***Managing costs: Working with your suppliers***

Are they suppliers or partners? The difference is that a supplier supplies us with goods or services, and partners work with us for a mutual benefit.

A benefit that should go beyond the immediate financial transaction.

Many businesses see their suppliers as resource inputs, to be obtained at the lowest cost and best credit terms. So the relationship is limited to the correct resources being in place at the right time. If this is at the lowest possible price (the purpose of tendering), and the slowest possible payment terms, it’s likely that the relationship will be confrontational at times.

But the relationship can be much more than this.

**How can your suppliers help your business?**

It’s not just about getting the right resources in place at the right time – important though that is. Many suppliers will be able to offer us much more than that, if they know what we need.

If invited to look round our business, many suppliers will see things they can do that will make our business more streamlined; more efficient; or less wasteful; all resulting in better profitability for us.

This might involve different packaging; different delivery times; different information; add-on services; key points of contact; etc.

For example, as a training supplier I also provide follow-up resources including a regular newsletter; I ask participants what they’ve done with the training since the workshop and what impact that’s had on their business, and share that information with my client; and I provide lots of ideas about how the training can be implemented. None of these cost me much, but – I hope – they help make me unique.

We can’t expect our suppliers to do this for nothing, but – if they’re helping make us more profitable – we can reflect that in a better price.

**What’s in it for your suppliers?**

Why should they put themselves to this effort?

Not only because it should result in a better price for them, but also because it helps make them indispensable to you. You become one of their key customers and they become one of your key suppliers. In a relationship that aims to improve both your businesses, rather than a pure “lowest cost” relationship that benefits one business only at the cost of the other.

**What’s in it for you?**

Your key suppliers are focussed on improving your business rather than just looking at the next order.

Not only that, but – as you’re a key customer who they’ve invested a lot in – you’re a priority to them. If you beat them down on price and extract the slowest possible payment terms from them you certainly won’t be a priority!

**And how does this relate to your customers?**

Not only can our suppliers help us in this way, but we can help our customers.

Why nor book meetings with your customers with the agenda “I want to see what we can do to help your business further”?