

What to consider when renegotiating contracts to maintain supplier relationships.

Talking broadly about these situations, and with the concept of cutting client costs in mind, as a procurement professional what do we trade in exchange for some supplier goodwill? Consider the following...



1

Are there services being bought that you know are complex/ bespoke to your organisation and cause the supplier pain to provide?

2

Is there an alternative supplier product (which they've been trying to sell to you for years) which is cheaper and more readily available that could be supported more easily?

3

Could they provide a lower cost service model that would meet your requirements or deliverables and also improve their margin?

4

Have you thought of offering a longer-term contract for a volume reduction or a decrease in price or those extended payment terms – by giving them more security they may be willing to trade some margin – especially important considering the current forecasts for the economy?

5

Could you pay for products and services upfront for a price reduction? Cash flow will be a serious consideration for service providers so working with them in this way may benefit them too.

It's so important to know where the buyer/seller power lies and not to deploy the same strategy with all. It's all about deploying the right options with the right providers and ultimately ensuring the entire supply chain survives.

Now more than ever we are seeing how external forces can cause substantial disruption in supply. But doesn't that mean that now more than ever we need to work with our suppliers and service providers to ensure good [supplier relationships](#)? If you need additional help with managing your supplier relationships, **[speak to us today.](#)**