



# SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

23BAT613 – Operations Management

UNIT-III - OPERATIONS AND THE VALUE CHAIN

Managing vendors

Presented by

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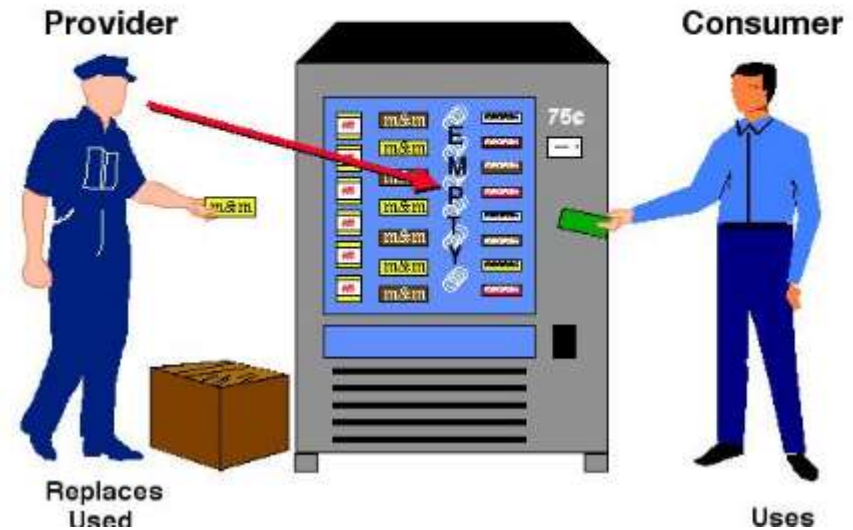
# Recap:



## Procurement process



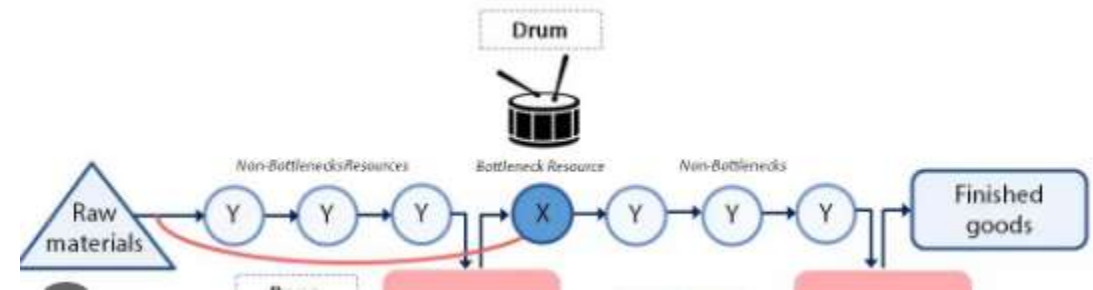
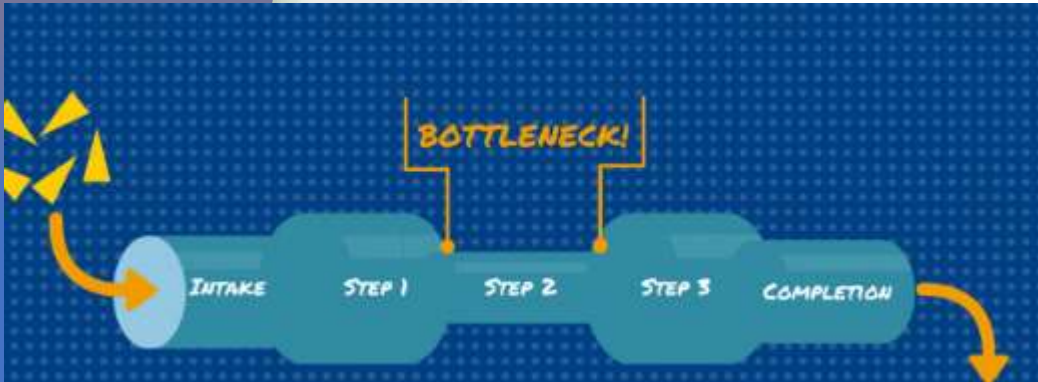
## Synchronous / Lean Manufacturing Pull System





# Today's topic:

## ▶ Managing Vendors





# Managing Vendors - Meaning

Managing vendors effectively is crucial for ensuring smooth operations, maintaining quality standards, and achieving cost-efficiency in procurement

## **Vendor Selection and Onboarding**

**Thorough Evaluation:** Select vendors based on criteria such as capability, reliability, quality, price, and compliance.

**Contractual Clarity:** Establish clear contracts outlining expectations, deliverables, pricing, terms, and conditions.

**Onboarding Process:** Ensure a structured onboarding process to align vendor understanding with organizational goals and processes.



# Managing Vendors - Key Practices

## **Relationship Building**

**Communication:** Maintain open and clear communication channels to address issues promptly and foster collaboration.

**Regular Meetings:** Schedule regular meetings to review performance, discuss challenges, and align on strategic objectives.

**Feedback Mechanism:** Establish a feedback mechanism for both parties to share insights for continuous improvement.



# Managing Vendors - Key Practices

## Performance Monitoring and Management

**Key Performance Indicators (KPIs):** Define and track KPIs relevant to vendor performance (e.g., quality, delivery, responsiveness).

**Scorecards:** Use supplier scorecards to evaluate performance objectively and identify areas for improvement.

**Performance Reviews:** Conduct regular performance reviews to assess adherence to SLAs and contractual obligations.



# Managing Vendors - Key Practices

## **Contract and Compliance Management**

**Contractual Compliance:** Monitor vendor compliance with contractual terms, including quality standards, delivery schedules, and pricing.

**Risk Management:** Identify and mitigate risks associated with vendors, such as financial instability or operational disruptions.

**Legal and Regulatory Compliance:** Ensure vendors adhere to legal and regulatory requirements relevant to their products or services.





# Managing Vendors - Key Practices

## **Continuous Improvement**

Collaborative Approach: Encourage vendors to participate in collaborative problem-solving and innovation initiatives.

**Quality Assurance:** Implement quality assurance processes to ensure consistent product or service quality.

**Benchmarking:** Benchmark vendor performance against industry standards and best practices to drive improvement.





# Summary

By following these steps systematically, businesses can make informed and strategic decisions when selecting a location for their facilities, minimizing risks and maximizing benefits.



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