

Supplier development workshop: jointly improving suppliers in a targeted manner

A supplier development workshop is a moderated, structured meeting between a buying company and a supplier with the aim of measurably improving the supplier's performance. It is a central instrument of strategic supplier development and combines analysis, target agreements and action planning in a compact format. In practice, the range extends from one-day quick-check workshops to multi-part programmes spanning several months. For buyers, it is one of the most effective tools for sustainably improving quality, on-time delivery and cost without switching suppliers.

Key facts

- A supplier development workshop is a structured, moderated collaboration between customer and supplier aimed at optimising performance.
- Typical topics are quality costs (COPQ), on-time delivery, process efficiency, capacity and risk mitigation.
- The workshop often follows a sequence of current-state analysis, root cause assessment, action planning and follow-up agreements.
- Success is typically measured using KPIs such as on-time delivery, reject rate, lead time or complaint rate.
- Workshops are particularly suitable for strategically important suppliers from the upper segmentation (e.g. according to Kraljic).
- Legally sound handling of competition-relevant data and confidentiality agreements is a prerequisite.

Definition: supplier development workshop

A supplier development workshop is a planned, jointly designed working workshop between a buying company and one or more suppliers, aimed at the systematic improvement of supplier performance. It differs from a mere supplier meeting through its fixed structure, measurable objectives and bindingly agreed measures.

Distinction from other procurement instruments

The workshop is a building block within an overarching supplier development concept. While a supplier rating assesses performance and supplier segmentation decides based on purchasing volume and strategic importance, the workshop starts where improvements are to be implemented jointly. It replaces neither audits nor contract negotiations, but translates their results into concrete measures.

Typical triggers

In practice, workshops are frequently triggered by falling on-time delivery, rising quality costs, capacity bottlenecks or imminent volume shifts. The introduction of new requirements, for example on compliance or sustainability, is also a common trigger. It is important that the trigger is documented in advance so that success monitoring and follow-up remain verifiable.

Methods and approach in the supplier development workshop

An effective workshop follows a clear sequence: preparation, joint current-state analysis, root cause clarification, derivation of measures and making them binding. Moderation is frequently led by procurement, supplemented by specialist functions such as quality, logistics or engineering.

Preparation and data basis

Before the workshop, rating results from the supplier rating, complaint data, on-time delivery figures and open items or issues are prepared. The inspection instruction with relevant requirements, drawings and process specifications should be up to date. Without reliable data, there is a risk that the workshop remains an exchange of general perceptions rather than addressing measurable root causes.

Methods during the workshop

Proven methods include cause-and-effect analyses, on-site process analyses (Gemba walks), value stream assessments and prioritisation matrices. A pilot run can be agreed as concrete proof of feasibility for planned improvements. For larger projects, a proof-of-concept procurement process may follow to secure solutions before series adoption.

Securing results

Every workshop should end with a prioritised action list: measure, responsible person, deadline and measurable target. The results are documented, confirmed by the supplier and reviewed at follow-up dates. Three to five measures per workshop are often agreed to ensure implementability.

Important KPIs and target variables

Supplier development thrives on measurable variables. Before the workshop, target values are agreed; after the workshop, their achievement is reviewed.

Operational metrics

The focus is typically on on-time delivery (e.g. OTD), reject and rework rates, complaint rates, lead times and inventory levels. The mapping into slot booking processes or improving schedule adherence for call-off order volumes can also be target variables. What matters is a joint, undisputed calculation method.

Economic metrics

Quality costs (COPQ) are well suited to expressing the business benefit of development measures in monetary terms. Types of savings are documented separately here, for example process cost reduction at the supplier versus avoidance costs at the customer. In practice, a target agreement whose effect is reviewed after three to six months is common.

Relationship and process metrics

In addition to hard KPIs, soft indicators prove useful, such as response times to enquiries, the proportion of parts delivered without inspection effort (release rate) or the quality of demand forecast sharing. Integration into sales and operations planning processes on the customer side also measurably improves the supplier's planning reliability.

Risks and controls in the workshop context

Supplier development is voluntary cooperation but carries legal, economic and relational risks, which are limited through clear rules of engagement.

Competition law limits

Commitments on volumes, price fixing or the exclusion of competitors can be problematic under competition law and should be legally reviewed on a case-by-case basis. Information exchange on costs and capacities should appropriately take place under a confidentiality agreement and be limited to the necessary extent. Security for supplier investments can economically be provided through instruments such as a performance bond or longer-term framework agreements.

Dependency and implementation risks

One risk is that the supplier develops expectations of higher purchasing volumes that the customer cannot or does not wish to serve. This should be communicated openly in advance. Conversely, workshops fail if the supplier does not involve decision-makers or if measures are left without resources. Control mechanisms are fixed follow-up meetings, documented action lists and, if necessary, escalation levels in supplier management.

Quality and compliance risks

With process changes at the supplier, there is a risk of quality deviations; changes should therefore be safeguarded via the inspection instruction and approval processes. Guideline-compliance procurement requirements, for example on material declarations, also belong on the agenda. Sustainability risks, such as a poor ESG risk rating or findings from the child labour risk assessment, can be the subject of workshops, especially in the context of due diligence obligations.

Current developments: sustainability, resilience and digitalisation

Supplier development workshops are changing: in the past, cost and quality dominated; today sustainability, supply chain due diligence and resilience are added.

Sustainability and supply chain due diligence

The Corporate Sustainability Due Diligence Directive (CSDDD) as well as national due diligence laws increase the pressure to actively address risks in the supply chain. Workshops are increasingly being used to work through ESG risk rating results, child labour risk assessment findings and improvement plans jointly with suppliers. This creates documented due diligence rather than mere demands.

Resilience and capacity assurance

Supply chain disruptions in recent years have brought topics such as dual sourcing, buffer stocks and capacity reserves onto the workshop agenda. Some companies pursue elements of vertical integration in the medium to long term or close gaps through targeted market observation and alternative sources of supply. The workshop then serves to make the incumbent supplier more resilient rather than replacing them.

Digitalisation and standards

Digital supplier portals, automated delivery schedules and standardised interfaces such as slot booking reduce administrative friction and create time for substantive development. Standardised rating systems

make progress comparable. In practice, it has proven sensible to barely address small cross-cutting topics such as the minor purchase order process or coupon scenarios in the context of cross-selling in procurement in development workshops, and to focus on core suppliers.

Organisation and selecting the right suppliers

Not every supplier deserves a development workshop. In procurement organisations, selection often follows a matrix of strategic importance and performance gap.

Which suppliers are suitable

Suitable are suppliers with high purchasing volume, strategic dependency or hard-to-substitute services that simultaneously show improvement potential. Supplier segmentation provides the basis: in the 'strategic' segment, development is customary; in the routine segment, standard measures or market observation are usually more efficient. Suppliers with persistently insufficient willingness to learn are instead led through the qualification or exit processes.

Role allocation and intensity

Successful workshops require decision-makers on both sides, clear moderation and a cross-functional support group from quality, logistics, engineering and, where applicable, development. In practice, a format consisting of a kick-off workshop, interim reviews every four to eight weeks and a final review has proven effective. The effort on the customer side is typically a few person-days per cycle, but can amortise itself several times over through avoided quality costs and more stable supply.

Incentives and remuneration

Since the supplier invests resources, consideration should be transparent: long-term call-off order commitments, reliable demand forecast data, priority in new projects or sound preferential pricing bases. Payment incentives such as early payment discount terms (2/10 net) can also be discussed as a direct monetary incentive. What is decisive is that agreements are reliably honoured, otherwise the instrument loses credibility.

Typical metrics

On-time delivery (OTD): > 95 %

typical target value after development measures

Complaint rate: < 1 %

industry-dependent, target direction: significant reduction

Implementation rate of agreed measures: > 80 %

within the agreed deadline

Reduction of quality costs (COPQ): 20–50 %

usual guideline for focused programmes

Practical example

A medium-sized mechanical engineering company had an on-time delivery rate of typically below 80 % with a strategic supplier of sheet-metal components and rising quality costs. Procurement invited quality, logistics and the supplier to a two-day development workshop.

- A joint root cause analysis revealed defective call-off order data and a failure to share demand forecasts as the main drivers.
- The measures were a mountable slot booking system for transport dates, a planned pilot run for a revised sheet-metal part, and a short weekly schedule review.
- After six months, the documented on-time delivery rate was above 95 %, the complaint rate fell significantly, and the COPQ assessment demonstrated the economic viability of the workshop.

Conclusion

The supplier development workshop is a proven instrument for closing performance gaps with strategically important suppliers in a structured and measurable manner. Its success depends less on sophisticated methodology than on reliable data, clear target agreements and the involvement of decision-makers on both sides. Legal questions, particularly regarding information exchange and volume commitments, should be reviewed on a case-by-case basis. Those who integrate workshops into an overarching supplier development concept and make follow-ups binding achieve significantly more sustainable results in practice. In doing so, procurement strengthens supply capability, quality and competitiveness – without incurring the dependency and new-build risks of switching suppliers.

Frequently asked questions

What is a supplier development workshop?

A structured, moderated meeting between a buying company and a supplier aimed at jointly improving quality, on-time delivery and cost. The focus is on analysing the current situation, clarifying root causes and agreeing on binding measures. Success is reviewed using KPIs such as reject rate or on-time delivery performance.

When is a supplier development workshop useful?

Above all with strategically important suppliers showing a recognisable decline in performance or high improvement potential, for example falling on-time delivery or rising cost of poor quality. Supplier segmentation helps with selection. For interchangeable standard products, competitive processes are usually more efficient.

Which topics belong on the agenda of a supplier development workshop?

Typical topics are quality costs (COPQ), on-time delivery, process and capacity analysis, compliance and sustainability requirements, and planning topics such as demand forecasts. The agenda should be agreed with the supplier in advance. It is important that the workshop ends with concrete, time-bound and measurable measures.

How does a supplier development workshop work in practice?

Preparation using data from supplier rating and complaint management, followed by a joint analysis of the current situation and root cause assessment in the workshop. This is followed by prioritisation, action planning with responsibilities and deadlines, and documented agreement of the results. Follow-up meetings every four to eight weeks secure implementation.

Which KPIs are used in supplier development?

Frequently used are on-time delivery (OTD), complaint and reject rates, lead times, COPQ and response times. In addition, process metrics such as release rates or schedule adherence for call-offs

can be used. What is decisive is a uniform calculation method agreed in advance.

What is the difference between supplier evaluation and supplier development?

Supplier evaluation measures and assesses current performance, for example via a supplier rating. Supplier development then builds on this and improves performance jointly with the supplier through concrete measures. The workshop is a central implementation tool in this regard.