INVESTIGATING CHALLENGES ON IMPLEMENTATION OF SUPPLIER RELATIONSHIP MANAGEMENT TO FINANCIAL INSTITUTIONS:
THE CASE STUDY OF NATIONAL BANK OF COMMERCE LIMITED
INVESTIGATING CHALLENGES ON IMPLEMENTATION OF SUPPLIER RELATIONSHIP MANAGEMENT TO FINANCIAL INSTITUTIONS: THE CASE STUDY OF NATIONAL BANK OF COMMERCE LIMITED

By
David John

A Research Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

2013
CERTIFICATION

We, the undersigned certifies that we have read and hereby recommend for acceptance by the University of Mzumbe, a research proposal entitled “Assessment on Challenges on Implementation of Supplier Relationship Management to Financial Institutions: The Case Study of National Bank of Commerce” in partial fulfillment of the requirements for the Degree of Master of Science in Procurement and Supply Chain Management (MSc-PSCM) of Mzumbe University.

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Internal Examiner

Accepted for the Board of.............

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I, David John, declare that this research report is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award

Signature: ________________________

Date: ______________________________

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ACKNOWLEDGEMENTS

Writing this dissertation has been one of my most challenging tasks which I have ever done. However, I believe I have been so lucky since I had many people around me who provided a great amount of support so that I could complete this task. First of all, I would like to thank Almighty God, because through him all things have been possible and also for insisting the spirit of confidence, strength and determination in me.

Sincere gratitude goes to my parents the late Mr. & Mrs. John Mwaisaka and my lovely wife Upendo Lugendo for making me appreciate the value of quality education. I could never have wished for any other pair. To my employer, for your love and support both spiritually and financially.

To my family who ensured that my dream of being an Msc-PSCM degree holder came to fruition; I say a big thank you.
To my supervisor Mr. Omary Swalehe, I am sincerely grateful for your patience, support and tutelage all through the year.

Finally, to the academic and non-academic staff at Mzumbe University, my fellow class mate, and also, friends, I say thank you for making my stay at Mzumbe University DSM Campus a memorable one.

God bless you all.
DEDICATION

I dedicate this Dissertation to my Father John Mwaisaka and my Mother Matilda Mwambene who made me whom I am today.

Also to my Sister Lucy Mwaluanda and my beloved Upendo Lugendo, who in one way gave me a moral assistance and support in my lifetime
## ABBREVIATIONS

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<thead>
<tr>
<th>AB</th>
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</tr>
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<tr>
<td>ABSA</td>
<td>African Bank of South Africa</td>
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<tr>
<td>BBM</td>
<td>Barclays Bank of Mozambique</td>
</tr>
<tr>
<td>JIT</td>
<td>Just- In- Time</td>
</tr>
<tr>
<td>NBC</td>
<td>National Bank of Commerce</td>
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<tr>
<td>NMB</td>
<td>National Microfinance Bank</td>
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<tr>
<td>RCA</td>
<td>Risk Control Assurance</td>
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<tr>
<td>SRM</td>
<td>Supplier Relationship Management</td>
</tr>
<tr>
<td>SSMP</td>
<td>Supplier and Sourcing Management Policy</td>
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<td>TCO</td>
<td>Total Cost Ownership</td>
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</tbody>
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ABSTRACT

The study was about the investigating the challenges facing the implementation of Supplier Relationship Management to Financial Institutions, the case was NBC LTD. Basic objectives of this research were to find out how procurement specialists hinder/help on implementation of SRM, assess how supplier/service provider contribute to poor SRM practices and to identify measures to be taken to stabilizing relationship with suppliers/service providers.

The study was significance to stake holder, NBC LTD and the researcher. It covered various limitations such as the shortage of research time compared to extensiveness of activities that needed to be undertaken in order to ensure coverage of sufficient number of respondents, lack logistical and human resources to support data collection as part of the study.

Various literature reviewed about the study has been to understand what others have written about the challenges on implementation of SRM.

Data were collected through the use of interview, questionnaires and the sample size was 23 staffs and the data was analyzed by using the tables and the histogram chat.

Findings shows that the implementation of SRM are much blocked due to the poor cooperation among members of NBC LTD, lack of sourcing knowledge to Supplier Relationship Managers and failure to comply with sourcing governance to most of the suppliers as well as lack of support and accountability from top management.

The study recommends that in order for the Supplier Relationship Management to be much advantaged to NBC LTD, expanding the supplier base, develop the systematic capabilities of SRM and institutionalize the SRM should be taken into consideration.
TABLE OF CONTENTS

CERTIFICATION ........................................................................................................ i
DECLARATION ........................................................................................................ ii
COPYRIGHT ........................................................................................................... ii
ACKNOWLEDGEMENTS ........................................................................................ iii
DEDICATION ........................................................................................................... iv
ABBREVIATIONS .................................................................................................... v
ABSTRACT ................................................................................................................ vi
TABLE OF CONTENTS ........................................................................................... vii
LIST OF TABLE ....................................................................................................... x
LIST OF FIGURES .................................................................................................... xi

CHAPTER ONE ......................................................................................................... 1
OVERVIEW OF THE STUDY .................................................................................. 1

1.0 Introduction ...................................................................................................... 1
1.1 Background Information to the Problem ...................................................... 1
1.2 Statement of Research Problem ..................................................................... 2
1.3 Research Objective ............................................................................................
   1.3.1 General Objective ....................................................................................
   1.3.2 Specific Objective ....................................................................................
1.4 Research Question ..............................................................................................
1.4.1 General Question ....................................................................................... 4
1.4.2 Specific Question ....................................................................................... 4
1.5 Significance of the Study ...................................................................................
1.6 Limitation of the Study ..................................................................................... 4

CHAPTER TWO ....................................................................................................... 7
LITERATURE REVIEW .......................................................................................... 7

2.0 Introduction ...................................................................................................... 7
2.1 Theoretical Bases of the Study ...................................................................... 7
2.1.1 Strategic Sourcing ....................................................................................
2.1.2 Strategic Sourcing process ...................................................................... 10
2.1.2.1 Build the Team and the Project Charter .......................................... 10
2.1.2.2 Conduct Market Research on Suppliers .......................................... 11
2.1.2.3 Strategy Development ......................................................................
2.1.2.4 Contract Negotiation ....................................................................... 12
2.1.2.5 Supplier Relationship Management .............................................. 13
2.1.3 Types of Supply Management Strategies ............................................. 14
2.1.3.1 Supply Base Optimization ................................................................. 14
2.1.3.2 Supply Risk Management .................................................................
2.1.3.3 Longer-Term Supplier Relationships ............................................. 15
2.1.3.4 Early Supplier Design Involvement ................................................. 16
2.1.3.5 Supplier Development ................................................................. 16
2.1.3.6 Total Cost of Ownership ................................................................. 16

vii
Improving Supplier Relationships ......................................................... 17
Supplier Relationship Management Systems .......................................... 17
Supplier Performance Measurement and Control .................................. 19
Empirical Study .................................................................................. 20
Abroad Case ..................................................................................... 20
Tanzania Cases .................................................................................. 30
Conceptual Framework and Research Model ..................................... 31
Analytical Frame Work (Conceptual Mode) ......................................... 31
Conceptual Framework (Conceptual Model) ........................................ 32

CHAPTER THREE ..................................................................................... 35
RESEARCH METHODOLOGY .................................................................. 35
3.0 Introduction .................................................................................. 35
3.1 Research Design .......................................................................... 35
3.1.1 Exploratory Design .................................................................. 35
3.1.2 Experimental Design .............................................................. 35
3.1.3 Descriptive Design .................................................................. 35
3.2 Area of Study .............................................................................. 36
3.3 Data Collection Method ............................................................... 37
3.3.1 Primary Data .......................................................................... 37
3.3.1.1 Interview ........................................................................ 37
3.3.1.2 Questionnaire .................................................................. 37
3.3.1.3 Observation ...................................................................... 38
3.3.2 Secondary Data ....................................................................... 38
3.4 Sampling Techniques .................................................................... 39
3.4.1 Sample and Sample Size ......................................................... 39
3.4.2 Sampling Procedure ............................................................... 39
3.5 Data Presentation and Analysis .................................................... 40
3.5.1 Data Presentation .................................................................... 40
3.5.2 Data Analysis .......................................................................... 41
3.6 Data Reliability and Validity ........................................................ 41
3.6.1 Reliability ............................................................................... 41
3.7.2 Validity .................................................................................. 41

CHAPTER FOUR ......................................................................................... 43
DATA INTERPRETATIONS, ANALYSIS AND DISCUSSIONS .................. 43
4.0 Introduction ................................................................................ 43
4.1 Challenges given by supplier in supplier relationship management programme ................................................................. 44
Management of Supplier Relationship Management (SRM) .............. 44
Challenges Facing Supplier in Supplier Relationship Management Programme ................................................................. 46
Does Supplier/Service Provider May Lead To Poor Relationship Management With Client? ............................................................. 49
Possible measures that may stabilize the relationship between suppliers/Services provider with client ........................................... 50
Proportion of time spent on SRM? ....................................................... 52
CHAPTER FIVE .................................................................................................................. 58
CONCLUSION AND RECOMMENDATIONS ............................................................... 58
  5.0 Introduction ............................................................................................................ 58
  5.1 Summary ............................................................................................................... 58
  5.2 Findings and Conclusion ....................................................................................... 59
    5.2.1 Management of Supplier Relationship Management (SRM) ....................... 59
    5.2.2 NBC Performance Relating with SRM ............................................................. 59
    5.2.3 Supplier/Service Provider with Relationship Management toward Serving Client .............................................................................................................. 59
    5.2.4 Possible measures that may stabilize the relationship between suppliers/Services provider with client ................................................................. 59
    5.2.5 Supplier Relationship ..................................................................................... 60
    5.2.6 Suppliers and customer teams to support SRM activities .............................. 60
    5.2.7 Suppliers awareness with company expectations .......................................... 60
    5.2.8 Participation on the SRM team proportional with career enhancement ........ 60
    5.2.9 Any process/tools which can help on identifying the risk level of the services/supplier ................................................................................................. 60
    5.2.10 Leaders of SRM in the Organization ............................................................... 61
    5.2.11 Respondents SRM .......................................................................................... 61
  5.3 Recommendations ................................................................................................. 61
    5.3.1 Expand the Business Base ............................................................................. 61
    5.3.2 Institutionalize SRM ....................................................................................... 62
    5.3.3 Develop systematic Capabilities .................................................................... 63

REFERENCES ................................................................................................................. 65

QUESTIONNAIRE .......................................................................................................... 67
## LIST OF TABLE

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1:</td>
<td>Sample Distribution Table</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.1:</td>
<td>Challenges Given by Supplier in Supplier Relationship Management Programme</td>
<td>44</td>
</tr>
<tr>
<td>Table 4.2:</td>
<td>Management of Supplier Relationship Management (SRM)</td>
<td>45</td>
</tr>
<tr>
<td>Table 4.3:</td>
<td>Challenges Facing Supplier in Supplier Relationship Management Programme</td>
<td>47</td>
</tr>
<tr>
<td>Table 4.4:</td>
<td>Does Supplier/Service Provider May Lead to Poor Relationship Management with Client?</td>
<td>49</td>
</tr>
<tr>
<td>Table 4.5:</td>
<td>Possible Measures That May Stabilize the Relationship between Suppliers/Services Provider with Client</td>
<td>50</td>
</tr>
<tr>
<td>Table 4.6:</td>
<td>Proportion of time spent on SRM?</td>
<td>53</td>
</tr>
<tr>
<td>Table 4.10:</td>
<td>Training or Developments have the SRM and Team Members Received</td>
<td>55</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure Number</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Conceptual Framework</td>
<td>33</td>
</tr>
<tr>
<td>4.1</td>
<td>Challenges Given by Supplier in Supplier Relationship Management Programme</td>
<td>44</td>
</tr>
<tr>
<td>4.2</td>
<td>Management of Supplier Relationship Management (SRM)</td>
<td>46</td>
</tr>
<tr>
<td>4.3</td>
<td>Challenges Facing Supplier in Supplier Relationship Management Programme</td>
<td>47</td>
</tr>
<tr>
<td>4.5</td>
<td>Possible Measures that May Stabilize the Relationship between Suppliers/Services Provider with Client</td>
<td>51</td>
</tr>
<tr>
<td>4.7</td>
<td>SRM form Part of their Responsibilities</td>
<td>53</td>
</tr>
<tr>
<td>4.8</td>
<td>Risks which are Associated with Banking Activities with SRM</td>
<td>54</td>
</tr>
<tr>
<td>4.9</td>
<td>Knowledge, Skills, and Experience are represented on Your SRM Team</td>
<td>54</td>
</tr>
<tr>
<td>4.11</td>
<td>Considering that Sourcing Abroad from Countries with Language/Time/Zone/Culture Differences Creates Additional SRM Challenges</td>
<td>56</td>
</tr>
<tr>
<td>4.12</td>
<td>Team Members Stay Current on Best SRM Practices</td>
<td>57</td>
</tr>
</tbody>
</table>
CHAPTER ONE

OVERVIEW OF THE STUDY

1.0 Introduction
This chapter introduces the context and key research problem. The first section presents the background and rationale for the research. The following sections outline the statement of the research problem, the significance of the study, objectives of the study, the research questions and limitation of the study.

1.1 Background Information to the Problem
Supplier relationship management has been the main issue to consider in recent production system as it base on Just-in-Time (JIT) production which emphasize on right quality at the right sources, the right place, at right time, with the right price and at the right quantity required (Saunders, 1997). In the old production system, there was a minimum outsourcing activity which led to the minimum number of suppliers, which is almost all of the activities, were done within the factories which led to high production cost.

In current production most of the firms concentrate in core activities. It led to increase in number of suppliers thus call for formation of new strategy which concentrates in supplier relation management. Not all purchasing – supplier relationships are concerned with long-term purchasing supplier associations. Purchasing relationships may be considered as having two aspects which are relationship formation and relationship forms (Heide, 1992).

Saunders (1997) in his book, Strategic Procurement Management said that, supplier relationship management is concerned with getting the suppliers you deserve. The message contained within this quotation is that supplier performance in one part at least reflects both ways, customer treats their suppliers fairly and expects the same from the supplier to customer. William (2000) stated that good suppliers are a vital link in supplier chain. Late deliveries of parts of materials or miss or defective items
can weak devastation for manufacturers by disrupting production schedules, increasing inventory cost and causing late deliveries of end product. Most of the organization corporate strives to adopt programs that seek to develop closer relationships in order to achieve lower product costs, reduced time to market, improved quality, advanced technology or improved services or delivery. However as an organization move toward a relational perspective with its suppliers and or customers, finds it is costly and the relationships may not produce the promised benefit at a short period of time but going forward it may show a lot of benefits including low production cost as well as high quality product.

1.2 Statement of Research Problem
Currently, there is big challenges on how Supplier Relationship Management can be implemented in an organization, for NBC LTD as subsidiary company of ABSA where the SRM practiced started long time ago, this practice has been introduced to all ABSA subsidiaries including NBC LTD. This is new concept on sourcing practice which was daily performed. To align with ABSA requirement NBC LTD started to grow and implement SRM practice for better performance of the Bank and service providers.

Monczka (2009), barriers to supplier relationship fall into three classifications buyer-specific barriers, buyer supplier interface barriers and supplier-specific barriers. In general, these approaches fall into one of three categories:
In many cases, organizations employ a combination of these three strategies to drive supplier improvement as quickly as possible, applying them judiciously in response to a particular supplier’s capabilities and needs. The barriers to supplier relationship that are internal, external, or interface based Buyer-Specific Barriers, Buyer-Supplier Interface Barriers and Supplier-Specific Barriers.

On Research Conducted by Ramlaul (SRM: CASH & AFRICA) titled ‘Closing the gap on Supplier Relationship Management (SRM)’ on 1st June 2010 identify the interest in supplier relationship management (SRM) is growing and many ABSA subsidiaries are either actively developing the tools, processes and skills required to
conduct SRM effectively or looking to do so in the medium term. However, he also identify a certain amount of confusion about what SRM is, what it looks like when implemented and how it relates to post-contract management and supplier performance management approaches.

Ramlaul (2010), identifying the barriers that hinder the implementation of SRM to ABSA subsidiaries including NBC LTD and BBM, SRM receives limited attention due to other priorities and organisational / behavioural barriers. The following reasons are cited by organisations for failing to address SRM.

This practice has several advantages to NBC LTD as well as ABSA on general although it has several barriers on its implementation to environment of the Bank.

Most organizations has thrown a big challenge as the company is forced to strive towards ensuring a win–win situation is being created hence to facilitate a conducive environment for its operation whereby procurement department and business units are the one which plays the major role in managing the supplier in the aspect of quality, quantity and value for money procurement.

The problem is how to make management, supplier, sourcing and SRM on roles of supplier in aspect of quality, quantity and value for money procurement.

1.3 Research Objective
There are two types of objectives which was addressed in this study, first there are general research objective while the second was be specific objectives.

1.3.1 General Objective
The general objective of the study was to assess the challenges facing the implementation of Supplier Relationship Management to NBC LTD and how to overcome those challenges.
1.3.2 Specific Objective
The following are the specific objective
(i.) To find out how procurement specialists/hinder help on implementation and operational of Supplier relationship management on daily Business operation
(ii.) To assess how supplier/Service provider contribute to poor relationship management practices
(iii.) To identify measures to be taken to stabilizing relationship with suppliers/Service providers

1.4 Research Question

1.4.1 General Question
What are the challenges on implementation of Supplier Relationship Management?

1.4.2 Specific Question
(i.) Do the skills of procurement specialists affect the implementation supplier relationship practices to NBC LTD?
(ii.) To what extent does Supplier/Service provider may lead to poor relationship management with client?
(iii.) Are there any possible measures that may stabilize the relationship between suppliers/Services provider with client

1.5 Significance of the Study
The significance of the study lies on the challenges that facing the implementation of the relationship between Supplier/Service provider towards insuring value for money procurement. To a different extent, this research intended to benefit the following parties.
(i.) To NBC LTD
The study aimed to help the NBC LTD management to put in place efforts that was help to identify the core reason on poor performance on supplier relationship management as well as reviewing the performance of sourcing
department in respect of managing supplier relationship to identify the strength and weakness and take appropriate steps to improve performance.

(ii.) **To the Researchers**
This study aimed to help researcher to match theoretical part of her studies and practical aspects of the procurement professional, supplier relationship management and identify areas for improvements. That would lead to better performance in procurement perspectives.

(iii.) **To the Suppliers/Service Provider**
It was help suppliers/Service Provider to have a better relationship with clients by putting enough efforts with Client to overcome all challenges that may hinder smooth management of supplier relationship system which would strengthen the supplier strength so as to maximizing supplier’s performance.

(iv.) **To Others**
It is an educative tool to both NBC LTD staff and any interested party on the need for having an effective supplier relationship for realization of the organization goal

1.6 **Limitation of the Study**
This study was carried at NBC LTD involved Strategic Sourcing and Business Units/User departments as well as NBC LTD preferred suppliers.
Factors that were being likely to limit this study include the following:

(i.) **Data Accessibility**
Sometimes respondents may refuse to participate in filling questionnaires and fears to be interviewed. Also in some area they have a tendency to keep their documents very confidential.

(ii.) **Financial Constraints**
This Research was be basically facilitated by financial resources but the researcher’s available money laid below the line of estimated budget due to
price fluctuation of printing materials, fare transport, internet costs and meal costs and considering that the researcher had no any sponsor.

(iii.) **Time Constraints**

Researcher was be required to deliver the report within three months, actually to conduct the research needs sufficient time to collect data, analyze data, interpret data and write dissertation.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction
This chapter discusses the conceptual framework of the study as well as acknowledging the work of other researchers in this study. Literature review are divided into two main categories which are detailed as follows

2.1 Theoretical Bases of the Study
In the book titled production operation management by William Stevenson 6th edition, it is stated that good suppliers are a vital like in supply chain, late deliveries of parts or material or miss or defective items can wreak havoc for manufacturers by disrupting production schedules, increasing inventory cost and causing late deliveries of end product (William, 2000). Due to this, the researcher developed interest in supplier client relationship to discover the reason behind what the author good supplier are vital to determine, researcher believe good client are hard to find.

(i.) A pull of 1000 purchasing/supply operations identified nine areas in which potential ideals from suppliers could lead to improved competitiveness
(ii.) Reduce the cost of making purchase
(iii.) Reduction in production cost
(iv.) Reduction in transportation cost
(v.) Improve product quality
(vi.) Improve product design
(vii.) Reduce the time it takes to get the product to market
(viii.) Improve customer satisfaction
(ix.) Reduce inventory costs
(x.) Introduce new production process

We can see that in all the nine areas as shown above, a good relationship with the supplier contribute a lot as it count in all the nine aspect thus lead in developing a core competent in the competitive marketing. The author continues and says there are
number of obstacles to supplier partnership not the least of which is that many of the benefits go to buyer; suppliers may be hesitant to enter into such relationships, (William 2000). Thus this kind of relationship is best relation where customers are looking for maximum profit and to exploit the suppliers to the maximum thus lead to loss and wins relation where supplier loss and client win.

SRM, "...the process that defines how a company interacts with its suppliers is just one key part of the overall supply chain management process. According to Lambert, companies will have a wide range of relationships with suppliers, some close and others arms length. One of the important features of SRM is that it represents a dramatic change in perspective for many firms, as it requires a "new way of thinking about collaboration with suppliers, demanding greater transparency and trust than many companies have, in a five-year forecast of the worldwide supply chain services market, identified three key aspects of SRM:

(i.) Collaboration
(ii.) Integration
(iii.) Trust

Trust is the foundation for firms and suppliers to enter into long-term relationships that allow them to share and integrate data as well as collaborate in the development of long-range plans that mutually benefit both parties." These factors are critically important, regardless of the type of relationship between buyer and supplier. The pace of global competition is putting increasing pressure on firms to make their supply chains more competitive or risk going out of business. Finns naturally turned to their suppliers in an effort to cut costs and were often quick to switch to alternate suppliers if they could not meet demands for price and quality. Suppliers, on the other hand, often felt firms used heavy-handed tactics, attacking supplier margins to reduce costs rather than working together to find ways to take cost out of the process. SRM provides a structured way for firms and suppliers to enhance their relationships, increase profitability, and ultimately provide improved products and services to the end users (customers). The following sections introduce supplier relationships and present three models firms can use to manage these relationships
In book known as purchasing and supply chain management by defined: A relation as a connection or association. Relation individual or apply when individual organization and groups within external to an Enterprises interact apart from the field of industrial sociology, concerned with the study of group interaction within a work place environments the application of the study of business relationship begin with the concept of relationship marketing. As currently used, relationship marketing describes along-term strategy in which the emphasis is on building and maintaining long-term relationship with customers, rather than on one sale at time (Lysons, 2005). On a business-to-business level, relationship marketing applies to the management of a range of purchasing supplier relationships in the context of a broader network of inter (Lysons, 2005) connected purchase supplier competitor organizations.

As purchasing is the mirror image of marketing, relationship purchasing aims to achieve strong, lasting relationships with suppliers with a view to securing mutual benefits and the added value of competitive advantages for both parties. There is however a difference between relationship purchasing and purchasing relationships (Lysons, 2005). Not all purchasing-supplier relationships are concerned with long term purchasing-supplier associations. Purchasing relationships may be considered as having two aspects which are relationship formation and relationship forms. The most successful relationships are those where customers and suppliers develop trust and an understanding of their respective requirements and interests, accompanied by a concern for both learning form and providing assistance to each author. Where such condition exists, the ultimate outcome should be the creation of established and dependable purchasing-supplier relationships. Such relationships are the basis of net-works and provide competitive advantages for both parties (Lysons, 2005).

Thus in current business supplier relation can be looked in two direction which are supplier relation where purchasing firm initiate relation to have strong like with supplier where there is a limited number of suppliers mostly for strategic resources, also we can analyze supplier relation in marketing aspect where supplier are looking
forwards to supplier client relation so as to maximize selling. The relationship between a supplier and buyer can be a complex one. Each party wants to maximize its time, resources, and cash investment; these may be competing priorities that can strain the relationship. For such a partnership to succeed, it is paramount there exists a mutual business understanding underscored with respect and a sincere with for each party to prosper (Gulcic, 2003).

2.1.1 Strategic Sourcing

Once the decision has been made to outsource a product or service, firms will typically use a process known as strategic sourcing to decide to whom to outsource the product or service, as well as the structure and type of relationship that should be established. A sourcing strategy is typically focused on a category of products or services, and for that reason, the strategy is sometimes called a category strategy. A category strategy is a decision process used to identify which suppliers should provide a group of products or services, the form of the contract, the performance measures used to measure supplier performance, and the appropriate level of price, quality, and delivery arrangements that should be negotiated. A typical category may include many smaller subcategories. For example, a category around information technology may include subcategories such as laptops, desktops, servers, and keyboards. If a firm outsource accounting services, the category strategy may include tax accountants and managerial accountants. The strategic sourcing decision is typically made by a cross-functional team, composed of sourcing professionals, operations managers, finance, or other stakeholders for the product or service. A stakeholder is someone who is impacted by the sourcing decision (Handfield and Onitsuka, 1995).

2.1.2 Strategic Sourcing process

2.1.2.1 Build the Team and the Project Charter

Hugos, (2006) companies are increasingly using a team approach to sourcing decision making by bringing together personnel from multiple functions that are familiar with the product to be purchased. Part of the first phase of the category
management process is to identify the people who should be involved, as well as the key subject matter experts who may be part of the extended team. Once developed, the team should then define the scope of the category strategy, publish a project charter, and develop a work plan and communication plan. These steps help to define the purpose, boundaries, and goals of the process; identify the tasks involved; and provide a plan for communicating the results to the primary stakeholders.

A category team can be composed of personnel from operations, product design, process engineering, marketing, finance, and purchasing. The personnel involved should be familiar with the commodity being evaluated. For instance, if the team is tasked with purchasing computers, then users from information systems should be included (Hugos, 2006)

2.1.2.2 Conduct Market Research on Suppliers
The second step when developing a sourcing strategy is to fully understand the purchase requirement relative to the business unit objectives. Also involved in this step is a thorough supplier spend analysis to determine past expenditures for each commodity and supplier, as well as the total expenditures for the commodity as a percentage of the total. Note that the spend analysis identified in the prior section looked at spending for the entire company.

A category spend analysis will drill down to a more granular level and identify the specific business units that are purchasing the products or services, and which suppliers they are currently using. After understanding the spend, the category team should also educate themselves as to what is happening in the marketplace, as well as what their internal customer requirements are. Just as you would perform research before buying a car (e.g., going online, reading reviews of vehicles, looking into gas mileage, and looking at warranty history reports at consumer reports), teams perform the same type of market research on the supply base. This is critical in building and understanding the key suppliers, their capabilities, and their capacity to perform and meet the stakeholders’ requirements (Hugos, 2006)
2.1.2.3 Strategy Development

Once the team has educated themselves to the point that they feel they know enough about the supply market conditions, the forecasted spend, and the user stakeholder requirements, they are faced with a different challenge. The team must convert all of this data into meaningful knowledge and apply some meaningful tools to structure the information so that it will render an effective decision. Two tools are most often used in this process: a portfolio analysis matrix (sometimes called the strategic sourcing matrix), and the supplier evaluation scorecard Portfolio Analysis.

Portfolio analysis is a tool to structure and segment the supply base, and is used as a means of classifying suppliers into one of four types. The objective is to categorize every purchase or family of purchases into one of four categories. The premise of portfolio analysis is that every purchase or family of purchases can be classified into one of four categories or quadrants, Critical, Routine, Leverage, and Bottleneck. By effectively classifying the goods and services being purchased into one of these categories, those responsible for proposing a strategy are able to comprehend the strategic importance of the item to the business. The results of this analysis can then be compared to the current sourcing strategy for the category group, and tactics and actions defined for moving forward (Hugos, 2006).

2.1.2.4 Contract Negotiation

After the sourcing strategy has been determined and suppliers have been recommended, it is time to implement the strategy and negotiate the contract. Effective implementation of the strategy includes establishing tasks and time lines, assigning accountabilities and process ownership, and ensuring adequate resources are made available to the process owners. The strategy should also be communicated to all stakeholders, including suppliers and internal customers, in order to obtain buy-in and participation.

Before entering into contract negotiations, the commodity team should perform an analysis of market and pricing issues so that a fair price for both parties can be agreed upon. This analysis attempts to define the marketplace, including best price,
average price, and the business unit’s price, and determines expected trends in pricing. In preparation for negotiations, the buyer should develop a negotiation plan and an ideal contract. There should also be a contingency plan in case negotiations with the recommended suppliers do not go as expected. Finally, the negotiation is conducted, and a contract is signed (Hugos, 2006).

2.1.2.5 Supplier Relationship Management

The strategic sourcing process does not end when a contract is signed with a supplier. Although the sourcing team may disband and go their separate ways once the contract is signed, typically one member of the team will continue to work with the supplier in the role of supplier relationship manager. This individual must continuously monitor the performance of the sourcing strategy, as well as the supplier. The buying firm should revisit the sourcing strategy at predetermined intervals, to ensure that it is achieving its stated objectives, and may need to make modifications to the strategy if it is not working as planned or if there are changes in the market. The buying firm should also continuously monitor the performance of suppliers based on predetermined and agreed-upon criteria such as quality, delivery performance, and continuous cost improvement. And there should be a plan in place to manage any conflicts that occur with suppliers. In any case, all suppliers should be advised of results along with future expectations (Water, 2007).

Supply management personnel play a key role in this review because they are often the primary contact for the supplier with responsibility for supplier performance measurement. Earlier decisions may have to be revisited and re-evaluated if suppliers do not perform as expected.

Key elements of the results-monitoring process include the following:

(i.) Conduct regular review meetings (at least annually) to determine if the strategy is well aligned with an organization’s objectives.

(ii.) Share results with top management to provide additional momentum to the strategy; be sure to report the performance improvements achieved through the strategy.
(iii.) Assess internal customers’ and suppliers’ perceptions. Are they satisfied with what has happened? If not, why not, and can the strategy be altered to improve the situation?

(iv.) Determine whether key goals are being achieved. If they are not being achieved, what is the contingency plan? If the goals are being achieved, are there any lessons to be learned?

(v.) Provide feedback to those involved.

These strategy development steps are relatively general—they describe the steps to follow only when proposing and executing a strategy. However, the actual outcomes of the commodity strategy development process may vary considerably; depending on the specific commodity and the supply market (Water, 2007).

2.1.3 Types of Supply Management Strategies

Organizations can employ a variety of different strategies that may be unique to each commodity. Some of the most common and important supply management strategies depending on how advanced an organization is at the supply management strategy development process.

2.1.3.1 Supply Base Optimization

Supply base optimization is the process of determining the appropriate number and mix of suppliers to maintain. Although this has also been referred to as rightsizing, it usually refers to reducing the number of suppliers used. Moreover, suppliers that are not capable of achieving world-class performance, either currently or in the near future, may be eliminated from the supply base. This process is continuous because the needs of the business unit are always changing. Optimization requires an analysis of the number of suppliers required currently and in the future for each purchased item. For example, General Motors was ready to eliminate 160 suppliers worldwide that it considered poor performers in 2003 and 2004 (Water, 2007).
2.1.3.2 Supply Risk Management

Events in 2005 such as Hurricane Katrina and corresponding escalating commodity prices have highlighted more than ever the impact of disruptions on supply chain operations and global competition. Although many events are not easily predicted, there are many other sources of supply chain disruption that have the potential to be better managed, thereby reducing the impact on firm agility and profitability. As firms outsource a greater proportion of products and services from China, India, and other low-cost countries, the hidden perils of these approaches are often not considered, especially within the context of enterprise risk management (ERM). Global outsourcing affords many benefits in the form of lower prices and expanded market access, but only recently have senior executives begun to recognize the increased risk attributed to the higher probability of product and service flow disruptions in global Sourcing (Water, 2007).

2.1.3.3 Longer-Term Supplier Relationships

Longer-term supplier relationships involve the selection of and continuous involvement with suppliers viewed as critical over an extended period of time (e.g., three years and beyond). In general, the use of longer-term supplier relationships is growing in importance, and there will probably be greater pursuit of these relationships through longer-term contracts. Some purchasers are familiar with the practice, whereas for others it represents a radical departure from traditional short-term approaches to supply base management.

Longer-term relationships are sought with suppliers that have exceptional performance or unique technological expertise. Within the portfolio matrix described earlier, this would involve the few suppliers that provide items and services that are critical or of higher value. A longer-term relationship may include a joint product development relationship with shared development costs and intellectual property. In other cases, it may simply be an informal process of identifying suppliers that receive preferential treatment (Water, 2007).
2.1.3.4 Early Supplier Design Involvement

Early supplier design involvement and selection requires key suppliers to participate at the concept or redesign stage of new-product development. Supplier involvement may be informal, although the supplier may already have a purchase contract for the production of an existing item. Early involvement will increasingly take place through participation on cross-functional product development teams. This strategy recognizes that qualified suppliers have more to offer than simply the basic production of items that meet engineering specifications. Early supplier design involvement is a simultaneous engineering approach that occurs between buyer and seller, and seeks to maximize the benefits received by taking advantage of the supplier’s design capabilities (Water, 2007).

2.1.3.5 Supplier Development

In some cases, purchasers may find that suppliers’ capabilities are not high enough to meet current or future expectations, yet they do not want to eliminate the supplier from the supply base. (Switching costs may be high or the supplier has performance potential.) A solution in such cases is to work directly with a supplier to facilitate improvement in a designated functional or activity area. Buyer-seller consulting teams working jointly may accelerate overall supplier improvement at a faster rate than will actions taken independently by the supplier. The basic motivation behind this strategy is that supplier improvement and success lead to longer-term benefits to both buyer and seller. This approach supports the development of world-class suppliers in new areas of product and process technology (Monczka and Peterson, 2003).

2.1.3.6 Total Cost of Ownership

Total cost of ownership (TCO) is the process of identifying cost considerations beyond unit price, transport, and tooling. It requires the business unit to define and measure the various cost components associated with a purchased item. In many cases, this includes costs associated with late delivery, poor quality, or other forms of supplier non-performance. Total cost of ownership can lead to better decision making because it identifies all costs associated with a supply management decision and the
costs associated with supplier non performance. Cost variances from planned results can be analyzed to determine the cause of the variance.

2.1.4 Improving Supplier Relationships
Monczka and Peterson (2003), significant improvements in working relationships with key suppliers will be increasingly critical to gain supplier innovation and preferential customer treatment in the years ahead. Companies will have to more effectively structure their supply base by category and identify those suppliers that are truly strategic and capable of providing innovation. Attitudes about the approaches to be used when working with these most important suppliers will have to be further developed and move from purely adversarial to more collaborative. To enhance future working relationships with important suppliers, the following elements must be in place:

(i.) Supplier segmentation
(ii.) Supplier scorecards and feedback
(iii.) Supplier capability matrices
(iv.) Rewards to best performers
(v.) Joint executive meetings
(vi.) Supplier councils and conferences
(vii.) Process improvement and innovation workshops
(viii.) Two-way performance evaluations and satisfaction surveys
(ix.) Supplier suggestion systems
(x.) Risk/reward sharing
(xi.) Executive engagement
(xii.) Trust

The future requirement is the holistic implementation of the entire above, not just two or three elements. Today, many firms are limited in their implementation of the above elements.

2.1.5 Supplier Relationship Management Systems
SRM systems are typically organized around specific modules that interact with different elements of the purchasing database, elements of the enterprise resource
system, and integration of data obtained through external EDI or Internet-based communications with suppliers or customers. Although ERP systems such as SAP and Oracle generally manage the internal transactions that take place in processing invoices and purchase, e-sourcing systems are focused on decision support around a broader group of transactions that are specific to certain business processes (Monczka and Peterson, 2003).

Monczka and Peterson (2003), asserts that SRM systems have capabilities to allow purchasers to make improved decisions. Decision support systems use both data and structured mathematical models to support the decision making process. A set of SRM sourcing modules act as an interactive system designed to support purchasing managers in making effective decisions concerning supplier selection, contract management, contract compliance, and so on. This describes some typical characteristics of SRM systems, which may nevertheless be used by all functions in the organization. We have classified the primary forms of e-sourcing/supply systems as follows:

(i.) Spend analysis
(ii.) Sourcing
(iii.) Request for quotation processing
(iv.) Reverse auctions (R/As)
(v.) Bid optimization
(vi.) Negotiation and total cost support
(vii.) Purchase order issuance
(viii.) Receiving and inspection
(ix.) Contract management and compliance
(x.) Supplier performance measurement and control
(xi.) Total cost reporting
(xii.) Price forecasting
(xiii.) Spend Analysis
Spend analysis is the determination of the total amount and volume of expenditures that an organization makes to provide its products and services and support its operations. The goal of spend analysis is to determine what goods and services are purchased, what suppliers they are purchased from, and where the demand for the items originates in the organization. Once a baseline of spending is established, the organization can effectively look at opportunities to reduce spending. Such spending reduction occurs through multiple strategies such as,

(i.) Consolidation of similar purchases  
(ii.) Reduction in the number of suppliers  
(iii.) Reduction of maverick spend  
(iv.) Reduction of spend by other departments such as human resources, marketing, and finance  
(v.) Increased use of more efficient contracting methods  
(vi.) The development of contracting methods to reduce risk and increase supply assurance  
(vii.) Spend analysis data is usually derived from a combination of existing purchase orders and accounts payables records. Typically, organizations  
(viii.) Collect at least one year of spend data  
(ix.) Develop similar categories of spend  
(x.) Assign spend to the categories  
(xi.) Develop various strategies

Once collected, these data are entered into the spend analysis module and can be analyzed in an unlimited number of ways (Water, 2007).

2.1.6 Supplier Performance Measurement and Control

This module provides visibility to open-item status, and measures and analyzes supplier performance. Electronic supplier scorecards may also be updated electronically. The key features include automatic inquiry of item status, monitoring of order due dates, and analysis of supplier performance. This module should have the capability to monitor planned receipts against due dates, provide immediate visibility to past-due items, and flag those items likely to become past due. The
system should generate summary reports of supplier performance compared against predetermined performance criteria, which may include due-date compliance, quality ratings, price variances, quantity discrepancies, and total transportation charges. Key performance indicators are developed that can highlight additional costs created by poor quality, delivery, and service issues. Supplier performance modules provide several benefits including,

(i.) Input into supplier selection considering total costs, not just price
(ii.) Isolating supplier process inefficiencies
(iii.) Improving total cycle times
(iv.) Providing suppliers with reliable feedback on their historical performance

2.2 Empirical Study

Empirical study express what has been done by other researcher in the same field of interest that is in supplier and client relation.

2.2.1 Abroad Case

Thursday, 21st September, 2006 – Cap Gemini announced some of the findings of its most recent research into the management of supplier relationships, entitled ‘what value should you expect form Supply Relationship Management’. The research looked at the priorities for European Chief Purchasing Officers (CPOs) from six countries for the coming year from a variety of vertical markets and then looked at the disconnect between these priorities and the current use of purchasing and procurement systems both by businesses in general and by users of the systems (Webster, 1992).

Purchasing remains a key issue for European businesses who could expect to save 10-25% on their purchasing costs with an effective system, depending on the organizations spend complexity and maturity of procurement (Gucci, 2003)

SRM is defined as creating an all-encompassing strategy where suppliers connect to your business in real-time, enabling you to gain control of your companies’ direct and indirect spend, transforming suppliers into business partners and extending applications to create value (William, 2000).
Key findings of the research are as follows:

(i.) CPOs believe that the most significant business driver for 2007 is leveraging preferred supplier relationships, this means compliance to contracts and improved visibility of spend with these suppliers

(ii.) CPOs also report a significant increase in focus on supplier relationship management, including performance measurement and supplier development

Public sector CPOs show evidence of a governmental drive for greater value improvement, a unique focus for financial services is commodity outsourcing. Financial services tend to lead the way in sophistication when it comes purchasing. Legislative issues such as SOX are a growing focus area, feedback suggests that businesses are still responding to legislation in a reactive way rather than devising a proactive strategy

Contrary to these positive focuses which SRM can address, the research, which also surveyed users of the purchasing systems, showed that many businesses, despite having implemented systems, are not using them to their full potential and have got the buy-in of system users.

(William, 2000) reveal that survey results showed CPOs have a strong desire to standardize across the sourcing process but Capgemini found that auctions and e-sourcing have very limited take up within business with prevents standardizations. Less than 50% of SRM users use the application to track orders, typically they take information out of the system and run reports separately on order management. 20% of users always track orders outside of the SRM system, only 7% of purchasers use the reporting functions contained in the application. 35% never use this function at all which should have been designed to enable accurate reporting. Many purchasers use spend information to prepare contracts but less than 40% of purchasers can access the spend information on their SRM application, for 60% of users this information is inaccessible even though it does reside in the system 30% of users said they would need training to use the SRM application effectively.
According to Mario van Vliet, global Supply chain Management Leader at Capgemini, comments: “There is still a lot of confusion in the market about what true SRM is. This is compounded by the fact that SRM can be complex to deploy and integrate. Many businesses don’t spend enough time identifying the business processes and procurement channels that will be affected by an implementation and find that they get stuck half way through the process without being able to realize the cost savings they had predicted. Businesses need to get advice before an implementation, or seek consultancy on how to bring an implementation back on track to deliver real business advantage (Gulcic, 2003).

Companies who have effectively rolled out procurement systems find that they reduce the administration, or seek consultancy on how to bring an implementation back on track to deliver real business advantage. (Gulcic, 2003) Companies who have effectively scrolled out procurement systems find that they reduce the administration involved with procurement, find compliance much easier, can reduce time to market for competitive advantage and attract better purchasing professionals into their business. According to Capgemini ‘s SRM definition recognizes that most purchasing managers rarely speak of SRM in terms of software support of processes, they talk about supplier relationships and managing product categories (Webster, 1992). Capgemini has a broader definition, identifying three key stages of SRM development within an organization;

(i.) Coordinated procurement and harmonization of channels
(ii.) ‘Closing the loop’ between the strategic sourcing cycle
(iii.) Procurement order cycle

Embedding the procurement strategy into the core of the enterprise and integrating it with key suppliers to develop mutually beneficial relationships (Gulcic, 2003). Capgemini contends that companies can make sustainable savings from moving up the procurement maturity ladder from procurement to SRM. Procurement should mature to focus on the ‘bigger picture’ including:

(i.) Strategic vs. tactical sourcing
(ii.) Emerging market sourcing
(iii.) Multi-language requirements  
(iv.) Supplier integration  
(v.) Support for complex goods and services  
(vi.) Integration and coverage for MRO  
(vii.) Global deployment and merging ERP

Capgemini, as one of the world’s foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, which it calls the Collaborative Business Experience. Through commitment to mutual success and the achievement of tangible value, the company helps businesses implement growth strategies, leverage technology, and thrive through the power of collaboration. Capgemini employs approximately 61,000 people worldwide and reported 2005 global revenues of 6,954 million euros. Capgemini Consulting is the management consulting discipline of the Capgemini Group. We offer the informational excellence through understanding specific customer needs in all business sectors. Based on our strong functional expertise and our ability to accelerate change, we collaborate with customers to design the best strategies and execute the transformation, impacting both business results and growth (Webster, 1992).

In actual business practice, firms are adopting programs that seek to develop closer relationships in order to achieve lower product costs, reduced time to market, improved quality advanced technology or improved services or delivery conceptually, academics have considered the differences between type of relationships (Heide and John, 1992) distinguished between transaction and relational relationships. 
Webster (1992) and Ellram (1999) both introduced basic continues ranging between transactions and vertical integration or acquisition. However as business move toward a relational perspective with their suppliers and or customers, they may find costly and relationships may not produce the promised benefit. Traditionally in order to model the factors that distinguish supplier – customer relationships a framework or continuum that compares and contrasts various type of inter organizational relationships has been used (Gundlach and Murphy 1993, Golick and Menteer 2003)
These relationships can be positioned on a continuum that has market governed transactions at one end and complete ownership systems at the other end and complete ownership systems at the other end with relationally governed systems in the middle. The selections that follow present a synthesis of the general descriptions of each framework, including their defining characteristics (Webster, 1992). Supplier Relationship Management (SRM) is a set of principles; process, templates, and tools that help companies maximize relationship value and minimize risk and management overhead over the entire supplier relationship.

(i.) Stratify suppliers based on importance and define relationship expectations
(ii.) Establish the governance structure and process for internal and supplier interactions across the lifecycle of the supplier relationship
(iii.) Define formal processes for management involvement in the relationship
(iv.) Clarify internal roles and responsibilities, and required skills
(v.) Put in place processes to effectively manage performance and develop supplier capabilities to continuously improve value.

SRM is comprised of five key elements:

(i.) Supplier Stratification: Effective SRM requires a clear company–wide understanding of which suppliers are the most strategic to the organization and which are less important. However, in the absence of balanced, formal criteria for supplier stratification, suppliers on which the organization spends the most are inevitably viewed as the most important and tend to capture the greatest relationship focus and effort. Factors such as business criticality, operational/technical integration, and long-term fit with the organization are often ignored, reducing the organization’s supplier management effectiveness. In addition, effective stratification requires a set of common definitions of how suppliers in strategic and non-strategic tiers should be managed. This common set of definitions enables companies to:

(a) Optimize resource allocation across a broad supplier base
(b) Establish and manage relationship expectations by supplier tier, providing a common reference point for what it means for a supplier to be strategic
Provide functional and business groups with consistent partnering strategies within their supply bases

Provide functional and business groups with a fresh view of their supplier portfolios based on relationship value, enabling improved decisions on further supplier consolidation and leading to further strategic sourcing opportunities

Motivate suppliers to strive for advancement across supplier tiers

Governance and Organization: Once the importance of an individual supplier to the organization is established via Supplier Stratification, the next step is for the organization to refine the team structure that will be required to manage the supplier on a day-to-day basis as well as the roles involved in those activities and skills and knowledge that team members will be expected to bring to the table. Formalizing these definitions across the organization typically results in a dramatic rationalization of vendor management resources, typically eliminating 10% or more of vendor management headcount by reducing duplication and inefficiency. In addition, the streamlined structures eliminate many of the dropped handoffs and help to make supplier management more proactive. Once a team structure with roles and responsibilities is defined, the next step is to formalize the on-going governance’s processes to make supplier management repeatable, transparent to management, and consistent throughout the organization. An effective set of governance practices lays out:

- Schedules, attendee lists, and agendas for key supplier relationship review meetings
- Templates for supplier relationship reviews
- Detailed designs of day-to-day supplier management activities such as contract management, financial management, and issue resolution

Supplier Development

Due to increasing supply consolidation, a company’s overall performance and efficiency is more and more dependent on the capabilities of its suppliers. An
organization benefits greatly when key suppliers dramatically reduce costs, introduce new services designed to address the organization’s needs, expand their footprint to provide seamless coverage in multiple regions, and work with the organization to streamline joint processes.

**Benefit to Organization**
(i.) Develops new services and products that can drive competitive advantage
(ii.) Closes capability and performance gaps
(iii.) Creates a reliable and long-term source of supply
(iv.) Provides access to new ideas and opportunities for improvement
(v.) Prioritizes capability development and supplier investment

**Benefit to Supplier**
(i.) Creates additional revenue generation opportunities
(ii.) Enable the development of a long-term relationship
(iii.) Creates opportunities for joint investments
(iv.) Provides opportunity for supplier to advance to next tier
(v.) Gives insight into customer organization’s business needs

Overall benefits can be quite high – eclipsing even strategic sourcing benefits by creating true partnering and by driving objective – based breakthrough capability improvements. Several supplier developments needs by creating true partnering and by driving objective – based breakthrough capability improvements. Several supplier development needs are prevalent in direct, indirect, and outsourced environments:

(supplier relationship management- ensourcing Wiki mht 2/18/2009).

**Capability Gap Closure**
(i.) Supplier does not offer the services and/ or products that the organization needs
(ii.) Supplier does not have the global capabilities to meet the organization’s objectives
(iii.) Supplier has capabilities that require further development to meet the organization’s requirements
(iv.) Continuous Improvement:
(v.) Corporate/Functional objectives require year-on-year cost and/or service level improvements
(vi.) Competition drives need to identify and implement best practices
(vii.) Ineffective processes and systems in relationship drive increased costs and reduce performance
(viii.) Value Creation:
(ix.) Few contracts encourage suppliers to identify opportunities to add value
(x.) Lack of process to identify new value creation ideas
(xi.) Lack of incentives for suppliers to identify new opportunities
(xii.) Companies can address these supplier development needs by establishing a formal supplier development program that first selects suppliers where development effort will have the highest value to the organization, determines the specific development need (s), and applies the appropriate development techniques.

**Sample development techniques include:**

(i.) Joint investment in new capabilities
(ii.) Intellectual capital sharing
(iii.) Joint value creation opportunity identification
(iv.) Joint process mapping and improvement
(v.) Capability acquisition by supplier
(vi.) Multi – supplier collaboration
(vii.) Joint personnel training
(viii.) Systems and process integration

However, without pre-defined “tracks” for development, including guidelines for development trigger identification, toolkits for simplified execution of development activities and program management toolkits, organizations can find it difficult to scale supplier development efforts across functions and business groups (supplier
relationship management en sourcing  Wiki mht 2/18/2009). Service Level and Performance Management: Effective management of supplier service levels and performance is a critical element of SRM. Organizations that measure the supplier impact on business value drivers, hold suppliers accountable for poor performance, and provide incentives for outstanding performance, benefit by:

(i.) Enabling continuous improvement in supply performance and efficiency
(ii.) Ensourcig adherence to contractually defined SLAs and performance targets
(iii.) Providing improved visibility and documentation to supplier performance issues
(iv.) Supporting supplier governance by providing data on supplier performance and value added to the organization

However, performance management, in its current form, falls short of achieving this ideal, amounting to a mere tactical reporting exercise. If service level and performance management is to maximize value to the organization, the first step is to identify the function’s key business value drivers and to understand how the supplier can impact those as well as the target performance levels and tolerance ranges. In some cases it may even be advantageous to redefine the scope of the supplier relationship to ensure that the supplier can truly impact business value.

The next step is to establish a contractual agreement that clearly defines supplier performance expectation, target levels and tolerance ranges. In addition, it is critical to formalize the consequences of underperforming or over-performing to an agreement, the specific trigger points and conditions for remediation once an SLA breach occurs, the process for remediation, and ownership of the supplier performance within the organization (Supplier relationship management – e-sourcing Wiki mht 2/18/2009).

To enable truly effective performance management, the resulting relationship agreement elements must be captured and presented in an integrated fashion. This is typically accomplished by creating a “Performance map” that outlines what the supplier is truly accountable for, what specific steps must occur as consequences of
the supplier’s non-performance, and so on (Supplier relationship management – e-sourcing Wiki mht 2 / 18 / 2009).

In many cases, after examining existing SLAs and performance measures and developing a performances map for the relationship, organization implementing SRM find that they must go back and re-defined contractual SLAs. However even where SLAs are already effective, developing and using a performance map ensures that all parties involved in the relationship understand how performance will be managed and who will manage it. The result is a dramatic improvement in performance (Supplier relationship management- e-sourcing Wiki mht 2 / 18 /2009).

Researcher examines the challenges of supply chain management, supplier management as part of a differentiation strategy, and the role of supplier satisfaction and links with suppliers as success factors in agribusiness. Supplier relationship quality (SRQ) is proposed as an instrument for evaluating supplier links as is tying supplier survey results into a benchmarking process. Until recently Germany’s food sector has in many instances been characterized by a rather antagonistic relationship between suppliers and processors, manifesting itself in short-term business relationships and low levels of trust. A more co-

Operative relationship fosters greater flexibility, stability, quality, and innovation, although there are costs to the processor in terms of supporting suppliers. The authors proposed concept enlarges on previously existing instruments and focuses on continuous checking of the quality of business relations. Initial experience indicates that it is suitable for this purpose. By extending it to other branches and businesses, it should be possible to obtain comparative values which can be used to make the evaluation of current achievement easier. It combines well with instruments such as processing costs calculation, performance measurement systems, quality cost calculation, and purchase portfolio analysis.
2.2.2 Tanzania Cases

Magogwe (2008) when researching on assessment of effectiveness of sourcing in government authority, in his conclusion he explore the effectiveness of the procedures used in selection of suppliers. Also he examine sourcing procedure adhered to the procedure given in public procurement regulations 2000, the Researcher’ recommendations are as follow;

(i.) Development of sourcing strategy so as to meet economic objectives

(ii.) Introduction of written sourcing policies which must be widely communicated so as to encourage good practice and effective sourcing management

(iii.) Sourcing policy will be necessary in facilitation of consistent and orderly implementation and applicable procedures by all members within the council.

Mnaye (2008), Faced with the business demand for sustained profitability, is your company looking to gain the bottom-line advantage of managing supplier spend. In addition to managing cost, procurement groups must also focus on improving transparency and compliance, supply base, and engaging more strategically with suppliers. The Supplier Relationship management application (SRM) provides strategic value through sustainable cost savings, contract compliance, and quick time-to-value. Your company is equipped with tools to drive superior results through and end-to-end source-to-pay process. Activities such as spend analysis requisitioning, sourcing, operational contracts, invoicing, and supplier management are part of an integrated platform.

Develop internal sourcing manual of instruction, Research express all that is to be done Introduce computerized sourcing initiatives trace supplier performance in so as to select the sources but he fail to show what is to be done in managing the source after selecting the appropriate source.

Also Laurent (2008) study on assessments on the effectiveness of outsourcing case study of ministry of local government he recommends on effective supervision of contract from initial to final stage. The researcher also failed to explain what is to be
done in managing supplier client relation who is very important in managing purchasing and supplier relation.

Mnaye (2008), studying on assessment of lead time management in public procurement case study of Ministry finance, she recommend that there should be a good (win-win) relationship between supplier and client, these will ensure satisfaction of each need, where by supplier must deliver what is needed and on time as well as the Ministry should ensure that payments and other supplier needs are on time as in the contract agreements.

2.3 Conceptual Framework and Research Model

2.3.1 Analytical Frame Work (Conceptual Mode)
Effective supplier relationship management provides organizations with important bases to effect efficiency procurement proceedings that could in one way or another enable firms to achieve competitive advantage.

PPRA which is the authority vested power to regulate the functioning or practices of procurement emphasized this aspect of managing supplier’s relationships to ensure satisfaction of each need (Mlinga, 2007).

Mlinga (2007), emphasized that, whereby supplier should deliver what is needed and on time to facilitate achievement of economy, efficiency and effectiveness of the corporate funds. Efficiency and effective supplier relationship call for having a conducive environment that will provide materials, supplies, equipments or services.

Supplier Relationship Management intends to provide technological solutions which make it possible to strengthen the communication between the supplier and its clients in order to improve the relationship with the clientele through atomization of the different supplier of the client relationship:

(i.) Pre-sales: Refers to marketing, consisting in studying the market, i.e. the needs of supplier and identifying prospects. Analyzing the supplier
information collected allow the client to revise its product selection to more closely match expectations. Enterprise Marketing Automation consists in automating marketing campaigns.

(ii.) Sales: Sales forces automation consists in providing piloting tools to businesses to assist them in their prospecting measures (contract management, Sales meeting management, prelaunch management, but also assistance with the preparation of business proposals, etc).

(iii.) Supplier service management: supplier loved to feel known to and acknowledged by the client and cannot stand having to recount, upon; every contact, the history of its relationship with the client.

(iv.) After-sales, consisting in providing assistance to the client, in particular through the implementation of call centers (also Help Desk or Hot-Line) and the online provision of technical support information.

(v.) The purpose of Client Relationship Management is improved proximity to clients to respond to their needs and turn them into loyal customers. A CRM project therefore includes providing each sector of the company with access to the information system to get to know the client better and provide him with products and services which meet his expectations in the best possible way.

2.4 Conceptual Framework (Conceptual Model)

This is the conceptual mode of how one theory makes logical sense of the relationship among several factors that has been identified as important to the problem (Sekaran 2003). It is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/ synthetically aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes (Green, 2001).

When SRM are effectively implemented, the organization will be able to obtain high quality product and services, low operational and investment cost, risk sharing between supplier and an organization and trust & faith between vendor and organization.
Figure 2.1: Conceptual Framework

The chosen variables as shown:

- Lack of professional Personnel
- Poor cooperation among NBC members
- Small SRM Base
- Risk Level of the Services
- Lack of support from top management

**EFFECTIVE & PROPER SUPPLIER RELATIONSHIP MANAGEMENT PROCESS**

- High quality product and services
- Low operational and investment cost
- Risk sharing
- Trust and faith between Vendor/Client

(i.) Lack of professional Personnel Vs High quality services

This independent variable based on how procurement team is recruited by determining professional qualifications as well as experience in all aspects of supplier relationships, lack of professional personnel will result do poor supplier relationship management but on other side of proper professional personnel always results to effective supplier relationship management which will bring about high quality services, low operation and investment cost, low lead time, Risk sharing and trust
(ii.) **Small SRM Base Vs Risk Sharing**
Other area of supplier relationship management depends on the size of the SRM activities which are established within an organization, SRM activities for only High and Medium Risk suppliers do not provide a big opportunity to all suppliers while their low risk suppliers who are paid much money compare to medium and high risj

(iii.) **Risk Level of the Service Vs Trust and faith**
In financial services we always count as high risk areas especially for those supplier and services provider who will be in position of sharing and access customer’s in formations which is always confidential to the third part, this independent variables depends on its own as will be determined by trust and faith between two parties

(iv.) **Lack of support from management Vs High quality of services**
Other area which affect the implementation of supplier relationship and which counted as independent variable as high investment cost to all parties of the relationship whereby the two parties should prepare themselves with enough capital and assets that will bring about high level of services which depend on how the two side shared the investment cost for betterment of the business and returns to all.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction
This chapter the dissertation gives brief explanation on the research procedures and methodology that was used in carrying out the study.

3.1 Research Design
Research design is the conceptual structure within which research was conducted. The function of research design was to provide for the collection of relevant information with minimal expenditure of effort, time and money.

Kothari (2004) defined research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. The researcher used a case study design.

3.1.1 Exploratory Design
This was be used when the phenomenon is not very clear or the research problem is not well defined. It aims to acquire new facts, to know more about the problem and to have a better understanding about the problem (Kombo and Tromp, 2003).

3.1.2 Experimental Design
This was used when the subject are randomly assigned to an experimental group which receives the treatment or to control the group which does not receive treatment. It also involves the manipulation of one variable (independent variable) and the observation or measurement of the effects on another variable or dependent variable (Kombo and Tromp, 2003).
3.1.3 Descriptive Design

This was to be used when the problem is well defined and the research task is to describe the characteristics of something such as people, firm or product. It is a method of collecting information by interview or questionnaire to a sample of individuals, the main purpose of the descriptive design is to describe the state of affairs as it exists (Kombo and Tromp, 2003).

This study was to use the descriptive design approach. This descriptive type of research utilized interview, observation and questionnaires in the study. To illustrate the descriptive type of research, the researcher was being guided by Calmorin (1995) when he stated that “descriptive method of research is to gather information about the present existing condition. The purpose of employing this method is to describe the nature of a situation as it existed at the time of the study and to explore the cause(s) of that phenomenon.

Also descriptive study method enhanced the experience of the researcher and this in turn increased his analysis and ability and skills on assessment of corruption tendencies in the Supplier Relationship Management Skills.

3.2 Area of Study

NBC Lt was formed on 1st April 2000 when NBC (1997) Ltd. was privatised and sold to ABSA Group Ltd of South Africa. NBC (1997) Ltd. was itself born out of the nationalization of banks and financial institutions in Tanzania in 1967. Tanzania later deregulated banking in 1991. In 1997, a decision was taken to split NBC into three entities, namely NBC Holding Corporation, National Micro-finance Bank (NMB) and NBC (1997) Limited. This was the first step towards the privatization of NBC.

The interest in supplier relationship management (SRM) is growing and many organisations like NBC LTD by either actively developing the tools, processes and skills required to conduct SRM effectively or looking to do so in the medium term. However, there is still a certain amount of confusion about what SRM is, what it looks like when implemented and how it relates to post-contract management and
supplier performance management approaches. To most of organization like NBC LTD there are a lot of challenges that either was hinder completely the implementation of supplier relationship management within the organization or can result to poor management of suppliers within the organization

3.3 Data Collection Method
The collection of data was being either primary or secondary data. Each type of data was using its own type of instrument to ensure efficiency and reliability.

3.3.1 Primary Data
The main three instruments for collection of primary data in this research included interview questions and the questionnaire. The interview questions were open so as to give the employee the room to give detailed reaction.

3.3.1.1 Interview.
This refers to the collection of information just through a live. Oral or verbal communication between the researcher and respondents. Interview is a purposive decision between two or people (Khan and cannel, 1957). The use of interview can be to gather valid and reliable data that are relevant to research questions and objectives (Saunders, 2009).

The researcher was use the personal interview method to collect information from Sourcing team, Business Units in NBC LTD and few current NBC LTD preferred suppliers.

3.3.1.2 Questionnaire
This is a standard instrument for data collection in the sense that questions are presented in the same way, the same order and in the same format (Saunders, 2009). The researcher was use this method to collect first hand information through distributing the questionnaires to Sourcing staffs, few NBC Business units and sampled NBC LTD preferred suppliers. The questionnaires were being designed to answer the research questions and objectives of the study. In the questionnaire both
closed and open questions was be used. The closed questions are helpful in quantification of data meanwhile the open questions gave room for description/explanation.

3.3.1.3 Observation

It is an approach of collecting data through observing the actual situation in the area of the case study. This involves the researcher deliberately observing the behaviour of subject or some phenomenon of research interest which lead to clear and accurate information in data collection (Saunders, 2009). This technique guided the researcher to get the required data and information through the process of paying personal visits on the field ground and therefore, the researcher was conduct a live coverage of what was be happening over there and more time to discuss with respondents and at the end helped the researcher to justify some supportive events which was be included in the research report.

3.3.2 Secondary Data

Kothari (2006) defines secondary data as those that have already been collected by someone and which have already been passed through statistical process. Different publication from procurement and other user departments such as requisition to purchase, local purchase order (LPO) /contracts, delivery note, and goods received note was consult during the research. Secondary data provided historical reference of other past related studies.

Advantages of using secondary data are that few resources particularly time and money is required, it is very quick and easy to get data if they are not restricted and help in verifying the findings based on primary data.

Disadvantages of using secondary data are that; they are not up-to-date and become obsolete and may not meet the research objectives.
3.4  Sampling Techniques

3.4.1  Sample and Sample Size
Sample is a sub group of large population (Saunders, 2009). Generally, in answering research questions, social scientist examines a fraction of the possible population of interest, drawing statistical inference from this fraction. The process used to draw such a fraction is known as sampling, while the group contained in the fraction is known as the sample. http://ccmtl.colombia.edu/projects/qmss/measurement/validity and reliability.html. (Accessed on 6th February, 2013).

The researcher in order to accomplish this study effectively and efficiently, he expect to use a sample of 15 respondents. This sample size was being obtained from Sourcing staff, user departments and a few preferred suppliers. The selected sample size was useful since it was be difficult to collect the data from the whole population and also would help to get accurate data from the targeted respondents

Table 3.1:  Sample Distribution Table

<table>
<thead>
<tr>
<th>Department</th>
<th>Targeted sample size</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Sourcing</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Business unit</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Preferred Suppliers</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Field data, 2013

3.4.2  Sampling Procedure
Sampling procedure means a plan for drawing a sample from a population to be studied (Krishnaswami, 2007). In other words, it is the process of obtaining information about an entire population by examining only a part of it (Kothari, 2004).
In this study, the researcher was use probability sampling technique to choose respondents from Sourcing and preferred suppliers which provided equal chance to every member in the population to be selected. However non-probability sampling was be used to choose respondents from user departments especially technical section that prepares specifications and some user department who had happened to evaluate/negotiate the bids.

3.5 Data Presentation and Analysis

3.5.1 Data Presentation
This involves systematically organizing mass of raw data collected in a manner that would facilitate analysis of data (Kothari, 2004). Therefore the researcher managed the collected data by editing, coding, and tabulating.

(i.) Editing: This refers to the process of examining the collected raw data to detect errors and omissions and to correct these errors when possible (Kothari, 2004). Therefore, the researcher in this study was checking carefully the completed questionnaires to ensure that the data was being accurate, consistent with other facts gathered and arranged to facilitate coding and tabulation.

(ii.) Coding: This refers to the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories or classes (Kothari, 2004). In this study the researcher was aggregate responses from open ended questions into common theme and then categorized all responses obtained by assigning numbers to them. And for closed ended questions the researcher was assign numbers to them directly.

(iii.) Tabulation: When mass data was assemble; it was become necessary for the researcher to arrange the same in some kind of concise and logical order. This procedure referred to as tabulation (Kothari, 2004). Thus, in this study the researcher was use tables to summarize raw data and displayed them for further analysis.
3.5.2 Data Analysis
The data was being collected qualitatively. Analysis of the contents of an interview was done in order to identify the main themes that emerged from the responses that were given by the respondents. The researcher was classifying the responses and aggregates them into different themes. The researcher was count how frequently the theme occurred.

3.6 Data Reliability and Validity
In some cases, researchers are confronted with many obstacles during data collection process; these include reliability and validity of data collected. In this study the researcher was ensure that the threats are left down.

3.6.1 Reliability.
Kothari (2004) defined reliability as the quality of consistency or replicability of measurements. Measuring instrument is reliable if it provides consistent results. That means if the same or different researcher repeats the study it should produce more or less the same results.

The researcher was improve reliability by standardizing the conditions under which the measurement took place, thus external sources of variation such as boredom, fatigue was be minimized. Not only that but also the researcher was design direction for measurement with no variation from group to group, and by asking similar questions to sampled respondents.

According to Miller (1991) reliability means that the findings would be consistently the same if the study were done over again.

3.7.2 Validity
Saunders (2000) defined validity as it is concerned with whether the findings are really about what they appear to be about, measure if the relationship between the two variables is causal relationship.
In order to obtain the validity the researcher was ensure that data which was be collected through questionnaire, interview and observation was be collected from authorized personnel in order to maintain the validity of data in this research. However, data was be collected through questionnaire on which it was be crosschecked against those collected through interview and documentation review to ensure validity.
CHAPTER FOUR

DATA INTERPRETATIONS, ANALYSIS AND DISCUSSIONS

4.0 Introduction

This chapter presents the analysis of the fact-findings as far as the challenges facing implementation of Supplier Relationship Management at NBC LTD. The Researcher assessed and put into analysis all collected information related to investigation on challenges on implementation of Supplier Relationship Management at NBC LTD. In relation to the proposed methods of data collection, in this case the researcher was able to collect relevant data by using research questionnaires. The researcher targeted Fifty four (23) respondents for the whole study as a population. However not all respondents showed a positive response since other respondents did not return their questionnaires to the researcher (13) members of NBC and 10 suppliers), some of the collected data were qualitative in nature and they analysed by the use of SPSS. Data from questionnaires and interviews were analysed and explained, also this chapter evaluates and discusses the findings of the study by drawing together all the issues of research and link back to the aim and objectives which were outlined in the introduction and methodology. The overall objective of this study was to find out how procurement specialists hinder/help on implementation and operational of Supplier relationship management on daily Business operation, assess how supplier/Service provider contribute to poor relationship management practices and to identify measures to be taken to stabilizing relationship with suppliers/Service providers. Data was collected through questionnaires, interviews and observation.
4.1 Challenges given by supplier in supplier relationship management programme

Table 4.1: Challenges Given by Supplier in Supplier Relationship Management Programme

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control issues from suppliers side not fully implemented</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>Poor cooperation, lack of knowledge on part of staff and Suppliers</td>
<td>5</td>
<td>33.33</td>
</tr>
<tr>
<td>Poor time management, lack of cooperation</td>
<td>4</td>
<td>26.67</td>
</tr>
<tr>
<td>Wrong feedback</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data, 2013

Figure 4.1: Challenges Given by Supplier in Supplier Relationship Management Programme

Source: Research Data, 2013
As per above analysis all responds provide different views on the challenges to SRM on the side of the suppliers, but most including 80 percents shows there is a gap between client and supplier on terms of cooperation and feedbacks on all issues related to the management of suppliers.

From the study, like all other researchers from literature review analysed the researcher identified different challenges which were faced by NBC bank although it differ on several areas, challenges faced by NBC in normal activities was poor cooperation among the member of NBC, lack of knowledge which is the same like most of researchers identified as well as compliance issues to suppliers, this challenge is different compared to other researchers because NBC LTD do not base on public procurement only but also they follow Barclays Sourcing guideline which has alot of compliance in all aspects of SRM, also the researcher identify other challenge which differ from other researcher which are lack of accountability to each individual who are selected to handle SRM activities because most of them are allocated with other roles.

4.2 Management of Supplier Relationship Management (SRM)

With ‘Procurement’ and ‘Strategic Sourcing’ claiming 83% of the responses this indicates that SRM is very much a ‘procurement-led’ agenda – which is encouraging. However, the real benefits of effective SRM are released and delivered into the business areas – this is where value is identified, seized and delivered.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>12</td>
<td>83</td>
</tr>
<tr>
<td>Business</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research Data, 2013
Table 4.2.1 to be fully effective then Procurement needs to be well integrated into the wider business to drive this agenda. The reality is that Procurement is often not well integrated into the wider business and, in the extreme, not fully recognised as a major business enabler. So, with such a high response claiming that Procurement and Supply Chain lead on the SRM agenda we wonder if this is a case of the procurement teams trying to ‘push up’ the practice of SRM, rather than the business recognising the value and its key role within it and sucking in the need for highly effective SRM capabilities and programmes.

4.3 Challenges Facing Supplier in Supplier Relationship Management Programme

The data and corresponding analysis displayed in Table 4.3.1 shows that majority of the respondents which is 53.33 percent comprising 8 respondents revealed that poor cooperation, lack of knowledge on part of suppliers is a major challenge given by supplier in Supplier Relationship Management (SRM). Not only that but also poor time management, lack of cooperation comprising 3 respondents with 20 percent it is clear that time management ideas and cooperation among suppliers should be taken as a mandatory issue so as to improve the SRM programme.
Table 4.3: Challenges Facing Supplier in Supplier Relationship Management Programme

<table>
<thead>
<tr>
<th>Challenges of supplier</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>control issues from suppliers side not fully implemented</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>poor cooperation, lack of knowledge on part of Suppliers</td>
<td>8</td>
<td>53.7</td>
</tr>
<tr>
<td>poor time management, lack of cooperation</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>wrong feedback</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Research Data, 2013

Figure 4.3: Challenges Facing Supplier in Supplier Relationship Management Programme

Source: Research Data, 2013

A researcher identify that suppliers also contribute to the poor performance of SRM, this is different compare to the ideas and findings of other researchers but due to the nature of sourcing governance at NBC LTD, supplier support on performance of SRM is 50% out of the client, so you can find that the dependence to supplier on
creating better performance of SRM is on higher percent compare to other organization who controls more than 80% of the SRM activities, through observation and interviews, some of the issues that contribute to the poor performance of SRM are as follows;

**Failure to Sourcing Compliance and Governance**
Most of service provider/suppliers especially on High/Medium Risk are not adhered to fully sourcing governance and compliances, as one of the reasons to poor performance on the supplier Relationship Management as mentioned by most of the respondents, our business environment in Tanzania do not provide enough information and documentation as needed by Barclays Group Sourcing policy which are used by NBC Limited as among of its subsidiary, poor due diligence completion and governance bring hardship on the management of the supplier because you are dealing with non compliant supplier who you can’t share with them the necessary information on all aspects of Supplier Relationship Management.

**Poor Cooperation and Coordination from the Vendors**
This is among of the contribution which brings about the poor performance of the supplier relationship management from the vendor sides, most of vendor are not providing necessary of the cooperation with their clients like what is happening at NBC Limited, some of the vendor may either refuse to provide the necessary documentations which will assist the Bank to accomplish its due diligence process on time either by taking the advantages that the information is confidential or is for office uses only, by making supplier relationship helpfully and operate smoothly, there is need of hand to hand cooperation and coordination between the supplier and the NBC LTD because each of them should share the strategy for proper preparation from each area of the relationship.

**Poor accountability and Integrity**
Through interviews and survey, NBC LTD is facing the issue of poor integrity and accountability to most of the vendors which hinder the proper management of supplier practices, on areas of Values and Debts Collectors, some of the service providers from these mentioned panel are not integrity, some of the vendors provides
wrong information in terms of the collections of debts from customers on behalf of NBC LTD, also for the case of Values, most of the case raised is the wrong information provided by the vendors for the issue valuing collateral of the customers who wish to get loans from the bank.

Also the Bank facing the issue of wrong information submitted by vendors on the terms of due diligence process as mentioned to other researchers whereby most tend to wish to win the tender by confirming that they work with different big reputable company for the purpose of showing experience to the stated functions

**Lack of knowledge on Supplier Relationship Management**
As per responds, Supplier Relationship Management is the new concepts in Tanzania especially to some of small local suppliers within the country, lack of knowledge on SRM contribute to the poor cooperation from the vendors, most of the relationship manager at NBC LTD facing this hardship to make sure their suppliers are in the position on understand what I is the SRM as well its advantages to them. This also contributes to the failures to both parties to exchange their Business strategy for their future plans due to the lack of trust among themselves.

### 4.4 Does Supplier/Service Provider May Lead To Poor Relationship Management With Client?

**Table 4.4: Does Supplier/Service Provider May Lead to Poor Relationship Management with Client?**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>100.00</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Source:** Research Data, 2013
Table 4.4. Shows that respondents they believe Supplier/Service provider may lead to poor relationship management with client as what seen in the figure and table 4.5.1 above displays. For the well performance of management and client, supplier/service providers are the main agent on this junction

### 4.5 Possible measures that may stabilize the relationship between suppliers/Services provider with client

Proper training to both SRM and supplier will be main solutions for possible measures that may stabilize the relationship between suppliers/Services provider with client as it comprise 46.67 percent of all suggested possible solution for better relationship between suppliers and service providers.

**Table 4.5:** Possible Measures That May Stabilize the Relationship between Suppliers/Services Provider with Client

<table>
<thead>
<tr>
<th>Measures</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All NBC executive should be aware of the SRM</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>letting them to understand their responsibilities</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Proper training to both SRM and supplier</td>
<td>7</td>
<td>46.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Research Data, 2013*
Like other researcher who conducted the same research didn’t forgot to find out the ways on how SRM can be stabilized, the researcher look differently on how SRM can be managed and stabilized so that we can bring about proper performance of the SRM, the difference that the researcher look on different from other researcher are as follows.

**Proper Supplier Selection**

Though interviews and questionnaire, the researcher identify the supplier selection process has the gap which may contribute to the poor performance of the SRM, Researcher came to conclude that there is proper policy within NBC LTD but it is not followed, through the adhering of the SSMP as managed by group sourcing from Barclays, there is proper ways to follow for the better selection of the suppliers. Proper selection of the supplier will create stable SRM practices that bring well organized SRM. Proper selection of the suppliers will enable the possibility of having competent and compliant supplier who will be in position of cooperation with NBC LTD hand on hand for better achievements of plans and strategy of both supplier and NBC LTD. Competent suppliers will always brings about 100% compliance to the sourcing governance as analyzed on SSMP.
Engagement of top Management to SRM activities

Like other researchers, top management support is an issue. As per my reviews conducted within the organizations and as per different questionnaires which ask about the support and engagement of the SRM activities from their areas, most of the Accountable Executive do not know exactly what is going on SRM operations except of the Chief Operating Officer who work hand in hand with the SRM on any support as needed, but has been contributed so Procurement Unit is under his management and from this study it seems that most of staff member of NBC do not know about SRM compare to other study, so due to this management should improve trainings of staff on SRM.

Irregular awareness on Supplier Relationship Management

From the aspect of making sure that most of the time Supplier Relationship Managers are kept currently in all issues which are related to the SRM information, researcher identify the needs of having irregular awareness of SRM rather than training as identified by other researchers, these awareness should includes; present leadership communication and analytical skills whereby you can find the issue of the lacking of necessary information such professional matters on terms of procurement and current information on the interest of the SRM to engage with business on understanding the business needs for easy coordination with the suppliers.

4.6 Proportion of time spent on SRM?

Table 4.6 Again it is encouraging that 86.7% of us are spending more than 25% of our time on SRM. However, the responses later in the survey suggest that some of the activity is on operational or transactional performance delivery rather than focus on the value of a high-performing relationship to drive incremental value.
Table 4.6: Proportion of time spent on SRM?

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is my daily role</td>
<td>3</td>
<td>86.7</td>
</tr>
<tr>
<td>When assigned</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data, 2013

4.7 SRM form Part of their Responsibilities

Figure 4.7: SRM form Part of their Responsibilities

Source: Research Data, 2013

Figure 4.7 show that, at first look this suggests that 100% of respondents have personal responsibility for SRM. It is interesting to see later in the survey what they believe SRM is and what it is capable of delivering for their business which includes Accountable Executive

4.8 Risks which are associated with banking activities with SRM

As per below figure and table, 53.3% of the respondent mentioned that lack of knowledge on the SRM, 26.7% mentioned that risks of the breaking sanctions policy as another risks, also 20% conclude by involvement of other principles to other SRMs

53
Like any other business, risk is not avoidable, most of researcher didn’t how the risk to the SRM activities can be managed, lack of knowledge to SRM stakeholders is the one of the risk that may also hinder implement the SRM activities, also another risk is the issue of SRM to be involved with more than one role and SRM is taken as less priority role, all other risks can be easy monitored through RCA and segmentation as managed by Barclays.

4.9 Knowledge, skills, and experience are represented on your SRM team

Source: Research Data, 2013
This question was answered by all of the people who submitted their questionnaire although the entire where talking about their qualifications although some executive answer correctly by identifying 47.7% where having present business interest, 20.3% presents leadership communication and analytical skills.

4.10 Training or developments have the SRM and team members received

Above table 4.10 represents the responds from the questions which elaborate the kind of training which are required for the development of SRM where 33.3% mentioned the issue of legal, 26% explained issue of procurement knowledge

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>legal sourcing contract training has been done</td>
<td>5</td>
<td>33.3</td>
</tr>
<tr>
<td>NBC serving &amp; procurement policy</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Risk management, process, value training</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td>supplier r/ship management conducted by ABSA</td>
<td>3</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Research Data, 2013

Most of the researcher has identified the number of trainings that will fit for the purpose of making sure that SRM activities are managed and operated on professional manners including training for Public Procurement Act, but for information need than this, they need to align with Barclays requirements that follow global sourcing aspects through SSMP, also they need to be trained on all issues that relates to Risk management as we understand banking industries is about controls, this training should be to all stakeholders of SRM including top management who should also understand what is all about SRM
4.11 Considering that Sourcing Abroad from Countries with Language/Time/Zone/Culture Differences Creates Additional SRM Challenges

66.7% of respondents do not see these characteristics as a problem, which is a very positive outlook but not true. However when we look further we see that 33.3% “deal with them as they arise” Where red colour represent the number of respondents and blue colour show the percentages.

Like all other researcher, sourcing abroad has a lot of challenges compare to the local sourcing, most of the respondent didn’t the challenges of this but few SRM who manage global contract like Microsoft and IBM have proved that it is real challenging on the aspect of due diligence completion as well as governance with the supplier on sourcing policy are real poor.

Figure 4.11: Considering that Sourcing Abroad from Countries with Language/Time/Zone/Culture Differences Creates Additional SRM Challenges

![Bar Chart](image)

Source: Research Data, 2013

4.12 Team Members Stay Current on Best SRM Practices

To the below figure 4.12, all responds explain how SRM to be update to all issues related to SRM practices where 34% mentioned the issue of research, training and seminars and 20% mentioned the issue of global support from Barclays.
The researcher found that NBC LTD have provided better conditions that brings their staffs up to dates to all issues that are related to SRM, through sharing drive that are used to post all information that are related to this objectives, also regular trainings are conducted through Barclays where a lot of issue are shared with SRM relating to procurement and sourcing aspects.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction
The main aim of this research was to analyze the Assessment on the challenges on the Implementation of Supplier Relationship Management impact of supply chain on organizational performance, a case study at National Bank of Commerce Limited. This study also tried to identify facts that have to be taken to improve Supplier Relationship activities. Based on this evaluation appropriate recommendations have been made in order to eliminate the problems caused by poor Supplier Relationship Management. The conclusions and recommendations made in this chapter five based on the fact-findings presented in chapter four.

5.1 Summary
This study intended to contribute to the knowledge of the Supplier Relationship Management to the Financial Institutions in Tanzania. The focused objective was to explain the challenges on the implementation of Supplier Relationship. The objective was fulfilled through how procurement specialists hinder/ help on implementation and operational of Supplier relationship management on daily Business operation, assessment on how supplier/Service provider contribute to poor relationship management practices and measures to be taken to stabilizing relationship with suppliers/Service providers.

Chapter two of the study reviewed the literature by providing the reasons for why do we have to care about Supplier Relationship Management the efficient and one of the important key points was the potential impact is trainings. The literature identified the ways of improving proper management of Supplier Relationship Management.

Data collected, analyzed and discussed confirmed the hypothesis set to be true. It is true that we have challenge on implementation of Supplier Relationship Management to Financial Institutions.
5.2 Findings and Conclusion

Below are the list of findings and conclusion as per responds from the questionnaires, survey and interviews

5.2.1 Management of Supplier Relationship Management (SRM)
To elevate some challenges facing supplier in Supplier Relationship Management, knowledge regarding suppliers is unavoidable matter, time management and cooperation among suppliers is bridge point so as to improve the performance of SRM.

5.2.2 NBC Performance Relating with SRM
SRM is the crucial matter to be isolated from the performance of NBC LTD as revealed from tabulated and figured response above. NBC LTD management should not isolate any idea of SRM for their efficient performance.

5.2.3 Supplier/Service Provider with Relationship Management toward Serving Client
It is true from my research that Supplier/Service provider may lead to poor relationship management with client, as the management dreams at serving client efficiently, supplier/service provider should not interfere from what expected by the management.

5.2.4 Possible measures that may stabilize the relationship between suppliers/Services provider with client.
Training is all about to shape minds to both SRM and supplier so as to be aware with new ideas, not only that but also by letting they know their responsibilities. All SRM were not in the position to identify roles and responsibility although from Barclays sourcing website all of the information are available.
5.2.5 Supplier Relationship

Hundred Percent of all respondents (all respondents) they confirmed that all nature of their business allow application of Supplier Relationship, this mean that progressivity of the business in the right track Supplier Relationship cannot be isolated forever.

5.2.6 Suppliers and customer teams to support SRM activities

More than fifty percent of my respondents confirmed that their suppliers they have developed customer teams to support SRM activities, which is a good indication for the progressivity of SRM activities, inspite of 26% who noted that their suppliers were not yet established customer teams to support SRM activities which is not good indication for the good results of SRM and business progressivity at all. Therefore for those suppliers who are not yet developed Customer Teams to support SRM activities no time to wait; they should wake up their business to shoot up.

5.2.7 Suppliers awareness with company expectations

More than eighty percent responded that their Suppliers were aware with company expectation, which is worth for business growth since if your supplier is aware of your expectation then there will be some strategies and effort eagerly to achieve them for better partnership.

5.2.8 Participation on the SRM team proportional with career enhancement

More than three quarters of my findings indicates participation on the SRM is positively whole with career enhancement, therefore no way can be hidden management should consider SRM team to participate fully for their career enhancement.

5.2.9 Any process/tools which can help on identifying the risk level of the services/supplier

Any process/tools to identify the risk levels of the services/supplier is so essential for business growth as my findings indicates that all respondents (100%) they proof that there were process/tool to identify the risk level of the services/supplier.
5.2.10 Leaders of SRM in the Organization
The strategic sourcing team supported by business and Sourcing & procurement manager both comprising sixty seven percent are most leaders of SRM which is a good indication for growth of the business because experts are on their positions and this what should be desired for any organization

5.2.11 Respondents SRM
SRM was part of their responsibilities for all respondents of this research (100% percent of my respondents were participators of SRM), and this should be for all the time for the better situation of any business where experts gets the chances to expel their professionals.

SRM is the crucial matter to be isolated from the performance of NBC LTD as revealed from tabulated and figured response above. NBC LTD management should not isolate any idea of SRM for their efficient performance.

5.3 Recommendations
Our analysis suggests the following recommendations for the NBC LTD to pursue to better realize the goals of SRM:

5.3.1 Expand the Business Base
The current business base of SRM at NBC LTD is primarily restricted to Medium Risk Suppliers only. These represent at most 20 percent of the NBC LTD direct spending budget and only a fraction of the business base that some of the largest SRM suppliers have with the NBC LTD. Successful commercial firms integrate SRM concepts across their business units to include all of the business that a supplier has with the company. The relatively small portion of the business base currently considered within SRM in the NBC LTD significantly limits the scope of the savings that could be achieved.
Expanding SRM to include a greater portion of NBC LTD spending with suppliers can increase their incentives to improve. Such an expansion would include all spending within the sourcing activities and all other low risk suppliers. One means of linking the sustainment business base (the little “a”) to the acquisition business base (the big “A”) would be to develop an integrated supplier scorecard for the whole of Sourcing deals.

Another means might be for the business unit to develop their own SRM initiative to operate above the plans level according to SSMP for identifying common issues that, if addressed by the supplier in one objective, could benefit those in others. Still another means might be to establish a joint services team SRM plans where the total business base of key suppliers is included, with both types of Businesses (big “A” and little “a”) represented.

5.3.2 Institutionalize SRM

Institutionalizing SRM to make it an integral part of managing key suppliers would provide it more influence and direction. Steps toward institutionalizing SRM include the following:

(i.) Sustained support from top management, which would communicate that top management
(ii.) Values SRM and intends to drop those values throughout the activity and
(iii.) Supply chain
(iv.) Formal SRM policies and guidance that clarify objectives, roles, and responsibilities of SRM teams and key stakeholders
(v.) Processes, official recognition, and assignment of the duties of the Sourcing team toward SRMs Career incentives and development programs for SRM team members
(vi.) Formal training programs
(vii.) Cross-functional support available to SRM teams
(viii.) Process changes that facilitate implementation of SRM initiatives across organizations and locations
(ix.) Methods of measuring and sharing metrics of supplier performance improvements across the enterprise.

Unless such steps are taken and unless SRM can demonstrate real improvements, SRM risks becoming minor and losing resources, importance, and, inevitably, influence. Institutionalizing SRM provides a means for Sourcing team to work directly with its key suppliers across the total NBC LTD business base to improve those things on the customer and supplier sides that unnecessarily keep costs high and affect quality and performance.

5.3.3 Develop systematic Capabilities

Strategic Sourcing and Procurement team should continue to grow an analytic capability that can develop and improve supplier scorecards; identify and justify targets of opportunity for improvements; and develop business cases needed to secure support from top NBC LTD management, various stakeholders, suppliers, and Business units.

SRM teams will also need to keep on speed with best practices. This capability becomes especially important to the SRM team’s ability to demonstrate the benefits of SRM to key players, most notably the Sourcing managers. Development of SRM capability can be contributed to the following

(i.) Supply base rationalization with family/supplier segmentation: Overall reductions in the total number of suppliers and then more smooth rationalization by specific strategy segments and individual purchase categories. The goal in the end is to produce a smaller, higher performance supply base.

(ii.) Supplier management: Development of a strategic sourcing strategy and short and longer term procurement strategies by purchasing business units.

(iii.) Relationship management: Taking relationships with key suppliers to the next level through information sharing/transparency, trust building programs, and equitable joint efforts/programs.
(iv.) **Buyer/supplier development:** Active programs to overcome barriers to performance on both the buyer and supplier sides of the equation, which drive continuous improvement.

(v.) **Supply performance measurement and management:** Getting the metrics right and effectively and consistently using that insight for improvement
REFERENCES


QUESTIONNAIRE

P .o. Box 6826.
Dar es Salaam.

NATIONAL BANK OF COMMERCE LIMITED - STAFF
Title………………………….
Dear Sir/Madam

RE: STUDY QUESTIONNAIRE FOR ACADEMIC PURPOSE.
My name is David John; I am currently doing my field research in your company as a part of my thesis of Master degree from Mzumbe University.
You're kindly requested for assistance in answering questions as per attached questionnaires. Any information provided will be treated strictly confidential.

Thanks you in advance!

Yours faithfully
David John.

1. Who leads Supplier Relationship Management (SRM) within your organization?
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   …………………………………………………………………………………………………
   …………………………………………………………………………………………………

2. Does SRM form part of your responsibilities?
   (i.) Yes (            )
   (ii.) No (            )

3. What proportion of your time is spent on SRM?
   (i.) It is my daily role (            )
   (ii.) When assigned (            )
4. What kinds of knowledge, skills, and experience are represented on your SRM team?

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5. What kinds of SRM training or development have the SRM and team members Received?

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6. Does nature of business allow Supplier Relationship practice?

(i.) Yes (  )
(ii.) No (  )

If no, what are reasons?

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7. Do we have any process or tools which help on identifying the risks level of the services or supplier?

(i.) Yes (  )
(ii.) No (  )

If yes, what are these process/tools?

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68
8. How the above tools/process does do to identify risk before the engagement of SRM?

9. What are the risks which are associated with banking activities with SRM?

10. What does SRM comprise, in the way that your organization defines it?

11. In your organization, who takes the lead in developing your SRM practices?

12. How much formal skill do you and your team have in managing supplier relations?

13. What is your attitude towards involving suppliers in the SRM process?
14. In managing critical or strategic suppliers, which supplier management tools does your organization use?

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15. What are the biggest benefits that you can obtain by taking a structured approach to SRM with your most important suppliers?

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16. Where relationships within an SRM programme have failed to deliver the expected results, where is the typical source of the problem?

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17. As per failure of the programme, is supplier responses are part of the failure of the programme?
   (i.) Yes (         )
   (ii.) No (         )

If yes, what are the most challenges given by supplier in supplier relationship management programme?

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18. Do you consider that sourcing abroad from countries with language / time zone / culture differences creates additional SRM challenges?

19. How do team members stay current on best SRM practices?

20. How are your SRM resources funded/budgeted?

21. Have your suppliers developed customer teams to support SRM activities?

22. How is the performance of the SRM team measured?

23. Is participation on the SRM team viewed as a career enhancement?
   (i.) Yes (    )
   (ii.) No (    )
24. Are your suppliers (and team) aware of your company expectations?
   (i.) Yes ( )
   (ii.) No ( )

   If no, how this is managed
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   ……………………………………………………………………………………………………………………………
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25. Do you have a roadmap for getting to where you want them to be?
   (i.) Yes ( )
   (ii.) No ( )

   If yes, how this is implemented
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26. What kinds of solutions would be helpful to helping you achieve these future suppliers’ relationship states?
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27. Do you believe SRM is helping the NBC LTD?
   (i.) Yes ( )
   (ii.) No ( )

   If yes, how this help/if no, what are the reason behind
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28. What are the other challenges or problems you have encountered with implementing SRM?

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Thanks in Advance