

Changing customer attitudes to suppliers

Threat and fear

Traditional stance. Perceptions based upon:

- customer dominates the relationship with suppliers
- suppliers respond to demands
- suppliers pitted against each other
- underpinned by the threat of purchase orders and contracts being given to other suppliers on the one hand and a supplier's fear of losing the business on the other

Reward

First step towards cooperation and moving from a reactive to a proactive stance. Characterized by elements such as:

- fewer suppliers
- award of long-term contracts
- customer is proactive in building relationships with suppliers

Collaboration

Progressive move towards fuller and more cooperative relationships, the pace of which is set predominantly by the customer. Evolution through a series of steps such as a customer:

- identifies improvements that a supplier can make
- provides support and resources (for example technical capability) to undertake supplier improvements
- gives actual help to improve suppliers including training a supplier's staff
- starts to take into account the processes of its suppliers when designing products so as to help them improve their level of support
- focuses attention on tier 2 suppliers as a source of improving tier 1 suppliers' support (see *Exhibit 9.11*)

Integration and synchronization

The final step is to integrate activities achieving benefits typically associated with ownership – the concept of virtual ownership. Based upon mutual respect and trust these include suppliers access to real-time information with customers harmonizing their suppliers' work and synchronizing their support. These changes include:

- access to design-related information and responsibility for product design
- suppliers responsibility for deciding when and how much to deliver