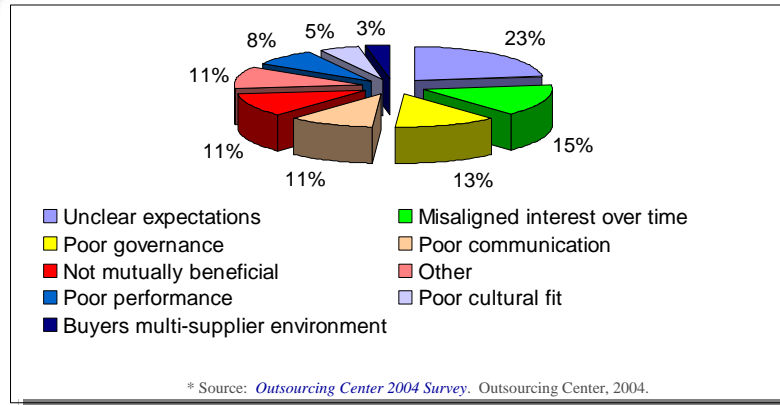
IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Reasons Why Outsourcing Fails



IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Strategic Relationship Management Model



Model originally published in the 2006 EMSInsight report "Developing a Supplier Management Strategy."

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.

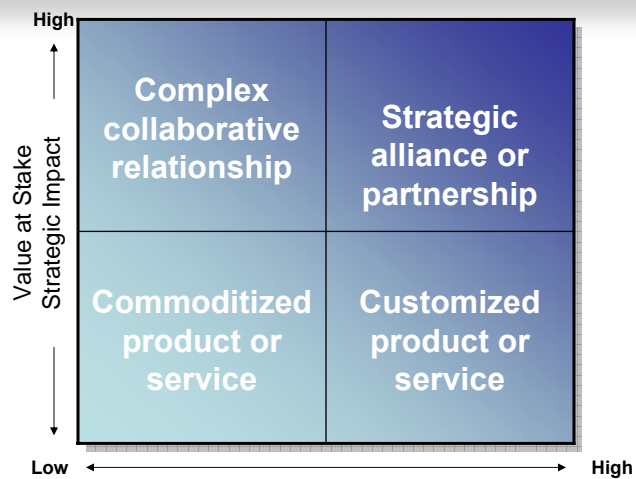


SRM Readiness

- Sourcing efforts effectively enable SRM
- Holistic view of supplier relationships
- Formal transfer process: Sourcing → SRM
- Relationship Planning
- Issue Escalation Management
- Customer Satisfaction Measurement
- Communication
- Operational Coordination



Supplier Segmentation





IFMA
WORLD WORKPLACE
Conference & Expo

Demand Management

Monitoring and managing internal demand and purchasing processes are critical to maximizing the value of supplier relationships



- Obtain insight into opportunities for leveraging spend and ensuring quality
- Ensure compliance with policies and procedures
- Provide supplier accurate forecasts to enable planning and improve integration

IFMA 2007 ©

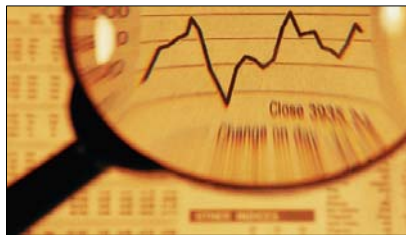
Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Market Management

Market management is critical to understanding supplier motivations, drivers, capabilities and the pace of change



- Understand key drivers and success factors
- Know when major market disruptions may increase leverage
- Recognize when the viability of the market or supplier may be in jeopardy

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Performance Management (Governance)

- Relies on a strong foundation: clear contract, detailed SLAs, clear measures, compensation linked to performance
- Relationship plan: roadmap, communications, escalation, roles & responsibilities
- Measurement & reporting: customer satisfaction, operational reports, performance measurement, action plans
- Transparent, visible, consistent, bi-directional

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Benefits of SRM

- Minimize supplier-related risks
- Identify opportunities to reduce costs
- Identify cost avoidance opportunities
- Monitor consumption
- Capitalize on potential synergies offered by integrated processes between customer and supplier

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

SRM Organization

- **Centralized**
 - Supplier management activities centrally defined, controlled and executed
- **Decentralized**
 - Efforts defined, controlled and executed by individual supplier managers within business units
- **Center-led**
 - Activities centrally defined, but executed by supplier managers within business units

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

SRM Technology

- Strong Contract Management technology
- Differing levels of performance management technology
- Little in the way of Demand or Market Management technology
- No integrated SRM technology in the market today
- Most common SRM technology in use today is the spreadsheet

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Conclusion

- SRM is about ongoing stewardship
- SRM is in its infancy; organizations are just beginning to implement programs
- The potential impact is *significant*. 52% of respondents indicate that 10% or more of a contract's total value is at stake.



IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.



IFMA
WORLD WORKPLACE
Conference & Expo

Thank You!

Scott Tibbo: tibbo@expensemanagement.com

Robert Teplansky: teplansky@expensemanagement.com

Expense Management Solutions, Inc.

304 Turnpike Road

Southborough, MA 01772

(508) 406-7014

www.expensemanagement.com

www.emsinsight.com

IFMA 2007 ©

Presentation ©2007 Expense Management Solutions, Inc.