

Identifying Potential Partners

At The Coca-Cola Company, we use supplier segmentation as the foundation of our global supplier relationship management process. Partnership sessions are held with suppliers categorized as strategic during the segmentation.

– Martha Buffington

*Director, Supply Chain Strategy and Program Management
The Coca-Cola Company*

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Overview

The development of a partnership strategy begins with a determination of which customers and suppliers are key to the organization's success now and in the future. The goal is to segment customers and suppliers based on their value over time and develop product and service agreements that improve the profitability of both parties. Partnerships are developed with a small set of key customers and suppliers based on their potential for co-creation of value. In this chapter we will describe methods of segmentation that form the basis of the organization's partnership strategy.

Introduction

Partnerships require significant resource commitments on the part of both parties involved. For this reason, it is not practical to partner with every customer or supplier. Management must identify those customers and suppliers who are potential candidates for successful partnerships. This segmentation usually takes place as part of implementation of the customer relationship management and the supplier relationship management processes.

Customer Relationship Management

Typically, large sums of money are spent to attract new customers; yet management is often complacent when it comes to nurturing existing customers to build and strengthen relationships with them.¹ However, for most companies, existing customers represent the best opportunities for profitable growth. There are direct and strong relationships between profit growth; customer loyalty; customer

¹ Berry, Leonard L. and A. Parasuraman, "Marketing to Existing Customers" in *Marketing Services: Competing Through Quality*, New York, NY: The Free Press, 1991, p.132.