Supplier Relationship Management Guidelines (SRM)

PwC Middle East Procurement

Turning relationships into partnerships

December 2019
Introduction

Ensuring PwC receives the best value and quality from our supply chain through strategic sourcing is a priority for the firm. As PwC further outsources its non-core competencies to third parties, we understand that working in partnership with our strategic partners is a key factor in terms of technology, innovation, security, corporate and social responsibility, cost savings and achieving value for money.

This document has been designed to guide you, our strategic partner, on our ‘Supplier Relationship Management’ (SRM) programme and emphasise the fundamental message that ‘our strategic partnerships are a key component to PwC Middle East’s success’.

This programme will help to promote a structured framework that focuses on the following core elements of SRM:

1. Regular engagement meetings between all key stakeholders
2. 360 degree performance evaluations which provide a safe environment where constructive feedback can be gathered from both parties
3. Annual contract reviews to ensure the contractual terms are fit for purpose and promote value engineering and the introduction of new innovative approaches
4. Introduction of a governance hierarchy
5. Promoting excellence by highlighting new areas of value engineering and the introduction of new initiatives.
As PwC strives towards being a ‘client of choice’, our new ‘Supplier Relationship Management’ framework provides the building blocks required in order to develop a truly strategic partnership approach with all key vendors across the region.

Within this document you will be able to find an overview of the framework, understand why this programme is important to PwC, how the programme will benefit you as a strategic partner and what is required from both parties in order to successfully implement the process and build on our current relationship.
Why does PwC have a ‘Supplier Relationship Management’ programme and what is the aim of the programme?

Evolving our business together

As PwC further outsources its non-core competencies to third parties we understand the importance and reliance we have on our supply chain in terms of innovation, security, risk management, corporate and social responsibility, cost savings and achieving value for money. As the role of the Procurement Department matures within the region, we recognise that holding our vendors at arm's length is not an option. In order for us to achieve ‘true value’ through our sourcing process we need to ensure that our relationship with selected strategic partners does not cease once a contract has been signed but evolves through the contracting lifecycle.

Our Supplier Relationship Management programme allows both PwC and our strategic partners to work in collaboration, build trust, encourage open and honest communication and promote the use of existing & emerging technologies through collective management of the programme’s performance and regular dialogue that encourages improvements in efficiency and effectiveness.
Mutually desirable benefits - ‘Widening the Perspective’

PwC recognises for both parties to prosper, a mutually beneficial long term objective needs to be agreed which will heighten engagement and performance and push the boundaries of a traditional client / third party vendor relationship. Through the creation of this policy, we aim to widen the procurement perspective to ensure that all areas of the agreement are considered, not only at the initial sourcing stage but also during the contract lifecycle. This will promote a culture which encourages both firms to look for new areas where value can be reimagined. These areas may include:

- Introducing new technologies
- Developing leaner and more efficient processes
- Managing new and developing risk profiles
- Ensuring compliance with changing government regulations
- Maximising tax benefits
- Reducing unnecessary wastage
- Challenging the status quo
In today's world many organisations encounter difficulties in initiating, developing and managing third party relationships. At times stakeholders involved in the contracting process on both sides fail to understand how partnerships can aid an organisation in driving long term competitive advantage.

PwC’s ‘Supplier Relationship Management’ framework has been designed to promote transparency and open communication between both companies throughout the whole contracting lifecycle. This is achieved through a predefined set of Service Level Agreements (SLAs), which are created with stakeholders, including our supply chain partners, and designed to highlight areas of excellence and improvement to all parties. These SLAs will help us both to track the contract’s performance, discuss what we do well, highlight areas of improvement and implement changes during the contract lifecycle. At the same time, a detailed contract review will be completed to ensure that both parties are keeping up to date with new and amended legislation, that areas of innovation and technological development are implemented and relationship hierarchies reviewed. This will help to ensure our strategic partnership remains relevant and evolves with the market.
What is expected from us as a strategic partner?

Our ‘Supplier Relationship Management’ programme has been designed to ensure that PwC work in collaboration with our supply chain. The programme includes a structured framework which focuses on the following core elements:

The process defined

As a general guideline, all strategic partners will be required to contribute to all five stages of the process as detailed above. It is important that both parties are engaged throughout the process to ensure that performance is measured in a fair and open manner which best represents the goods or services being delivered by you to PwC.
The below governance hierarchy provides an overview of the engagement sessions PwC will hold with our strategic partners during the contract lifecycle. The frequency and depth of the meetings will depend on the criticality and complexity of the goods and services being offered.

As a minimum, a 6 monthly meeting and an annual review will be conducted with all strategic partners. For those services which are considered business critical and include a high volume of operational delivery, a monthly meeting will be held followed by a quarterly business review.
Engagement meetings

The following provides a brief overview of a typical meeting format. Any meeting agenda will be agreed on a one-to-one level with each strategic partner separately.

Operational meeting

- Review of the day-to-day operational management of the agreement. Key areas of the programme will be discussed, what we do well and if required areas of improvement implemented.

6 monthly meeting (or quarterly if required)

- Review of the contract performance against the agreed 360 degree SLAs, including hits/misses and trend monitoring
- Highlight areas of good performance and how to maximise what we do well
- Discuss and resolve key areas of concern and if required creation of a performance improvement plan (PIP)

Annual Business review

- Annual review of service delivery and performance of both parties against the defined SLAs
- Identify the long term strategic direction of the relationship and create a roadmap on how to achieve our combined objectives
- Review of spend / volumes and identify areas where future opportunities have been identified
- Highlight areas of good performance and how to maximise what we do well
- Manage any areas of risk and mitigating factors
- Review of contract compliance
- Identify and agree areas where we can ‘widen the perspective’
Driving performance through honest and open feedback

PwC recognises that transparency through open and honest communication is a key attribute for the successful management of an agreement. As part of the framework, PwC will issue a 360 feedback survey to all key stakeholders requesting feedback on the performance of the contract. The survey will detail the current position of the agreement, the relationship management approach used by both parties and compliance with the contracted SLAs.

The surveys will be issued via an online eForm and the information gathered by the regional Procurement Department. All responses will be confidential and names removed from the process.

Once the information has been collated in a report, the results will be shared with both parties in the initial kickoff meeting; the 6 monthly meeting or the annual business review meeting.

Based upon the results of the survey, a roadmap detailing any recommended changes to the existing contract will be created. The report will focus on whether both parties are adequately supporting the process to represent fair measurement of performance. For example, PwC’s main goal for an agreement may be to manage costs at the expense of quality, whilst the third party vendor is quality and innovation focused. In this case, the two parties’ goals will not align unless a middle ground is agreed upon.

Once the changes have been discussed and agreed, a variation of the contract will be issued and signed by both parties.
Is the agreement fit for purpose?

Every year PwC will conduct a contract review with our key strategic partners. The purpose of the review is to ensure the current contract is still ‘fit for purpose’. The review will cover the scope of services, pricing schedule, legislation updates, new areas of innovation and technology, process improvements and SLAs. Any agreed amendments will be completed via a variation agreement.

Who do I contact for more information?

For more information, please contact the Procurement Operations team - mer_procurement_operations@pwc.com