

TOOL 12:

SUPPLIER MANAGEMENT AND ENGAGEMENT

This tool sets out the different supplier engagement approaches an companies could take according to the strategic importance of the supplier. This table will help companies understand the different options of supplier management.⁷⁷

STEP 1: PRIORITISATION	STEP 2: CLASSIFICATION	STEP 3: MANAGEMENT TECHNIQUES
Create a list of your suppliers and align these to their spend and their risk scores completed in Step 2 Risk Profiling.	Strategic (high spend, high risk)	<ul style="list-style-type: none"> • Closely engage through reporting and building relationships with all levels of the supplier. • Consider paying cost premium to manage risks associated with the purchase. • Aim to transform the way this product/ service is produced and delivered. • Changing the mindset of both buyers and suppliers. • Support implementation of Policy and Code of Conduct and provide practical assistance and tools. • Leverage savings from suppliers and use savings to fund costs in higher risk areas. Agree specific action plan for these saving to be spent in an.
	Secure (Low spend, high risk)	<ul style="list-style-type: none"> • Closely manage through reporting and building relationships with management levels of the supplier. • Try to support and encourage suppliers to change production processes/supply chain practices. • Challenge supplier to implement reporting processes with their first and second tier. • Mandate implementation of Policy and Code of Conduct.
	Cost Driven (high spend, Low risk)	<ul style="list-style-type: none"> • Manage through reporting and building relationships with management levels of the supplier. • Work with suppliers to raise awareness of slavery issues. • Require the implementation of Policy and Code of Conduct.
	Acquisition (Low spend, low risk)	<ul style="list-style-type: none"> • Put most efficient measures in place to manage these areas. Ensure at a minimum Policy is passed through to second tier suppliers.