

SRM GUIDE

INDUSTRY: FASHION AND LUXURY

FEBRUARY 2025

VOL.2

Optimizing the Supplier collaboration for Enhanced Operational Performance

Strategies and tools for effective supplier collaboration
Key concepts, Best practices, and Case studies

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INTRODUCTION

Integrating SRM into Your Procurement Strategy

Seeking a strategic framework to enhance your supplier relationships?

Strengthening supplier relationships has become essential in the current supply chain landscape. Challenges such as market volatility, the growing complexity of products and services, and competitive pressures are prompting companies to reevaluate their strategies for supplier relationship management (SRM).

This is particularly relevant for companies in the fashion and luxury sector, which must oversee the quality and compliance of their outsourced production. According to the McKinsey Chief Product Officer 2023 study, 51% of industry participants intend to enhance their relationships with suppliers over the next five years. This trend is acknowledged as strategic and vital to address increasing sustainability demands, ever-evolving regulations, and to improve responsiveness. The digitalization of supplier relations has become imperative.

In a competitive and innovative economy, the role of suppliers extends beyond merely transactions. They have evolved into integral partners of the company, assisting in value creation and differentiation.

To enhance relationships founded on trust and transparency with their suppliers, companies must utilize digital tools to gain improved visibility of their operational indicators, such as OTIF and "Lead Time," while equipping their suppliers to meet their requirements effectively. A "Control Tower" serves as an operational supervision tool that enables the anticipation of deviations, facilitates prompt responses, and supports informed decision-making.

In light of these realities, this guide, the results of our 17 years of experience in the Supply Chain for the Fashion and Luxury Textile industry, provides both a strategic and operational framework to assist you in addressing these challenges and optimizing your supply chain.

Supplier Relationship Management (SRM) transcends mere acronym status; it represents a crucial strategy for optimizing the value derived from supplier interactions and securing sustained performance over time.

The SUMMARY

01 — FOUNDATIONS AND CHALLENGES

Collaboratively advancing the strategic management of supplier relationships.

02 — SRM TECHNOLOGY AND METHODOLOGY

Effective instruments for supplier relations!

03 — PERFORMANCE OF YOUR VENDORS

Key Performance Indicators

04 — OPTIMIZATION OF SUPPLIER COLLABORATION

Collaboration, a mindset to nurture

05 — EFFECTIVE IMPLEMENTATION STRATEGIES

Guidelines for embarking on a journey toward tranquility





**Steer your supplier collaboration
using the SRM compass!**

1. Principles and challenges

Together towards strategic Supplier relationship management

The SRM concept summarized in four key points.

You are all acquainted with "Supplier Relationship Management" (SRM). This strategic methodology seeks to optimize the relationships between the organization and its vendors.

It comprises a collection of practices, processes, and technologies aimed at enhancing collaboration, improving performance, and fostering mutually beneficial relationships.

What distinguishes SRM is its dedication to the principles of partnership and collaboration. In contrast to conventional supplier management, which frequently emphasizes contract negotiation and cost reduction, transactions, SRM adopts a long-term perspective.

It acknowledges that suppliers are essential partners in the supply chain and that strong relationships with them can significantly enhance the overall success of your business.

COLLABORATION

Foster a strong partnership between the company and its suppliers. Rather than merely imposing requirements, the objective is to cultivate an environment in which both parties collaborate effectively to reach mutual goals.



PERFORMANCE AND REPORTING

Operational performance monitoring is crucial for assessing and consistently measuring the performance of suppliers, while prioritizing continuous improvement to meet your standards regarding quality, lead-times, and cost.



STRATEGIC ALLIANCE

Transforming your suppliers into genuine strategic partners entails cultivating a relationship founded on trust, transparency, and collaboration to generate added value.



RISK MITIGATION

Evaluating the distinct risks associated with each supplier, and closely monitoring operations, enables to anticipate operational, financial, or reputational consequences stemming from any production failure or hazard.





@Contronbro Studio Kim via Pexels

Reset and strengthen the Customer-Supplier relationship.

SRM APPROACH

COLLABORATIVE VISION

"Win/win" approach to foster a relationship centered on innovation and the development of mutually advantageous values.

EMPHASIZE VALUE CREATION

Cultivate deeper collaboration and a relationship founded on trust.

LONG-TERM OBJECTIVE

Embracing a long-term vision entails equipping oneself to operate in a mode of "continuous improvement."



CONVENTIONAL APPROACH

TRANSACTIONAL METHODOLOGY

A transactional approach that prioritizes the establishment of short-term contracts and the minimization of costs.

COST INFLATION

The contractual framework regulates the relationship through commitments and penalties.


SHORT-TERM OBJECTIVE

Traditional management focuses solely on immediate outcomes and penalizes any deviations.

The complexities of a stronger supplier relationship !

The environmental and economic landscape has become increasingly complex to predict due to globalization, evolving and more demanding consumer expectations, shorter product life cycles, ongoing cost pressures, and growing societal and regulatory requirements for corporate social responsibility.

As a result, the interdependence between principals and suppliers has become more strategic and essential than ever.



What are the challenges inherent to managing procurement and suppliers in the fashion and luxury sectors?

Challenges of theSRM approach

You can now consider the short, medium, and long-term challenges that a Supplier Relationship Management (SRM) approach can effectively address:

- Collaborate to leverage technologies, and innovate, to swiftly adapt to fluctuations in demand, trends, and changing market conditions.
- Identify and mitigate the impact of production disruptions, quality issues, and technical hazards: manage costs while upholding product quality and excellence.
- Ensure the reliability and security of components and raw materials POs in case of contract manufacturing, regardless of supplier diversity.
- List suppliers who align with the same ethical and sustainability values, ensuring their commitment to social and environmental standards that provide traceability throughout the supply chain.
- Arm yourself with effective communication tools to share visibility and coordinate interactions among suppliers, ensuring respect of production and delivery deadlines at every stage of your supply chain.

2. SRM technology and methodology

A comprehensive SRM solution to address all requirements

Deploying a supplier relationship management system means digitizing a workflow: automating tasks, sharing real-time data, and streamlining communication with suppliers. An SRM solution offers the functional cover to enhance supply chain efficiency. Without a comprehensive solution, a company may rely on multiple tools that could make the process more complex, including:

- **Web applications** : a secure web application enables data entry at the source, specifically by the relevant stakeholders, facilitating real-time information collection. This approach mitigates the risks of duplicate entries and the parallel management of data across various services, which frequently leads to errors and confusion.
- **DMS** : specifically document management system, enables the storage of supplier information, status of file completeness, contract management, and facilitates the sharing and control of information.
- **BPM** : process automation tools that streamline workflow management, facilitate the tracking of validation workflows, automate data collection, and dispatch notifications for timely task oversight.
- **Web Reporting** : leverage the collected data to assess in real time the performance of suppliers, the stock conformity, and respect of delivery schedules.
- **Collaborative Portal** : this solution typically encompasses features for integrated supply chain management, spanning from order to delivery. It streamlines team operations through enhanced collaboration and ensures improved logistics coordination. It functions as a highly effective control tower, facilitating greater visibility and an optimized service rate.
- **Artificial Intelligence (AI)** : AI can facilitate predictive analysis, trend identification, the recommendation of enhancement strategies, and even the automation of specific decisions in supplier management.



A comprehensive SRM solution will integrate all of these and provide numerous advantages :

- Automate repetitive tasks : by automating routine tasks such as data collection, reporting, and notification management, resources will allocate time to more strategic decisions.
- Share visibility : disseminating real-time data increases insight into supplier operations, bringing a more rapid response to challenges and opportunities.
- Facilitate decision-making : the availability of real-time operational indicators enhances informed decision-making by highlighting trends, risks, and opportunities for improvement.
- Controlling 'Lead Time' : by fostering coordination and communication across the value chain, it provides responsiveness and reduces costs associated with delays or non-conformities.

3. Supplier Performance

@cottonbro Studio from Pexels

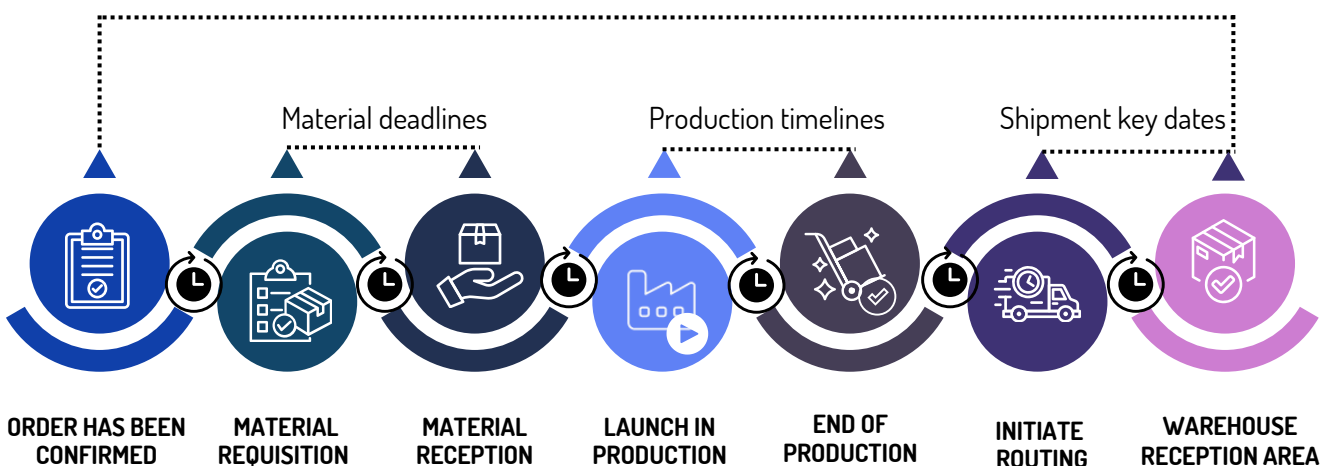
Key Performance Indicators

Evaluating supplier performance relies on distinct criteria that differ according to your business requirements and goals.

However, several key indicators are commonly employed to evaluate supplier performance, including:

- OTIF (On Time In Full) : the Supplier's capacity to fulfill both the delivery schedule (lead time) and the compliance of the products regarding quality and quantity.
- Product quality : measure the compliance with quality and safety standards, the defect rate, customer returns, regulatory compliance, risk management, and related factors.
- Lead time : suppliers are assessed based on their capacity to respect established delivery schedules, encompassing both punctuality and precision of deliveries.
- Costs : effective cost management is essential. This entails evaluating whether the supplier is aligned with the costs stipulated in the contracts, in addition to identifying opportunities for cost optimization.
- Commitment reliability : it is pertinent to assess the frequency of change requests initiated by the supplier when altering confirmed purchase orders. A higher rate of such requests indicates that teams have had to address specific demands, which ultimately disrupt the established forecast schedule.
- Customer service : effective communication with the supplier, prompt problem resolution, and adaptability in order management are also criteria for measurement.
- Innovation : the supplier's capacity to introduce innovative concepts, enhance products, or provide creative solutions is becoming a valuable asset.

Overall Delivery Schedule - Upstream Supply Chain



How can you assess your suppliers?

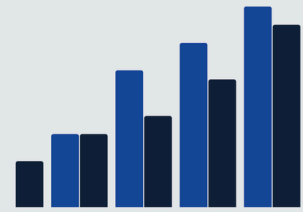
Various methods can be employed to assess and rate supplier performance, including the following:

Quantitative assessment : it relies on specific quantitative metrics, including compliance rate, on-time delivery rate, defect rate, and others.

Qualitative assessment : this may encompass surveys of both internal and external customers to collect insights regarding the supplier's performance in relation to quality, communication, and service.

- **Performance dashboards :** offer a visual representation of supplier performance through graphs and key metrics.
- **Rating :** the assignment of ratings or scores effectively summarizes the supplier's performance.

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Ongoing evaluation and performance oversight

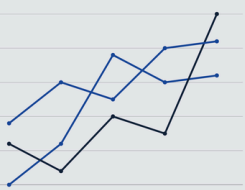
Brands can establish specific key performance indicators and receive notifications in the event of deviations. This facilitates ongoing assessment of quality, timely delivery, and other essential elements of the supplier relationship.

Management tools, including supplier portals and control towers, provide customizable dashboards that enable the monitoring of performance indicators within your supply chain.

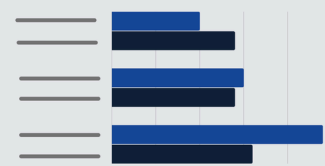
Based on operational data from your diverse suppliers, these serve as decision-making tools for executing priority actions in response to a change request. This facilitates contingency management and enhances proactive planning.

An illustration of a dashboard for a supply chain management platform, such as a supplier portal.

RECEPTION FORECAST



REASONS FOR CHANGE REQUESTS



Here are several examples of indicators that can be monitored:

- Percentage of orders delivered punctually
- Average delivery durations
- Average production durations
- Percentage of change requests
- Discrepancies between shipped quantities and expected quantities
- Percentage of quality control compliance
- Number of packages dispatched
- Delivery timelines
- Rejection rate of products

These indicators not only enhance performance but also adopt a risk prevention and inventory reduction strategy. By monitoring these factors, brands can swiftly modify their strategies to sustain a high service rate and guarantee customer satisfaction.

Brands can assist suppliers in their ongoing improvement efforts and motivate them to modify their practices to enhance ethical and responsible standards.



@Emma Rahmani from BaseImage

Transparency in Supplier Relationship Management

Transparent communication with your suppliers is fundamental to maintaining your relationships. Here are several reasons:

- **Alignment of expectations :**

Effective communication ensures alignment between your expectations and those of your suppliers, thereby preventing misunderstandings.

- **Strengthening relationships :**

Transparent communication cultivates trust and collaboration with your suppliers, thereby nurturing long-term partnerships.

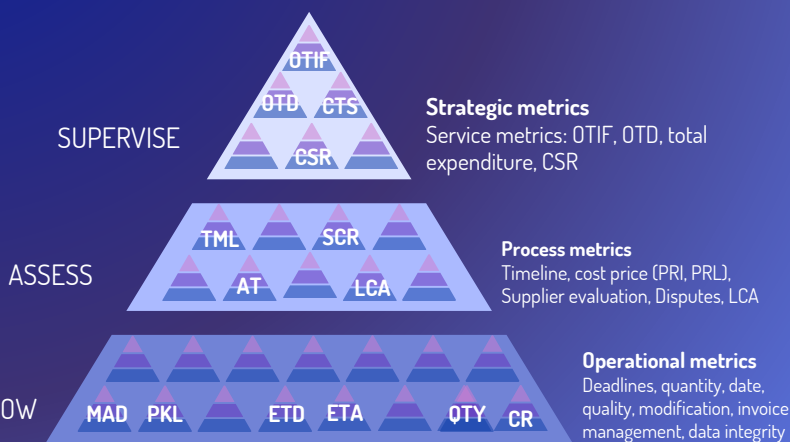
- **Continuous improvement:**

Providing constructive feedback to suppliers is crucial for their development. It is key to emphasize both strengths and opportunities for improvement.

- **Dispute settlement:**

Open communication enables the quick solving of issues and challenges that may emerge within the supply chain.

PYRAMID OF UPSTREAM SUPPLY CHAIN METRICS



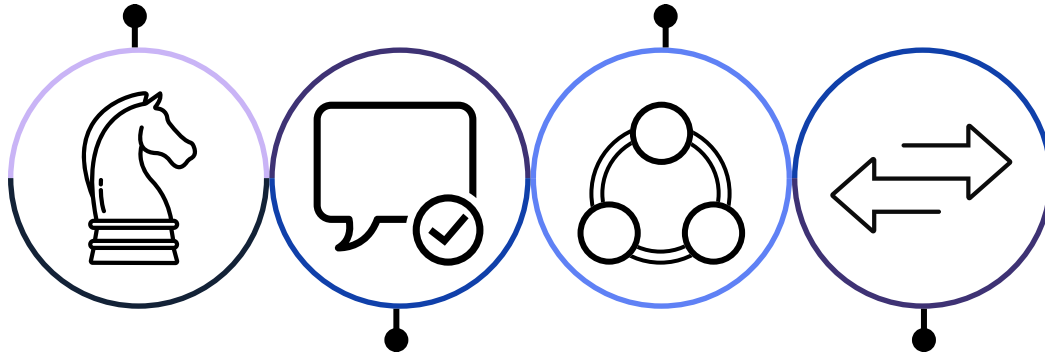
THE FOUR PRIMARY DIMENSIONS ESSENTIAL FOR THE SUCCESS OF A COLLABORATION.

Aligning anticipations

- Comprehensive strategic goals and objectives of the organization
- Classification as strategic.
- Scope of collaborative endeavors

Enhancing relationships

- Reciprocal trust
- Type and velocity of information
- Instruments and assistance frameworks



dispute settlement

- Scope of relationships within the organization
- Quality and outcomes of engagement across various functions
- Capability to traverse between corresponding organizations

Continuous improvement

- Balanced distribution of value between supplier and manufacturer
- Adequate flexibility for optimal financial well-being
- Incentives for favorable outcomes attained through cooperative efforts.

Collaboration and Cooperation

Thanks to a platform, an online control tower, all participants can efficiently share information within a common repository, thereby eliminating the need for email exchanges and attachment storage. This type of tool unites stakeholders in the supply chain, providing them with a shared communication resource.

This network operation fosters employee collaboration by providing information and empowering them to make informed decisions. A platform facilitates the creation of an ecosystem where suppliers from various manufacturing tiers, transporters, laboratories conducting quality tests, and different brand departments—such as production, quality, logistics, and marketing—can interact effectively.

Online collaboration set up between suppliers and brands facilitate efficient communication and cooperation, including data exchange, validation or change requests, and document sharing. All activities are centralized on a single platform, minimizing delays generated by fragmented communications.

4. Enhancement of Supplier Collaboration

Collaboration, a mindset to nurture

Supplier collaboration is not only an objective, it's also a mindset to nurture. The following components are essential for nurturing a collaborative relationship:

- **Transparency** : transparency is essential. Disclose relevant information regarding your company's objectives, expectations, and challenges.
- **Open communication** : foster consistent and transparent communication with suppliers. Listen to their concerns and ensure they feel acknowledged.
- **Joint development** : collaborate with suppliers to pinpoint opportunities for continuous improvement and innovation. Co-create solutions to address **challenges and capitalize on opportunities**.
- **Alignment of interests** : seek common interests and shared objectives. When suppliers thrive, it will benefit your business too.



Conflict resolution and problem solving

Conflicts and challenges are unavoidable in any relationship, including those with suppliers. Here are strategies for effective management:

- **Early identification** : recognize warning signs promptly as they emerge. Take proactive measures to address issues before they intensify.
- **Open communication** : foster transparent and candid dialogue to comprehend the perspectives of both parties. Refrain from making accusations or assigning blame.
- **Joint solution development** : collaborate with suppliers to identify mutually agreeable solutions. Cooperation is frequently essential for conflict resolution.
- **Documentation** : ensure that issues, discussions, and agreed-upon solutions are thoroughly documented. This practice establishes a valuable history and can aid in preventing the recurrence of problems.

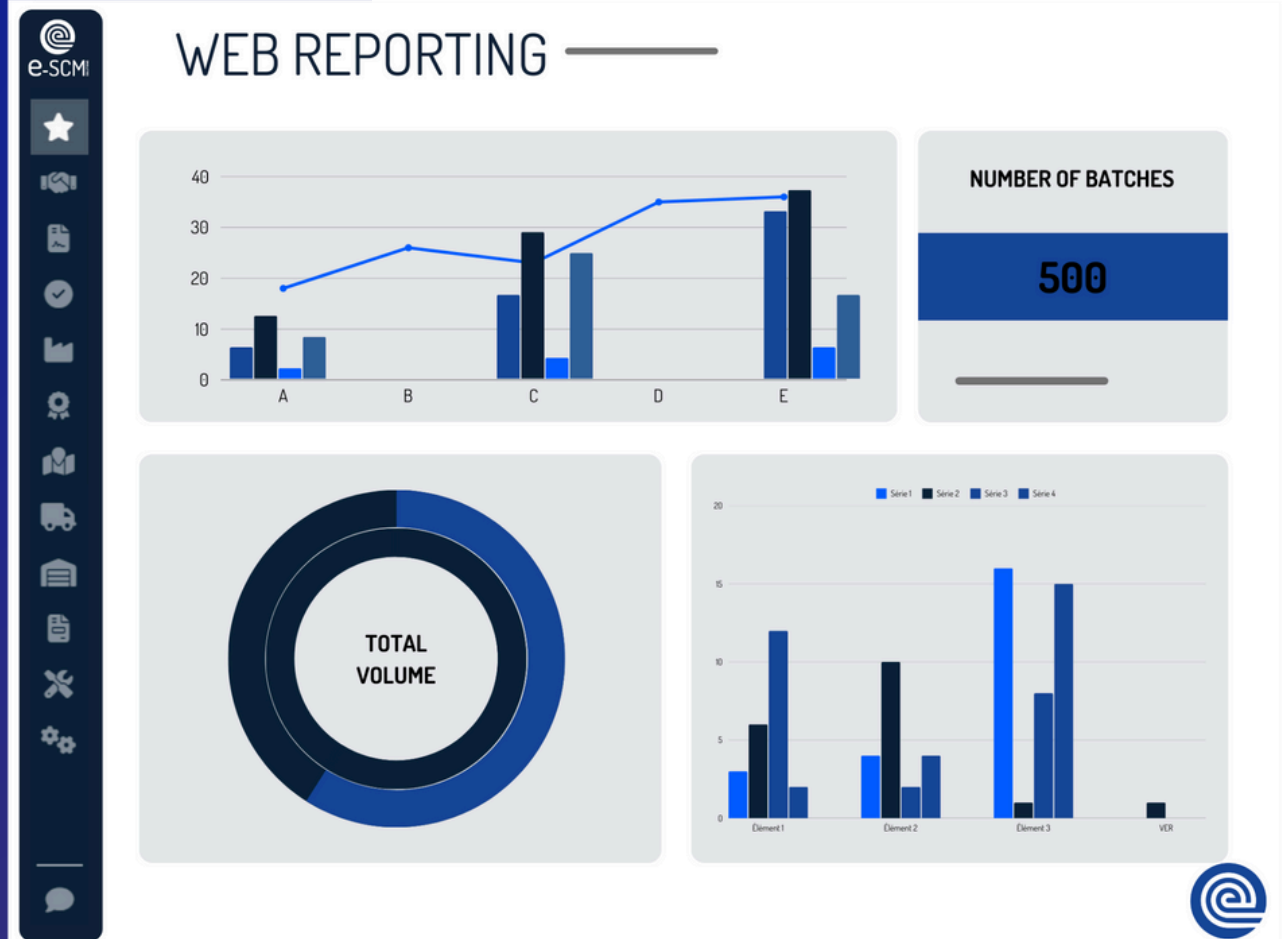


Facilitating the exchange of information and data to enhance collaborative decision-making.

Sharing information and data is essential for effective supplier collaboration. Here's how it can enhance joint decision-making:

- **Performance data** : regularly share performance data to facilitate objective evaluation. This may go beyond information on quality, timeliness, costs, and other relevant metrics.
- **Forecasts** : provide demand forecasts and other relevant information to allow suppliers to efficiently plan their production and logistics.
- **Joint planning** : engage suppliers in the planning process, as they can offer valuable insights regarding production constraints and market trends.
- **Market feedback** : convey customer insights and market experiences. This can assist suppliers in swiftly adapting to evolving demands.

Web reporting
and KPI
analysis



5. Effective implementation strategies

Guidelines for embarking on a journey toward tranquility

In this chapter, we outline best practices for effective supplier relationship management. Additionally, we will offer strategies for addressing common challenges encountered during implementation and present examples of successes and feedback.

Summary of optimal strategies for efficient supplier relationship management

- Establish clear objectives** : begin by defining specific, measurable, achievable, realistic, and time-bound goals (SMART goals). This approach will facilitate the direction of your efforts and enable the assessment of outcomes.
- Segment your suppliers** : not all suppliers are equal. Identify strategic suppliers and those that significantly influence your supply chain to concentrate your efforts where they are most impactful.
- Utilize tools and technologies** : invest in tools and technologies to automate processes, gather real-time data, and enhance visibility.
- Establish transparent communication** : cultivate open dialogue with your suppliers. Attend to their concerns, disseminate pertinent information, and promote feedback.
- Regularly assess performance** : utilize key performance indicators (KPIs) to continuously evaluate your suppliers' performance. Identify opportunities for enhancement.
- Promote collaboration** : engage with your suppliers to identify opportunities for enhancement and innovation. Include them in the planning and problem-solving processes.

Strategies for navigating challenges during implementation

- **Change management** : the implementation of the approach may generate opposition. Engage stakeholders from the outset and articulate the advantages of a Supplier Relationship Management (SRM) approach.
- **Lack of reliable data** : accurate data collection is crucial. Invest in dependable data collection systems and implement verification processes.
- **Relationship management complexity** : overseeing numerous supplier relationships can be intricate. Employ tools to streamline management and prioritize actions.
- **Compliance challenges** : ensure that your suppliers adhere to regulations and ethical standards. Conduct regular compliance audits.

You now possess all the tools necessary to revolutionize your supplier relationships and enhance your supply management strategy.



Brand testimonials

To gain a clearer understanding of the successful deployment of a supply management platform, we will feature several case studies of e-SCM solutions implementation.

By innovating and integrating technologies into supply management, brands can enhance operational efficiency, strengthen relationships with suppliers, and encourage the sustainability of their supply chain.

Eden Park
PARIS



PETIT BATEAU

Managed, centralized, and collaborative data

Since 2014, information has been disseminated via the e-SCM Supplier Portal, providing a unified reference for all internal and external stakeholders. An alert system enables prioritization based on established criteria. All decisions concerning requests for quantity or schedule modifications are documented in e-SCM, facilitating the analysis of a situation in the event of a dispute.

e-SCM is a tool that primarily simplifies operations for suppliers. It enables them to manage their order portfolio while committing to Petit Bateau's quality procedures and logistical requirements.

“*e-SCM is a platform that enables us to communicate uniformly with all of our partners.*”

Christophe Jeanny, vendor



PO ERP	PICTURE	PO	PRODUCT	REQUEST	DOC	AVAIL DATE
9052380012		24		DC DI		21/09/2025

The confirmation module : engagement with suppliers

Purchase order confirmation is the first step in supplier relationship management, facilitating seamless communication and ensuring complete transparency throughout the procurement process.

Upon the creation of a purchase order in the ERP, it is subsequently retrieved to e-SCM and forwarded to the supplier for validation.

This confirmation phase formalizes the order by ensuring that all parties review the contractual terms such as quantities, availability date and pricing. Should a change request arise, the system is capable of adjusting these elements in real time, and sending back modifications into the ERP through API interface.

This process mitigates the risk of errors and misunderstandings, enhances collaboration, and optimizes responsiveness to unexpected events.

PHB GROUP

Enhancing the partnership between brands and suppliers

PHB GROUP has been a manufacturer of finished and contract products since 1978, with operations in Europe and Asia. For over a decade, it has utilized digital Supply Chain Management tools. The year 2020 served as a catalyst for the digital transformation of companies within the textile and clothing sector.

PHB Group illustrates the advantages of utilizing the e-SCM Solutions supplier portal. This platform offers Purchasing and Production teams a business support tool that enhances team organization and planning, improves communication with customer contacts, and increases the reliability of exchanged data.

One of the primary advantages that arises is the formation of a genuine partnership with suppliers. e-SCM facilitates the real-time sharing of information among all stakeholders involved at each stage of the procurement process, ensuring that all decisions are made collaboratively and documented on the interface for enhanced visibility.

COLLABORATION WITH SUPPLIERS

@PHB Group website

“ Thanks to e-SCM, our collaborative approach with brands provides us with a comprehensive perspective throughout the process, enhancing our efficiency, saving time, and improving our relationship with customers. For clients, e-SCM offers a 360° view of all activities!

PHB Group - Development Manager



The packing list : streamline your documents

The automated creation of packing lists aligns seamlessly with supplier relationship management, enhancing communication, transparency, and logistical efficiency.

By automating the generation of these vital documents, brands facilitate seamless alignment with their suppliers, minimizing human error and guaranteeing precise shipping information.

This automation enables real-time data sharing, enhancing logistics responsiveness and minimizing the potential for misunderstandings or delays.



CONCLUSION

In this guide, we examined supplier relationship management comprehensively and its critical significance in the procurement process. We addressed various aspects, including the foundational principles, performance management, collaboration optimization, risk management, and best practices for effective implementation.

Ultimately, a systematic approach provides numerous advantages for procurement, ranging from enhanced product and service quality to decreased operational costs. It cultivates mutually beneficial, collaborative relationships with suppliers, fortifies supply chain resilience, and stimulates innovation.

It is increasingly obvious that prioritizing supplier relationships is critical for attaining future business objectives. In a landscape where adaptability is essential for navigating demand fluctuations, sustaining a careful equilibrium in these relationships is equally important.

Despite challenges such as sluggish relocation and inflation, fashion and luxury companies are endeavoring to discover innovative methods to enhance transparency across their value chains.

Are you prepared to take action and depend on a supplier relationship management tool to facilitate your new strategy?

Engaging all stakeholders in an agile supply chain.



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