



# Defining a Real Supplier Partnership in Competitive Collaboration

Supply Management 360° Conference

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# 1.1 Defining "Partner"

World English Dictionary  
North American Edition

**part-ner** [[p rtn r](#)] *noun* (*plural part-ners*)

[14th century. Alteration (influenced by *part*) of *parcener*, via Anglo-Norman, literally "one who shares," from, ultimately, the Latin stem *partition-* "sharing" (see [partition](#) ).]

1. **somebody who shares activity:** somebody who takes part in an activity or undertaking with somebody else
2. **member of relationship:** either member of an established couple in a relationship
3. **fellow participant in sexual activity:** either of two people who have or have had sex together
4. **associate in dance or game:** somebody who dances with another person or who plays on the same side as another person in a game
5. **business associate:** somebody who owns part of a company, usually a company he or she works in, and who shares both the financial risks and the profits of the business

*transitive verb* (*past part-nered, past participle part-nered, present participle part-ner-ing, 3rd person present singular part-ners*)  
**be somebody's partner:** to be somebody's partner, for example, in a game or dance

# 1.2 Defining "Partner"

from Thomas T. Stallkapm, Vice Chairman & CEO, MSX International  
Management Briefing Seminars, August \*, 2001 – Traverse City Michigan

- **al-li-ance** [ l ns ] (*plural al-li-anc-es*) *noun*

- 1. association of groups with common aim:** an association of two or more groups, individuals, or nations who agree to cooperate with one another to achieve a common goal
- 2. forming of alliance:** the establishment of or participation in an alliance with somebody
- 3. members of alliance:** the nations, individuals, or groups that make up an alliance *the enemy alliance*
- 4. close relationship:** a close relationship, based on the possession of similar aims or characteristics, between two or more people or things, especially a love affair

[13th century. From Old French *aliance* , from *alier* "to ally" (see ally ).]

## 2.0 The "Rhetoric"

How suppliers are being viewed

### Tom Stallkamp

- Part of a "team" focused on joint collaboration
- An expert in a certain specialized function
- Not old style but based on a coordinated allied business and engineering system
- Develop the category "collaborative solutions management"

### Wolfgang Bernhard

- Supplier relationships based on characteristics of the commodity
- Supplier selection now based solely on competitiveness (price)
- No preference to incumbent, reward for excellence
- Little or no "pre-selection", competition only
- The 90's decade of "love" with suppliers is over



## 3.0 The Alternatives

- **col-lab-o-ra-tion** [k làbb ráysh'n] (*plural col-lab-o-ra-tions*) *noun*
  1. **a working together:** the act of working together with one or more people in order to achieve something
  2. **(MILITARY) a working with enemy:** the betrayal of others by working with an enemy, especially an occupying force
- **com-pet-i-tive** [k m péttitiv] *adjective*
  1. **involving beating others:** involving or decided by trying to do something better than others or win something *a highly competitive sport*
  2. **wanting to beat others:** inclined toward wanting to do something better than others
  3. **attractive:** more attractive than others because of being good value or worth more *competitive prices*

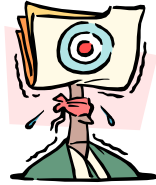
## 4.0 Competitive Collaboration

**com-pet-i-tive** [k m pétitiv] *adjective* **col-lab-o-ra-tion**  
[k làbb ráysh'n] *noun*

1. **involving beating others & working together:**  
involving or decided by trying to do something better than others or win (something) by **(the act of) working together with one or more people (in order to achieve something).**

# 5.0 Why Competitive Collaboration

## The Stakeholders



5) Suppliers



1) Shareholders



4) Community



3) Employees



2) Customer

## 5.1 Shareholders

- Shareholder return, EPS, etc. are *the* key business metrics which measure ALL functions performance, *especially* purchasing and SCM
- Competing shareholder objectives *AND* SEC regulations/oversight require maximizing returns
- Short term purchased price reductions viewed as quickest method to improve profits (at the expense of your “partner”)



## 5.2 Customers

- The only constituent/stakeholder common in these “partnerships” is the ultimate customer
- Customers are beginning to demand the same performance of suppliers beyond tier one
- Retail consumers do not view the sources of their products as their partners
- In many cases, retail customers are not even aware of who the producer of the products are – only the merchandiser

## 5.3 Employees

- In many cases, these constituents possess more power than the shareholders – especially in the case of unionized employees
- Because of labor agreements or business practices, sub-optimized make/buy decisions remove products from the supply “partners”
- Local labor and unemployment laws and regulations can “force” the buying “partner” to retain production or to in-source production of typically purchased products

## 5.4 Community

- Many companies don't actually consider community as constituent
- Even when considered a constituent, maintaining community good is not considered beyond own 4 walls (employment, investment, growth, etc)
- With large organizations the community is uncertain (e.g. community of head office or plant location)
- Community support is typically viewed as local or regional philanthropy

## 5.5 Suppliers

- As with Community, most companies do not consider suppliers as a constituent (more like an evil necessity)
- Where supplier focus exists, it normally takes the shape of reducing price (not controlling cost or improving capabilities) of tier 2 and beyond
- Most large buyers or OEMs have no knowledge of the business environment beyond tier 1, nor professional experience in that world

## 6.0 Aligning Objectives

- By accepting the competing difference between the stakeholder, common ground can be established from which to build a relationship
- Clearly defining the your own cost/benefit inputs
- Defining measure of success *prior* to the beginning of business that all parties agree upon – what is the S.O.W.
- Collaboration must be viewed as the basis of the relationship

## 7.0 Measuring Success

- Measures of success need to be defined for all parties
- Collaborative success includes both parties achieving individual success
- Measure of relationship success must go beyond the “typical” (ppv, ppm, cqdt)
- Total supply chain “network” improvements demonstrate greatest success – all parties profit

## 7.1 Success Measures

- Sustained growth in business relationship
- Achieving defined financial, quality, and other targets
- Meeting critical program milestones with quality events
- Product development activities transparent
- Transfer of benefit & learning to existing businesses
- Business opportunities more than product sourcing



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