

UNIVERSITY OF SOUTHAMPTON
FACULTY OF LAW, ARTS AND SOCIAL SCIENCES
School of Management

**Implementation Dynamics of Successful Purchasing and
Supply Management Development Programmes**

Volume 2 of 2

by

Ian Robert George

Thesis for the degree of Doctor of Philosophy

February 2008

DECLARATION OF AUTHORSHIP

I, IAN ROBERT GEORGE

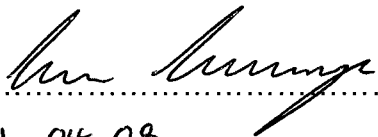
Declare that the thesis entitled

IMPLEMENTATION DYNAMICS OF PURCHASING AND SUPPLY
MANAGEMENT DEVELOPMENT PROGRAMMES

and the work presented in it are my own, I confirm that:

- this work was done wholly or mainly while in candidature for a research degree at this University;
- where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
- where I have consulted the published work of others, this is always clearly attributed;
- where I have quoted for the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
- I have acknowledged all main sources of help;
- where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
- none of this work has been published before submission.

Signed:


.....

Dated:

11 / 04 / 08
.....

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1.0 Introduction to the Appendices

The appendices can be divided into three logical groups:

1. permissions to use relevant material (appendices A and B);
2. action research material (appendices 1 to 15);
3. collective case study material (appendices 16 to 18).

The dialogue used to secure the permissions is presented in the appendices as formal documents were not created. The dialogue with each information owner is presented as a means of demonstrating the context within which permission was granted and any conditions placed on the use of information.

The action research phase focused on creating the framework and structure that was used to develop and present the findings generated by the research. This was an important precursor, given the volume of case study material that needed to be subsequently processed.

The case study material further sub-divides into two groups. The first presents the relevant extracts of data that were taken from the case studies. The second presents the same data after reorganisation into logical groups. The analysis of these groups is presented in the main body of the thesis.

At the beginning of the action research and collective case study sections is a restatement of the process steps used to generate the content of the appendices.

Appendix A: Process Management International

Permission to use material (Mr. J. Gillett)

From: I GEORGE [mailto:igeorge576@btinternet.com]

Sent: 16 March 2006 15:15

To: jan gillett

Subject: Permission to Use PMI Material in Research

Dear Jan,

Further to our telephone discussions and meetings, it is a requirement of my research that I formally request permission to use the supplier development material generated by Process Management International (PMI).

The material is to be used exclusively for research purposes and all references to third party organisations have been removed to protect their anonymity. PMI have been named and an overview of their role presented in the thesis. You will be provided with an opportunity to review this material and request amendments by mutual consent.

May I take this opportunity of publicly recording my thanks for your help and support with regard to my research.

Kindest regards,

Ian George

Dear Ian,

Many thanks for your letter. I confirm that in principle we will be happy to see the references to our materials and approach, subject to seeing what you intend to say. I look forward to seeing it.

Best wishes and congratulations on new baby... I hope the grandparents get as much joy as we have from ours!

Jan Gillett

Chairman

Hi Jan,

The saga continues...

I have finished the Methodology and Methods Section (which references PMI) and have started writing up my results and findings.

As agreed, I am sending you the Methodology Section so that you can see what I said about you. Any suggestions will be considered. I will send the other parts as they become available. (Literature is with the proof readers at the moment - Mum and Dad), so that will follow in a week or so.

This is an academic thesis and as such very dry. If you want to skip to the PMI references then I would suggest doing a <Find> on 'PMI' and/or 'Process' in the <edit> drop-down menu of Word. (Apologies if I am teaching you to suck eggs - just trying to help.)

I am working in Vienna until Saturday, so best plan is to either email back your comments or arrange a phone conversation next week.

Hope you are well,

Ian

Ah-ha, you were right, Dry is the word, but so is interesting! I hope you will find time to write the short wet version I think it would be a great contribution.

Anyway, it's all fine and thanks for the references. WE did have a good process all those years ago, and if we could ever find a sponsor half as good as Jim Robinson we could do it much much better now!

Jan Gillett

Chairman

**Appendix B: Global Procurement & Supply Chain Benchmarking Initiative
Permission to use material (Prof. R. Monczka)**

Dear Sir,

I have followed your research with interest since my time at Philips Electronics working for Neil Deverill.

I still work for Neil as a consultant while I complete my PhD research into how you improve procurement & supply management (as opposed to the more normal "what improvement looks like" models that have been generated so far – Reck & Long, etc...).

As part of my research I want to triangulate my findings against the set of case studies you and your team presented in the Global Procurement and Supply Chain Benchmarking Initiative. This forms the second part of the triangulation, the first part was the data used during development of the model and the third part data generated during the models use and refinement.

Therefore, I am writing to you to ask for permission to use these cases in my research. I will, of course, give full recognition to the above programme and explain its development into Project 10x as part of the description of the data's prominence. I will not be reproducing the cases in full, only extracting and codifying the relevant points.

Thank you for your time and consideration of this matter,

Ian George

(academic Tutor – Professor Richard Lamming)

Dear Ian:

Before approving use of the cases in your work, I would like to get some insight into the following questions:

1. Exactly which cases are you referring to from the Global Procurement and Supply Chain Initiative at Michigan State University?
2. Do you have access to all of the M.S.U. reports and cases in electronic form?
3. What is the output you are planning on developing and publishing based on the M.S.U. work (dissertation, articles, consulting report, etc.)?
4. Is the information and output to be used for consulting thereby generating royalties and fees?

5. Have you been given access to Project 10X knowledge content?

Ian, thank you in advance for your response. We can then discuss your request and use of the materials via telephone.

**Regards,
Bob**

Dear Bob,

I have embedded my answers within your questions, hopefully to make things clearer.

Ian

-----Original Message-----

From: Robert M. Monczka [mailto:rmm@monczka.com]

Sent: 11 March 2005 02:37

To: id@clara.co.uk

Subject: Research in the UK

Dear Ian:

Before approving use of the cases in your work, I would like to get some insight into the following questions:

1. Exactly which cases are you referring to from the Global Procurement and Supply Chain Initiative at Michigan State University?

Within each of the modules was a section on 'Best Cases'. It is these that I want to use. For example, in Module 2 (Best Commodity Strategy, September 1995) Best Cases are in the Final Report on pages 69 – 111.

2. Do you have access to all of the M.S.U. reports and cases in electronic form?

I have the Benchmarking Report Compendium July 2000. I don't know if this is all of the M.S.U. data; but it is all I need.

3. What is the output you are planning on developing and publishing based on the M.S.U. work (dissertation, articles, consulting report, etc.)?

What I want to do with the information is codify the critical success factors and implementation steps based on the Procurement Development model I have created and then use the results as part of my triangulation activity to demonstrate that the model works when applied to an unrelated set of mini

case studies. The model is already created this is just part of the proving process. The output is for my PhD dissertation into HOW you improve procurement and supply management. (All of the models so far seem to be WHAT IT LOOKS LIKE models:- Reck & Long; 1988, etc...)

4. Is the information and output to be used for consulting thereby generating royalties and fees?

No, I won't be using the information in consulting work. The model is already designed, and I may use that to generate income, but the M.S.U. data will not be part of that, it is simply a means of showing (to an academic standard) that my model works (I have already used model in a partial form when at Philips Electronics and currently at Anglo American). I realize that there may be a conflict of interests here; but I feel that once my dissertation is published anyone can generate income from the model if they choose to develop a practical application from it.

5. Have you been given access to Project 10X knowledge content?

I have been working with Neil Deverill at Anglo American and had access to Project 10X through that activity. However, the only information I have at present is the free stuff from CAPS. It isn't in the scope of what I want to do to need any of this data – unless you know of data that may be useful.

If you prefer to contact me then my phone number is : +44 (0)1243 823040

Otherwise, I will wait for your details and contact you at a time convenient to you.

Kindest regards,

Ian

Ian, thank you in advance for your response. We can then discuss your request and use of the materials via telephone.

Regards,
Bob

Ian:

Belatedly, you have permission to use the cases from The Global Procurement and Supply Chain Benchmarking Initiative in your research. Extract references of an appropriate length to make key points may be used. The cases should not be reproduced/printed in full.

In addition, an electronic copy of the research output will be provided to Robert M. Monczka, Ph.D.

Please reply your acceptance of the above which should enable you to complete your work.

Best wishes in your research. I look forward to reviewing the results.

**Regards,
Bob**

Hi Bob,

Thanks for the permission. I am quite relaxed about all of your requirements and would like to reassure you that I will acknowledge your work fully in my research.

I am expecting to hand the final draft to my tutor (Richard Lamming) in December of this year. Viva will be in about April. Therefore, the electronic version should be finalised before June at which point I will duly send you a copy.

Regards,

Ian

2.0 Phase One – Action Research

The detail described below is identical to that presented in Section 4.7.4 of the main thesis document and is included here as a means of providing a clear link between the appendices and the method that was used to derive them.

Step 1.1 – Field research:

- This is as per the workshop description given in the Research Context section, above.

Step 1.2 – Rationalise data into categories:

- [Wave 2 data was used as it focused on the learning during the initial implementation stages and identification of the common barriers to implementation that had been encountered.] See Appendix 1 - 4.
- Determine the focal issue being expressed in each bullet point (listed in the column 'Focal Issues'). See Appendix 5.
- Develop a Pareto Chart of the number of times each focal issue occurred. See Appendix 6.
- Rationalise the list. In this case, it was decided to remove all of the issues that occurred only once. The assumption used was that if issues were not repeated elsewhere then they were either unique to a specific contextual situation or not of major importance from a generic perspective. This approach was subjective given that the aim at this stage was to generate a set of data for guidance purposes. The coding process involved breaking the data down into their core themes. While this was being done, an attempt was made to 'keep hold of a large picture' (Ely *et al* 1991, p.87) as a means of making sure that the categories remained appropriate to the source context.

Step 1.3 – Distil (vertical) themes from the categories:

- [Wave 4 data was used, which asked a broader range of questions and focused more on the concerns of the trainee consultants resulting from the problems they were having.] See Appendix 2.

- Align the bullet points with the rationalised issues list developed in Step 1.2. See Appendix 7.
- Pareto the results and check for anomalies.
- Develop conceptual meaning from the Pareto list. The rationale applied for using the list was that the most often occurring issues might relate in terms of importance and/or general applicability. The meanings were also influenced by the 'Expanding spheres of influence' developed in the literature review from the work of Lamming & Cox (1999, p.16). See Appendix 8.

Step 1.4 – Relate and test the themes against the raw data:

- [Re-use the Wave 2 data]
- Review each bullet point against the conceptual meanings developed in Step 1.3 and explicitly state the relationship. See Appendix 9.
- Organise the relationships within each group of conceptual meanings; identifying first broad relationships and then more detailed relationships. See Appendix 10.
- Interpret a generic meaning from each of the closely related groups. See Appendix 11.

Step 1.5 – Develop the meaning of each vertical theme (see Hycner 1999, p.153):

- Develop cognitive maps for each of the four 'conceptual' groups as a means of checking their general coherence and logical progression through the various points highlighted. See Appendix 12.

Step 1.6 – Develop a codification of the common issues found across Step 1.4 (horizontal themes):

- Align the general meanings developed in step 1.4 horizontally, cutting across the root definitions developed in Step 1.5.
- Develop high-level headings that describe each of the implementation dynamics. See Appendix 13.

Step 1.7 – Test x-axis headings (Level of organisational maturity):

- [Wave 7 data was used as the test of the x-axis headings as it looked more toward the actions that the companies (rather than individuals) had in place to support implementation.] See Appendix 4.
- Cross-reference each bullet point with the most appropriate maturity level(s). See Appendix 14.
- Count the number of selections for each maturity level.
- Check for, and explain, any anomalies in terms of exceptionally high or low counts.

Step 1.8 – Test y-axis headings (Change leader Implementation dynamics):

- [Wave 5 data was used as the test of the y-axis headings as it focused more on the actions that needed to be taken by individuals within both the customer and supplier organisations.] See Appendix 3.
- Cross-reference each bullet point with the most appropriate implementation dynamic. See Appendix 15.
- Count the number of selections for each implementation dynamic.
- Check for, and explain, any anomalies in terms of exceptionally high or low counts.

Step 1.9 – Construct findings framework:

- Create the multiple case study analysis framework, placing the maturity levels on the horizontal axis and the implementation dynamics on the vertical axis. This is shown in Table 37.

Appendix 1: Wave 2 – Workshop Material

NOTE! The terms:

1. Process improvement
2. Internal consultant
3. Automotive Customer

where shown in parenthesis have been substituted for the actual terminology used, which relates to a specific customer improvement programme. All other terms shown in parenthesis have been added by the author for clarity.

Key Characteristics

- In-process data.
- Team involvement on shop floor.
- Support from [Automotive Customer].
- Clear Objectives.
- Don't start too big.
- Communication (2 way).
- Analyse data.
- The right people on the team.
- Commitment from management.
- Team self select.

What have we learnt? (Good aspects)

- [Importance of] Management support.
- Varying/different company approaches (but common theme).
- Companies must act not just talk.
- Focus and prioritise projects.
- Different companies have different starting points.
- Team interest/commitment.
- Using teams (people from process).
- Team methods and rules are essential.
- Must involve operators.
- People skills are important.
- Flowcharts used.
- Understanding the process through flowcharting.
- Real time control charting.
- SPC focus on facts - live document.
- In process control at key points.
- Need to interpret charts better.
- Root causes not fully explored.
- Get down to the 5th Why.
- Publicise Cpk targets.
- How to network and communicate success.
- You're not alone.
- Use of notice boards.
- Network of suppliers to discuss developments.

Appendix 1: Wave 2 – Workshop Material (continued)

- Gut feelings.
- Benefit from really understanding the process because we often do not.
- Involve customer in the team (supplier also).
- Need for co-operative improvement work, [Automotive customer] and Suppliers together.
- [Automotive Customer] support has been good and joint working has been beneficial - new project useful.
- Benefit of working directly with the direct customer of our products than purchasing.
- Involvement of customers in teams is beneficial.
- Bi-products (additional benefits) from delivering the customer led improvements.
- Not using the learning available to us from joint venture/sister companies.
- This is not just about manufacturing.
- Need to expand to non-manufacturing processes.
- Without targets plus monitoring and measuring, status quo remains.
- Problems of different customers.
- Use of data to educate suppliers.
- Use of the approach as a training and development aid builds confidence among team members.
- Don't spread too thin.
- Shop floor take to this well, better than middle management.
- Need a [continuous improvement] Strategy that puts [process improvement] in context.
- Conflicting expectations of the [process improvement] process.
- [Process improvement] process and method can be tailored to the business.
- Take the learning and feedback into new product.
- Currently we are often fixing things that should have been fixed originally.

Common Barriers

- Piece work could be a barrier.
- Lack of data/wrong data.
- Inequality in the team.
- Resistance to change (middle management and shop floor).
- Pressure to achieve volumes.
- Responsibility without authority.
- Culture.
- Different customer approaches.
- Not prioritising.
- Time.
- Reward and recognition systems.

Appendix 1: Wave 2 – Workshop Material (continued)

- Need [Automotive Customer] contacts to know the same approach.
- Different parts of [Automotive Customer] have different requirements from suppliers (e.g. calculating Cp values for unstable processes).
- Inconsistency within [Automotive Customer] of process for improvement, outcome and time.
- Honesty about realism with Cpk targets may work to suppliers disadvantage.

What was successful in overcoming barriers?

- Team launch.
- "Quick hits."
- Feedback.
- Commitment from top management.
- Evidence of cost savings.
- Training awareness.
- Effective communication.
- Involvement.
- Displayed success.
- Clear mission statement.

How can we apply these in our workplaces?

- Notice boards.
- Team meetings.
- Listen to the voice of the operators..
- Training/Awareness (PMI).
- Consistent approach.
- Networking (common problems).
- Encourage managers to use the techniques (PI).
- Must provide training and education.
- Score a goal.
- Visual management.
- Get team interested by being enthusiastic.
- Use flowcharts.
- Network learning (share/find out).
- Use key performance indicators (prioritise).
- Set targets to achieve.

Appendix 2: Wave 4 – Workshop Material

NOTE! The terms:

1. Process improvement
2. Internal consultant
3. Automotive Customer

where shown in parenthesis have been substituted for the actual terminology used, which relates to a specific customer improvement programme. All other terms shown in parenthesis have been added by the author for clarity.

Learning points from supplier presentations

- Importance of early success; quick wins.
- Importance of full-time [internal consultants] - reflected in the level of progress made.
- Suppliers setting up the environment for change - structure etc.
- The interpretation of the process varied greatly.
- [Process improvement] provides a common language - customers and suppliers.
- Capture project details, successes.
- Quality Journal being used, helpful in communicating actions.
- Must be continuous to be successful.
- Shopfloor need to be involved, to support, to take some ownership.
- Asking for team involvement.
- Gets people talking together - more effective communication.
- A process can be anywhere - not just manufacturing.
- Use of steering teams - prioritisation of projects.
- Stories help to bring the points across.
- Need to gather data.
- Think of how to apply to future projects.
- Need to think how [process improvement] fits with other improvement efforts.

Appendix 2: Wave 4 – Workshop Material (continued)

"My 3 Main Concerns"

1. Giving it time to work

- Short term gains not sustained.
- Expectation of big improvements too early.
- Lack of patience - looking for instant success.
- Keeping interest in [process improvement] - long term focus.
- Conflict between [process improvement] and management's desire for immediate results.
- That it will not be effective if [internal consultants] and teams are put under pressure to produce first time improvements.
- Impatience of management wanting instant results.
- Long term results being overshadowed by quick wins.
- Time - speed of transition period.

2. Support from [Automotive Customer]

- Support and guidance of [Automotive Customer consultants].
- That [Automotive Customer] will not see improvements as relevant.
- What cost reduction are [Automotive Customer] looking for from [process improvement] activities?
- How many suppliers abandoned?
- [Automotive Customer] and supplier [internal consultants] communication availability.

3. Resource

- Provide sufficient resource for the [internal consultant] – time and facilities.
- Do we have the time to do all these projects?
- Training time.

4. Support within the company

- Senior management support.
- Managing your manager/sponsor (so you are both aiming for the same goal).
- That [internal consultants] and teams will lose heart if not supported.
- Communication/awareness.
- Lack of management understanding.
- Lack of awareness of [process improvement] within the organisation.
- Ensuring [process improvement] is understood before it is cascaded.
- All level support.

5. Measuring success

- Monitoring team progress.
- Successes of [process improvement].

Appendix 2: Wave 4 – Workshop Material (continued)

6. Following the Process Improvement Methodology

- Why do we not all stick to the [process improvement] process?
- Continuity of the process.
- Ensuring [process improvement] is straightforward not complicated.
- Used for problem solving, not followed through for continuous improvement.
- Ensuring process improvement is a way of life - not a chore.
- Using some of the tools may be like taking people back to school - i.e. patronising people.

7. Fitting with other continuous improvement activity

- Group initiative being taken to cater for all customers. [Process improvement] is driving us to do it the [Automotive Customer] way. Needs to fit in with current programme.
- How to fit [process improvement] with other continuous improvement activities.
- Documentation may not be acceptable on a group basis e.g. current standard is Ford QOS, although company will insist on using the term EIM and associated document references.

8. Team concerns

- Building and maintaining teams.
- Team involvement - acceptance of responsibilities and actions.
- Allowing too many people to start projects and therefore lose direction.

9. Other concerns

- Resistance to change
- How do we keep in touch - networking?
- What to measure in the production process.
- Data collection leading to improvement not just information.
- Some of the documents issued today refer to costs, productivity. [Supplier] will not wish to disclose this type of information.
- What will happen if we cannot achieve ppm targets?

Appendix 3: Wave 5 – Workshop Material

NOTE! The terms:

1. Process improvement
2. Internal consultant
3. Automotive Customer

where shown in parenthesis have been substituted for the actual terminology used, which relates to a specific customer improvement programme. All other terms shown in parenthesis have been added by the author for clarity.

Group 1:

What must we (personally) now do to gain full benefit for ourselves and our company from our process improvement learning?

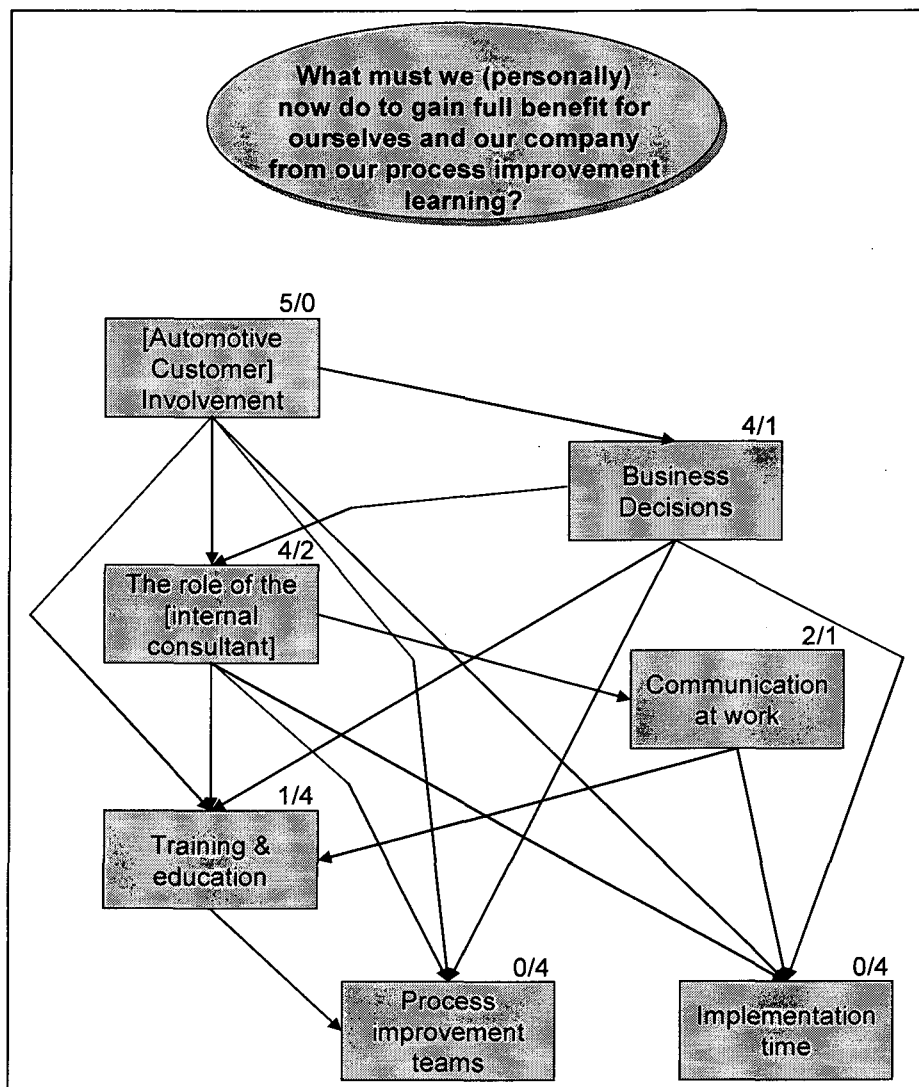


Figure xx: Interrelationship Diagram for Group 1 Output.

Appendix 3: Wave 5 – Workshop Material (continued)

1. [Automotive Customer] Involvement

- Involve [Automotive Customer's] [internal consultants] fully.
- Ensure support is available from company & [Automotive Customer] coordinators.
- Presentation days from [Automotive Customer] / PMI to [internal consultant's] company on Process Improvement.
- Consider whether to choose another "shop window" [Automotive Customer] project.

2. Business decisions

- Where are we now as a business?
- Review overall business objectives.
- Confirm exactly what the company hopes to achieve from PI philosophy.
- Examine potential obstacles to future progress.
- Where do we want to be in 5/10 years?
- Break down pyramid management
- Ensure [Automotive Customer] & supplier have the same goal.
- listen to what our [supplier] company wants.
- Start to implement on existing projects.
- Implement on all future projects.
- Discuss future with sponsors.
- Ensure [internal consultant] is given the reins to implement PI.
- Create 6 months-2 year plan of PI.
- Clearly defined objectives milestones.

3. The role of the [internal consultant]

- Get message across to have support from management down to operators.
- Review the material we have learnt.
- Return to respective companies with positive attitude.
- Review with our sponsor & team the progress made.
- Talk to company about role.
- Be unbiased / objective.
- Spread the culture at acceptable rate.
- Have just the one job.
- Admit mistakes.
- Incorporate [internal consultant] role in company understanding of process improvement.
- Identify our overall role.
- Set up a steering group.
- Help construct data for the future.

4. Communication at work

- Be prepared to listen.

Appendix 3: Wave 5 – Workshop Material (continued)

- Present objective evidence of our progress to our company.
- Ask questions of others.
- Communicate with your sponsor.
- Communicate progress to others.
- Keep contact with each other to ask for or give guidance.

5. Training & education

- Ask about training courses for other people.
- Improve people's skills.
- Get involved with projects to cement our learning.
- Have management buy in for training of others.
- Have others in the team who are trained.
- Share learning.
- Have a timing plan for training.

6. Process Improvement teams

- Start a pilot team.
- Develop teams.
- Identify improvement teams.

7. Implementation time

- Admit to others that it takes time.
- Agree time resource, etc. available.

Appendix 3: Wave 5 – Workshop Material (continued)

Group 2:

What should our companies' Senior Management now do to gain full benefit from our Process Improvement Learning?

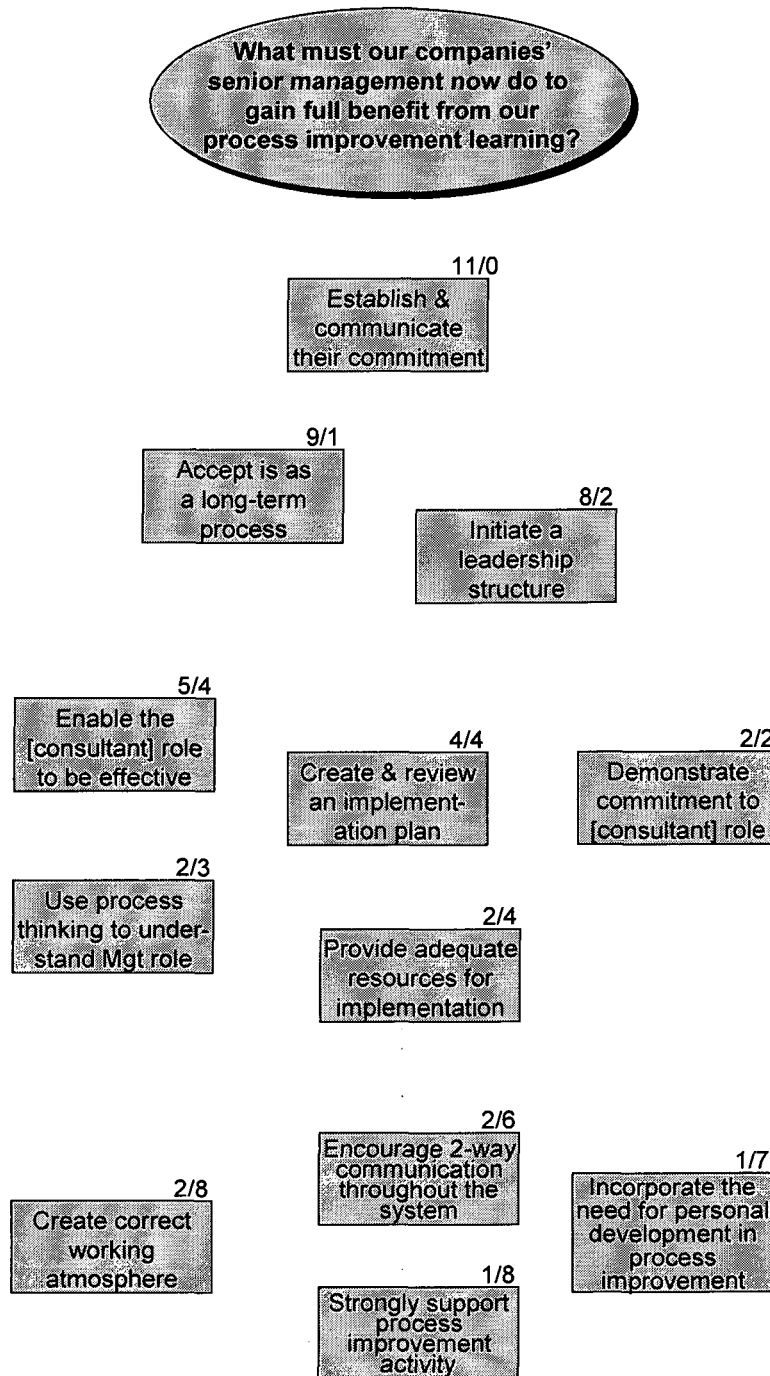


Figure xx: Interrelationship Diagram for Group 2 Output.
(Arrows missing from original document)

Appendix 3: Wave 5 – Workshop Material (continued)

1. Establish & communicate their commitment

- Senior people to inform staff of company intentions.
- Be committed to principle.
- Address Piece-work issues.
- “Buy into” this methodology as I have.
- Be committed!
- Make company policy clear.
- CEO to inform senior management of the company position in relation to PI.

2. Accept it as a long term process

- Realise the long term benefits.
- Do not expect immediate financial gain.
- Do not regard as a Whim.
- Understand it may be a long, painful process.

3. Initiate a Leadership Structure

- Senior management to consider launching PI as key activity in 1998.
- Select beachhead project to lead PI implementation.
- Must agree priorities.
- Form steering groups to enable process improvement projects.
- Hold regular steering group meetings.
- Take responsibility for steering meetings.

4. Enable the [consultant] role to be effective

- Understand the role.
- Explain my role to all personnel.
- Explain my role to management team.
- Stress to others the benefits of Process Improvements.
- Help me to “knock down” barriers.
- Utilise the [internal consultant] in best possible way.
- Must accept the [internal consultant] for what he is (not as QA technician).
- Support me in influencing others.
- Must ensure the [internal consultant] is focused.

5. Create & review an implementation plan

- Senior staff & team leaders to invite [internal consultant] to give overview at team meetings.
- Senior management to link PI with other activities; ISO9000, Problem solving, other customer initiatives, etc.
- To review the implementation of PI on a regular basis with senior management.

Appendix 3: Wave 5 – Workshop Material (continued)

- Review company goals and Mission to facilitate the identification of CSFs.
- Ensure that all staff are involved in the introduction & development of PI.
- To review the implementation of PI on a regular basis with [internal consultant].
- Agree milestones / targets with me.
- Produce milestone plan of the implementation of PI.

6. Demonstrate commitment to [consultant] role

- Realise areas where I need further training.
- To obtain maximum benefit from [Automotive Customer] [internal consultant] visits.
- To listen to my ideas in order to facilitate the introduction of PI.
- Create and agree agenda for me.
- To attend the coaching days.
- Make role full time.
- To obtain maximum benefit from coaching days.
- Provide the necessary commitment to the implementation of PI.

7. Use Process Thinking to Understand Management Roles

- Apply the theory to their own processes.
- Senior management understand their role(s) in the implementation of PI.
- Understand who owns the processes

8. Provide adequate resources for implementation

- Support teams financially where appropriate.
- Provide the appropriate resources to implement projects.
- Provide adequate resources.
- Provide resources.
- Set up training budget to buy materials.
- To financially support if needed.

9. Encourage 2-way communication throughout the system

- Communicate with rather than placate customers.
- Ensure clear communication across all levels.
- Listen to feedback.
- Listen to ideas.
- To be continually asking for updates on specifics.

10. Incorporate the need for Personnel development in Process Improvement

- Release people for training.
- Allow the training of operators in SPC etc.
- Identification of suitable persons to be trained in PI techniques.

Appendix 3: Wave 5 – Workshop Material (continued)

- Senior management to sponsor appropriate training / coaching to appropriate staff.
- Incorporate ideas into selection & induction process.
- Trust in my skills and training.

11. Create correct working atmosphere

- Avoid rule by 'fear'.
- They must reinforce what is learnt is cascaded.
- Make decisions based on data.
- Use knowledge available.
- To learn by mistakes.
- Review management statistics / reports to be presented as control charts.
- Use system correctly.
- Accept the results.
- Ask the right questions.
- Adopt the learning techniques in other departments.
- Create correct working environment.
- Back off from fire fighting to allow coherent team approach.
- Remove blame philosophy.
- They must help educate, not enforce the methodology.

12. Strongly support Process Improvement Activity

- Give team full support.
- Encourage me to "push on" regardless of barriers.
- Allow change to be implemented.
- Make me feel valued.
- Avoid having a negative attitude.
- Encourage me to cascade the methodology through all levels, TLs [Team Leaders], shopfloor worker, . . .
- To reward the participants.
- Be positive but realistic.
- Te encourage process improvement.
- Encourage the team.
- Actively participate in the learning curve.

Appendix 3: Wave 5 – Workshop Material (continued)

Group 3:

What does the [Automotive Customer] now need to do to ensure the success of the variation reduction programme in our companies?

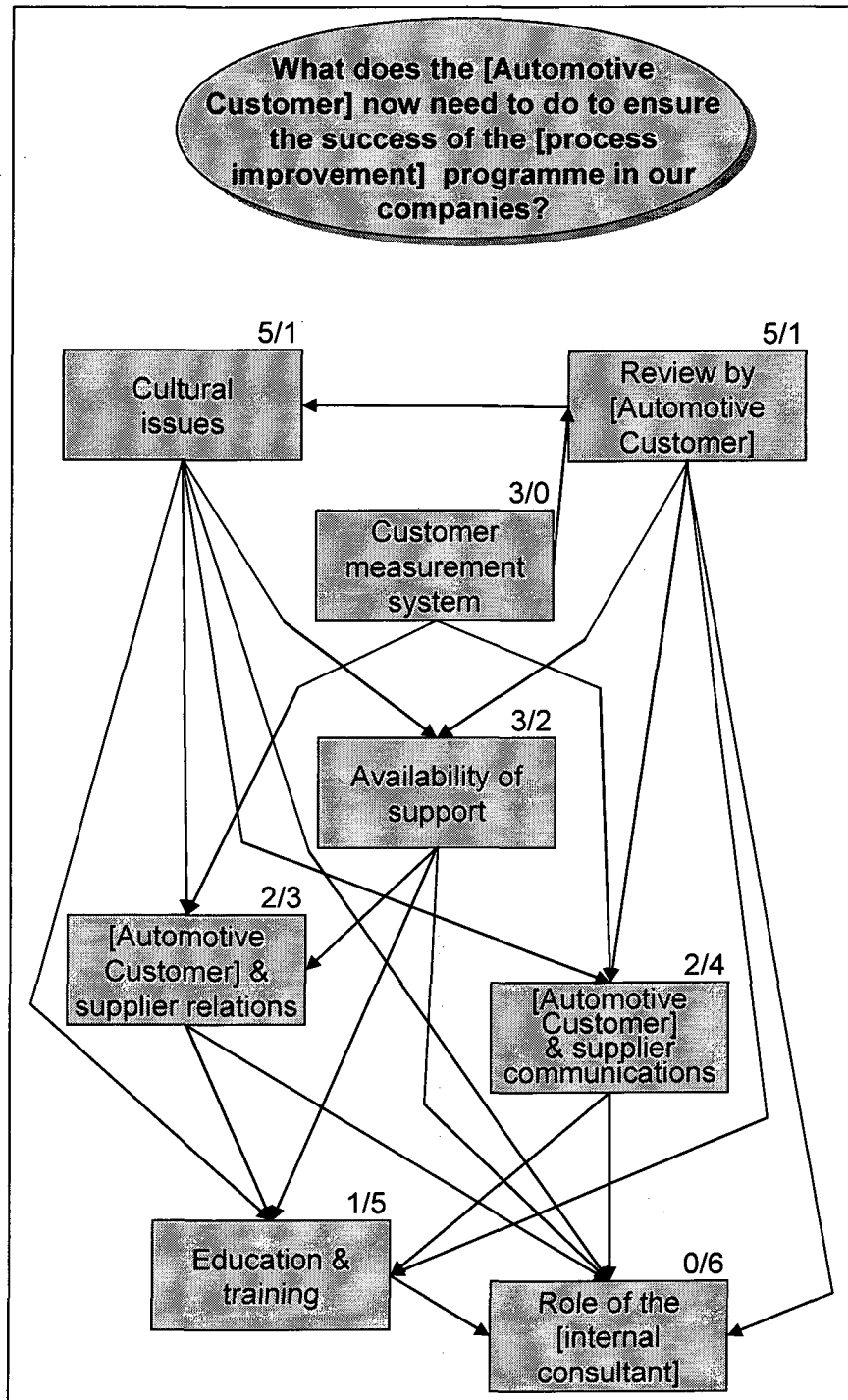


Figure xx: Interrelationship Diagram for Group 3 Output

Appendix 3: Wave 5 – Workshop Material (continued)

1. Review by [Automotive Customer]

- To constantly assess progress.
- Monitor progress made at regular intervals.
- Keep [internal consultants] trained up to [Automotive Customer] standards.
- Keep involved through reviews.
- Change programme of site reviews dependent upon independence level.
- Have a structured programme of on site reviews.
- Constant review of supplier improvement programme.

2. Cultural Issues

- Do not hit supplier with big stick.
- Praise companies that are showing variation reductions.
- Practice what they preach.
- Understand supplier methodology.
- Not expect to see rapid results.
- Don't assume that the process is complete.

3. Customer measurement system

- Improve the collection & distribution of ppm figures.
- Monitor ppm performance.
- Regular review of pp control charts.
- Work with supplier to develop method of measurement of CSF.
- Improve 3 month ppm system.
- Ensure the customer is aware of how they are being measured.
- Establish measurement timescales.
- Improve information from [Automotive Customer] on faults.

4. Availability of support

- Be approachable.
- Be accessible.
- [Automotive Customer] [internal consultants] to attend coaching days.
- Hold regular coaching sessions.
- Be available for advice.
- Offer continued coaching.
- Presentation to supplier workforce by [Automotive Customer].
- Understand Supplier problem.
- Let the [Automotive Customer] [internal consultant] meet with supplier operatives with reassurance in manufacturing.
- Back up by [Automotive Customer] for [internal consultant] (Supplier) from management.

5. [Automotive Customer] supplier relations

- Ensure supplier is aware of their ([Automotive Customer]) requirements.

Appendix 3: Wave 5 – Workshop Material (continued)

- Review of design made easier by [Automotive Customer].
- Involve supplier operatives with incentives.

6. [Automotive Customer] supplier communications

- Establish 2-way communication manners.
- [Automotive Customer] [internal consultants] to meet supplier [internal consultants] on a regular basis.
- Establish who are the key contacts within a supplier.
- Develop a closer production relationship.
- Alternate [internal consultant] meeting sites [Automotive Customer] / Supplier.
- Regular interaction between [Automotive Customer] & supplier.
- Regular visits to [Automotive Customer] & Vice versa.

7. Education & Training

- Reinforcement at MD / Director level.
- Promote within the company at management levels.
- Promote with operatives.

8. Role of the [internal consultant].

- Allow [internal consultant] to confidentially criticise high level management.
- Ensure [internal consultant] role is full time.
- Define on [internal consultant's] time allocation through management.
- Title of the [internal consultant].

Appendix 4: Wave 7 – Workshop Material

NOTE! The terms:

1. Process improvement
2. Internal consultant
3. Automotive Customer

where shown in parenthesis have been substituted for the actual terminology used, which relates to a specific customer improvement programme. All other terms shown in parenthesis have been added by the author for clarity.

Investigative Process

Step One:

Use the Affinity Diagram to answer the question "What mechanisms does our company have in place for bringing about improvement in our business?" The output from this exercise is shown in Figure xx, below.

Step Two:

The Interrelationship Diagram was used to determine the drivers for a successful process improvement programme. The workings of this exercise is shown in Figure xx and the resultant output in Figure xx.

Step Three:

Use the Affinity Diagramming process again to determine what the key stakeholders are visioning as their needs two years from now. As a consequence, the information generated above can be guided to ensure these expectations are met. The output of this exercise is shown in Figure xx.

Step Four:

A systems model was generated of the business as it operates (not as it is hierarchically represented). Specific questions are asked to help with the construction of this model. The questions are shown in Figure xx, below; but not the output as this related to a specific organisation and is therefore confidential.

Step Five:

A matrix was constructed of processes on the one axis with critical success factors on the other. Working through the boxes resulted in a specific list of activities that needed to be actioned. Again, this was specific to an organisation

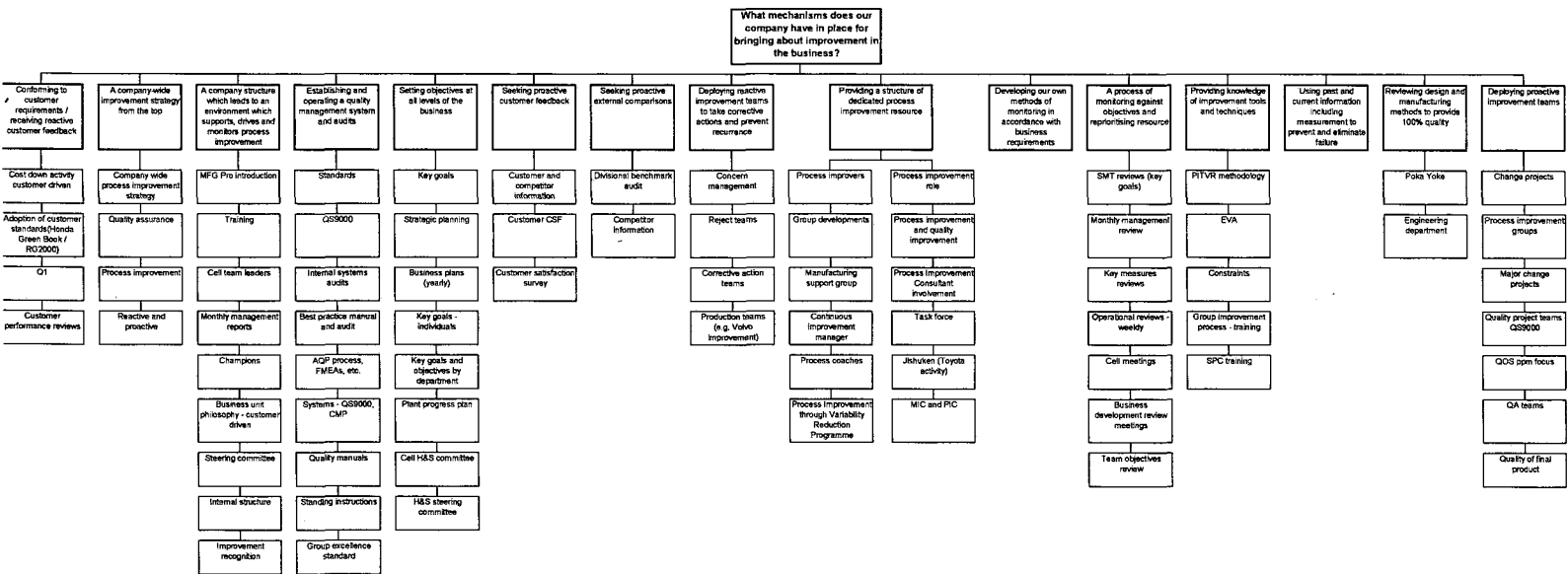


Figure xx: Affinity Diagram; Wave 7 Management Group.

Appendix 4: Wave 7 – Workshop Material (continued)

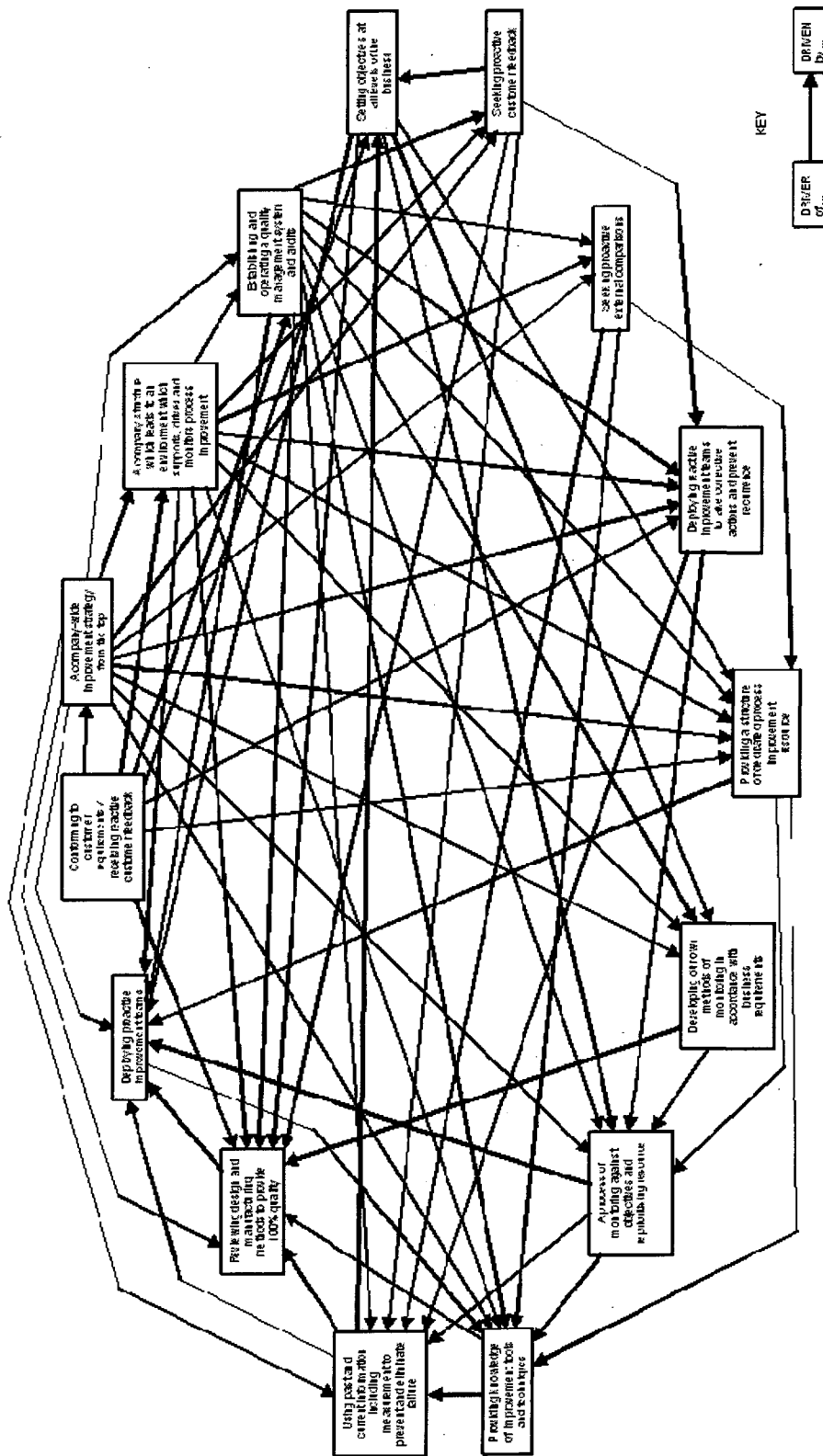


Figure xx: Interrelationship Diagram; Wave 7 Management Group.

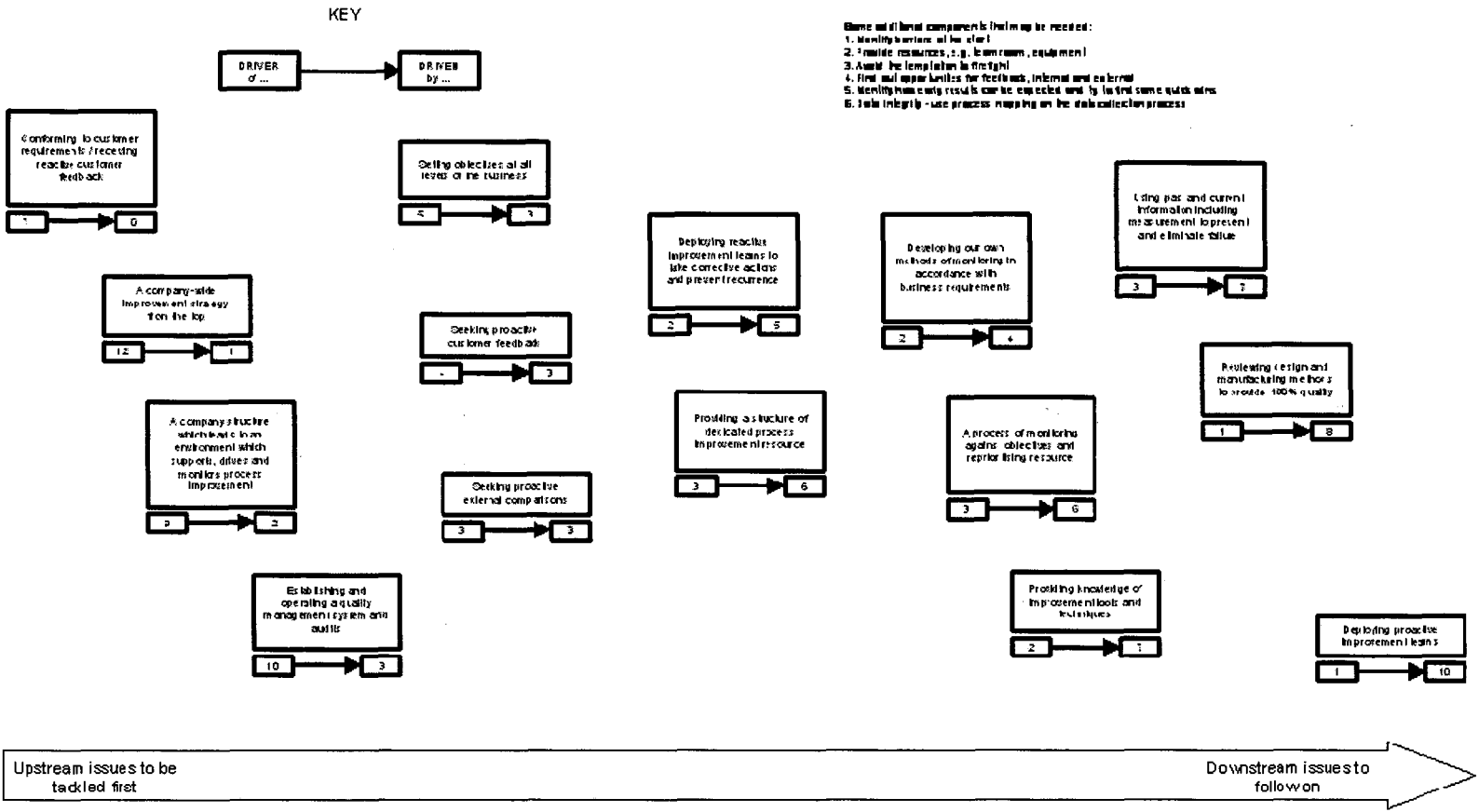


Figure xx: Flow of 'Drivers' and 'Driven' Elements; Wave 7 Management Group.

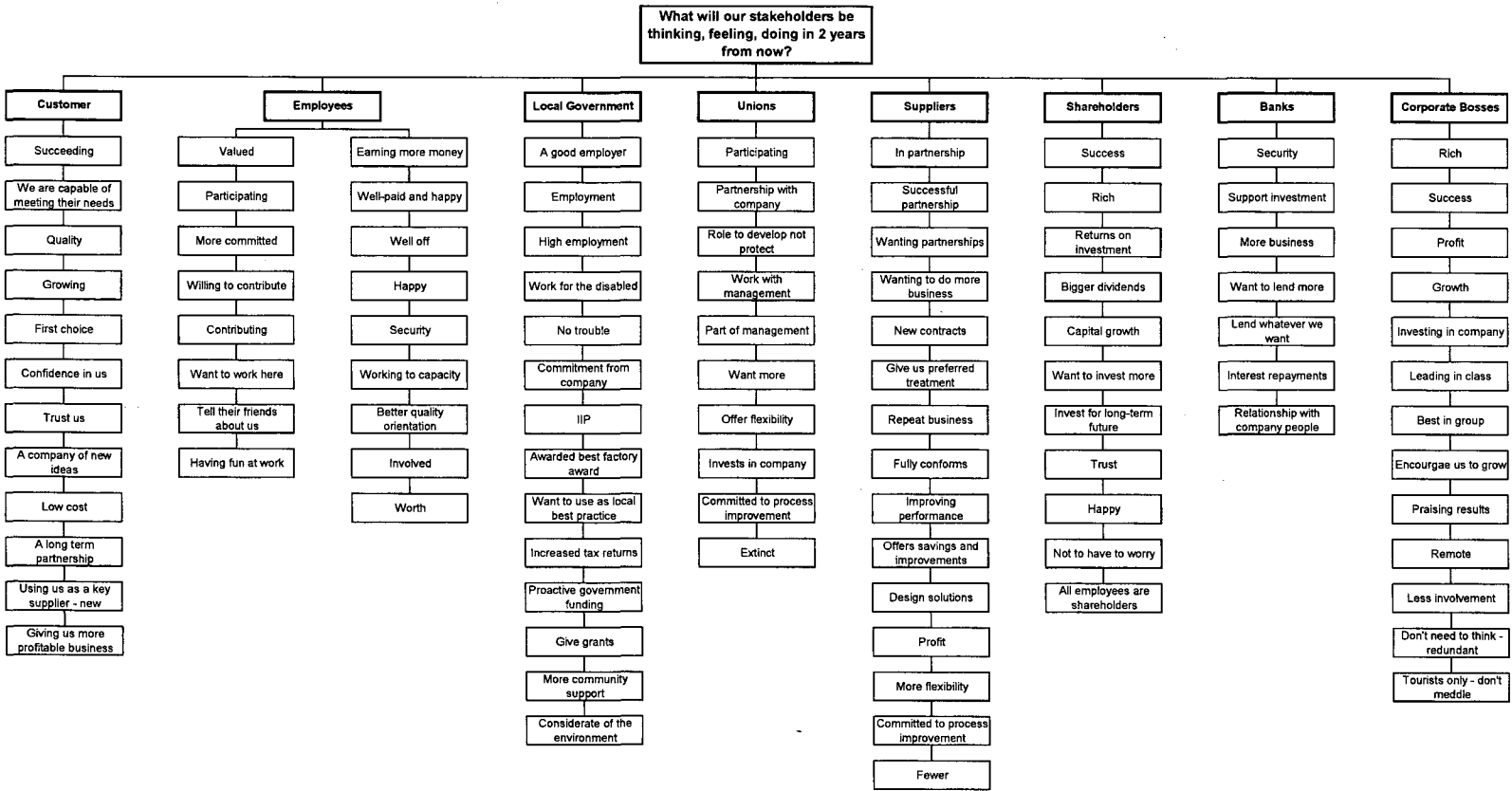


Figure xx: Structured Brainstorm of Key Drivers; Wave 7 Management Group.

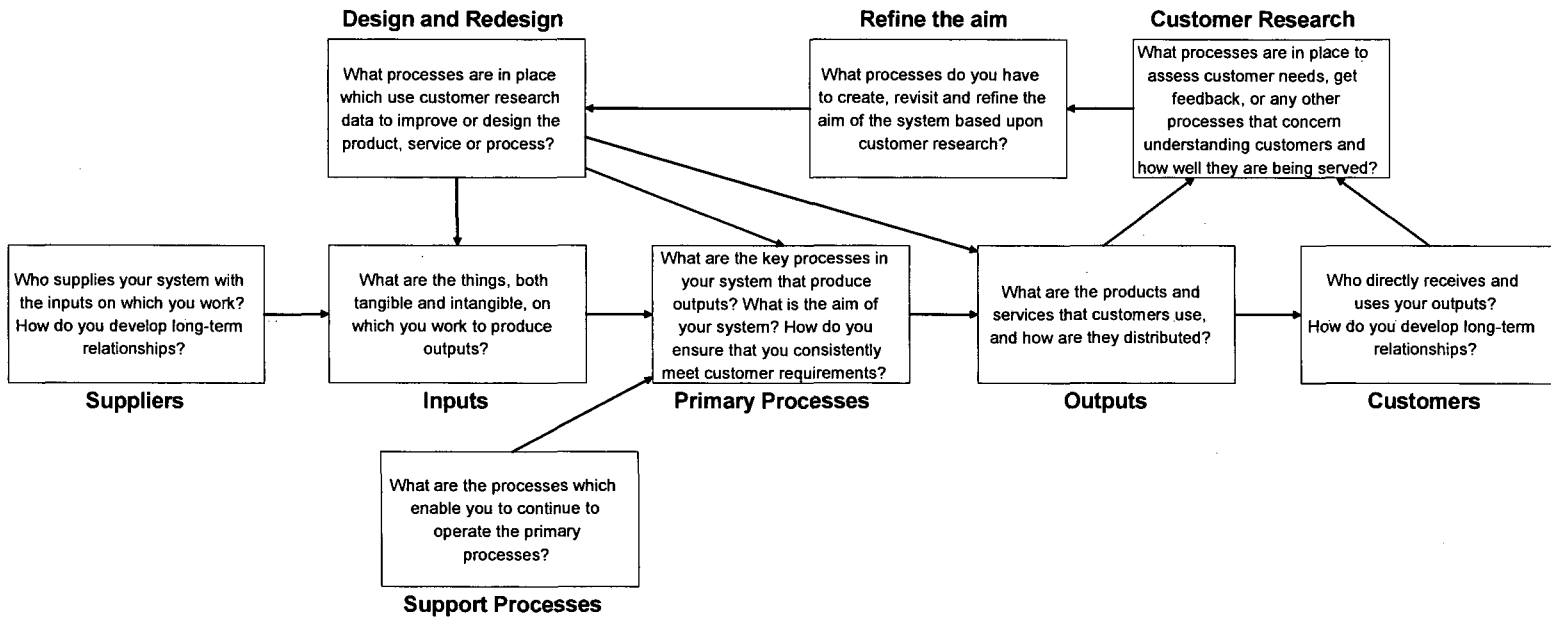


Figure xx: Viewing the Organisation as a System
(Copyright Process Management International)

Appendix 5: Wave 2 – Focal Issues

Wave 2 Group Learning Points

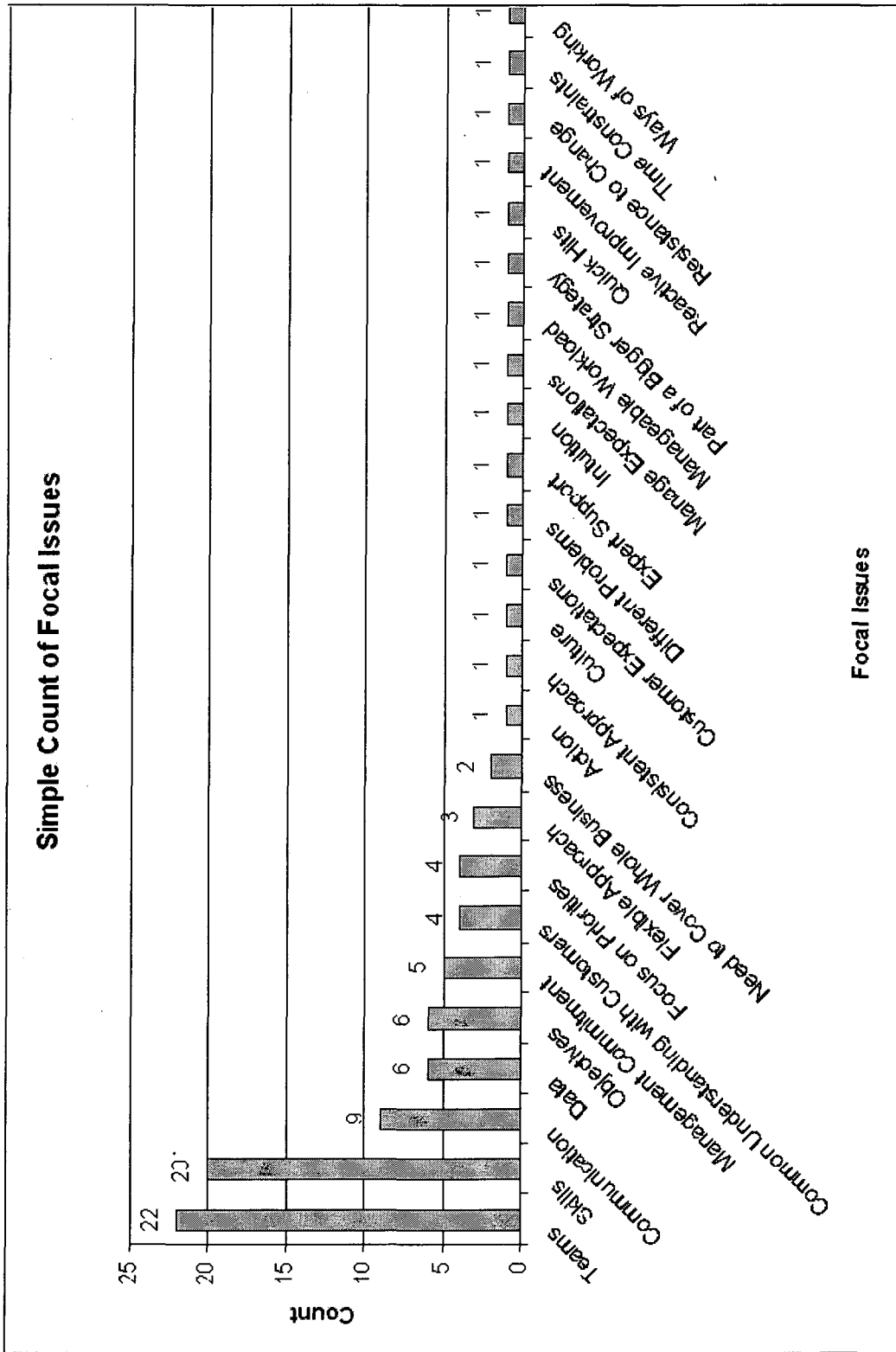
Learning Points	Focal Issues	Data	Teams	Expert Support	Objectives	Manageable Workload	Communication	Management Commitment	Flexible Approach	Action	Focus on Priorities	Skills	Intuition	Need to Cover Whole Business	Different Problems	Part of a Bigger Strategy	Manage Expectations	Reactive Improvement	Ways of Working	Resistance to Change	Culture	Customer Expectations	Time Constraints	Common Understanding with Customers	Quick Hits	Consistent Approach
Key Characteristics																										
In-process data.	Data																									
Team involvement on shop floor.	Teams																									
Support from [Automotive Customer].	Expert support																									
Clear Objectives.	Objectives																									
Don't start too big.	Manageable workloads																									
Communication (2 way).	Communication																									
Analyse data.	Data																									
The right people on the team.	Teams																									
Commitment from management.	Management commitment																									
Team self select.	Teams																									
What have we learnt? (Good aspects)																										
[Importance of] Management support.	Management commitment																									
Varying/different company approaches (but common theme).	Flexible approaches																									
Companies must act not just talk.	Action																									
Focus and prioritise projects.	Focus on priorities																									
Different companies have different starting points.	Flexible approaches																									
Team interest/commitment.	Teams																									
Using teams (people from process).	Teams																									
Team methods and rules are essential.	Teams																									
Must involve operators.	Teams																									
People skills are important.	Skills																									
Flowcharts used.	Skills																									
Understanding the process through flowcharting.	Skills																									
Real time control charting.	Skills																									
SPC focus on facts - live document.	Skills																									
In process control at key points.	Skills																									
Need to interpret charts better.	Skills																									
Root causes not fully explored.	Skills																									
Get down to the 5th Why.	Skills																									
Publicise Cpk targets.	Communication																									
How to network and communicate success.	Communication																									
You're not alone.	Teams																									
Use of notice boards.	Communication																									
Network of suppliers to discuss developments.	Teams																									
Gut feelings.	Intuition																									
Benefit from really understanding the process because we often do not.	Skills																									
Involve customer in the team (supplier also).	Teams																									
Need for co-operative improvement work, [Automotive customer] and Suppliers together.	Teams																									
[Automotive Customer] support has been good and joint working has been beneficial - new project useful.	Teams																									
Benefit of working directly with the direct customer of our products than purchasing.	Teams																									
Involvement of customers in teams is beneficial.	Teams																									
Bi-products (additional benefits) from delivering the customer led improvements.	Teams																									
Not using the learning available to us from joint venture/sister companies.	Skills																									
This is not just about manufacturing.	Need to cover whole business																									
Need to expand to non-manufacturing processes.	Need to cover whole business																									
Without targets plus monitoring and measuring, status quo remains.	Data																									
Problems of different customers.	Different problems																									
Use of data to educate suppliers.	Data																									
Use of the approach as a training and development aid builds confidence among team members.	Skills and teams																									
Don't spread too thin.	Focus and prioritise																									
Shop floor take to this well, better than middle management.	Skills																									
Need a [continuous improvement] Strategy that puts [process improvement] in context.	Part of a bigger strategy																									
Conflicting expectations of the [process improvement] process.	Manage expectations																									
[Process improvement] process and method can be tailored to the business.	Flexible approaches																									
Take the learning and feedback into new product.	Skills																									
Currently we are often fixing things that should have been fixed originally.	Reactive improvement																									

Appendix 5: Wave 2 – Focal Issues (continued)

Learning Points	Focal Issues	Data	Teams	Expert Support	Objectives	Manageable Workload	Communication	Management Commitment	Flexible Approach	Action	Focus on Priorities	Skills	Intuition	Need to Cover Whole Business	Different Problems	Part of a Bigger Strategy	Manage Expectations	Reactive Improvement	Ways of Working	Resistance to Change	Culture	Customer Expectations	Time Constraints	Common Understanding with Customers	Quick Hits	Consistent Approach
Common Barriers																										
Piece work could be a barrier.	Ways of working																									
Lack of data/wrong data.	Data	■																								
Inequality in the team.	Teams		■																							
Resistance to change (middle management and shop floor).	Resistance to change																									
Pressure to achieve volumes.	Objectives			■																						
Responsibility without authority.	Management commitment (lack of)						■																			
Culture.	Culture																									
Different customer approaches.	Customer expectations																									
Not prioritising.	Focus and prioritise										■															
Time.	Time constraints																									
Reward and recognition systems.	Objectives				■																					
Need [Automotive Customer] contacts to know the same approach.	Common understanding with customers																									
Different parts of [Automotive Customer] have different requirements from suppliers (e.g. calculating Cp values for unstable processes).	Common understanding with customers																									
Inconsistency within [Automotive Customer] of process for improvement, outcome and time.	Common understanding with customers																									
Honestly about realism with Cpk targets may work to suppliers disadvantage.	Common understanding with customers																									
What was successful in overcoming barriers?																										
Team launch.	Teams		■																							
"Quick hits."	Quick hits																									
Feedback.	Communication					■																				
Commitment from top management.	Management commitment						■																			
Evidence of cost savings.	Data	■																								
Training awareness.	Skills																									
Effective communication.	Communication						■																			
Involvement.	Teams		■																							
Displayed success.	Communication						■																			
Clear mission statement.	Focus and prioritise										■															
How can we apply these in our workplaces?																										
Notice boards.	Communication							■																		
Team meetings.	Teams		■																							
Listen to the voice of the operators.	Communication						■																			
Training/Awareness (PMI).	Skills																									
Consistent approach.	Consistent approach																									
Networking (common problems).	Teams		■																							
Encourage managers to use the techniques (PI).	Skills																									
Must provide training and education.	Skills																									
Score a goal.	Objectives						■																			
Visual management.	Management commitment							■																		
Get team interested by being enthusiastic.	Teams		■																							
Use flowcharts.	Skills																									
Network learning (share/find out).	Skills																									
Use key performance indicators (prioritise).	Objectives																									
Set targets to achieve.	Objectives																									

6 22 1 6 1 9 5 3 1 4 20 1 2 1 1 1 1 1 1 1 1 1 1 4 1 1 1

Appendix 6: Wave 2 – Focal Issues Pareto Analysis



Appendix 7: Wave 4 – Alignment Check with Rationalised List

Wave 4 Group Learning Points

Teams	Skills	Communication	Objectives	Data	Management Commitment	Focus on Priorities	Common Understanding with Customers	Flexible Approach	Need to Cover Whole Business
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Learning Points and Concerns

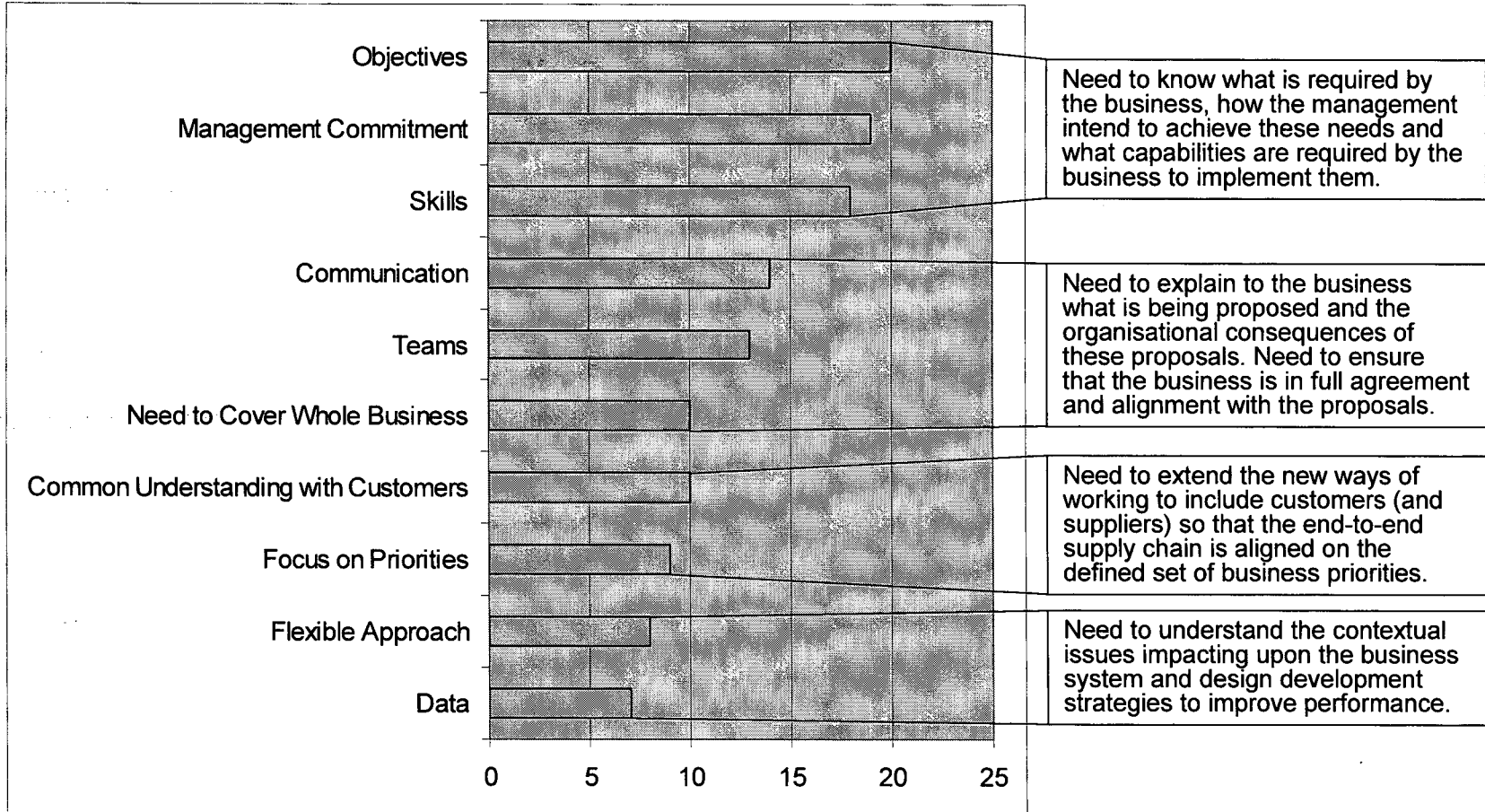
Learning points from supplier presentations	Teams	Skills	Communication	Objectives	Data	Management Commitment	Focus on Priorities	Common Understanding with Customers	Flexible Approach	Need to Cover Whole Business
Importance of early success; quick wins.										
Importance of full-time [internal consultants] - reflected in the level of progress made.										
Suppliers setting up the environment for change - structure etc.										
The interpretation of the process varied greatly.										
[Process improvement] provides a common language - customers and suppliers.										
Capture project details, successes.										
Quality Journal being used, helpful in communicating actions.										
Must be continuous to be successful.										
Shop floor need to be involved, to support, to take some ownership.										
Asking for team involvement.										
Gets people talking together - more effective communication.										
A process can be anywhere - not just manufacturing.										
Use of steering teams - prioritisation of projects.										
Stories help to bring the points across.										
Need to gather data.										
Think of how to apply to future projects.										
Need to think how [process improvement] fits with other improvement efforts.										

"My 3 Main Concerns"

1. Giving it time to work	Teams	Skills	Communication	Objectives	Data	Management Commitment	Focus on Priorities	Common Understanding with Customers	Flexible Approach	Need to Cover Whole Business
Short term gains not sustained.										
Expectation of big improvements too early.										
Lack of patience - looking for instant success.										
Keeping interest in [process improvement] - long term focus.										
Conflict between [process improvement] and management's desire for immediate results.										
That it will not be effective if [internal consultants] and teams are put under pressure to produce first time improvements.										
Impatience of management wanting instant results.										
Long term results being overshadowed by quick wins.										
Time - speed of transition period.										
2. Support from [Automotive Customer]										
Support and guidance of [Automotive Customer consultants].										
That [Automotive Customer] will not see improvements as relevant.										
What cost reduction are [Automotive Customer] looking for from [process improvement] activities?										
How many suppliers abandoned?										
[Automotive Customer] and supplier [internal consultants] communication availability.										
3. Resource										
Provide sufficient resource for the [internal consultant] – time and facilities.										
Do we have the time to do all these projects?										
Training time.										

Appendix 7: Wave 4 – Alignment Check with Rationalised List (continued)

	Teams	Skills	Communication	Objectives	Data	Management Commitment	Focus on Priorities	Common Understanding with Customers	Flexible Approach	Need to Cover Whole Business
4. Support within the company										
Senior management support.										
Managing your manager/sponsor (so you are both aiming for the same goal).										
That [internal consultants] and teams will lose heart if not supported.										
Communication/awareness.										
Lack of management understanding.										
Lack of awareness of [process improvement] within the organisation.										
Ensuring [process improvement] is understood before it is cascaded.										
All level support.										
5. Measuring success										
Monitoring team progress.										
Successes of [process improvement].										
6. Following the Process Improvement Methodology										
Why do we not all stick to the [process improvement] process?										
Continuity of the process.										
Ensuring [process improvement] is straightforward not complicated.										
Used for problem solving, not followed through for continuous improvement.										
Ensuring process improvement is a way of life - not a chore.										
Using some of the tools may be like taking people back to school - i.e. patronising people.										
7. Fitting with other continuous improvement activity										
Group initiative being taken to cater for all customers. [Process improvement] is driving us to do it the [Automotive Customer] way. Needs to fit in with current programme.										
How to fit [process improvement] with other continuous improvement activities.										
Documentation may not be acceptable on a group basis e.g. current standard is Ford QOS, although company will insist on using the term EIM and associated document references.										
8. Team concerns										
Building and maintaining teams.										
Team involvement - acceptance of responsibilities and actions.										
Allowing too many people to start projects and therefore lose direction.										
9. Other concerns										
Resistance to change										
How do we keep in touch - networking?										
What to measure in the production process.										
Data collection leading to improvement not just information.										
Some of the documents issued today refer to costs, productivity. [Supplier] will not wish to disclose this type of information.										
What will happen if we cannot achieve ppm targets?										
	13	18	14	20	7	19	9	10	8	10



Appendix 9: Relationship Evaluation between Bullet Points and Conceptual Definitions

Wave 2 Group Learning Points

Learning Points	Raw data aligned into notional groups	Summary Definition of Key Issues
In-process data. Team involvement on shop floor. Support from [Automotive Customer]. Clear Objectives. Don't start too big.	In-process data. Analysis data. Team involvement on shop floor. The right people on the team. Team self select.	The need for data. Internal Team working.
Communication (2 way).	Support from [Automotive Customer].	
Analyse data. The right people on the team. Commitment from management. Don't start too big.	Clear Objectives. Commitment from management. Don't start too big.	Clear understanding of what needs to be done and how it is to be done.
Team self select.	Communication (2 way).	
What have we learnt? (Good aspects)		
Importance of Management support. Varying/different company approaches (but common theme). Companies must act not just talk.	Importance of Management support. Shop floor take to this well, better than middle management. Companies must act not just talk.	Management pivotal role.
Focus and prioritise projects. Different companies have different starting points. Team interest/commitment. Using teams (people from process). Team methods and rules are essential. Must involve operators. People skills are important. Flowcharts used. Understanding the process through flowcharting. Real time control charting. SPC focus on facts - live document. In process control at key points. Need to interpret charts better. Root causes not fully explored.	Without targets plus monitoring and measuring, status quo remains. Focus and prioritise projects. Different companies have different starting points. Varying/different company approaches (but common theme). Need a [continuous improvement] Strategy that puts [process improvement] in context. Conflicting expectations of the [process improvement] process. [Process improvement] process and method can be tailored to the business. Team interest/commitment. Using teams (people from process). Team methods and rules are essential. Must involve operators. How to network and communicate success. You're not alone.	Change must take place. Activities must be aligned with business needs. Change programme must be adaptable to the evolving needs of the business. Internal Team working.
Get down to the 5th Why. Publicise Cpk targets. How to network and communicate success. You're not alone. Use of notice boards. Network of suppliers to discuss developments. Gut feelings. Benefit from really understanding the process because we often do not. Involve customer in the team (supplier also). Need for co-operative improvement work. [Automotive customer] and Suppliers together. [Automotive Customer] support has been good and joint working has been beneficial - new project useful. Benefit of working directly with the direct customer of our products than purchasing. Involvement of customers in teams is beneficial. Bi-products (additional benefits) from delivering the customer led improvements. Not using the learning available to us from joint ventures/sister companies. This is not just about manufacturing. Need to expand to non-manufacturing processes. Without targets plus monitoring and measuring, status quo remains. Problems of different customers. Use of data to educate suppliers. Use of the approach as a training and development aid builds confidence among team members. Don't spread too thin. Shop floor take to this well, better than middle management.	People skills are important. Team interest/commitment. Using teams (people from process). Team methods and rules are essential. Must involve operators. How to network and communicate success. You're not alone. People skills are important. Use of the approach as a training and development aid builds confidence among team members. Not using the learning available to us from joint ventures/sister companies. Use of data to educate suppliers. Take the learning and feedback into new product. Flowcharts used. Understanding the process through flowcharting. Real time control charting. SPC focus on facts - live document. In process control at key points. Need to interpret charts better. Get down to the 5th Why. Publicise Cpk targets. Benefit from really understanding the process because we often do not. Use of notice boards. Network of suppliers to discuss developments. Involve customer in the team (supplier also). Need for co-operative improvement work. [Automotive customer] and Suppliers together. [Automotive Customer] support has been good and joint working has been beneficial - new project useful. Benefit of working directly with the direct customer of our products than purchasing. Involvement of customers in teams is beneficial. Bi-products (additional benefits) from delivering the customer led improvements. Not using the learning available to us from joint ventures/sister companies. This is not just about manufacturing. Need to expand to non-manufacturing processes.	Education and training. Tools and techniques. Communication.
Need a [continuous improvement] Strategy that puts [process improvement] in context. Conflicting expectations of the [process improvement] process. [Process improvement] process and method can be tailored to the business. Currently we are often fixing things that should have been fixed originally.	Bi-products (additional benefits) from delivering the customer led improvements. Problems of different customers. Don't spread too thin. Gut feelings.	Different priorities influencing the programme.

Need to know what is required, how it will be achieved and what capabilities are required to achieve it.	Need to explain to the business what is being proposed and consequences of these proposals. Need to assure that the business is in full agreement and alignment with the proposals.	Need to inform the new ways of working to include customers (and suppliers) so that the end-to-end supply chain is aligned on the new set of priorities.	Need to work from within the bounds / constraints of the business systems we find ourselves operating within (But not necessarily stay there!)
Evaluate what is required. Evaluate the potential for success. Determine magnitude of benefits.	Cross-functional teams ensure the right skills are available for the task.	Customers need to be able to explain and teach new ways of working to suppliers.	The role of the Procurement Improvement programme needs to be clearly understood within the context of the business and its future strategy. Senior management need to commit to the role of Procurement in supporting the business objectives through alignment and management of the supply chain.
A business case is required to initiate the improvement programme.	Objective should support multi-functional priorities to promote buy-in.	Suppliers need to understand the objectives of the programme and how they fit into them.	Senior management need to act as a conduit for bringing supply chain issues into the strategy development forum and cascading out the decisions of that forum.
Senior management must support the programme for it to stand any chance of success.	Senior management need to show commitment so that middle and front line management will engage.	Dialogue needs to be across the supply chain, beginning at a senior level, so that misunderstandings do not become terminal.	Procurement needs to act as a conduit for bringing supply chain issues into the strategy development forum and cascading out the decisions of that forum.
The changes that will take place are formulated at this stage.	Change must take place in ways of working to reinforce and complement the improvement programme.	New ways of working must be demonstrated by the customer and then cascaded quickly through the supply chain.	Integrated strategies must be focused on action and the delivery of multi-business objectives.
Business priorities should be used as the motivation for the programme.	Functional priorities should be aligned with business priorities and checked for conflicts across functions.	An alignment process should take place with suppliers to ensure that common priorities exist, then reducing the potential for conflict.	Change initiatives must be signed from the individual, to the function, to the organisation and across the supply network in pursuit of the strategic objectives.
A strategy for change needs to be embedded into the improvement programme.	Cross-functional teams should be led by the most appropriate competent individual and directed by the objectives of the programme.		The integrated strategy must be flexible enough to accommodate the changing needs of the supply network and organisations within it.
New skills and knowledge are required so that people can enact the improvement programme.	New integrated ways of working need to be taught across the functions and reinforced with appropriate cross-functional skill sets.	New integrated ways of working need to be taught across the supply chain businesses and reinforced with appropriate cross-business training.	Skills transfer should be multi-directional and based on the alignment of need and competence.
Tools and techniques will form the core of the people competence and enable them to improve their performance.	Common tools and techniques should be used to encourage transparency in the cross-functional ways of working.	Common tools and techniques should be used to encourage transparency in the cross-organisational ways of working.	Common tools and techniques should be used to encourage transparency in the strategy development process.
What is being done, why it is being done and the benefits of doing it should be widely publicised to reduce speculation and concern.	Suppliers need to be included, as appropriate. In the communication network to be informed by and inform the supply network strategy.		Suppliers should be used as an expert resource to the business.
The improvement programme needs to acknowledge the potential impact on other functions and businesses.	The whole business must be engaged for the programme to succeed.	Senior management should be involved in the cascade process to ensure that it covers the whole of the supplier's business.	Supplier related strategy forums should be in customer issues and relate to the whole business.
Business priorities need to be carefully defined and then followed rigorously.	Supplier partner strategies should be aligned through the use of basic such as technology roadmapping to ensure that resources are not competed for in conflict with each other.		The qualitative benefits of working with suppliers should be acknowledged through smarter ways of measuring contribution.
			The integrated strategy should be seen as the definitive reference for all supply chain developments.

Appendix 9: Relationship Evaluation between Bullet Points and Conceptual Definitions (continued)

Learning Points	Raw data aligned into notional groups	Summary Definition of Key Issues	Need to know what is required, how it will be achieved and what capabilities are required to achieve it.	Need to explain to the business what is being proposed and consequences of these proposals. Need to ensure that the business is in full agreement and alignment with the proposals.	Need to extend the new ways of working to include customers (and suppliers) so that the end-to-end supply chain is aligned on the new set of priorities.	Need to work from within the bounds / constraints of the business system we find ourselves operating within. (But not necessarily stay there)
Common Barriers						
Piece work could be a barrier. Lack of data/wrong data. Inequality in the team.	Piece work could be a barrier. Pressure to achieve volumes. Reward and recognition systems.	Current barriers to change.	Barriers to change should be openly challenged and removed with visible senior management support.			
Resistance to change (middle management and shop floor). Pressure to achieve volumes. Responsibility without authority. Culture.	Lack of data/wrong data. Inequality in the team. Responsibility without authority. Culture.	Inability to make informed decisions.	Barriers to change should be openly challenged and removed with visible senior management support.			
Different customer approaches. Not prioritising. Time.	Resistance to change (middle management and shop floor). Different customer approaches. Need [Automotive Customer] contacts to know the same approach.	Resistance to change.	A change management programme should be embedded within the improvement programme.			
Reward and recognition systems.	Different parts of [Automotive Customer] have different requirements from suppliers (e.g. calculating Cp values for unstable processes).	Problems of mixed messages from customers (even the same customer).	The rules of engagement for the new ways of working should be negotiated at an early stage in the programme.			
Need [Automotive Customer] contacts to know the same approach.	Inconsistency within [Automotive Customer] of process for improvement, outcome and time.	Inconsistency within [Automotive Customer] of process for improvement, outcome and time.	"Blockers" within the organisation should be supported to change or removed if this fails.			
Different parts of [Automotive Customer] have different requirements from suppliers (e.g. calculating Cp values for unstable processes).	Not prioritising.	Not knowing what to do first.	The organisation must have the programme and its aims clearly explained so that they can act with a common understanding and purpose.			
Inconsistency within [Automotive Customer] of process for improvement, outcome and time.	Time.	Competing priorities.	Communication with suppliers should be managed and monitored to ensure that a consistent message is being transmitted and understood by supply chain organisations.			
Honesty about realism with Cpk targets may work to suppliers disadvantage.	Honesty about realism with Cpk targets may work to suppliers disadvantage.	Punishment for being honest.	The (customer) organisation needs to learn positive modes of behaviour for dealing with supplier problems.			
What was successful in overcoming barriers?			Need to prioritise the priorities so that an action plan can be formulated.			
Team launch.	Commitment from top management.	Mandate to take action.	The improvement programme needs to have a realistic, but demanding, time frame.			
"Quick hits."	Training awareness.	Competence to take action.	Management must sponsor the programme.			
Feedback.	Feedback.	Communication.	Training must be aligned with the needs of the programme and then followed through with action in the business.			
Evidence of cost savings.	Evidence of cost savings.	Demonstrated benefits.	Issues being experienced by people within the programme should be listened to and acted upon.			
Training awareness.	Displayed success.	Taking action.	Supplier should have a forum for expressing their concerns or highlighting incidents where they feel they have been unfairly treated.			
Effective communication.	Team launch.		The impact of the programme in terms of business benefit must be clearly defined.			
Involved.	Quick hits.		Contribution to multi-functional objectives should be clearly communicated as part of the setting process.			
Displayed success.	Involvement.		Supplier objectives should be clearly defined and measured. Their impact on the overall supply chain objectives should be evaluated.			
Clear mission statement.	Clear mission statement.	Knowing what action to take.	The benefits derived from the strategy need to meet mutual goals and objectives and be equitably split between contributing organisations.			
How can we apply these in our workplaces?			Once defined the programme should be followed up with some quick wins to generate momentum.			
Notice boards.	Notice boards.	Communication.	It is important that everyone understands what the purpose of the programme is.			
Team meetings.	Team meetings.		Need to keep people informed and involved in the programme.			
Listen to the voice of the operators.	Listen to the voice of the operators.	Team working (Internal and External).	Cross-functional teams should become the core of the improvement programme.			
Training/Awareness (PMI).	Networking (common problems).		Cross-organisational teams should become the core of the improvement programme (as appropriate).			
Consistent approach.	Get team interested by being enthusiastic.		Management should demonstrate support for the programme and use new ways of working that engage.			
Networking (common problems).	Network learning (share/find out).	Training and education.	Supplier organisations should be sponsored by senior customer management and new ways of working supported by their own management.			
Encourage managers to use the techniques (PI).	Training/Awareness (PMI).		Common ways of working should be encouraged across the supply network to support the transfer of competence to areas where it is most needed.			
Must provide training and education.	Consistent approach.	Management involvement.	Benefits need to be defined and quantified with a statement in the programme as to when they will be delivered.			
Score a goal.	Encourage managers to use the techniques (PI).		Tools and techniques help to accurately define the programme and execute it.			
Visual management.	Visual management.		The benefits that can be gained by different functions should be clearly defined and measured.			
Get team interested by being enthusiastic.	Use key performance indicators (prioritise).	Demonstrated benefits.	Supplier contributions should be measured, recorded and recognised by the customer.			
Use flowcharts.	Set targets to achieve.		Performance measurement systems should be common across the supply network.			
Network learning (share/find out).	Use key performance indicators (prioritise).		Tools and techniques can be used to help define and implement the internal changes required.			
Use key performance indicators (prioritise).	Set targets to achieve.	Tools and techniques.				
Set targets to achieve.	Use flowcharts.					
			21	23	22	21

Appendix 10: Organisation of Relationships

Grouping 1

If we don't have the data, we won't know what to do. Need to get good data first.	Evaluate what is required. Evaluate the potential for success. Determine magnitude of benefits.	Management must sponsor the programme.	Tools and techniques will form the core of the people competence and enable them to improve their performance.	The improvement programme needs to have a realistic, but demanding, time frame.	It is important that everyone understands what the purpose of the programme is.
The changes that will take place are formulated at this stage.	A business case is required to initiate the improvement programme.	Senior management must support the programme for it to stand any chance of success.	Tools and techniques help to accurately define the programme and execute it.	Once defined the programme should be followed up with some quick wins to generate momentum.	
Business priorities should be used as the motivation for the programme.	Benefits need to be defined and quantified with a statement in the programme as to when they will be delivered.		New skills and knowledge are required so that people can enact the improvement programme.		
Need to prioritise the priorities so that an action plan can be formulated.	The impact of the programme in terms of business benefit must be clearly defined.		Training must be aligned with the needs of the programme and then followed through with action in the business.		
Business priorities need to be carefully defined and then followed rigorously.			Sources of expertise need to be identified and engaged properly before the programme is fully defined.		
The improvement programme needs to acknowledge the potential impact on other functions and businesses.					
A strategy for change needs to be embedded into the improvement programme.					

Grouping 2

Tools and techniques will form the core of the people competence and enable them to improve their performance.	The whole business must be engaged for the programme to succeed.	The improvement programme needs to acknowledge the potential impact on other functions and businesses.	Business priorities need to be carefully defined and then followed rigorously.	Management play a central role in promoting and allowing change to take place.	What is being done, why it is being done and the benefits of doing it should be widely publicised to reduce speculation and concern.
Tools and techniques can be used to help define and implement the internal changes required.	A change management programme should be embedded within the improvement programme.	Cross-functional teams should become the core of the improvement programme.	Objectives should support multi functional priorities to promote buy-in.	Senior management need to show commitment so that middle and front-line management will engage.	The organisation must have the programme and its aims clearly explained so that they can act with a common understanding and purpose.
Change must take place in ways of working to reinforce and consolidate the improvement programme.	Cross-functional teams ensure the right skills are available for the task.	Functional priorities should be aligned with business priorities and checked for conflicts across functions.	Management should demonstrate support for the programme and use new ways of working that emerge.	Contribution to multi-functional objectives should be clearly communicated as part of the selling process.	
Barriers to change should be openly challenged and removed with visible senior management support.	The benefits that can be gained by different functions should be clearly defined and measured.			Need to keep people informed and involved in the programme.	
"Blockers" within the organisation should be supported to change or removed if this fails.				Dialogue needs to be across the business so that misunderstandings do not become irretrievable	
				Issues being experienced by people within the programme should be listened to and acted upon.	

Appendix 10: Organisation of Relationships (continued)

Grouping 3

Customers need to be able to explain and teach new ways of working to suppliers.	Suppliers need to understand the objectives of the programme and how they fit into them.	Dialogue needs to be across the supply chain, beginning at a senior level, so that misunderstandings do not become terminal.	An alignment process should take place with suppliers to ensure that common priorities exist, thus reducing the potential for conflict.	Suppliers need to be included, as appropriate, in the communication network to be informed by and inform the supply network strategy.	Cross-organisational teams should become the core of the improvement programme (as appropriate).	Organisations that block the new ways of working should be invited to change workshops or dropped if they refuse to change their behaviour.
The rules of engagement for the new ways of working should be negotiated at an early stage in the programme.		Senior management should be involved in the cascade process to ensure that it covers the whole of the supplier's business.	Supplier partner strategies should be aligned through the use of tools such as technology roadmapping to ensure that resources are not competed for or conflict with each other.	Need to keep people informed and involved in the programme.	Specific competencies should be shared across the supply network through the sharing of key personnel on multi-business teams.	Barriers to change should be openly challenged and removed with visible senior management support.
The (customer) organisation needs to learn positive modes of behaviour for dealing with supplier problems.		Communication with suppliers should be managed and monitored to ensure that a consistent message is being transmitted and understood by supply chain organisations.	Supplier objectives should be clearly defined and measured. Their impact on the overall supply chain objectives should be evaluated.	Suppliers should have a forum for expressing their concerns or highlighted incidents where they feel they have been unfairly treated.		
New integrated ways of working need to be taught across the supply chain businesses and reinforced with appropriate cross-business training.		Supplier organisations should be sponsored by senior customer management and new ways of working supported by their own management.	Supplier contributions should be measured, recorded and recognised by the customer.			
New ways of working must be demonstrated by the customer and then cascaded quickly through the supply chain.						
Common tools and techniques should be used to encourage transparency in the cross-organisational ways of working.						

Grouping 4

Performance measurement systems should be common across the supply network.	Senior management need to position Procurement within the business relative to its potential impact on business performance.	Procurement need to act as a conduit for bringing supply chain issues into the strategy development forum and cascading out the decisions of that forum.	Change initiatives must be aligned from the individual, to the function, to the organisation and across the supply network in pursuit of the strategic objectives.	Skills transfer should be multi-directional and based on the alignment of need and competence.	Barriers to change/improvement need to be identified and addressed within the strategy.
The qualitative benefits of working with suppliers should be acknowledged through smarter ways of measuring contribution.	The role of the Procurement improvement programme needs to be clearly understood within the context of the business and its future strategy.	Multi-functional and organisational representatives should be involved in the strategy formulation and management process.	The integrated strategy must be flexible enough to accommodate the changing needs of the supply network and organisations within it.	Common ways of working should be encouraged across the supply network to support the transfer of competence to areas where it is most needed.	Problems of change need to be managed in a consistent and fair manner (through a documented process if necessary).
The benefits derived from the strategy need to meet mutual goals and objectives and be equitably split between contributing organisations.	Senior management need to commit to the role of Procurement in supporting the business objectives through alignment and management of the supply chain.	Suppliers should be used as an expert resource to the business.	Supplier related strategy issues should link to customer issues and relate to the whole business.	Common tools and techniques should be used to encourage transparency in the strategy development process.	
			The integrated strategy should be seen as the definitive reference for all supply chain developments.		
			Senior management of all the supply network partner organisations should be in a position to sign-up to and adopt the strategy.		
			Integrated strategies must be focused on action and the delivery of multi-business objectives.		
			It should be clear to all organisations what the purpose of working together is.		

Appendix 11: Summarised Meanings of the Relationship Groups

Raw Data - Group 1	Interpretation
If we don't have the data, we won't know what to do. Need to get good data first.	To get good data, need to know what data you need, where to get it from, how you are going to use it and in what format it can be best presented.
Evaluate what is required. Evaluate the potential for success. Determine magnitude of benefits.	To evaluate what is required, we need to know where and how P&SM can contribute to the business. To evaluate the potential for success we need to be able to analyse the business's readiness for change and the PEST issues that may exist. To determine the m
The changes that will take place are formulated at this stage.	Need to be able to formulate strategies.
Business priorities should be used as the motivation for the programme.	Need to be able to align the business need with the potential contribution of P&SM
Need to prioritise the priorities so that an action plan can be formulated.	
Business priorities need to be carefully defined and then followed rigorously.	
The improvement programme needs to acknowledge the potential impact on other functions and businesses.	An holistic business view needs to guide the programme development process.
A strategy for change needs to be embedded into the improvement programme.	Change management will become a key skill for the senior management team.
A business case is required to initiate the improvement programme.	The programme needs to be defined and described in business, and not P&SM, terms.
Benefits need to be defined and quantified with a statement in the programme as to when they will be delivered.	
The impact of the programme in terms of business benefit must be clearly defined.	Senior management need to be able to understand what is being proposed, the wider impact of those proposals and their role in implementing them.
Management must sponsor the programme.	
Senior management must support the programme for it to stand any chance of success.	New ways of working will lead to a need for new skills and new knowledge.
Tools and techniques will form the core of the people competence and enable them to improve their performance.	
Tools and techniques help to accurately define the programme and execute it.	Equipping people with the new skills and knowledge will require the availability of good quality training courses and workshops.
New skills and knowledge are required so that people can enact the	
Training must be aligned with the needs of the programme and then followed through with action in the business.	Training and workshops need to be provided by experts with both a theoretical knowledge and applied experience of the new ways of working.
Sources of expertise need to be identified and engaged probably before the programme is fully defined.	
The improvement programme needs to have a realistic, but demanding, time frame.	Project management skills need to be in evidence to drive the programme through the business.
Once defined the programme should be followed up with some quick wins	
It is important that everyone understands what the purpose of the programme is.	Communication needs to be two way to inform people and then respond to their questions, misunderstandings and concerns.

Appendix 11: Summarised Meanings of the Relationship Groups (cont.)

Raw Data - Group 2	Interpretation
Tools and techniques will form the core of the people competence and enable them to improve their performance.	Tools and techniques will enable the new ways of working.
Tools and techniques can be used to help define and implement the	The improvement programme needs to involve the whole business and not just P&SM.
The whole business must be engaged for the programme to succeed.	Changes to the organisation need to take place so that new ways of working are supported and the risk of entropy is minimised. This change programme can only be led by senior management, who have the power and authority to insist on the necessary actions.
A change management programme should be embedded within the	
Change must take place in ways of working to reinforce and consolidate the improvement programme.	
Barriers to change should be openly challenged and removed with visible senior management support.	
"Blockers" within the organisation should be supported to change or removed if this fails.	
The improvement programme needs to acknowledge the potential impact on other functions and businesses.	The improvement programme needs to be based on an holistic understanding of how the business works and interacts.
Cross-functional teams should become the core of the improvement programme.	Cross-functional teams should reduce potential conflict and improve the potential for success by bringing together the skill portfolios required to implement and use new ways of working.
Cross-functional teams ensure the right skills are available for the task.	Objectives and priorities should be organised around the needs of the organisation and the elements (functions and people) that form it.
Business priorities need to be carefully defined and then followed rigorously.	
Objectives should support multi-functional priorities to promote buy-in.	
Functional priorities should be aligned with business priorities and checked for conflicts across functions.	
The benefits that can be gained by different functions should be clearly	Senior management are responsible and empowered to change the existing business systems.
Management play a central role in promoting and allowing change to take place.	
Senior management need to show commitment so that middle and front-line management will engage.	
Management should demonstrate support for the programme and use new ways of working that emerge.	The aims of the improvement programme must be continually communicated and understanding within the business checked on a regular basis.
What is being done, why it is being done and the benefits of doing it should be widely publicised to reduce speculation and concern.	
The organisation must have the programme and its aims clearly explained so that they can act with a common understanding and purpose.	Ongoing dialogue should form a central pillar of the programme to respond to emerging issues and resolve existing problems that may have been created.
Contribution to multi-functional objectives should be clearly communicated as part of the selling process.	
Need to keep people informed and involved in the programme.	
Dialogue needs to be across the business so that misunderstandings do	
Issues being experienced by people within the programme should be	

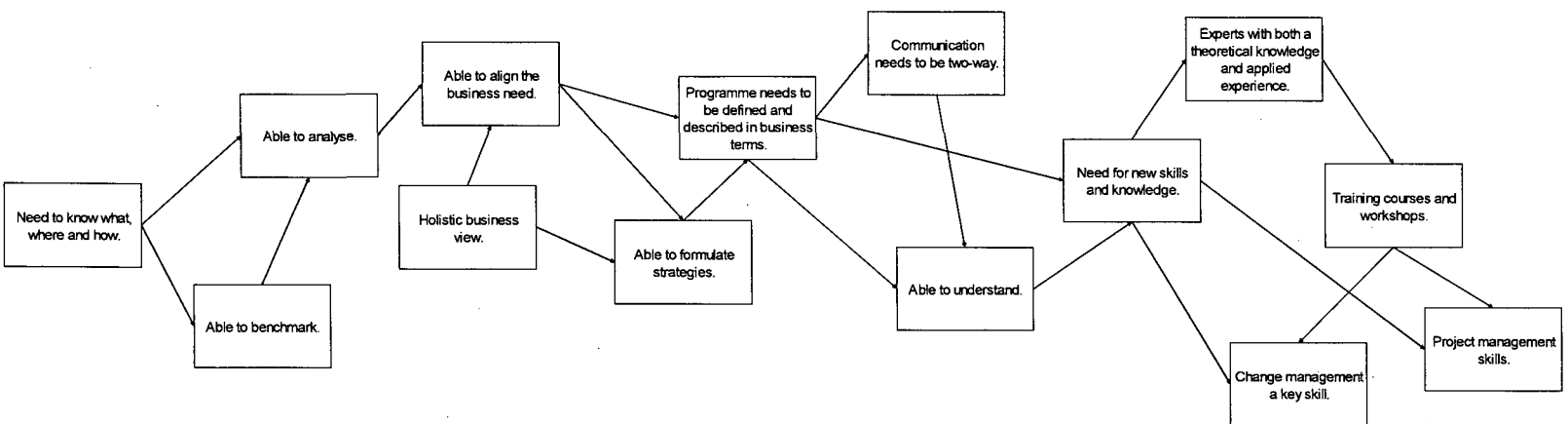
Appendix 11: Summarised Meanings of the Relationship Groups (cont.)

Raw Data - Group 3	Interpretation
Customers need to be able to explain and teach new ways of working to suppliers.	Customers, probably P&SM, are the usual interface with suppliers and therefore have the most significant influence over the supplier's response.
The rules of engagement for the new ways of working should be negotiated at an early stage in the programme.	New ways of working need to be governed by rules applicable to both sides that guide the actions of different parties. Negotiating, rather than enforcing, these should provide a more robust and faster buy-in.
The (customer) organisation needs to learn positive modes of behaviour for dealing with supplier problems.	The new rule set should be reinforced by demonstrations of the new ways of working and behaving. Appropriate relationships need to be defined and enacted.
New integrated ways of working need to be taught across the supply chain businesses and reinforced with appropriate cross-business training.	Introducing common ways of working across the supply chain should support a common understanding of what is happening, in turn leading to more integration and alignment.
New ways of working must be demonstrated by the customer and then cascaded quickly through the supply chain.	The benefits for supply chain partners need to be defined and cascaded.
Common tools and techniques should be used to encourage transparency in the cross-organisational ways of working.	The communication process should be led by senior management to signal its importance within the organisation.
Suppliers need to understand the objectives of the programme and how they fit into them.	Important suppliers should have a named executive as their sponsor to support and implement the change programme between the two organisations.
Dialogue needs to be across the supply chain, beginning at a senior level, so that misunderstandings do not become terminal.	Customer and supplier strategies should be reviewed and aligned, as far as possible. Potential conflicts should be reviewed and resolved to the point where both organisations understand what the consequences will be over time.
Senior management should be involved in the cascade process to ensure that it covers the whole of the supplier's business.	Supplier performance should be measured in terms of its impact on the customer organisation. Both hard and soft measures should be reviewed.
Communication with suppliers should be managed and monitored to ensure that a consistent message is being transmitted and understood by supply chain organisations.	The ongoing strategy development process should include strategic and key suppliers as appropriate. The strategy should begin to reflect the supply chain need, rather than any single organisation within it.
Supplier organisations should be sponsored by senior customer management and new ways of working supported by their own management.	Cross-organisational teams should be a natural consequence of the introduction of common ways of working across organisations.
An alignment process should take place with suppliers to ensure that common priorities exist, thus reducing the potential for conflict.	Expert competencies should be willingly shared if the focus shifts to the performance of the whole supply chain and not individual organisations within it.
Supplier partner strategies should be aligned through the use of tools such as technology road mapping to ensure that resources are not competed for	Weak links within the supply chain should become evident and improvement activities applied before punitive action is taken.
Supplier objectives should be clearly defined and measured. Their impact on the overall supply chain objectives should be evaluated.	Suppliers as well as customers should be able to challenge bad practices that damage the collective performance of the supply chain.
Supplier contributions should be measured, recorded and recognised by the customer.	
Suppliers need to be included, as appropriate, in the communication network to be informed by and inform the supply network strategy.	
Need to keep people informed and involved in the programme.	
Suppliers should have a forum for expressing their concerns or highlighted incidents where they feel they have been unfairly treated.	
Cross-organisational teams should become the core of the improvement programme (as appropriate).	
Specific competencies should be shared across the supply network through the sharing of key personnel on multi-business teams.	
Organisations that block the new ways of working should be invited to change workshops or dropped if they refuse to change their behaviour.	
Barriers to change should be openly challenged and removed with visible senior management support.	

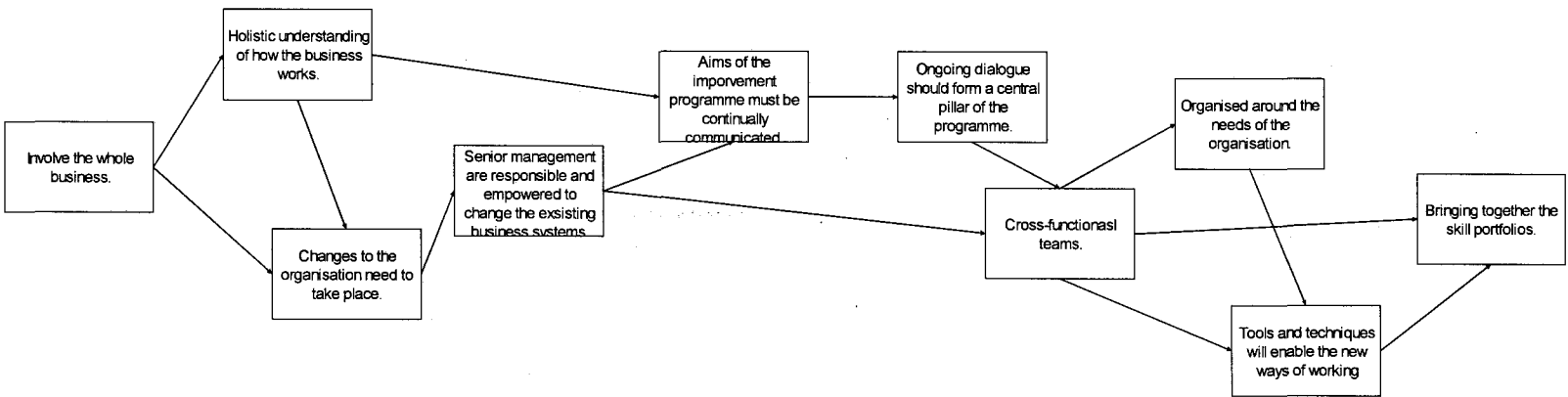
Appendix 11: Summarised Meanings of the Relationship Groups (cont.)

Raw Data - Group 4	Interpretation
Performance measurement systems should be common across the supply network.	Common performance measurement systems provides the same information to all supply chain organisations, enabling a consistent view of both macro and micro performance.
The qualitative benefits of working with suppliers should be acknowledged through smarter ways of measuring contribution.	Both hard and soft issues should be measured to provide a more holistic picture of the supply chain and the environment it is operating within.
The benefits derived from the strategy need to meet mutual goals and objectives and be equitably split between contributing organisations.	Benefits of working together need to be split equitably across the supply chain to motivate a culture of continuous improvement.
Senior management need to position Procurement within the business relative to its potential impact on business performance.	P&SM needs to be positioned within the business and wider supply chain where it can have a maximum beneficial impact on overall performance.
The role of the Procurement improvement programme needs to be clearly understood within the context of the business and its future strategy.	Senior management need to support P&SM in its changing role within the business and wider supply chain to maximise its impact as it evolves.
Senior management need to commit to the role of Procurement in supporting the business objectives through alignment and management of the supply chain.	The role of P&SM may become one of enabling improved performance through supply chain improvements, rather than delivering improved performance through cost management.
Procurement need to act as a conduit for bringing supply chain issues into the strategy development forum and cascading out the decisions of that forum.	Supplier experts may become the key decision makers within the business as appropriate.
Multi-functional and organisational representatives should be involved in the strategy formulation and management process.	The change actions should be cascaded down through the layers of the supply chain and organisational structure so that everyone is aware of their impact on the overall programme.
Suppliers should be used as an expert resource to the business.	The aims of the strategy in supporting the supply chain and organisational needs should be seen as the prime objective with the strategy being reviewed and changed as the aims change.
Change initiatives must be aligned from the individual, to the function, to the organisation and across the supply network in pursuit of the strategic objectives.	All aims and objectives should be driven by the next and final customer.
The integrated strategy must be flexible enough to accommodate the changing needs of the supply network and organisations within it.	By involving all parts of the supply chain in the strategy development process, it becomes easier to gain acceptance and buy-in to its content.
Supplier related strategy issues should link to customer issues and relate	Senior management representatives from across the supply chain should sponsor the strategy to ensure its adoption and implementation.
The integrated strategy should be seen as the definitive reference for all supply chain developments.	Implementation of the strategy should be measured and the results of implementation shared across the supply chain.
Senior management of all the supply network partner organisations should be in a position to sign-up to and adopt the strategy.	A system of interdependency should be created to support the improvement of the supply chain as a whole, with all members benefiting from improved performance.
Integrated strategies must be focused on action and the delivery of multi-business objectives.	Organisational borders should become blurred as companies strive to maximise the performance of the supply chain as a whole.
It should be clear to all organisations what the purpose of working together is.	Common tools and ways of working should help reduce suspicion and promote common understanding and working amongst partners.
Skills transfer should be multi-directional and based on the alignment of	Problems need to be addressed quickly and by the best available competence (this may not be the next customer in the supply chain).
Common ways of working should be encouraged across the supply network to support the transfer of competence to areas where it is most needed.	
Common tools and techniques should be used to encourage transparency in the strategy development process.	
Barriers to change/improvement need to be identified and addressed within the strategy.	
Problems of change need to be managed in a consistent and fair manner (through a managed process if necessary).	

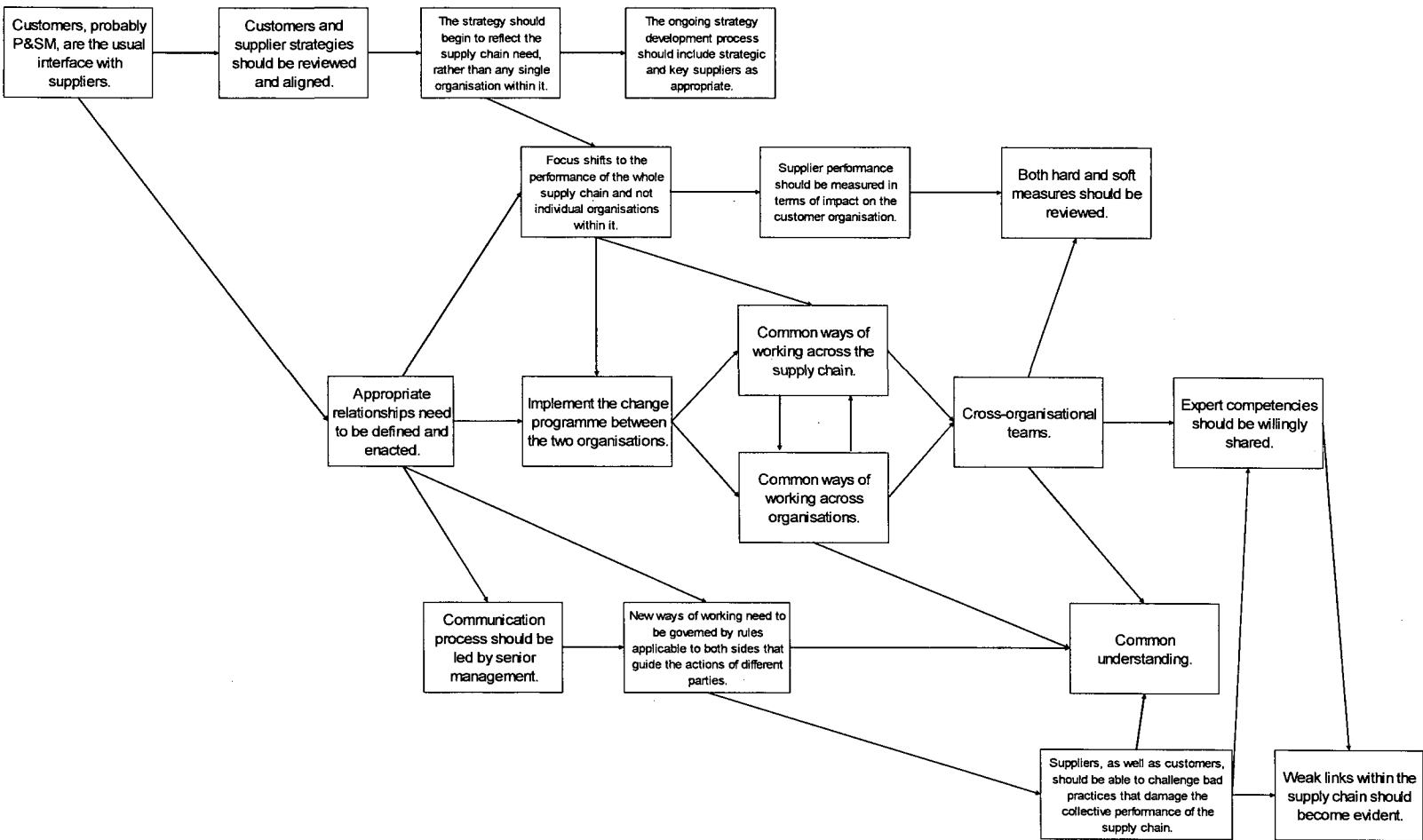
Appendix 12: Cognitive Maps of Summarised Meanings

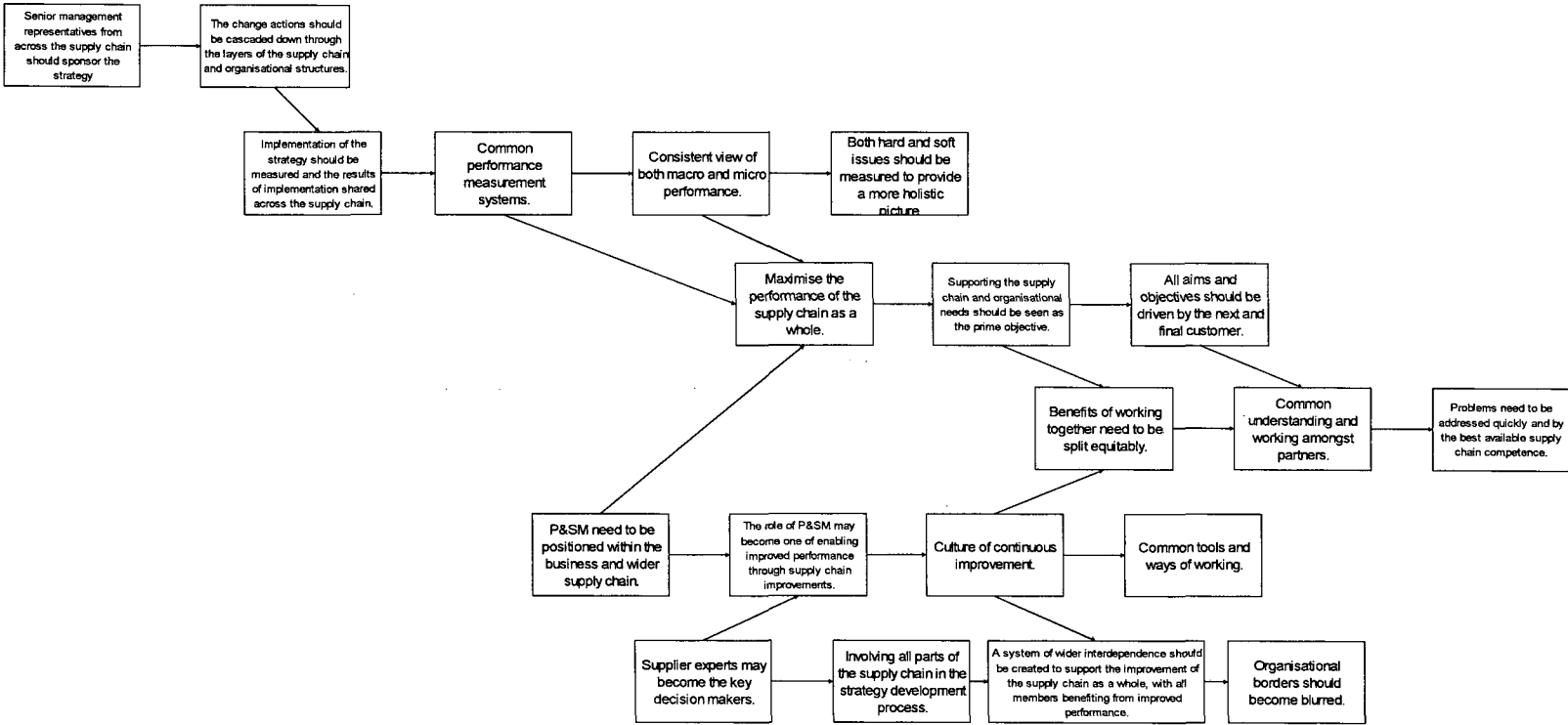


Group 1 Cognitive Map



Group 2 Cognitive Map





Group 4 Cognitive Map

Appendix 13: Derivation of Implementation Dynamics Headings

Need to know what is required, how it will be achieved and what capabilities are required to achieve it.	Need to explain to the business what is being proposed and consequences of these proposals. Need to ensure that the business is in full agreement and alignment with the proposals.	Need to extend the new ways of working to include customers (and suppliers) so that the end-to-end supply chain is aligned on the new set of priorities.	Need to work from within the bounds / constraints of the business system we find ourselves operating within. (But not necessarily stay there!)	
To get good data, need to know what data you need, where to get it from, how you are going to use it and in what format it can be best presented.				Expert Leadership (P&SM, Change Mgt., Business)
To evaluate what is required, we need to know where and how P&SM can contribute to the business. To evaluate the potential for success we need to be able to analyse the business's readiness for change and the PEST issues that may exist. To determine the m				
Training and workshops need to be provided by experts with both a theoretical knowledge and applied experience of the new ways of working.				Skill & Knowledge Development
Equipping people with the new skills and knowledge will require the availability of good quality training courses and workshops.				
Communication needs to be two way to inform people and then respond to their questions, misunderstandings and concerns.	The aims of the improvement programme must be continually communicated and understood within the business checked on a regular basis. Ongoing dialogue should form a central pillar of the programme to respond to emerging issues and resolve existing problems that may have been created.	The benefits for supply chain partners need to be defined and cascaded.		Communication
An holistic business view needs to guide the programme development process.	The improvement programme needs to be based on an holistic understanding of how the business works and interests.	Customer and supplier strategies should be reviewed and aligned, as far as possible. Potential conflicts should be reviewed and resolved to the point where both organisations understand what the consequences will be over time.	All aims and objectives should be driven by the best and final customer.	Business Focus
The programme needs to be defined and described in business, and not P&SM, terms.	Objectives and priorities should be organised around the needs of the organisation and the elements (functions and people) that form it. The improvement programme needs to involve the whole business and not just P&SM.			
Change management will become a key skill for the senior management team.	Changes to the organisation need to take place so that new ways of working are supported and the risk of entropy is minimised. This change programme can only be led by senior management, who have the power and authority to insist on the necessary actions.		The change actions should be cascaded down through the layers of the supply chain and organisational structure so that everyone is aware of their impact on the overall programme.	Change Management
Project management skills need to be in evidence to drive the programme through the business.	Senior management are responsible and empowered to change the existing business systems.			
New ways of working will lead to a need for new skills and new knowledge.	Tools and techniques will enable the new ways of working.	New ways of working need to be governed by rules applicable to both sides that guide the actions of different parties. Negotiating, rather than enforcing, these should provide a more robust and faster buy-in. Introducing common ways of working across the supply chain should support a common understanding of what is happening, in turn leading to more integration and alignment.	Common tools and ways of working should help reduce suspicion and promote common understanding and working amongst partners.	New Ways of Working
Senior management need to be able to understand what is being proposed, the wider impact of those proposals and their role in implementing them.		Important suppliers should have a named executive as their sponsor to support and implement the change programme between the two organisations. The communication process should be led by senior management to signal its importance within the organisation.	Senior management need to support P&SM in its changing role within the business and wider supply chain to maximise its impact as it evolves. Senior management representatives from across the supply chain should sponsor the strategy to ensure its adoption and implementation.	Senior Management Sponsorship
Need to be able to formulate strategies		The ongoing strategy development process should include strategic and key suppliers as appropriate. The strategy should begin to reflect the supply chain need, rather than any single organisation within it.	By involving all parts of the supply chain in the strategy development process, it becomes easier to gain acceptance and buy-in to its content. The aims of the strategy in supporting the supply chain and organisational needs should be seen as the prime objective with the strategy being reviewed and changed as the time change.	Strategy Development
Need to be able to align the business need with the potential contribution of P&SM (Wrong way round)			P&SM needs to be positioned within the business and wider supply chain where it can have a maximum beneficial impact on overall performance. The role of P&SM may become one of enabling improved performance through supply chain improvements, rather than delivering improved performance through cost management.	P&SM Positioning (Unique Value Proposition)
	Cross-functional teams should reduce potential conflict and improve the potential for success by bringing together the skill portfolios required to implement and use new ways of working.	Expert competencies should be willingly shared if the focus shifts to the performance of the whole supply chain and not individual organisations within it. Cross-organisational teams should be a natural consequence of the introduction of common ways of working across organisations.	Supplier experts may become the key decision makers within the business as appropriate. A system of interdependency should be created to support the improvement of the supply chain as a whole, with all members benefiting from improved performance. Organisational borders should become blurred as companies strive to maximise the performance of the supply chain as a whole. Problems need to be addressed quickly and by the best available competence (this may not be the next customer in the supply chain).	Team Working
		Customers, probably P&SM, are the usual interface with suppliers and therefore have the most significant influence over the suppliers' responses. The new rule set should be reinforced by demonstrations of the new ways of working and behaving. Appropriate relationships need to be defined and enacted.		Rules of Engagement
		Weak links within the supply chain should become evident and improvement activities applied before punitive action is taken. Suppliers as well as customers should be able to challenge bad practices that damage the collective performance of the supply chain.	Benefits of working together need to be split equitably across the supply chain to motivate a culture of continuous improvement.	Continuous Improvement
		Supplier performance should be measured in terms of its impact on the customer organisation. Both hard and soft measures should be reviewed.	Common performance measurement systems provides the same information to all supply chain organisations, enabling a consistent view of both macro and micro performance. Both hard and soft issues should be measured to provide a more holistic picture of the supply chain and the environment it is operating within. Implementation of the strategy should be measured and the results of implementation shared across the supply chain.	Performance Measurement

Appendix 14: X-Axis Headings Test

X - Axis Test

What mechanisms does our company have in place for bringing about improvement in the business?

Conforming to customer requirements / receiving reactive customer feedback

Cost down activity customer driven
Adoption of customer standards(Honda Green Book / RG2000)
Q1
Customer performance reviews

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

A company-wide improvement strategy from the top

Company wide process improvement strategy
Quality assurance
Process improvement
Reactive and proactive

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

A company structure which leads to an environment which supports, drives and monitors process improvement

MFG Pro introduction
Training
Cell team leaders
Monthly management reports
Champions
Business unit philosophy - customer driven
Steering committee
Internal structure
Improvement recognition

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Establishing and operating a quality management system and audits

Standards
QS9000
Internal systems audits
Best practice manual and audit
AQP process, FMEAs, etc.
Systems - QS9000, CMP
Quality manuals
Standing instructions
Group excellence standard

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Setting objectives at all levels of the business

Key goals
Strategic planning
Business plans (yearly)
Key goals - individuals
Key goals and objectives by department
Plant progress plan
Cell H&S committee
H&S steering committee

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Seeking proactive customer feedback

Customer and competitor information
Customer CSF
Customer satisfaction survey

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Seeking proactive external comparisons

Divisional benchmark audit
Competitor information

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Deploying reactive improvement teams to take corrective actions and prevent recurrence

Concern management
Reject teams
Corrective action teams
Production teams (e.g. Volvo improvement)

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Appendix 14: X-Axis Headings Test (continued)

Providing a structure of dedicated process improvement resource

Process improvers
Group developments
Manufacturing support group
Continuous improvement manager
Process coaches
Process Improvement through Variability Reduction
Programme introduction
Process improvement role
Process improvement and quality improvement
Process Improvement Consultant involvement
Task force
Jishuken (Toyota activity)
MIC and PIC

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Developing our own methods of monitoring in accordance with business requirements

A process of monitoring against objectives and reprioritising resource

SMT reviews (key goals)
Monthly management review
Key measures reviews
Operational reviews - weekly
Cell meetings
Business development review meetings
Team objectives review

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Providing knowledge of improvement tools and techniques

[Process Improvement] methodology
EVA
Constraints
Group improvement process - training
SPC training

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Using past and current information including measurement to prevent and eliminate failure

Reviewing design and manufacturing methods to provide 100% quality

Poka Yoke
Engineering department

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Deploying proactive improvement teams

Change projects
Process improvement groups
Major change projects
Quality project teams - QS9000
QOS ppm focus
QA teams
Quality of final product

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)

Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
67	67	55	48

Appendix 15: Y-Axis Headings Test

Y - Axis Test

What must we (personally) now do to gain full benefit for ourselves and our company from our process improvement learning?

Expert Leadership (P&SM, Change Mgt., Business)	Skill & Knowledge Development	Communication	Business Focus	Change Management	New Ways of Working	Senior Management Sponsorship	Strategy Development	P&SM Positioning (Unique Value Proposition)	Team Working	Rules of Engagement	Continuous Improvement	Performance Measurement
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1. [Automotive Customer] Involvement

Involve [Automotive Customers] [internal consultants] fully.												
Ensure support is available from company & [Automotive Customer] coordinators.												
Presentation days from [Automotive Customer] / PMI to [internal consultant's] company on Process Improvement.												
Consider whether to choose another "shop window" [Automotive Customer] project.												

2. Business decisions

Where are we now as a business?												
Review overall business objectives.												
Confirm exactly what the company hopes to achieve from PI philosophy.												
Examine potential obstacles to future progress.												
Where do we want to be in 5/10 years?												
Break down pyramid management												
Ensure [Automotive Customer] & supplier have the same goal.												
listen to what our [supplier] company wants.												
Start to implement on existing projects.												
Implement on all future projects.												
Discuss future with sponsors.												
Ensure [internal consultant] is given the reins to implement PI.												
Create 6 months-2 year plan of PI.												
Clearly defined objectives milestones.												

3. The role of the [internal consultant]

Get message across to have support from management down to operators.												
Review the material we have learnt.												
Return to respective companies with positive attitude.												
Review with our sponsor & team the progress made.												
Talk to company about role.												
Be unbiased / objective.												
Spread the culture at acceptable rate.												
Have just the one job.												
Admit mistakes.												
Incorporate [internal consultant] role in company understanding of process improvement.												
Identify our overall role.												
Set up a steering group.												
Help construct data for the future.												

4. Communication at work

Be prepared to listen.												
Present objective evidence of our progress to our company.												
Ask questions of others.												
Communicate with your sponsor.												
Communicate progress to others.												
Keep contact with each other to ask for or give guidance.												

5. Training & education

Ask about training courses for other people.												
Improve people's skills.												
Get involved with projects to cement our learning.												
Have management buy in for training of others.												
Have others in the team who are trained.												
Share learning.												
Have a timing plan for training.												

6. Process Improvement teams

Start a pilot team.												
Develop teams.												
Identify improvement teams.												

7. Implementation time

Admit to others that it takes time.												
Agree time resource, etc. available.												

Appendix 15: Y-Axis Headings Test (continued)

What should our companies' Senior Management now do to gain full benefit from our Process Improvement Learning?	Expert Leadership (P&SM, Change Mgt., Business)	Skill & Knowledge Development	Communication	Business Focus	Change Management	New Ways of Working	Senior Management Sponsorship	Strategy Development	P&SM Positioning (Unique Value Proposition)	Team Working	Rules of Engagement	Continuous Improvement	Performance Measurement
1. Establish & communicate their commitment													
Senior people to inform staff of company intentions.													
Be committed to principle.													
Address Piece-work issues.													
"Buy into" this methodology as I have.													
Be committed!													
Make company policy clear.													
CEO to inform senior management of the company position in relation to PI.													
2. Accept it as a long term process													
Realise the long term benefits.													
Do not expect immediate financial gain.													
Do not regard as a Whim.													
Understand it may be a long, painful process.													
3. Initiate a Leadership Structure													
Senior management to consider launching PI as key activity.													
Select beachhead project to lead PI implementation.													
Must agree priorities.													
Form steering groups to enable process improvement projects.													
Hold regular steering group meetings.													
Take responsibility for steering meetings.													
4. Enable the [consultant] role to be effective													
Understand the role.													
Explain my role to all personnel.													
Explain my role to management team.													
Stress to others the benefits of Process Improvements.													
Help me to "knock down" barriers.													
Utilise the [internal consultant] in best possible way.													
Must accept the [internal consultant] for what he is (not as QA technician).													
Support me in influencing others.													
Must ensure the [internal consultant] is focused.													
5. Create & review an implementation plan													
Senior staff & team leaders to invite [internal consultant] to give overview at team meetings.													
Senior management to link PI with other activities; ISO9000, Problem solving, other customer initiatives, etc.													
To review the implementation of PI on a regular basis with senior management.													
Review company goals and Mission to facilitate the identification of CSFs.													
Ensure that all staff are involved in the introduction & development of PI.													
To review the implementation of PI on a regular basis with [internal consultant].													
Agree milestones / targets with me.													
Produce milestone plan of the implementation of PI.													
6. Demonstrate commitment to [consultant] role													
Realise areas where I need further training.													
To obtain maximum benefit from [Automotive Customer] [internal consultant] visits.													
To listen to my ideas in order to facilitate the introduction of PI.													
Create and agree agenda for me.													
To attend the coaching days.													
Make role full time.													
To obtain maximum benefit from coaching days.													
Provide the necessary commitment to the implementation of PI.													

Appendix 15: Y-Axis Headings Test (continued)

	Expert Leadership (P&SM, Change Mgt., Business)	Skill & Knowledge Development	Communication	Business Focus	Change Management	New Ways of Working	Senior Management Sponsorship	Strategy Development	P&SM Positioning (Unique Value Proposition)	Team Working	Rules of Engagement	Continuous Improvement	Performance Measurement
7. Use Process Thinking to Understand Management Roles													
Apply the theory to their own processes.													
Senior management understand their role(s) in the implementation of PI.													
Understand who owns the processes													
8. Provide adequate resources for implementation													
Support teams financially where appropriate.													
Provide the appropriate resources to implement projects.													
Provide adequate resources.													
Provide resources.													
Set up training budget to buy materials.													
To financially support if needed.													
9. Encourage 2-way communication throughout the system													
Communicate with rather than placate customers.													
Ensure clear communication across all levels.													
Listen to feedback.													
Listen to ideas.													
To be continually asking for updates on specifics.													
10. Incorporate the need for Personnel development in Process Improvement													
Release people for training.													
Allow the training of operators in SPC etc.													
Identification of suitable persons to be trained in PI techniques.													
Senior management to sponsor appropriate training / coaching to appropriate staff.													
Incorporate ideas into selection & induction process.													
Trust in my skills and training.													
11. Create correct working atmosphere													
Avoid rule by 'fear'.													
They must reinforce what is learnt is cascaded.													
Make decisions based on data.													
Use knowledge available.													
To learn by mistakes.													
Review management statistics / reports to be presented as control charts.													
Use system correctly.													
Accept the results.													
Ask the right questions.													
Adopt the learning techniques in other departments.													
Create correct working environment.													
Back off from fire fighting to allow coherent team approach.													
Remove blame philosophy.													
They must help educate, not enforce the methodology.													
12. Strongly support Process Improvement Activity													
Give team full support.													
Encourage me to "push on" regardless of barriers.													
Allow change to be implemented.													
Make me feel valued.													
Avoid having a negative attitude.													
Encourage me to cascade the methodology through all levels, TMs (Team Leaders), shopfloor worker, . . .													
To reward the participants.													
Be positive but realistic.													
To encourage process improvement.													
Encourage the team.													
Actively participate in the learning curve.													

Appendix 15: Y-Axis Headings Test (continued)

What does the [Automotive Customer] now need to do to ensure the success of the variation reduction programme in our companies?	Expert Leadership (P&M, Change Mgt., Business)	Skill & Knowledge Development	Communication	Business Focus	Change Management	New Ways of Working	Senior Management Sponsorship	Strategy Development	P&M Positioning (Unique Value Proposition)	Team Working	Rules of Engagement	Continuous Improvement	Performance Measurement
1. Review by [Automotive Customer]													
To constantly assess progress.													
Monitor progress made at regular intervals.													
Keep [internal consultants] trained up to [Automotive Customer] standards.													
Keep involved through reviews.													
Change programme of site reviews dependent upon independence level.													
Have a structured programme of on site reviews.													
Constant review of supplier improvement programme.													
2. Cultural Issues													
Do not hit supplier with big stick.													
Praise companies that are showing variation reductions.													
Practice what they preach.													
Understand supplier methodology.													
Not expect to see rapid results.													
Don't assume that the process is complete.													
3. Customer measurement system													
Improve the collection & distribution of ppm figures.													
Monitor ppm performance.													
Regular review of pp control charts.													
Work with supplier to develop method of measurement of CSF.													
Improve 3 month ppm system.													
Ensure the customer is aware of how they are being measured.													
Establish measurement timescales.													
Improve information from [Automotive Customer] on faults.													
4. Availability of support													
Be approachable.													
Be accessible.													
[Automotive Customer] [internal consultants] to attend coaching days.													
Hold regular coaching sessions.													
Be available for advice.													
Offer continued coaching.													
Presentation to supplier workforce by [Automotive Customer].													
Understand Supplier problem.													
Let the [Automotive Customer] [internal consultant] meet with supplier operatives with reassurance in manufacturing.													
Back up by [Automotive Customer] for [internal consultant] (Supplier) from management.													
5. [Automotive Customer] supplier relations													
Ensure supplier is aware of their ([Automotive Customer] requirements).													
Review of design made easier by {Automotive Customer}.													
Involve supplier operatives with incentives.													
6. [Automotive Customer] supplier communications													
Establish 2-way communication manners.													
[Automotive Customer] [internal consultants] to meet supplier [internal consultants] on a regular basis.													
Establish who are the key contacts within a supplier.													
Develop a closer production relationship.													
Alternate [internal consultant] meeting sites [Automotive Customer] / Supplier.													
Regular interaction between [Automotive Customer] & supplier.													
Regular visits to [Automotive Customer] & Vice versa.													
7. Education & Training													
Reinforcement at MD / Director level.													
Promote within the company at management levels.													
Promote with operatives.													
8. Role of the [internal consultant].													
Allow [internal consultant] to confidentially criticise high level management.													
Ensure [internal consultant] role is full time.													
Define on [internal consultant's] time allocation through management.													
Title of the [internal consultant].													
	108 8%	98 8%	120 10%	83 7%	143 11%	108 8%	105 8%	85 7%	49 4%	64 5%	106 8%	138 11%	55 4%

3.0 Phase Two – Collective Case Study Analysis

The detail described below is identical to that presented in Section 4.8.5 of the main thesis document and is included here as a means of providing a clear link between the appendices and the method that was used to derive them.

Step 2.1 – Construct decision filter:

- The purpose of the decision filter was to create a standard reference from which to evaluate activities and their relevance to the research. The definition of an implementation dynamic was refined during the execution of Step 2.2 and took the form of the following three criteria:
 1. The activities were described in verb form;
 2. The activities did not directly result in achievement of the stated objectives of the development programme;
 3. Instead, the dynamics either enabled or supported the implementation of the stated programme objectives without forming part of the characteristic of the outcome.

Step 2.2 – Extract raw data from case study reports:

- Read the complete set of case studies to gain a contextually collective understanding of the nature of the dynamics and the general themes that might be of relevance.
- Re-read each case study and highlight (electronically in Microsoft Word) descriptions of development activities and how they were implemented. This emphasised the importance of finding appropriate verbs that related to 'how' things were done, rather than 'what' was done. For example, a new process was introduced (what was done) by engaging senior executive support (how it was done). Being able to discriminate required a clear understanding of the stated objectives of each programme as a prerequisite to making the distinction between 'direct' and 'enabling' activities.
- A third re-read was undertaken to understand the contextual situation within which the development took place. The highlighted description was then linked to appropriate generic dynamics within the framework model (the vertical axis) and the appropriate level of maturity (the horizontal axis). The dynamics were identified by codifying the activity

steps that were described in each case. The level of maturity was defined in terms of either the sphere of influence that the programme objective covered (function, firm, dyad or network) or the sphere of influence of the activity itself. The decision as to which approach to use was based on the strength of the logical relationship to organisational entity or activity. If the activity related to more than one 'cell' within the framework then it was placed in all relevant cells. The case study text was electronically 'cut-and-pasted' into the framework document as a means of maintaining the integrity of the original language used. See Appendix 16.

Step 2.3 – Remove duplication from raw data:

- Each of the cells was reviewed in turn to identify obvious duplication of descriptions (i.e. where the same generic description of an activity had been generated from more than one case study). If there were minor differences or ambiguity in meaning the descriptions were not deleted.

Step 2.4 – Re-organise refined data:

- The remaining descriptions within each framework cell were then sub-grouped, based on emerging themes or relationships between the individual descriptions.
- A heading was developed for each set of descriptions that summarised their collective meaning. Key words from the descriptions were used in an attempt to maintain the integrity of the analysis.
- The headings were then placed into the framework as a summary form of the case study analysis. See Appendix 17.

Step 2.5 – Evaluate intra-cell consistency:

- The relationships between the headings were then analysed graphically through the use of cognitive maps (Miles & Huberman, 1994).
- Headings that closely related to each other were bounded together within the maps.

- Any anomalies or 'outliers' were investigated and resolved within the context of the field of enquiry using the Affinity Diagram technique. (Miles & Huberman, 1994)
- The headings were further summarised to provide a succinct definition of each respective issue.

Step 2.6 – Populate framework with content:

- The summarised definitions were aligned within the original framework and any relationships that crossed the maturity levels were highlighted using arrows. See Appendix 18.

Appendix 16: relevant Extracts from Case Study Material : C₁

Business Focus (D₁)

Individuals who are considered for top-level positions need to be familiar with the company and how it operates, be expert at negotiations and be able to deal well with the dynamics of this competitive industry	The corporate training course has been designed and implemented to educate all new employees about the corporate culture and the formal and informal ways of communicating in order for employees to better identify and meet expectations	Job rotation is a planned part of the "basic training" given to new hires to ensure the retention of fundamentals or "how to" knowledge	Be disciplined and committed to getting the job done (i.e., make the right decision for the good of the company)	The company's overall human resource strategy/approach is linked to business plans. Training focuses on those issues important to business units, who have an increasingly clear understanding of the high percentage of total cost represented by purchased c	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals
Maintain current focus on critical success factors	Understanding the differentiated business processes (upstream, midstream, and downstream) and the differentiated working processes within the different business processes	Strategic competence and commercial risk comprehension	Develop corporate culture and attitudes necessary to build a self-learning organization		

Expert Leadership (D₂)

Individuals who are considered for top-level positions need to be familiar with the company and how it operates, be expert at negotiations and be able to deal well with the dynamics of this competitive industry	Increase the development and utilization of management skills in order to obtain the best results from employees	Active monitoring of the organization's quality control efforts to foster an attitude of customer satisfaction and continuous improvement	Company wide training of all supervisory and management personnel in leadership qualities such as: <input type="checkbox"/> Communication <input type="checkbox"/> Interpersonal skills <input type="checkbox"/> Integrity	Standard courses from external agencies have sometimes been customized to address Supply Chain Management's specific development needs	A course has been developed with a purchasing consultant called "Managing the Supplier interface."
A centralized procurement unit will have the mandate to help implementation of best practices, differentiated business processes and differentiated working processes within procurement and supply chain management	Develop corporate culture and attitudes necessary to build a self-learning organization	Developing Self-Leadership	Supply Chain Management advocates both <i>training</i> for performing a set of tasks and <i>education</i> for growth		

Senior Management Sponsorship (D₃)

Company wide training of all supervisory and management personnel in leadership qualities such as: <input type="checkbox"/> Communication <input type="checkbox"/> Interpersonal skills <input type="checkbox"/> Integrity	A centralized procurement unit will have the mandate to help implementation of best practices, differentiated business processes and differentiated working processes within procurement and supply chain management	Develop corporate culture and attitudes necessary to build a self-learning organization	Establish a supply management education steering committee	The company's human resource policy has increased the skill and confidence of their procurement/supply management personnel, and has particularly improved their analytic and supply chain management skills. This in turn has led to lower purchased prices,
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Strategy Development (D₄)

To effectively overcome barriers, strategy, implementation, education and communication of key personnel is critical	A well planned strategy is necessary to reach the goal of skilled and satisfied employees	Recruited, selected and retained high quality personnel	The human resource strategy for the procurement and supply chain organization reflects the company's transition from a transactional based working method to an integrated supply process	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals	The company's overall human resource strategy/approach is linked to business plans. Training focuses on those issues important to business units, who have an increasingly clear understanding of the high percentage of total cost represented by purchased c
The strategy focuses on identifying and acquiring personnel with the capabilities required to implement new processes, reduce concept to market lead times, fully utilize existing suppliers and identify potential new suppliers	Promote attitudes that support the above mentioned overall strategy	Expand the procurement process to effectively support all steps of the different business unit's strategy			

P&SM Positioning (D₅)

The mid-level emphasis is on acquiring candidates with purchasing/negotiation expertise and the ability to manage change	Identify education and skill/experience requirements for various levels of responsibility within the organization	Formalize skill/experience requirements with specific job descriptions	The human resource strategy for the procurement and supply chain organization reflects the company's transition from a transactional based working method to an integrated supply process	Leadership Skills	each group within Supply Chain Management has recently been in a reorganization mode
Procurement and supply chain management comprehension typically enhanced through management development programs, individual competence, and recruitment/selection process	Reorganization focused on separation between procurement functions, purchasing and supply functions	Expand the procurement process to effectively support all steps of the different business unit's strategy	The supply chain management organization is responsible for procurement/supply chain skills, while human resources provides extensive course offerings that support personal development.	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, <i>ad hoc</i> teams, chartered teams and self-managed teams	since the education and development initiatives were put in place, Supply Chain Management has seen an increase in the number of managers being promoted out of the department

Change Management (D₆)

To effectively overcome barriers, strategy, implementation, education and communication of key personnel is critical	The mid-level emphasis is on acquiring candidates with purchasing/negotiation expertise and the ability to manage change	Individuals who are considered for top-level positions need to be familiar with the company and how it operates, be expert at negotiations and be able to deal well with the dynamics of this competitive industry	Be flexible and able to cope with change and ambiguity	The company attempts to fill open positions with existing employees company-wide through an internal posting process	A centralized procurement unit will have the mandate to help implementation of best practices, differentiated business processes and differentiated working processes within procurement and supply chain management
Focus on creating and implementing retention programs to maintain diverse skills and prepare entry-level people for mid-level positions					

Appendix 16: relevant Extracts from Case Study Material : C₁ (continued)

Communication (D₁)

To effectively overcome barriers, strategy, implementation, education and communication of key personnel is critical	To effectively overcome barriers, strategy, implementation, education and communication of key personnel is critical	The corporate training course has been designed and implemented to educate all new employees about the corporate culture and the formal and informal ways of communicating in order for employees to better identify and meet expectations	Be able to communicate well with others, in both selling an idea or concept or explaining a technical process	Developing Communications for Increased Collaboration
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Skill & Knowledge Development (D₂)

Training is performed by one supplier for installation and maintenance	To effectively overcome barriers, strategy, implementation, education and communication of key personnel is critical	They should have better educated the organization on the changes taking place in outsourcing / subcontracting	Required skills include interface and networking skills, along with the traditional traits of goal achievement, results orientation and high quality performance.	Individuals are then selected into jobs based on their match to the requirements, considering both skills and past performance	Supply Chain Management advocates both <i>training</i> for performing a set of tasks and <i>education</i> for growth
At the entry-level, the focus is on recruiting intelligent individuals who are flexible and adapt easily to change, cope well with confrontation and ambiguity and are team players	New employees have mandatory training during their first nine months of employment	The corporate training course has been designed and implemented to educate all new employees about the corporate culture and the formal and informal ways of communicating in order for employees to better identify and meet expectations	Job rotation is a planned part of the "basic training" given to new hires to ensure the retention of fundamentals or "how to" knowledge	Competency Modeling sessions were held to design/redesign many Supply Chain Management jobs and to assess the skills and competencies needed to perform the new functions	The need to allow more time for training and implementation
Be an excellent negotiator and able to solve problems using data and facts	Acquire and employ successful negotiation tactics and strategies	The company has established programs designed to develop its employees and to reward excellence	Identify education and skill/experience requirements for various levels of responsibility within the organization	Develop training plan and classroom training material	After the cardholders are identified, they are trained in how to use the program
Formalize skill/experience requirements with specific job descriptions	Offer opportunities for on-the-job cross-training, third party education and professional development as well as internal courses	<input type="checkbox"/> Negotiation skills and techniques. <input type="checkbox"/> Communication skills. <input type="checkbox"/> Interpersonal and team building skills.	Trained them extensively	extensive re-education of those involved in the planning and buying functions.	Provide executive-level supply chain management training for project team leaders and change agents
Understanding the differentiated business processes (upstream, midstream, and downstream) and the differentiated working processes within the different business processes	Creation of cross-functional teamwork skills	Strategic competence and commercial risk comprehension	Procurement and supply chain management comprehension typically enhanced through management development programs, individual competence, and recruitment/selection process	Standard courses from external agencies have sometimes been customized to address Supply Chain Management's specific development needs	Participating employees' actual projects were used to apply the knowledge and tools delivered in the workshops
Selective retention of "old" attitudes	Strengthen employee competencies in strategy development, negotiation skills, market analysis, continuous improvement and total logistics	Many of the "new" procurement/supply management personnel have engineering degrees or experience	The company uses an extensive supply management curriculum to assist both new and continuing employees in gaining/enhancing skills identified as critical to job performance	Train and retrain the Purchasing people in basic requisitioner and approver areas so they become the knowledge base for questions	Train project team members
A skills profile is established for each job category to assist employees and their supervisors in establishing individual training plans and assessing individual progress	The supply chain management organization is responsible for procurement/supply chain skills, while human resources provides extensive course offerings that support personal development.	Leadership Skills	<input type="checkbox"/> Financial and Strategic Planning Seminar <input type="checkbox"/> Managerial Skills I and II <input type="checkbox"/> Integrated Leader-Manager <input type="checkbox"/> Strategic Management Seminar	In training and development, a process and operational framework is being developed to introduce licensed buyers	A skills analysis activity is currently underway that will allow the company to understand what skills are required in the future against what skills the staff currently possesses
The company's human resource policy has increased the skill and confidence of their procurement/supply management personnel, and has particularly improved their analytic and supply chain management skills. This in turn has led to lower purchased prices,	Increased the emphasis on identifying employees skilled in these areas and using them as mentors	The training will have an increased focus on giving employees more of a "tool kit" rather than focusing on philosophy	A great deal of effort has gone into job design/redesign. The company studied and classified jobs by the nature of work, skills, and competencies required	Provide resource material and team training sessions	Individual training and development
A course has been developed with a purchasing consultant called "Managing the Supplier Interface."					

Team Working (D₃)

this company actively seeks individuals who have the ability to work in a team environment	Since teaming is a focal part of the company culture, several of the culture classes address the concept	Individual contributions are measured by looking at the performance results of the team and by obtaining input from team members and customers	Be a team player, able to disagree and commit, when unanimous decision are not possible	Training will increasingly be given to teams instead of individuals	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, <i>ad hoc</i> teams, chartered teams and self-managed teams
Empowering employees in a team environment and rewarding team accomplishments	Creation of cross-functional teamwork skills	Promoting organizational openness for closer supplier relationships	Teambuilding activities	Developing High Performance Teams	The company's human resource policy has increased the skill and confidence of their procurement/supply management personnel, and has particularly improved their analytic and supply chain management skills. This in turn has led to lower purchased prices.
Focus on cross-functional teams	Focus on differentiated interfaces throughout supplier base, including integrated teams when appropriate	Train project team members			

Appendix 16: relevant Extracts from Case Study Material : C₁ (continued)

Rules of Engagement (D₁₀)

They should have better educated the organization on the changes taking place in outsourcing / subcontracting	Every employee has an individual development schedule which includes recommended internal and external training	Job rotation is a planned part of the "basic training" given to new hires to ensure the retention of fundamentals or "how to" knowledge	Adopt a philosophy of attaining professional excellence	Formalize skill/experience requirements with specific job descriptions	Continued to train and test their employees
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New Ways of Working (D₁₁)

The corporate training course has been designed and implemented to educate all new employees about the corporate culture and the formal and informal ways of communicating in order for employees to better identify and meet expectations	Acquire and employ successful negotiation tactics and strategies	The company has established programs designed to develop its employees and to reward excellence	Provided employees with an advanced technological infrastructure	Supply Management develops a detailed job description and a skills profile for each job category	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, <i>ad hoc</i> teams, chartered teams and self-managed teams
The human resource strategy for the procurement and supply chain organization reflects the company's transition from a transactional based working method to an integrated supply process	The strategy focuses on identifying and acquiring personnel with the capabilities required to implement new processes, reduce concept to market lead times, fully utilize existing suppliers and identify potential new suppliers	Understanding the differentiated business processes (upstream, midstream, and downstream) and the differentiated working processes within the different business processes	Promoting organizational openness for closer supplier relationships	Individuals are then selected into jobs based on their match to the requirements, considering both skills and past performance	Participating employees' actual projects were used to apply the knowledge and tools delivered in the workshops
Strategic competence and commercial risk comprehension	Process understanding and ability to drive the processes	Establishment of the focus on moving from transactional to a business process orientation	Establishment of program for individual competence development	Competency Modeling sessions were held to design/redesign many Supply Chain Management jobs and to assess the skills and competencies needed to perform the new functions	

Performance Measurement (D₁₂)

Individual contributions are measured by looking at the performance results of the team and by obtaining input from team members and customers	Maintain current focus on critical success factors	The company has established programs designed to develop its employees and to reward excellence	Active monitoring of the organization's quality control efforts to foster an attitude of customer satisfaction and continuous improvement	Benchmark other companies	Performance management commitments at appropriate levels contain specific goals and measures
Rewarding employees who excel in customer service and satisfaction	Rewarded employee achievement	Performance based wages will be introduced where relevant	A skills profile is established for each job category to assist employees and their supervisors in establishing individual training plans and assessing individual progress	Individuals are then selected into jobs based on their match to the requirements, considering both skills and past performance	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals
Several "triggers" are used in Supply Chain Management to initiate reevaluations of Human Resources strategies. These triggers lead to examination of internal processes, needs, and capabilities which in turn leads to revising plans, commitments, skill re					

Continuous Improvement (D₁₃)

Individuals who are considered for top-level positions need to be familiar with the company and how it operates, be expert at negotiations and be able to deal well with the dynamics of this competitive industry	Personal development and most professional development training opportunities are optional and geared toward meeting specific individual needs. Every employee has an individual development schedule which includes recommended internal and external training	Identify a hierarchy of job descriptions which define a career path. With career advancement goals established, employees are provided an opportunity to continuously improve their skill base	Develop and promote from within the organization wherever feasible	Continuous improvement is critical to future success. The company plans several initiatives to further the professionalization and competence of the procurement and supply chain organization	Supply Chain Management advocates both training for performing a set of tasks and education for growth
Active monitoring of the organization's quality control efforts to foster an attitude of customer satisfaction and continuous improvement	Promote attitudes that support the above mentioned overall strategy	The company has offered "Procurement Process" and "Continuous Improvement" workshops that involve using "real work" to learn and apply the information presented			

Appendix 16: relevant Extracts from Case Study Material : C₂

Cooperation (C₂)

Business Focus (D₁)

Understanding of the company's internal long-term needs and requirements	Developing strategies that matched identified opportunities	the software that will have the greatest positive impact on the company's operation is purchased first	This commodity strategy is part of an overall corporate strategy to improve continuously in all aspects of business	The strategy will be developed in order to position supply to develop maximum impact to the organization	Core competencies within the corporation will be more defined thus creating a more involved role for suppliers through strategic outsourcing
The second team, called the commodity team, identifies and assesses potential strategic alliance suppliers for a particular commodity against a variety of factors	Total understanding of the company's needs and a supplier's ability to meet/exceed those needs	The company pursues a strategic relationship if the data indicate there are potential cost savings, administrative savings and quality improvement opportunities	Communication of benefits to key decision makers	Functional procurement strategy is driven by the company's strategy for developing and continuing sales	Procurement strategy and capabilities are currently well aligned with overall business and manufacturing strategies, and are aligned across the total company
In addition to cost and technology, the company considers other total cost factors before selecting a strategic partner	The commodity strategy also includes cost targets based on cost model evaluations and internal business requirements	Commodity strategies help balance a broad business with a complex product mix	Clearly identify corporate cost savings targets	task is to achieve maximum value for money while meeting internal customer requirements	Re-engineered procurement and logistics process company wide in line with business processes
Should focus on business process and organizational change first rather than technology/systems implementation	The CPTs merged their separate strategies into an overall strategy	The firm uses annual business management sessions to develop and monitor key commodity suppliers	Annual business management sessions	Achieving customer value	compile a business plan to proceed
Develop employees through career development plans which ensure consistent human resource policies across the company	protecting core competencies	The company recognizes the strategic importance of supply chain management, and they empower procurement and supply management personnel to make business decisions	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals	Focusing on high priority projects	Providing actual savings
areas of activity are not considered core competencies of the company, they are candidates for outsourcing	When this company considers outsourcing it does so by understanding what their core competencies are and how value is delivered to the customer as well as understanding the core competencies of their suppliers	Determine whether the process/function/operation/activity is core or non-core to the company's business	The strategic sourcing studies provide a cross-functional assessment of the future customer, technical and manufacturing needs for the product being studied, as well as the relative strengths and weaknesses of the potential internal and external sources	The interdependencies in systems that are primarily computer based and software driven require a broader view than when everything is hardware driven and relatively independent	Realistic business policy and mission statement addressing company strategies
Does the company have distinctive capabilities that should be commercialized and how?	Willingness to be customer led	Cross-functional input is used throughout a R/Y/G analysis. This company documents specific responsibilities and expected contributions from each functional area	Manufacturing plants are expected to conduct a R/Y/G analysis as part of their annual planning process in order to progressively focus their investments and kaizen efforts on high leverage components and capabilities. Engineering should use this concept	Awareness of business objectives and suppliers taking an interest in the company	Ties together the management of business performance with the overall strategies/goals of the business
Evaluate possible business situations in the future	Better definition of core competencies and strategic versus non-strategic items will be made by the business units with the assistance of the global procurement organization	Personnel from associated systems were involved to minimize problems, ensure fit and success of the project	Significant system unit program testing and full integrated system testing were completed prior to implementation	total system perspective with its suppliers	total system thinking
Develop core requirements using the corporate group and targeted commodity groups; establish stakeholder group to direct the effort	Understanding affiliate business requirements and processes; changing to standard processes	Eliminate any interference with affiliate business process	Identify project sponsor(s) with the right level of leverage and influence that will be able to gain support from executive management, remove cross functional roadblocks as well as mandate and enforce business process changes in the affected organization	Customer satisfaction	Alignment/understanding of supplier capabilities
Support 4x growth in business volumes	Standard business processes in a system that is 'user friendly'	Do not underestimate the impact of new software on existing business processes. Invest in identifying these changes up front and drive ownership of transition management process in stakeholder community	There was an attempt - through discussion at division management meetings, via bulletin board reports, via senior management review and cross-functional contacts by team members - to facilitate sufficient knowledge dissemination and to ensure this system	Supplier alliances are recognized as a strategy to achieve business objectives	A written business plan is developed which defines the business requirements
Since this is the most significant system, it was more important that all functions participated in the planning so that this system met their needs rather than assuring compatibility with anything already being used	Each module then provides reporting and analytical tools to manage the businesses in a common and global environment while viewing the organization as a set of cross-functional business processes	Develop a model of the current business processes and identify improvement objectives, candidate processes for improvement, and estimate benefits of the improvements	Business ownership of the project where senior management is accountable for project implementation and success	The parties strive to understand the needs and objectives of each others' business goals	Document overall business objectives and goals including estimated process improvements or cost savings
worldwide integrated purchasing system. This system is integrated with the company's other key businesses process activities	The implementation of common, global business practices within a common, global information system was intended to enable Purchasing to leverage the global buy	Business model and system model are defined and validated, and operational requirements are established	Major changes to business process arising from the Business Process Re-engineering of the company's core business	Constantly question the status quo or challenge the suppliers and the company to think and act "outside the box" in all aspects of the business relationship	Cultural compatibility
All cost effective measures must be taken to increase the efficiency and productivity of the supply chain	the total number of computer systems across the supply chain and the difficulty in integrating technology has slowed change	The thrust of its strategic sourcing approach is to develop sourcing strategies that support and are in alignment with business objectives	The sourcing leader is a full member of the business team	The processes and technologies required to provide the products are reviewed under various business case scenarios	Complementary capabilities (A good match of combined skills where each company can contribute - where one company has a weakness, the other company has a strength)
Understand the business sourcing needs and affordability constraints through a business diagnostic	An effective start for the strategic sourcing process is to perform a diagnostic to determine where the businesses comply with this best practice and identify improvement areas to derive maximum benefit	Business resource planning integrates world-class planning and scheduling with world-class sourcing	The company performs portfolio analysis to segment materials, services and suppliers into strategic clusters based on criticality to the business and the company's ability to influence supply	Each of the business's goals involving supply will be responded to by one of the five focus areas included in the plan	supply must integrate its actions into the business by overlaying manufacturing and supply strategies

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Identify supply strategies that support business objectives and assesses the risk associated with each strategy	Opportunities for minimizing risk, leveraging, maximizing cost and quality benefits to the business, and maximizing transaction efficiency are identified	The sourcing leader is a key player on the business team in the business resource planning management process	The key driver of the strategy is customer satisfaction	The company's procurement strategy is well aligned and integrated with other functional strategies in the business	Influence technology choice decisions through consideration of commercial/business issues
Develop a fit between the strategy and the company culture	Cost objectives are set by the company	Organization of the supplier parallels the company's organization	The team devises a plan to achieve a supplier base appropriate for prevailing conditions sufficient for the company's business needs and capable of achieving tough business targets	Reviewed business plan in line with corporate planning cycle at least annually	Establish improvement activities by prioritizing the largest gaps in order of highest potential payback
A multi-disciplinary commodity sourcing team is charged with driving the development of the supplier base to a position where it fully supports the company's current and future business needs for that commodity	Respect for each other's business	Identify the company's business needs more precisely prior to involvement with suppliers	Integrated suppliers are expected/required to participate in establishing key company objectives	This strategy will reduce the amount of work the business unit does in the plant and will enable the organization to better concentrate on core activities	Travel center needed to be sensitive to the customer
Where the supplier's core competence is outside the company's internal core capabilities, products, processes and services are jointly developed with suppliers	<i>Strategic Planning:</i> The integration team needs to set a strategic direction concerning the supplier alliance and determine how the plans affect the company's strategic direction	<i>Business Results:</i> Performance and improvement resulting from the integration in key business areas must be examined	Provide access and visibility to short and long-term business plans to ensure meaningful contributions from purchasing personnel	Identifying a common goal that provides benefits to both parties is critical	all software development for all business units within the corporation was pooled and outsourced to preferred suppliers with the capability to develop low cost offshore centers
Realizing ever increasing productivity gains from one project to the next	Their strategy, pertaining to performance measurement, is based on the belief that their measurement system must ultimately motivate their suppliers to best serve corporate objectives and strategies which translate into enhancement of shareholders value	Goals are also tied to internal company objectives	Assess and influence the culture of strategic suppliers against the company's core values (e.g., quality, innovation, investors in people)	Supplier attitude	explore business opportunities
The performance measurement system is guided by the business unit's overall plan developed by its executive staff	Align customer needs with business priorities	Business environment	Suppliers having similar philosophies and objectives to the company are selected	Allows the company to look at all of the factors relative to how they affect its business	Cross-functional perspectives gave the program robustness and ensured support
Driving the business with metrics and setting aggressive but attainable goals	Demonstrate the impact of these strategies on the business The performance indicators are an integral part of the strategy to improve strategic business units' and corporate group performance in procurement and logistics	the company has found that cross-functional teams focusing on business analysis and evaluation of the supply and demand strategy at commodity and purchase family levels is extremely cost efficient	The starting point for the company's implementation process was the business direction, which led to focus areas and objectives, which were translated into quantified targets	Initiatives that require a company wide focus are highlighted as such and a cross-company team is formed	Most improvement initiatives are based on a business unit's specific needs
A new procurement and business direction statement was issued	The SCM strategy is actually a system of strategies that identify, measure and manage the significant cost drivers both within the company and throughout the supply chain	The company's procurement and supply chain performance measurement strategy is aligned with the overall business strategy	The direction is cascaded throughout the organization to department and section level and incorporated into their business plans	The company stands on the belief that a partner can only be developed in the long term if the partner has the same basic culture and values	The company considers strategic supplier alliances as a fundamental, vital and essential element of their business plan
Identify the performance measure based on the target from the business plan	a decision was made to locate team members throughout the business units to maintain insight into business unit requirements	A key result of the reorganization effort is that procurement strategy development is now aligned and integrated with business unit, manufacturing, technology and even supplier strategy development	<i>Mission:</i> To produce results as an integrated part of the entire business process	Compatible corporate beliefs	The companies can then modify the implementation process if needed and both can adjust with changing economic influences
Commodity teams use consensus decision making with emphasis on primary users, importance to the business, and relationships with suppliers	Meeting conducted by Vice President of Corporate Supply Management and supply executives to review input from business and to develop the areas of focus needed from supply to maximize functional performance and to best serve business needs	Creation of specific actions which, when executed, will have maximum impact to the business	Continuous updating to match business needs	Obtain senior management support	Align the business objectives and philosophies of the buying and selling company
Identify suppliers with similar business philosophies and practices	A <i>Strategic Sourcing Executive Council</i> (consisting of senior management) validates that the proposed strategic alliance candidate does not conflict with the company's long-term business objectives and strategies	Commercial viability, not a cash drain			

Expert Leadership (D₂)

Personally sell the program to all sites and managers	The teams include representatives from purchasing, user groups and technical experts	commodity team consisting of purchasing professionals, technical experts and direct users	Willingness to rewrite standards	Team based engineer was positioned as an additional resource to help individual locations push testing and conversion process	Appropriate positioning of project leadership for both purchasing and design engineering organizations
Form a cross-functional team that includes members with high technical competence	Apply good procurement leadership: <input type="checkbox"/> Agree on the expectations <input type="checkbox"/> Achieve an effective roll-out <input type="checkbox"/> Strive for continuous improvement <input type="checkbox"/> Trust the supplier team	The company rejected a global approach in favor of launching regionally. The process at remote sites failed because teams were not used, the process lacked ownership and communications were poor	Standard courses from external agencies have sometimes been customized to address Supply Chain Management's specific development needs	Supplier expertise in design and manufacturing capabilities	facilitated by a third party expert
The tactical team helps to: <input type="checkbox"/> Transfer know-how including the engineering of the facility <input type="checkbox"/> Provide process technology assistance and engineering support <input type="checkbox"/> Share key personnel for start-up and continuing operations	A strategic sourcing study is conducted to help the executive sourcing council determine what capabilities are strategic and where limited resources should be focused	The plant or entity manager should select a "leader" for the analysis to ensure clear leadership is identified	Project management skills and tools	Hiring of consultants to oversee the process.	The Manager of Quality and Supplier Development acts as a facilitator in these meetings
Knowledgeable and dedicated personnel assigned to the project, both from users and IS, with a key user and IS project leader	Identify project sponsor(s) with the right level of leverage and influence that will be able to gain support from executive management, remove cross functional roadblocks as well as mandate and enforce business process changes in the affected organization	Do not underestimate the impact of new software on existing business processes. Invest in identifying these changes up front and drive ownership of transition management process in stakeholder community	Selection of experienced, knowledgeable, and progressive personnel for the project team	The company provides supplier development facilitators to perform workshops at suppliers	Evaluation of financial strength is outsourced by an outside contractor

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Define constraints around program. The design team defined specifications around the who, what, where and the how much of the program. This identified who the installation audience would be, and exactly what is included in the program	There was a need for a greater commitment from the accounting group. Accounting played a key role in the success of this project. Their commitment to the team was vital. However, a team representative more knowledgeable in the business process flow was	"Stars" of the organization are implementation leaders and decision makers	These changes (usually requiring large effort), are prioritized by this system's Steering Committee	Specific individuals were made responsible	Commodities that were jointly agreed upon became the basis of supplier alliance teams which were staffed by experts from both companies
An annual budget for continuous improvement is established by the this system's Steering Committee	A sourcing leader position was created in each of the primary SBUs to lead a business-specific multifunctional team to execute the strategic sourcing process	the sourcing leader leads the business resource planning implementation	Employment of the right person (i.e., the individual has technical and business competence, leadership ability, etc.) in the sourcing leader position	A vendor manager is appointed as a single point of focus (not contact)	A corporate-based commodity management function consisting of key experts manages strategic suppliers
The sourcing leader is a key player on the business team in the business resource planning management process	The solutions found are evaluated by a special committee and published in an informative paper provided to all company employees	To intensify the coordination between functional groups (e.g., research/development and sales), the company hires special coordinators	The company uses both internal and external (independent) sources to assess the integration effort, supplier relationships and product and customer satisfaction	Combine total commodity and supplier alliance strategies under one strategic manager and one business unit	Use one focused manager to gain synergy early in the process
Independent quality and customer satisfaction studies are also performed	Supplier's also have direct contact with the company's project management, rather than just communicating through business managers	The team members develop expertise in their commodity and become the recognized authority on their commodity within their functional group	Suppliers have been hired as consultants to provide insight on internal processes that are similar to the processes at the supplier's company	Alliance managers were trained to provide insight on strategic cost management and basic procurement through a workshop and quarterly meetings to share information	Select the suppliers and appoint a supply manager position for each alliance
Program managers specific to materials became core members of each new product development team	Have the process driven by those that own the overall business process (the profit and loss managers)	Relationships with suppliers are now managed by "development units" rather than manufacturing. These separate units are responsible for validation and support of the supplier product development effort	The company, recognizing that the supplier is an expert, relies on this practice based on the need for the supplier to evaluate prototype or product performance on an initial, current and continuous basis	Operational contracts are developed that scope the business relationship in detail	A Commodity Manager defines the existing supply base and associated market pricing
The best practice manager ensures that the team utilizes the best tools to achieve the best results, such as design for manufacture and design for assembly methodologies	Focus management time and attention on strategic suppliers	Work with professors of purchasing and supply to identify and develop new and innovative purchasing techniques	Consultant workshops	Consider bringing in risk management representatives	Strong equipment capacity and operational expertise
The course is delivered by professionally trained presenters with purchasing and supply backgrounds	Principal outputs from the contracting and procurement function include strategy opportunity identification and development, as well as strategy implementation support	Supported implementation to deliver success	Put specialist and corporate networks into place	This multi-million savings figure was confirmed by three consulting companies as a viable target	outside consultants are brought into the company for more formal education to a broader audience
Retaining consultants to provide alternative perspectives	New measures or goals are initiated by an individual business unit or consultant	Having to train and utilize in-house experts in determining evaluation criteria	Consultants were utilized to develop cost reduction programs over several years	Created a new position, Manager of Quality and Supplier Development, to serve as impartial liaison between the company and its suppliers	An expert group of supplier support and development engineers
Performed benchmarking/consultant analysis, which eventually identified the need to pursue longer-term agreements with partnering suppliers	This realization was also made clear through the use of an external consultant	a vice president of supply was hired from another firm which had successfully initiated a similar strategic plan	cross organizational steering committee of supply executives	To insure unity on supplier development actions, purchasing uses a "liaison manager" assigned to each function with which they interact. These individuals are charged with maintaining proper communication and coordinating activities when other functions	The steering committee acts to guide the product/commodity team
The corporate champion will assist the focus/business team champions as required and will be a member of all focus teams	The corporate champion will be responsible for assessing the performance of the focus team champions	Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	The data for this was assembled by a team of the ten top purchasing staff who could identify local, regional and global priorities	The time of experts and consultants was insufficient	To measure suppliers' perceptions of the buying firm, a third party polled well over 1,000 of the buyer's suppliers
The top ten team takes joint and collective responsibility for their recommendations and decisions	Having a singular worldwide "expert" for each key commodity	Implementation by a remote worldwide commodity "expert" was not as effective as using local or regional purchasing managers	It sees the process as being driven by the supply chain management team with procurement securing supplier participation where necessary	Technically competent personnel were assigned to develop the relationship.	Put all related technologies/suppliers under one operation and engineering focal point
This strategy was assessed by internal executives and external experts	Hired a highly-regarded procurement professional as Chief Procurement Officer	The CPO took six months to analyze company procurement activity on a worldwide basis and identify opportunities	the company externally recruited a new functional leader	Utilization of trained senior personnel to administer the process	The team is chaired by the strategy board manager from core purchasing
Appointed new director-level purchasing and logistics expert from outside company	Reviewed strengths and weaknesses of procurement operation	Restructured procurement executive to provide broader range of experience and new blood	The company also engaged the services of a major international consulting company that had worked with other organizations in purchasing reengineering efforts	The supply manager, who is usually a technical person, is the primary interface between the company and the supplier	Assign a leader, to facilitate the benchmarking and learning process between the two companies, a commercial resource/buyer and a quality resource person to each alliance
The consultants were very valuable in this activity	Should have been more aggressive right from the beginning, moved too slowly and too softy	Consulting is provided to all levels of the procurement hierarchy	Providing resource support	The alliance team obtains input from selected individuals with relevant expertise	forming more long-term agreements and partnerships with expert suppliers
In some situations, local nationals have been hired, trained and are responsible for in-country purchasing requirements	Install commodity management director and manager positions	bringing a procurement specialist who was an expert in the cost structure of this type of service into the decision making process. This specialist managed the negotiations and had extensive input on the decisions being made by the benefits department			

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Senior Management Sponsorship (D₂)

Concurrent to the bidding process, the multi-functional team communicated the results of the strategic procurement analysis study to the divisional plant executives and materials managers to obtain buy-in and secure site leadership	Reporting all results to maintain corporation/senior management's continuous support	Before the commodity strategy bidding began with the four preferred suppliers, an implementation team obtained buy-in from key personnel at the corporate and plant levels	Gain buy-in and strategy approval at the corporate and plant site level	Create director of global sourcing position	Present the case to an internal team for approval
Management established a cross-functional negotiation team (NT) headed by the procurement sourcing operations manager as a sub-team of SMT	Upper management support	The steering team receives input concerning which commodities to review from several sources including management directives, user groups and the purchasing analysis group	Complete executive management support throughout the process	Having an influential sponsor at a senior level in the business	Securing strong global support
Obtain early "buy-in" from the stakeholders of the purchased commodities to ensure greater acceptance of decisions made by the product teams	Identify communication network key players from the company and supplier and reach agreement on the strategy to be implemented	Place related technologies under one management structure	Same managerial focus for the engineering and operation members of the commodity team	Interested operating companies provided the appropriate resources (team members) to work together	Strong management support on both sides of the alliance
Organize all related technologies/suppliers under one operations manager and one engineering manager	Organize the total commodity and supplier alliance strategies with one strategic manager in one business unit	Involve key process stakeholders earlier in the process.	Executive management commitment	There is a need to continually communicate upward to ensure buy-in	Support and encouragement from senior management on an on-going basis, including commitment of resources
Dedicated resources in terms of quality and quantity	A senior management steering team was formed which provided direction	Participation of key management people	A key enabling factor was the need for additional human resources for strategy implementation		This process is led by the commodity directors and purchasing engineers
Assign resources necessary to support and be responsive to personnel at the buyer's facilities	The company recognizes the strategic importance of supply chain management, and they empower procurement and supply management personnel to make business decisions	Executive management support	Ensure all shared services, company-wide, go through this basic assessment with senior management involvement in the considerations and approval/endorsement of the decision via the management process	Upper management was confident that the Supply Chain Management group would explore new ways to deliver better overall performance	This group received senior management support in its task to re-engineer the supply chain
Achieve detailed, committed, client input to the review process with clear top management support	Strategic sourcing studies are chartered by an executive sourcing council that identifies a sponsor and team leader for each study. The sponsor and team leader identify the work team and steering committee consisting of the key stakeholders for the study	Upon approval of the concepts document by the project steering committee, resources were allocated	Top management's approval and support of the project.	Senior management sponsorship.	commitment to staff the teams that were going to work in the targeted areas
That project managers (one for IS and one for Users) need to be assigned "up front" and held accountable	Develop core requirements using the corporate group and targeted commodity groups; establish stakeholder group to direct the effort	Obtain top management support at the affiliate to convince middle management to support the required changes and to insure local ownership as well as corporate ownership	Identify project sponsor(s) with the right level of leverage and influence that will be able to gain support from executive management, remove cross functional roadblocks as well as mandate and enforce business process changes in the affected organization	The importance of the program had to be stressed to managers repeatedly until their commitment levels rose enough to get the momentum going	the support of top level and middle management
Document and agree on scope of project with sponsors and stakeholders	Allow adequate time and resources in project plan to account for drain on resources from newly installed customer base	Users and management met to brainstorm scope, alternatives, and likely specifications	A project team was formed to evaluate opportunities for all functions within the company and to negotiate funding, priorities, and support personnel with senior management	senior management	Management commitment is important here from the supplier's side as well as the company's and is continuously solicited
Senior management dictated highest priority to this project for members of the project team; therefore there was no competition for the people assigned	Senior Management agreed with the conclusion	Business ownership of the project where senior management is accountable for project implementation and success	Senior management sponsorship	Management support with clear focus on results	Management commitment to the process
A supply chain focused steering group of all department heads within the business unit is used to encourage cooperation between functional groups	The company's lack of senior manager buy-in from functional units across the supply chain has hindered improvement and change implementation	Establishment of a single person in each business who is accountable for the unit's supply chain performance	Acknowledgment from corporate leadership that procurement and logistics are not support functions but are fundamental business processes with the equivalent status of manufacturing, marketing, research and development, etc.	Lack of executive support within the company for supplier development	Management commitment
The company's strategy led to a better understanding by senior management of the value that effective procurement brings to businesses	Senior management initiated the process which is still in progress	Determine the importance of improved procurement and supply chain integration (performed by senior management)	there are no financial rewards; however, there is compensation for time and more importantly, recognition at the senior executive level	Senior and staff buyers are assigned to large primary suppliers to serve as matrix focal points. This assignment enables suppliers to see a company representative no less than once per month to monitor performance and work on problem resolution	Local managers are responsible for the execution of training plans for their direct reports
All team results, particularly those noted as exceptional solutions, are presented to the President and Vice-President of the company	Other methods which further contribute to the enhanced cooperation and coordination between functional groups are encouragement by senior management	Attain senior management support	A significant lesson the company learned during strategy implementation is that there was a need to continuously solicit middle management support and enthusiasm for the projects	Total management support	The team selects the supplier(s) and obtains management approval to proceed with an agreement
Considerable effort was made to get key stakeholder (e.g., senior level management) support. In the future, more effort will be made to also obtain middle management buy-in	Over the next six months, departmental senior and middle management visited each work group and helped develop perspectives and expectations	senior managers across different SBUs, including the procurement services organization, collaborated to develop a vision statement and a set of strategic imperatives to guide the organization for the next five years	Senior and mid-level procurement management came together in another series of strategy sessions to formalize a strategy implementation framework and action plan	Ensure top management support on both sides	Top management of the selected suppliers were invited to join divisional management for the supplier alliance day
Executive support must be maintained throughout the effort until total cost initiatives become habit	Suppliers also participate in quarterly meetings with senior management to review project progress	The team submits the plan to senior management for review and final approval	Policies identified by a director level commodity policy committee accelerate the supplier selection process.	Reinforce partnering effort through senior management articles in supplier newsletter (published every other month)	Supplier partners benefit from a relationship that has full management attention

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Each production buying commodity group is headed by a purchasing executive. This person has substantial experience within the company and is well known to suppliers in the commodity area of concern.	Capable, committed and innovative management and workforce dedicated to continuous improvement	Communicate results within the team, ensuring support of top management while implementing the new ideas	Obtain management involvement at the highest level from the operational side of the business	The supplier interface includes meetings with both buyer and supplier top executives	The senior purchasing executive reviews the ratings and the suppliers are ranked
<i>Leadership:</i> Senior executives must become personally involved in creating and sustaining integration efforts	Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	the company had to reject past practices that acted as "roadblocks" to integration. These included traditional management philosophies, management by objective, and traditional supplier/buyer relationships involving short-term, price based contracts. Th	Early acceptance from the manager of each operating plant was required	Several key management partners were established as primary interfaces with the supplier and act as facilitators to assist networking	Senior management commitment from both companies in the alliance
Cross-divisional projects are difficult to sell because plant managers often feel they lose control in the early stages of the project. Senior management support is critical during these stages	Insist that supplier representatives hold high enough positions to accomplish the responsibilities and tasks assigned to them by the product development teams	The company initially formed a number of engineering teams that did not include representatives from management. The teams failed frequently because the selected leader lost control to a dominant member who led the team in a direction contrary to managem	Convince top management of the viability of the "Unity" measure over more traditional cost measures	has hands-on involvement by top management	Top management from the company is involved with their strategic suppliers
Sell the whole concept to top management	Acceptance by senior management	Instigate and promote CEO and management's focus on purchasing issues	The performance measurement system is guided by the business unit's overall plan developed by its executive staff	Senior management commitment	Ensure adequate time commitment to the strategic alliance by the Cross-Functional Team leader and sponsoring managers
Executive management objectives	Obtain management buy-in	Initial management acceptance	a mandate was given to the corporate function to define a new set of measures	The Steering Committee meets the supplier's management to assess their interest in exploring a strategic alliance	The Steering Committee and the supplier's management then jointly initiate and sponsor a Cross-Functional Team with personnel from both companies
A new performance measures outline was developed and endorsed by management	Attaining consensus of what is important	Senior management buy-in and commitment	Get top management more intimately involved in supporting the SCM process	Senior managers orchestrate these activities	Management meets to exchange operating philosophies, decide fit and identify the required next steps. These discussions are not rushed or managed in an atmosphere of deadlines
In the original strategy development discussions, it was recommended to assign a core group at corporate to support SCM initiatives. However, sufficient support to add the resources was not given. Regardless, SCM champions are trying to secure greater t	The process to establish targets and goals begins with senior management who set the direction, vision and mission for the company	Management's support	Management support and commitment to the time-consuming process	Create a position for a global procurement vice president	Install commodity management director and manager positions
Team members, who are full-time commodity team members and report to the Commodity Director, who is the team leader. The Commodity Director, in turn, reports to executive purchasing management at the corporate level	At the corporate level, strategy implementation involved the creation of executive level positions in purchasing,	Hired a vice president of purchasing responsible for centralized strategic control	Hired a vice president of purchasing for Europe	The business unit's management considers the strategic aim of the organization before taking actions	Corporate leadership and investment was required to create the center and enforce compliance with the new process
The executive officer of the company communicated to others that change was a necessity and that he supported the reorganization. Early implementation issues went directly to the executive level for resolution	The company also established new executive positions, which reported directly to the president, to coordinate company-wide purchasing, transportation and inventory management.	Executive management, while still working positively to gain the support of local units, made it clear that change was not voluntary	This person was given full authority to re-engineer the entire procurement process in any way necessary and had the full support of the Chief Operating Officer	Creation of an appropriate leadership team	Senior management support
Benchmarking (the past president's experiences and the consultant's study previously mentioned), as well as consensus voting of the supply executives developed, delineated and reinforced these concerns	supply organization managed by corporate, business-level and focus team champions	<i>Corporate Champion:</i> Responsible for the total process and the development and maintenance of the Supply Management Strategic Plan	Strategic plans for each major business/geographic area reviewed by VP to establish supply's present role	This selection was presented to senior management for approval	Gaining support from all major stakeholders at each stage in the process
Champions selected for each of the key areas and performance to date for each area developed for management review	Management reviews conducted for endorsement of actions	Senior management support	Positioning of supply management within operations at senior enough level to be strategically effective	A commitment to follow-through and implementation	a summary presentation to the executive review board for project approval
Supply cannot develop an effective global system independently and therefore was forced to be part of a manufacturing and/or financial implementation plan	Each focus area is headed by a different supply executive	areas of the strategy implementation which could deliver fast, big savings, had major monetary spend impact, gave good support to marketing and specifically respond to senior management requests were chosen	Senior management support, funding and patience	Gain agreement and support from all impacted internal functional areas	Involve both customer and supplier upper management in review of both the improvement opportunities and results
top management support was secured by aligning the new worldwide sourcing organization closely to the new global marketing organization	Having identified top management support as a critical factor for success	The company has appointed a senior director with specific supply chain management responsibility	The purchasing function/process for production purchases is viewed as a key strategic asset by executive management	both executive management and commodity managers/teams are involved.	This time-consuming approach requires the support of senior managers
executive management believed procurement was a significant opportunity area	Obtain senior management buy-in from other functions. This is facilitated through early involvement of other functions in developing and executing the procurement strategy	A key executive drove the process and facts were continuously used to demonstrate results	Alignment of strategies across business units has been achieved through a direct reporting relationship to a global sourcing vice president	Top management support was essential to kick-off the program	Alignment of management objectives

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

gave him charter to overhaul the company's entire procurement function	A concept was developed and approved by the company's CEO	Raise profile by involving senior management in supply chain decisions	targets were determined early on and presented to senior management for endorsement. Once this had been done, the raised profile resulted in frequent board level review of progress	Top management support was essential to the developmental stages of the program	Top level management of each of the organizations was kept informed of the team's progress
team building for executive managers	Management commitment up to most senior level throughout company	it was deemed vital early in the plan's inception, to involve high level key stakeholders who were simultaneously helping to develop the other strategies	Secured strong endorsement of plan by top management	Longer term relationships depend on top management support from both parties	Management executives are selected and dedicated to particular suppliers and assigned the responsibility for monitoring their respective issues and development progress
Reviews and follow-up meetings with top management to report progress and to seek direction	Prior to implementation of the strategy, top management had to be convinced of its value	it was necessary to provide top management with examples of positive results achieved in other companies when similar strategies were implemented	Top management of corporate purchasing (i.e., vice president and three directors) functioned as the leaders and the drivers for the strategy	A decision by management to pursue a quality or partnering supplier is made	The team evaluates all information using critical analysis techniques, prepares a report and makes recommendations for management approval
Active support from top management and key stakeholders	Establish buy-in, train personnel and begin implementation	Management support and focus have increased dramatically as the results of the company's global strategies become realized	Cost/benefit analysis made executives eager to begin the global implementation	Long-term supplier development relationships should not be left with the commodity review team. Total involvement of management, users and the steering group is needed for an objective assessment of recommendations	Operations Directors are responsible for their facility
Management commitment was another key ingredient to success.	The gap analysis got senior management interested, but on-going communication kept them involved and committed	Presenting the gap analysis proved to be the solution for a lack of executive understanding and helped to free up the resources needed for implementation	management philosophy	Adequate travel budgets and time allocated for professionals to visit suppliers	the results are reviewed with senior management
<i>Purchasing Steering Committee</i> This committee of the purchasing organization's top twelve executives meets quarterly to discuss corporate purchasing direction and strategy	Designate team champion	Lack of resources	Procurement executives chose a strategy of alliances and rapid development of suppliers	Obtain management commitment from both companies	Assign ongoing management resources
Management commitment to prepare the company for change	Quarterly strategy meetings between supply partners and P&S executives	Top management's involvement in these early stages and throughout the day-to-day working relationship are drivers for establishing trust.	Top management commitment must be evident from the buyer's and supplier's management	Participation of executive management from both the supplier and buyer	Engineering and purchasing management approval is obtained
Top down management commitment	This team gained buy-in from top management by presenting the benchmarking research and by agreeing to run a pilot	<i>Senior Management</i> selects a material/service category for evaluation	A cross-functional <i>Steering Committee</i> consisting of various departmental managers is implemented to champion the process	Management commitment	Commitments are reached at the senior level of both companies
The involvement of individuals, especially senior management, needs to occur early	The <i>Cross-Functional Team</i> meets with the <i>Sponsors</i> from both companies to solicit their approval to move forward with the team's recommendations	the company continues to struggle with the competing time commitments of its management.			

Strategy Development (D₄)

A multi-functional team, which included operations and purchasing management, conducted a strategic procurement analysis of the industrial market for the selected commodity	Jointly develop the commodity strategy with key users	Formally write the strategy during initial implementation	Develop mission statements and milestones for strategic supplier alliances	Develop an appropriate relationship strategy based on the use of the matrices	Develop relationship plan
Cross-functional teams to develop commodity strategies	The team develops a strategy for negotiating with suppliers	Developing strategies that matched identified opportunities	This commodity strategy is part of an overall corporate strategy to improve continuously in all aspects of business	Identify critical areas for improvement	Team consensus on mission, value and goals
This company established two types of cross-functional teams to develop its commodity strategy	Change is key component of any new strategy, although many employees resist changes	Conduct additional cross-divisional strategy setting sessions	Resolve issues of roles and responsibilities when establishing commodity strategies	Realistic business policy and mission statement addressing company strategies	Create climate of real competition
The company established a management project reference group to assist the line personnel with practical issues and strategy clarification	The CPTs merged their separate strategies into an overall strategy	Some of the new ideas contained in the contracts should have been coordinated between teams to avoid redundant work	Both a procurement specialist and an engineer are part of a cost analysis team that brings specific knowledge of the commodity to the process	Commercial pressure on supplier	Suppliers receive specific cost reduction targets and submit specific plans for achievement
joint quality plan with short and a long range improvement goals	to effectively and knowledgeably manage the business relationships and procurement practices of the company when interacting with the supplier base and those in the company having an interest in the procurement function	The company hopes to realize more "depth" in overall operations through improved supply chain management, and to increase interdepartmental cooperation by making these changes to their human resource strategy	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals	Initial list of commodities/services selected that would generate maximum opportunities for supply chain performance improvement	Alignment of management objectives
The first team they create is their strategic team	both the supplier and the company share the same vision	Identify the most likely alternatives for future strategic direction	Understand other ordering processes, reengineer to new process and develop policies that are consistent across business units	establishing strategic initiatives to close the gaps	goals and strategic directions are aligned with the objectives of preferred suppliers
Define objectives and critical success factors	Develop a model of the current business processes and identify improvement objectives, candidate processes for improvement, and estimate benefits of the improvements	Redesign/reengineer processes to support strategic vision, business objectives, and critical success factors	Design migration process to convert data from current systems to the new system	Aligning management objectives and strategies with those of the targeted supplier	Total system thinking is one of the over riding issues in these meetings. Plans are set for the expected duration of the project and focus on building bridges between suppliers to create critical interfaces between them, sometimes even between competitor
The sourcing leader develops and executes business-level sourcing strategies	Develop a comprehensive sourcing plan	Strategies and action plans are then developed and implemented to realize the opportunities	The business resource planning sales and operations planning process is used by the business team to create aligned objectives	Each team defines the initiatives needed for the supply base for which they are responsible	One of the key first steps in defining relationships is coordinating strategic plans and supplier requirements with the company's most critical partners

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

This company views integrated supply chain management as one of the most important elements of its present and future strategy based on its competitive situation	The approach is to focus on the whole process rather than on a special segment in the business unit	As a result of these customer satisfaction ideals, one of the company's main goals is to simplify and to integrate the supply chain	The target is to plan and execute product development, construction, production planning, purchasing and logistics simultaneously rather than sequentially and to intensify the integration of suppliers in this process	Planning and execution of joint cost savings sharing projects with suppliers	Improvement goals and objectives are set
Define future goals	Formulate strategy (e.g., organizational changes, change of culture, etc.)	Assess results periodically and update strategy if necessary	Develop a fit between the strategy and the company culture	Have direction and strategies clearly defined and communicated regularly	shared goals and mutual interests have created a desire to succeed above the company's stand alone desire
Common vision of teams	The design of the corporate strategic sourcing strategy initiative and the use of strategic supply teams was jointly designed with the various company organizational and divisional groups	Company-wide strategic supply teams were used extensively to formulate strategy and negotiate long-term agreements	This company gathered pertinent information and requirements before developing its procurement and supply chain integration vision and strategic initiatives	necessary to monitor supplier performance closely to ensure inter-company alignment of competitive priorities and strategies	It's goal is continuous improvement in all performance areas
It developed its lower-level initiatives and objectives through collaboration, participation and cross-functional interactions	The result is specific performance objectives spread across several SBUs and regions that all align with and support the company's vision and goals	senior managers across different SBUs, including the procurement services organization, collaborated to develop a vision statement and a set of strategic imperatives to guide the organization for the next five years	Equipped with corporate strategic imperatives, departments within the various SBUs developed a subordinate set of local vision statements, strategic imperatives and tactics. The same process was followed in developing more granular imperatives and tactic.	Shared mission and goals	Long-term perspective
Senior and mid-level procurement management came together in another series of strategy sessions to formalize a strategy implementation framework and action plan	Common top-level objectives	The company encouraged cooperation and coordination between functional groups by establishing common top-level objectives and cascading them down to all organizations	The company uses the extended enterprise strategy to promote communication and information sharing	The company strives to maintain long-term relationships without price pressures eroding the relationship	Matrix buy-in to the strategic plan
Supplier integration targets were established to source all components by program approval so that all requirements come from production suppliers	The company attempts to become the supplier's best customer by: <ul style="list-style-type: none"> • Replacing market discipline with target costing (approximately 90% non-bid sourcing) • Providing incumbency guidelines to help build long-term relationships with suppliers • Creating open 	The company will continue to identify process improvements in their current integration strategy	The company wants its suppliers to perceive the company as a core customer or one to be developed	Mutual benefits	Shared risk
Cross-functional "commodity strategy teams" define the commodity level strategies and supplier selections. These teams are also responsible for developing and maintaining a commodity business plan where appropriate	Perform supplier evaluation and selection during the definition and planning phase of product development prior to final inclusion of the product in the roadmap	Integrated suppliers are expected/required to participate in establishing key company objectives	Where the supplier's core competence is outside the company's internal core capabilities, products, processes and services are jointly developed with suppliers	establishing implementation time frames	Specific topics and joint activities were developed on 'day two' for each selected strategic supplier
Establish clear expectations for both parties and define what will constitute "success"	Establish a process to review the shared vision and goals and to assess the progress made towards achieving each	<i>Strategic Planning:</i> The integration team needs to set a strategic direction concerning the supplier alliance and determine how the plans affect the company's strategic direction	Provide access and visibility to short and long-term business plans to ensure meaningful contributions from purchasing personnel	Concentrated resources on strategic businesses	They want to extend their quality culture by involving key suppliers in the same quality process
Conduct quarterly management meetings with major suppliers to discuss forward development roadmaps from both sides	Establish a top level plan between parties	Develop and agree to a detailed development plan with the supplier	supplier presentations of individual technology roadmaps	Commodity strategies were modified to reflect current supplier performance markets and changes in manufacturing configuration and raw material requirements	Conducting additional cross divisional strategy setting sessions within the company
The interaction of the two firms encourages an openness and willingness to share information regarding partially developed products based on either existing or new technology	communication between the two firms on all subject matters is made easier by the development of personal relationships between the staffs of both companies	Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	Customer input was integrated into the decision-making process	Interactive quarterly technology reviews with all first-tier suppliers drive technology plans	The engineering representatives of the global commodity team set qualification plans for the new products. The plan establishes broadly focused goals for the supplier to reach final quality objectives for new products and provides information for the sup
Identifying the customers	Understanding how the customer defines satisfaction	Review and agree upon policies/strategies through a quarterly purchasing board review process	Develop a complete supplier management strategy based on the core values of vendor accreditation	Develop a multiple-supplier strategy	inconsistent goals to the supply base
Align customer needs with business priorities	Set the goals	Refresh the goals	Redo the goals	Development of a technology-specific commodity strategy	Strategic supplier alliances are being implemented as part of the company's overall strategy

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Driving the business with metrics and setting aggressive but attainable goals	Setting targets, both at the strategic business units and the group level	The company aligns development and implementation of procurement and supply chain performance measurement with its macro model for change through strategy development and implementation	Development of strategies and their application	Prioritize and agree on which improvement opportunities to work first	Sharing of both strategic and tactical plans
Re-focus efforts where required	The SCM strategy is actually a system of strategies that identify, measure and manage the significant cost drivers both within the company and throughout the supply chain	Conducting executive and supply management meetings to reach consensus on what is important to measure, how to measure it, and where the goals need to be set	Updating targets based on performance results	Co-development of goals	the company went through the formal process of developing a strategy by obtaining cross functional and cross divisional input
Progression toward shared mutual objectives is the direction to pursue for all strategic purchases	Strategies to measure and manage total costs throughout the supply chain are then developed	Measurements and programs are adopted/adapted to an individual unit's needs	Determine applicable approaches for each situation	Understand what an alliance agreement represents in terms of success	Allow the divisions to define target areas
A stronger supply relationship is formed through joint definition of the strategies, targets, measurement tools and action steps needed for cost management	The process to establish targets and goals begins with senior management who set the direction, vision and mission for the company	Identify the objective purpose for each performance measure	Considerable time and effort involved in determining the criteria for each contract	Creating expectations and requirements for every commodity of products purchased	Expand and refine the quality plans, which are developed at the supplier locations, in all aspects of the business relationship
Identify the outcomes required and the must/wants and develop the evaluation criteria	Identify the objectives of the potential contract, indirect and consequential costs involved	Focus on improving overall supplier performance	targets and goals are developed by thoroughly understanding requirements and expectations of the company's customers	A <i>Strategic Sourcing Executive Council</i> (consisting of senior management) validates that the proposed strategic alliance candidate does not conflict with the company's long-term business objectives and strategies	The <i>Cross-Functional Team</i> begins to redesign the companies' work processes and develop a plan to implement the new strategic alliance
Formalize those objectives into written policy and procedures	Aggressive, but attainable, goals	The company has emphasized the criticality of setting realistic, achievable goals	A key result of the reorganization effort is that procurement strategy development is now aligned and integrated with business unit, manufacturing, technology and even supplier strategy development	Organization strategies and structural changes - dedication of additional staff	Internal long-range strategic planning identifies emerging products to satisfy future customer needs
Strategies are aligned during the development of the annual operating plan as well as during the strategic planning process	Within the strategic business unit, the annual purchasing operating plan is reviewed and developed with input from other SBU members	The company expects to improve and build on its current procurement strategy	strategy maturation requires that certain changes occur	Identify benefits	Jointly develop implementation plan
Expected future plans include using teams to develop global commodity purchasing strategies	results could be enhanced through the implementation of a formal strategic supply planning process	the strategic plan was developed as a running 3-year look at supply management's global objectives	Supply Management Global Steering Committee meetings	goals were 10-20% below the quotations given and based on benchmark data	Joint development of goals, targets and measuring tools
Strategic plans for each major business/geographic area reviewed by VP to establish supply's present role	Meeting conducted by Vice President of Corporate Supply Management and supply executives to review input from business and to develop the areas of focus needed from supply to maximize functional performance and to best serve business needs	Creation of specific actions which, when executed, will have maximum impact to the business	developing the strategy within the function	The projects are added to the locations' list of opportunities and prioritized for execution	carefully defining an area of opportunity
Continuous updating to match business needs	The strategy will be developed in order to position supply to develop maximum impact to the organization	Integration of supply strategy with manufacturing and technology strategies	Supplier integration will be measured to a level of performance where suppliers will be an extension of the company's strategies	determine the process to reach the purchased savings goal	Suppliers provide valuable input into what the barriers are
Supply organizations will be fully integrated into the strategic planning process of each business	Each of the business's goals involving supply will be responded to by one of the five focus areas included in the plan	supply must integrate its actions into the business by overlaying manufacturing and supply strategies	The company has decided to adopt a global brands marketing philosophy and procurement has devised a set of strategies to support that overall objective	Ties together the management of business performance with the overall strategies/goals of the business	Allows the company to look at all of the factors relative to how they affect its business
The strategy elements are designed to help achieve maximum leverage for overall worldwide business while meeting the specific needs of each marketplace and product	Support marketing's drive for innovative products and reduced time to market through affiliation with best suppliers	a vision and mission were established, key strategies were considered and prioritized	Determination of options and priorities was driven from a focus on subjects and areas giving the best chance of noticeable successes first	a team was formed with members from the company's organization and a particular supplier to develop and execute an action plan	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project
the worldwide sourcing group interfaced with worldwide marketing at a worldwide conference to track the marketing plans for new global products and ensure marketing gave input to the performance goals and objectives for the new worldwide sourcing organization	The company plans to continue its alignment of procurement strategy across the total company	The company regards cross-functional teams as an essential tool to achieve integration and alignment of the procurement strategy with all the other strategies throughout the corporation	Procurement strategy and capabilities are currently well aligned with overall business and manufacturing strategies, and are aligned across the total company	based on the established strategies	the company and its suppliers appear to share nearly perfect goal/objective alignment with regard to supply chain management
Understand the business unit, manufacturing and technology strategies and how they are linked	Define the expectations of procurement in support of the business unit, manufacturing and technology strategies and develop the procurement strategy	Involve the existing procurement organization in strategy development	Obtain senior management buy-in from other functions. This is facilitated through early involvement of other functions in developing and executing the procurement strategy	This includes intensive discussions relating to goal and strategy alignment of the involved parties	The company-wide strategy includes a very specific definition of integrated supply management including mandates, philosophies, codes of conduct and strategic projects
The company's procurement strategy is well aligned and integrated with other functional strategies in the business	Alignment of strategies across business units has been achieved through a direct reporting relationship to a global sourcing vice president	Prioritization by customer needs	Scope systems requirements	Depending on the maturity of the supply relationship and the capabilities of the supplier, the supplier itself may be involved in the planning aspects	plans are drafted and then reviewed with the supplier for feedback and buy-in
Identified shortcomings and performance gaps	Developed business plan and communicated to internal customers and all employees involved	Set stretching performance improvement targets	Prepared business plan for each commodity team in common, but flexible, format	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops	The company also utilizes commodity teams to set strategy

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Strategy integration to reinforce company's strategic corporate plan	It was deemed vital early in the plan's inception, to involve high level key stakeholders who were simultaneously helping to develop the other strategies	The company has experienced some difficulty integrating devolved professional procurement units into the overall strategy because of the perceived conflict between business unit and corporate goals and objectives. This is being addressed by a restructuring	A major learning point was that the list of strategies to follow was too long and spread resources, particularly key people, too thinly. Thus, it became necessary to concentrate effort on a small number, ideally 6-7, at any one time and clearly understand	A multi-functional team creates a request for proposal, reviews supplier selection, considers sensitivities, assesses previous data and determines strategy	The company proactively identifies barriers to supplier development and develops appropriate strategies to overcome them
Formulation of a plan to establish and charter SSTs in both production and non-production purchasing areas	Reviews and follow-up meetings with top management to report progress and to seek direction	It was also necessary to present top management with a clear, understandable plan of action with targets and milestones	When developing the initial strategy elements, specifically the concept of the SSTs, purchasing formally communicated with its internal customers and the internal customer's input was requested	The driving force behind a good working relationship and coordination between functional groups is the sharing of, and responding to, a common business unit mission and strategic goals	The company's objective is to manage the number of primary suppliers so it can adequately focus on those suppliers
Supplier and external customer input was not utilized in the strategy development	Strategies are aligned except for technology and business unit strategies, but those that are aligned are across total company	the strategy will continue to be championed and facilitated by corporate purchasing	Technology and procurement strategies tend not to be very well integrated and/or aligned closely. This will be the challenge of the future	The company utilizes a team approach to develop the alliance and specific performance objectives	Common objectives
Integration and alignment with key suppliers will be a cornerstone of the company's procurement strategies in the coming years	The company believes a key to its long term success lies in the capabilities of its suppliers	The business unit committed to create and maintain integrated strategies that improve both government and industry-wide relationships	a procurement strategy is established	Define the mission	Define the goals
Establish improvement activities by prioritizing the largest gaps in order of highest potential payback	Measure progress and adjust strategies as necessary	Analyze current best practices, processes and tools and match to prioritized improvement activities	Develop short-term and long-term strategies to close the gaps, determine resource requirements and establish timetables	Individual groups introduced their proposals to the workshop for discussion	Ambitious vision, clear goals and clear communication
Aligning goals in the early stages of the relationship and constant feedback on changes have allowed the company's suppliers to avoid costly changes which would have undoubtedly held up operations	Shared goals and visions with critical suppliers remain an important ingredient for success	Multiple strategies must be carefully integrated so that they do not dilute each other but rather support each other	The vision is to work with each member of the supply chain as if it were within a single company. Programs are currently being developed to ascertain the strengths and weaknesses of each member and efficiently fill the gaps through training and leveraging	Planning information in the form of numbers and processes are shared with partners	The overall success strategies of both companies become mutual and detailed operational knowledge of each other permits the relationship to be quantified
communicated a common strategic direction to the organization	Verify scope, payback and strategic/tactical value	Make recommendations	Design pilot program	Establish a vision for the process	This company uses a global commodity team consisting of strategic, tactical, engineering and site manufacturing personnel to regularly review supplier alliance strategy and determine if changes are required.
what the end goals needed to be for success of the firm	This allows individuals with established relationships to consider a number of other initiatives which would not have been realized if the relationships had not existed	Ensuring significant payback (Cost, schedule, quality or technology advancement)	Aligning long-term strategies	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives	Combine total commodity and supplier alliance strategies under one strategic manager and one business unit
Efforts must be aligned with strategic goals	Procurement executives chose a strategy of alliances and rapid development of suppliers	Applying proven best practices	complete a business plan to proceed	A core organization responsible for leading strategy boards that define the company's procurement strategy	A written business plan is developed which defines the business requirements
The business unit's management considers the strategic aim of the organization before taking actions	This strategy will reduce the amount of work the business unit does in the plant and will enable the organization to better concentrate on core activities	Develop a two year program for cost reductions with select suppliers	Identifying \$30 million cost improvement programs	The company developed an overall strategy for strategic supplier alliances that all divisions and business units agreed to use	reduce cost in the entire supply chain
Transferring non-core supplier volume to preferred suppliers	This company's strategy was to identify a common goal for the company and its supplier of mechanical seals	Keep activities simple and focused	Look at all components: sourcing, location, strategy and philosophy	The company is trying to develop strong relationships one step back in the supply chain so that they can improve relationships forward in the supply chain	Trust through open communications, sharing of data and co-development of alliance expectations including shared objectives and strategies
Transition plans were established and implementation dates set for the various sites	Recommendation and buy-in	Clear identification of the project	Breaking down the macro project to location specific project descriptions	developed long- and short-term objectives which are coordinated with the market place situation	Document overall business objectives and goals including estimated process improvements or cost savings
this company reported the process is so fluid that they have moved to a different, higher plane where requirements and performance are constantly redefined	The company emphasized that rushing the process was unsuccessful	understanding of each other's mission, goals, objectives and timeline	The emphasis during this period is on identifying areas where expectations may conflict	developed a "conceptual framework" to communicate the objectives of a strategic alliance and to guide implementation.	Identify overall goals for the strategic alliance

Mutual trust, shared vision Strategic synergy (1+1>2)

P&M Positioning (D₃)

the plants were responsible for managing their own purchase requirements and bidding	Define which commodities would involve local level versus corporate level management	Pursue purchasing involvement in new research and development projects	Materials control and procurement are under one manager so that priority or decision conflicts can be easily resolved.	The organization had been a separate function reporting through various executive committee members, none of whom was able to devote sufficient time to elevating the procurement organization above a tactical, responsive operation	Raise profile by involving senior management in supply chain decisions
Purchasing monitors supplier behavior using three monitoring tools: annual business management sessions, quality plans and semiannual quality updates	Supplier evaluation, which is a team effort led by purchasing	The company recognizes the strategic importance of supply chain management, and they empower procurement and supply management personnel to make business decisions	The company offers a curriculum of some twenty-eight classes, including business and technical training, as well as the company's consulting capabilities	The company decided that its overall culture of delegation and empowerment would not support a totally centralized procurement operation and it decided to actively determine where the right place to undertake procurement activities would be for each supplier	Management now understands not only the potential for cost reduction ideas within the procurement realm, but how to achieve these savings and the timeframe involved

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

each group within Supply Chain Management has recently been in a reorganization mode	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, <i>ad hoc</i> teams, chartered teams and self-managed teams	Use purchasing as an independent analyzer	The company has implemented a systematic process for identifying and managing strategic and non-strategic sourcing decisions to delegate decision-making responsibility at the appropriate level in the organization	Exercise led and controlled by procurement	Purchasing leads an annual process involving each customer plant and technical organization to prepare a complete supplier evaluation
Better definition of core competencies and strategic versus non-strategic items will be made by the business units with the assistance of the global procurement organization	The global procurement organization will be much more intimately involved in all phases of the outsourcing process. In the past, the company's global procurement organization was not involved in many outsourcings and there was no introduction of the strategy	The company has established a common purchasing system	Purchasing was functionally represented on the initial task force or project team with one full-time senior buyer	More trust and acceptance of responsibility to deliver new business processes (companies are shedding activities which are not seen as a competency)	Once everyone understood the importance of the program and their specific roles and objectives, the company began to see and record results
[strategic sourcing] segregates purchased materials and services by importance and encourages all functions of the business to work together to maximize the value of purchases	Procurement will be integrated into the new product and process development process to realize more rapid introduction of new products with a low cost, efficient supply chain supporting the effort	The procurement function plays a major role in the integrated supply chain management strategy	Procurement is recognized as the ideal department to initiate, coordinate and control supply chain integration because of its multiple interfaces with suppliers, quality, inbound and outbound logistics, manufacturing, research and development and sales	Supplier Councils are utilized to receive feedback from suppliers	Engineering quality and purchasing departments were aligned to achieve more efficient interface
The company implemented a number of organizational and structural changes to improve the procurement function's role in integrated supply chain management	Improvements in education and training, in particular, positively impacted the procurement function, enhancing its role in the company's integrated supply chain management strategy	Embraced the centralized lead (strategic), decentralized execution (tactical) organizational approach with a very lean corporate group (10 professionals)	The company encouraged cooperation and coordination between functional groups by using project buyers for company owned supplied materials rather than having commodity buyers or project engineers directly releasing materials	The company considers strategic supplier alliances as a fundamental, vital and essential element of their business plan	A corporate-based commodity management function consisting of key experts manages strategic suppliers
The main organizational strategic change to carry out the procurement function's role in the company's integrated supply chain management strategy was the switch from a commodity buyer structure to a project focused organization	A full time person from procurement is assigned to the project team. This individual serves as the linkage between the project teams and the rest of the procurement organization	At a higher level, the company made long range organizational changes to promote product teams	By moving to a matrix organization centered on specific programs, additional focus was placed on project teams supported by core functions. Supplier inclusion on the team then became a "natural fit."	A core organization responsible for leading strategy boards that define the company's procurement strategy	The process to discontinue also applies to the buying strategy not meeting the supplier's expectations as a customer
Purchasing then coordinates administrative issues and day to day contact with suppliers	The team members develop expertise in their commodity and become the recognized authority on their commodity within their functional group	Design engineering analyzes the form/fit/function of the item while procurement focuses on potential process capability to meet the desired specification. Concurrent with item selection, the supplier is selected	Empower the purchasing department to play a leading role in product development	Positioned supply chain and purchasing activity at the appropriate level in the organization	Raised profile for procurement and supply chain activities
Create the structure required to support integration efforts	Group-led empowered purchasing	Encourage the mutual support of individual business units' objectives utilizing relevant skills from other businesses	Establish supplier process engineering function	revamping the organizational structure to better complement its global strategies	The procurement organization has structurally aligned itself in parallel with the corporate structure
Purchases are strategically managed by cross functional teams	The primary focus is on negotiating long term supplier contracts which are then supported with a series of aggressive performance targets, provision of regular feedback and meetings (at least annually) to discuss and review performance targets.	The contracting (services) and procurement (products) function performs a "service" for strategic business units worldwide	After benchmarking other companies, a purchasing structure featuring division of commodity and materials management was developed and implemented	Supply Chain Management was viewed as a value creator	the Supply Chain Management group was centralized into a shared service unit responsible for covering the entire organization
While the higher-level commodity teams at the business group level are considered centralized, team members reside in different geographic locations	Across company-wide business units, a centralized purchasing group reports to the company president	At the corporate level, strategy implementation involved the creation of executive level positions in purchasing,	Under the restructuring, greater authority at the commodity team level replaced decentralized purchasing authority at local plant locations.	Each team defines the initiatives needed for the supply base for which they are responsible	Re-organization to more closely align purchasing and quality departments within company
the reporting relationship of supply management needed to report directly to senior management	Supply Base Management was renamed as Competitive Positioning to recognize the broad benefits and inputs from benchmarking	Creation and implementation of supply management organization structures	Buy-in to concept by operations and supply management	Supplier development and operations quality engineers are deployed globally	This company has implemented corporate commodity managers to carry out supplier development
supply is now positioned to influence those strategies	a worldwide sourcing and logistics organization which took over responsibility from the previously semi-autonomous individual market-based operations	The key first step was to test internally for readiness to accept the principle of a worldwide sourcing group	top management support was secured by aligning the new worldwide sourcing organization closely to the new global marketing organization	a corporate-based commodity management organization	Supplier alliances are recognized as a strategy to achieve business objectives
There needs to be a federal management structure with appropriate guidelines, charters and responsibilities aligned to delegated powers to ensure that any one business unit or geographic division does not exert undue, overwhelming pressure on the company.	The company identified the drive towards supply chain management as a key future direction. It envisions changes to the procurement strategy being necessary in response to impacts that this will have on manufacturing, technology and packaging development	Procurement is managed as a global function. This means that the same functional strategy using the same organizational structure is implemented in all geographic regions	Procurement's role in new product development has just been formalized and begun to be integrated with the advanced technology function to support early supplier involvement	Creating expectations and requirements for every commodity of products purchased	Globalization of procurement by establishment of offshore buying offices
Procurement manages the supplier alignment process which outlines the core capabilities suppliers need to possess or develop	Elevation of the status and strategic importance of the procurement function within the company	The company also sees the role of procurement expanding from cost and quality management objectives towards technology management			
Change Management (D₂)					
Change is key component of any new strategy, although many employees resist changes	Cross-functional teams will consist only of members that have a vested interest in the standardization process	Commitment by both parties to develop their organizations to support the relationship	Should focus on business process and organizational change first rather than technology/systems implementation	projects are formalized	carefully defining an area of opportunity

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

A key enabling factor was the need for additional human resources for strategy implementation	Acceptance to change	Ability to implement new projects	Cross-functional input is used throughout a RY/G analysis. <i>The company documents specific responsibilities and expected contributions from each functional area</i>	Suppliers provide valuable input into what the barriers are	A carefully crafted implementation plan and <i>rigorous follow-up schedule</i> kept the program on track and monitored implementation progress
Current system and procurement practices reviewed with cross-functional personnel from the staff departments, divisions (business units) and user sites for updating and changes	Analyze the feedback and change direction to search for a state of the art purchasing system to meet the revised scope	Develop roll-out plan through the stakeholder group	Acceptance of the system by requisitioning and approving community	the timing required and resources needed to meet existing deadlines	Specific timing targets are established and communicated
Do not underestimate reluctance to change	Obtain top management support at the affiliate to convince middle management to support the required changes and to insure local ownership as well as corporate ownership	Define roles and responsibilities clearly	Empower team members to make or drive decisions for the stakeholder organizations	Planning and execution of joint cost savings sharing projects with suppliers	Criteria established for appropriate time to enter into supplier development
Put strong change control process in place to identify and control any changes to the published scope	Create detailed project plan that includes measurable interim deliverables and provides a feedback mechanism to report on progress to plan	Established a process of early involvement and ownership in stakeholder organizations to manage business process change	Develop and implement system change control process to document all changes	implementation across the supply base	The corrective actions are monitored
Develop production support plan including technical and functional resources and a well documented problem escalation process	Do not underestimate the impact of new software on existing business processes. Invest in identifying these changes up front and drive ownership of transition management process in stakeholder community	Users and management met to brainstorm scope, alternatives, and likely specifications	a task force was formed	Local managers are responsible for the execution of training plans for their direct reports	The team drives achievement of objectives that have been set for the relationship
<i>Define constraints around program</i> . The design team defined specifications around the who, what, where and the how much of the program. This identified who the installation audience would be, and exactly what is included in the program	defines roles and responsibilities as it relates to this program.	Establish project administrative environment	Define project scope and charter	Develop action plans	Implement action plans
Develop detailed project workplan for all phases	Initiate change management planning	Deploy required resources to pilot site	Support initial production operations	establishing implementation time frames	Holistic project creation with detailed measures and strong project management
the needs and expectations of the business unit are translated into logical and physical systems designs	resources are assigned (or re-assigned) to support them	and works with leveraged sourcing units to implement the overall best strategy for the organization	Implement and manage the comprehensive sourcing plan	Adhere to strategic plans	Increase speed in all aspects of the process
Strategies and action plans are then developed and implemented to realize the opportunities	Coordinate activities carefully	this company cited one extremely important action to improve the implementation process and the results of integrated supply chain management: <i>more and earlier participation of all employees</i>	the company learned that the support of all employees concerned, almost everyone in the organization, is essential for the success of the entire strategy.	Avoid top-down directive management	Avoid multiple internal groups driving multiple products
Company-wide purchasing conferences were used to solicit input, determine the process to use, design and staff the strategic supply teams, plan the execution, roll-out the plan and provide training	Support all employee detailed work plans which support top-level objectives	By working together on plans to change processes and to actually construct the stores, team members have become familiar with each other's functions	Program progress including the supplier's development effort is tracked using computerized project management tools	Timelines for all process changes and systems development milestones were established in alliance with the strategic supplier alliance strategies	Nurture the process
The objective of the team is to provide a detailed work interface analysis. The goal is to optimally allocate all activities between the supplier and the OEM.	Implement the pilot project	Implement the approach on a regular project	Provide a detailed description of tasks, development time and delivery for everyone involved in the project including the suppliers	The company emphasized that rushing the process was unsuccessful	develop improvement action plans
Have the process driven by those that own the overall business process (the profit and loss managers)	As part of the project management process, the team agrees on the logistics and tasks required to complete the requirements of the contract	Team members from the company and supplier are assigned specific tasks	The team also establishes time lines and critical process paths.	The <i>Cross-Functional Team</i> begins to redesign the companies' work processes and develop a plan to implement the new strategic alliance	Although the company is happy with the new strategic alliance progress, it feels that additional prioritization of the recommendations from Cross-Functional Teams is necessary to better manage workloads
Through integration, the company has developed continuous and positive communication with suppliers who have valuable knowledge and resources	Improve the budget and scheduling process	Improve or begin to use more effectively project management tools and techniques	In carrying out processing at another location, the rate of improvement was observed to be much faster than that experienced within the buyer's facility. The process of introducing changes within the organization was underestimated and, therefore, took 1	Commercial pressure on supplier	A project management system that tracks monthly and includes all the project details, current status, expected implementation data and anticipated savings are used
Develop action plans for improvement	Implementation with all targeted suppliers should not be attempted overnight. Since the workload is significant, the TCO system should be implemented in phases	Achieve personnel buy-in to measurement (not a problem if the TQM training precedes TCO implementation)	The workforce understands the goals	action items are developed during the supplier meetings	The members of the three organizations developed a plan with follow-up items for each party
The company indicated that they should have achieved agreement with the commodity leaders on the specific sources of data before the plan was implemented. This would then secure up-front buy-in from their commodity leaders before proceeding to improve ov	Stimulation of interest and gaining commitment	Supported implementation to deliver success	Re-focus efforts where required	The company has come to understand that it takes a long time to establish very good working relationships, yet in hindsight it is still difficult to understand why	all requiring buy-in from each location
increasing level of trust between both companies	SCM begins with discussion and disclosure of <i>relevant</i> information rather than full disclosure	Determine applicable approaches for each situation	Allocating adequate resources to measure/attain results	Project plans are implemented and monitored	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Allocate responsibility and set timing	The commodity teams also manage extended teams, which include representatives from each of the SBUs within the business group. The use of extended teams supports better communication and implementation of change across all locations	The executive officer of the company communicated to others that change was a necessity and that he supported the reorganization. Early implementation issues went directly to the executive level for resolution	The new performance targets were difficult to achieve without changing current systems and processes	Corrective action plans are made for supply chain risks and the plan is implemented until the risk is eliminated	Training proceeds until all shortcomings are mapped and plans made to resolve shortcomings are implemented
strategy maturation requires that certain changes occur	Business Champions: Responsible for delivering the action plan	The business champion will be responsible for keeping appropriate management within the business up to date with the accomplishments/issues of the Supply Management Global Steering Committee	Focus Team Champions: Responsible for leading the corporation's efforts	getting stakeholder buy-in before proceeding	Acknowledge internal company readiness
Establishment of a global plan for the implementation of the procurement system	Plan rolled out to key business / geographic areas	Pilot areas must be selected carefully	Within each focus area are a series of action items	Realization of time and cost commitments required for strategic alliances is needed.	Set up a comprehensive measurement and control system
Specific action plans will be used to deliver results and measurements	The key first step was to test internally for readiness to accept the principle of a worldwide sourcing group	key purchasing, manufacturing and systems staff were assembled to assess the reality of launching the worldwide sourcing group	It was possible to align staff selection for the new worldwide sourcing and logistics organization with a concurrent re-design of the domiciled headquarters organization	System measurement and control	Initial roll-out plans were too aggressive
individual members of the new worldwide sourcing group visiting all 23 worldwide manufacturing and sales markets to share the strategies and goals with local management, gain their input and, most importantly, to impress that they are the internal customer	The worldwide sourcing team had identified flexibility as being of paramount importance	The company required some quick, meaningful changes and recommendations which would be highly visible within the corporate organization	Identification of internal customers, who were to be treated as real customers	End of life transitions are managed in weekly meetings	Migrate successful alliance strategies incrementally to related strategies
Implementation by a remote worldwide commodity "expert" was not as effective as using local or regional purchasing managers	The company also found that its overall globalization strategy did not fully take account of cultural differences and it concluded that it is necessary to undertake an even greater and deeper analysis of the change before embarking on implementation	Organize to provide the required resources to carry out the key processes	Define accountabilities and deliverables	timetable on expected results for technology agreements	identify action plans
Execute strategy and continuously monitor performance	Obtain senior management buy-in from other functions. This is facilitated through early involvement of other functions in developing and executing the procurement strategy	Stick with what was agreed upon	Resource requirements must be identified early and must not be underestimated	The company believes more time is needed to develop the alliances	Consideration of people's attitudes and commitment are key to the process
Responsibilities must be clearly established in early stages to drive accountability and success	Staffing and organizational changes were made and training activities begun	The concept was developed into an Operating Plan, with a timetable	Steps were taken to close the gap and involved re-launching the procurement and logistics operations company-wide	Expand and refine the quality plans, which are developed at the supplier locations, in all aspects of the business relationship	process is project oriented
Implemented change program supported by communications plan	Encouraged ownership of changes throughout organization	Maintenance of clarity and objectivity in decision making aligned to corporate goals	Sufficient time to be allowed to achieve a quality result	the company continues to struggle with the competing time commitments of its management	Realistic timeframe for achievements
A key lesson learned was the total time and commitment required from procurement people. This was often underestimated and milestones were not reached on time. It was also found difficult to convene cross-functional team meetings unless clear advantage	Energetic commitment from team members	Should have been more aggressive right from the beginning, moved too slowly and too softly	No failures to date, but progress slower than hoped, especially where the team was not fully mobilized and in non-traditional areas	Transition plans were established and implementation dates set for the various sites	Stakeholder engagement
ensure accountability and timeliness once the procurement process is initiated.	Develop short-term and long-term strategies to close the gaps, determine resource requirements and establish timetables	Implementation must be closely followed to ensure the intent of the strategy is being met	Coordinating implementation of corporate strategies	Breaking down the macro project to location specific project descriptions	Several problems plagued multiple locations (with a little forethought and testing these could have been avoided)
Project participation and progress	Reporting implementation progress	Pursue opportunity, if in concurrence with strategic direction and sufficient payback	Define scope of opportunity, establish execution time line and identify required resources	Patience is required when changing an existing process	Cross-functional team to "wrench time" the process
Execute pilot program	Rollout implementation program	Lack of resources	Efforts must be aligned with strategic goals	Macro project was broken down into location specific projects	Clear identification of the project
The transition period from regional to global focus was severely underestimated	Unexpected internal resistance has erupted when delegating traditional company responsibilities to suppliers in some regions	Place purchase orders for all steps leading to series production along with the timing required	The company had to convince the internal infrastructure that this was a benefit to them	Implement change management and communication requirements	Capture benefits by implementing new process
Develop a two year program for cost reductions with select suppliers	It is best to err on the side of generosity when estimating time needed to reach a definite conclusion	Volume transitions to preferred suppliers took more time than originally anticipated	Incumbency factor	Since the process slowed down, potential cost savings and interest from end user groups was lost	A commitment to follow-through and implementation
Early input and buy-in from those who will be the recipients of the change	Performance metrics to force the implementation of new behaviors	Demonstrate patience and perseverance	Keep activities simple and focused		
Communication (D₂)					
The company has been careful not to alienate different plant sites so it continuously briefs plant managers on the commodity consolidation process	Concurrent to the bidding process, the multi-functional team communicated the results of the strategic procurement analysis study to the divisional plant executives and materials managers to obtain buy-in and secure site leadership	The team also made a presentation to each department affected by the consolidated commodity strategy	Communicate opportunities to all sites, organizational levels and with suppliers	Internal client meetings were held with stakeholders and other Supply Chain staff to gain buy-in	Early involvement and buy-in from the operations group was essential to continue ongoing support and enhancements throughout development
Communicate benefits and progress to all interested sites	Personally sell the program to all sites and managers	Excellent communication between all participants	A feedback process keeps upper management informed as to the progress of the team's objectives	The importance of the program had to be stressed to managers repeatedly until their commitment levels rose enough to get the momentum going	cross-functional and cross-divisional feedback on each supplier's performance

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

the effort is publicized to others in the organization to reinforce the value of this approach and to increase confidence in cross-functional learning	Establishing a single point of contact during registration and requiring the supplier to do the same	The steering team receives input concerning which commodities to review from several sources including management directives, user groups and the purchasing analysis group	Makes recommendations to the divisional management based on supplier site visits and analysis	Supplier input is solicited and incorporated into product and process improvements	These biannual meetings involve company personnel and suppliers in open discussion regarding opportunities for new joint projects, areas for improvement and establishing action items
Obtain early "buy-in" from the stakeholders of the purchased commodities to ensure greater acceptance of decisions made by the product teams	Communication of benefits to key decision makers	Identify communication network key players from the company and supplier and reach agreement on the strategy to be implemented	Transfer successful commodity strategies to other closely related commodities	The Manager of Quality & Supplier Development generates report cards (twice per year) which are internally shared with the company and its suppliers	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers
Transfer of strategy knowledge and experience from initial commodities and products to additional related product areas	Open communication among team members and with suppliers	The company rejected a global approach in favor of launching regionally. The process at remote sites failed because teams were not used, the process lacked ownership and communications were poor	The teams consisted of commercial and technical people who collected and analyzed all relevant information before proposing a group strategy for the commodity	The members routinely met to review the status of their efforts	cross-functional meetings
Clear and regular communication is critical and occurs between all levels	communicating to employees	Share a desire and commitment to satisfy buying company's customers	both the supplier and the company share the same vision	continuous communication with leading suppliers	The company must ensure that there is an open, regular and systematic dialog between the suppliers and the company on an on-going basis
Achieve detailed, committed, client input to the review process with clear top management support	Establish and maintain credibility with external supply base by actually outsourcing and reducing supplier apprehension	Each project team should get input from the primary customer(s)	The primary customers should be asked to have representatives involved in the analysis	This particular division included its initial supplier presentation as a method for starting a new relationship on a standardized, consistent basis across all divisions	Information sharing is another important part of the supply chain relationship
Consult with the "customers" of the process to get their perspective	Consistent definitions need to be developed and used across a broad organization	Current system and procurement practices reviewed with cross-functional personnel from the staff departments, divisions (business units) and user sites for updating and changes	input was solicited and reviews were held with the key stakeholders	Critical issues are confirmed and communicated to the supplier	Specific timing targets are established and communicated
Meeting with all affiliates in cross functional (Purchasing, Finance and information Technology) regional joint application design (JAD) sessions to determine best practices, determine needs, and establish methodology to collect and share information while	Review recommendation with stakeholder group for validity	Acceptance of the system by requisitioning and approving community	Marketing and communications plans need to be in place to "convert" the community to the new system	communication of operational experiences	This includes intensive discussions relating to goal and strategy alignment of the involved parties
Document and agree on scope of project with sponsors and stakeholders	Create detailed project plan that includes measurable interim deliverables and provides a feedback mechanism to report on progress to plan	Sometimes just communicating the root cause of an issue is difficult	Leadership groups throughout the company were informed of the project, its objectives and scope	Suppliers are shown exactly where and how their materials are used in the process and potential improvements are discussed	Once goals are achieved, internal and external success stories are communicated and maintenance processes engaged
There was an attempt - through discussion at division management meetings, via bulletin board reports, via senior management review and cross-functional contacts by team members - to facilitate sufficient knowledge dissemination and to ensure this system	More data available to more participants. Opened potential for gathering more information for use by Purchasing, Manufacturing, and Finance to improve on existing methods, processes and reduce costs	Conduct project kickoff meetings	new IT system was intended to enhance the ability of the Purchasing organization to communicate cost performance to the Program Management teams, and control new product program costs	Have direction and strategies clearly defined and communicated regularly	Openly and visibly recognize the success of suppliers and sourcing teams.
the needs and expectations of the business unit are translated into logical and physical systems designs	Changes (each usually requiring small effort), to the system are requested, using a standard form and a managed process, by users of the system and other areas of the business	This technique has provided a sound basis for negotiation with suppliers and a means to achieve a constructive internal debate with other divisions such as product management and marketing where objectives may otherwise conflict.	This person must be able to sell the leveraged sourcing strategy within each SBU	sound board new ideas	Supplier excellence recognition with annual awards
The sourcing leaders participate in a monthly network meeting led by the corporate organization to ensure alignment of corporate and sourcing objectives and to leverage procurement processes and resources across the corporation	The company's strategy led to a better understanding by senior management of the value that effective procurement brings to businesses	The company employs cross-functional teams such as product development teams, strategy teams and production teams as the primary method to encourage cooperation and coordination between functional groups	The solutions found are evaluated by a special committee and published in an informative paper provided to all company employees	data collection and information exchange	The team evaluates all information using critical analysis techniques, prepares a report and makes recommendations for management approval
Another method that the company relies upon is the use of information systems technology through an integrated computer system with the same data base for all functional groups	In order to remove barriers between organizations, the company focuses on the use of cross-functional teams and information systems	The procurement function participated on many of the company's cross-functional teams and created a monthly purchasing report for distribution to all functional groups	Continue to monitor and provide feedback concerning the integration process	Computer systems provide the support for data gathering at all stages of the supplier development process	Better mutual understanding of goals and expectations
Meetings were held at various member facilities with joint visits made to key suppliers	Company-wide purchasing conferences were used to solicit input, determine the process to use, design and staff the strategic supply teams, plan the execution, roll-out the plan and provide training	Conduct awareness and consensus building sessions to promote alignment among procurement services managers as well as internal clients	Another process that aids the team process is communication and building cooperation focuses on the development and dissemination of an integrated procurement and supply chain framework	Continuous and open communication at all levels	Sharing of information derived from other customers
This communication process served to align the management team on departmental philosophies and values	A series of meetings, both informational and consensus-building, was scheduled across multiple business units. The agenda for these meetings varied from promoting awareness and establishing understanding to developing agreement and encouraging further ac	Effectively communicating and creating an awareness is key. All stakeholders must understand and agree on the need to capture and consider the costs in all work groups across the company. Where external suppliers are involved, the expectations of each c	it was necessary to take the time to build consensus among organizations and work groups, and worth the time to work through a participative approach that is expected to yield enormous dividends	To insure unity on supplier development actions, purchasing uses a "liaison manager" assigned to each function with which they interact. These individuals are charged with maintaining proper communication and coordinating activities when other functions	the results are reviewed with senior management

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Upgrading the information systems that support procurement processes is essential for data collection of measurements and costs	Weekly meetings are held with representatives from purchasing, contracts, engineering and the customer to determine the status of permit applications, internal return on investment (ROI), calculations on proposed projects, real estate closings, budget app	The company uses the extended enterprise strategy to promote communication and information sharing	Conducting "supplier day" focused events	They also recommend communication with key suppliers before starting the process	getting stakeholder buy-in before proceeding
Communication between all parties	Technology is shared as required for specific projects	Key suppliers are linked by electronic mail and integrated CAD/CAM systems	Suppliers also access the company's project management data base to quicken and improve communication	Create a company-wide information platform	suppliers that were pre-selected during the portfolio analysis were introduced to the internal company participants
Suppliers participate in weekly project status meetings as part of the development team	<i>Convey a sense of confidence that the project will see "the light of day."</i> It is important for suppliers to stay motivated	Improved quality is created through increased supplier involvement in the design phase and earlier problem identification and communication	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Information on the supplier alliance program	Expression of expectations for future cooperation
Overall project information is shared, not just details of the specific effort.	Supplier's also have direct contact with the company's project management, rather than just communicating through business managers	In these arrangements the full engineering team may be at the supplier's satellite facility, with some of the engineers working in the company's offices. An added benefit of these types of relationships is a significantly higher degree of informal inform	Suppliers and the company use common software and EDI standards to communicate	reward significant supplier suggestions which lower costs builds the relationship.	build buyer-supplier communication
Decision making is streamlined by minimizing bureaucratic communication processes. Decisions made between suppliers and the company are more collaborative in nature	The company has frequent and wide ranging communication with suppliers	The company is now more open with core suppliers	The company shows suppliers around their facility to help them understand current capabilities and problems and thereby reduce risk	Available electronic mail systems	Quarterly strategy meetings between supply partners and P&S executives
Improve communication with suppliers	The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	The company makes extensive use of common and linked information systems	As more up front information is shared between companies, it is more likely that clearly defined expectations will develop	The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions	Communicate performance of supplier relationships relative to competition internally throughout the organization
Co-located suppliers are integrated according to the specific interface of their components with other components in the project. This ensures that direct contact and information exchange occurs between team members who must cooperate closely in order to	Common CAD standards or adapted interfaces were established. Common EDI standards were also established to exchange technical and commercial information	Meet with core suppliers to discuss new approach of cooperation within new product development	Communicate results within the team, ensuring support of top management while implementing the new ideas	Encouragement of first-tier supply partners to replicate this approach with their suppliers	They want to extend their quality culture by involving key suppliers in the same quality process
Provide a detailed description of tasks, development time and delivery for everyone involved in the project including the suppliers	The company shares its requirements, market analysis and its customers' requirements with integrated suppliers. Cost and technology information are shared by both parties	The company's information systems strategy is to use every means available (EDI, CAD/CAM, E-mail, etc.) within the constraints of non-disclosure agreements and information security to successfully integrate suppliers	Establish clear expectations for both parties and define what will constitute "success"	The partner is given the opportunity to present technical proposals to senior management	A vendor manager is appointed as a single point of focus (not contact)
Communicate integration policies and deploy them through established communication channels	Provide access and visibility to short and long-term business plans to ensure meaningful contributions from purchasing personnel	Proliferate EDI throughout the process. This will allow faster communication of requirements and visibility of the entire supply chain	Formal quarterly meetings are held with each supplier at which predicted product cost requirements are presented, analyzed and agreed upon. Technology roadmaps and trends are presented and analyzed similarly	The company conducted a conference with these potential partners to introduce the strategic supplier alliance concept	The team wrote to each supplier asking for their commitment and also introduced the firm's vendor manager. This vendor manager was the one responsible for assessing the suppliers against the selection criteria
Customer requirement projections and market trends are discussed	These meetings also serve to educate and train each firm on the other's products	Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company	Conduct quarterly management meetings with major suppliers to discuss forward development roadmaps from both sides	Both parties gain strategic advantage from the relationship including better knowledge of the partners business and sharing of cost information	The supplier interface includes meetings with both buyer and supplier top executives
Establish communication links, interfaces and reviewing processes	Conduct weekly reviews of ongoing progress	Honesty and openness in the relationship	supplier presentations of individual technology roadmaps	Trust is built as the alliance achieves consecutive successes	overall level of communications in the relationship
The company shares technology with suppliers through the sharing of specifications, documentation and case histories	Certain information is available to the supplier via modem at the same access level of all team members	Implementation involves the supplier and company personnel working together with continuous exchange of information and data reports	Ability to transfer the product or process knowledge gained from the integration effort to other parts of the business	Close review of the long range plans	Supplier interviews were conducted to assess interest
Work to integrate database sources between supplier and customer along with internal departmental databases	Communicate total information requirements between parties, even if these requirements deviate from current business practices	Improve and increase the communication linkages with suppliers through the use of network technology	Obtain faster and more reliable information from suppliers and other internal sources	Presenting performance evaluations to each strategic supplier	Achieve commitment from both parties
Customer input was integrated into the decision-making process	The contract was set up such that data was gathered and prepared at a monthly meeting, where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Every twelve months, the supplier shares any new technological advances or insights with the purchasing company. The objective of the exchange is to improve overall operations	Common data was used in both plants to allow a joint team to review the operating performance	Provide regular feedback	Systems were implemented to permit EDI communication

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

The company provides suppliers all information necessary	Information exchange is aided by EDI linkages with all major suppliers and CAD linkages with a small number of suppliers	The company also conducts formal and informal meetings monthly with key suppliers	Team leaders contact their team members in writing detailing responsibilities and expectations	This company uses a global commodity team consisting of strategic, tactical, engineering and site manufacturing personnel to regularly review supplier alliance strategy and determine if changes are required.	Interactive quarterly technology reviews with all first-tier suppliers drive technology plans
Conduct first team meeting with supplier attendance and establish initial milestones for new product/process/service introduction and production	Product development teams facilitated increased awareness between the company and suppliers of problems and needs to achieve desired results. All team members gained better understanding of each others' work	Enhance the use of EDI for more than order placement and confirmation	Increase automation and over availability of information for the enhanced commodity management	Ensuring open communication with the supply base	inconsistent goals to the supply base
Review and agree upon policies/strategies through a quarterly purchasing board review process	Address performance achievement and tactical issues at the monthly purchasing reviews	Encourage the mutual support of individual business units' objectives utilizing relevant skills from other businesses	Exploit EDI and/or e-mail usage with suppliers	Written specifications are developed	The strategy board manager and team develop a written contract defining the business agreements
Generate key management information from new or existing systems	Share knowledge and experience in the purchasing community by upholding a communication network	Seek to influence free flow of information between both companies in future NDAs	Agree to the measures and weightings	Direct EDI links to the supplier were created and bar code receiving and evaluated receipts settlement were implemented	Alliance managers were trained in strategic cost management and basic procurement through a workshop and quarterly meetings to share information
Provide measures to supplier in advance of meeting	Have meeting with supplier, cross-functional people attend only if issues with performance	Review procedure, measures and weightings annually and update. Accept supplier input to this process	Achieve personnel buy-in to measurement (not a problem if the TQM training precedes TCO implementation)	Sharing of both strategic and tactical plans	It is important that both sides realize the importance of flexibility and constant communication
Management must be aware that it is very resource intensive and time-consuming to develop an objective measurement system	Supplier input must be sought and incorporated as it frequently adds value to the process	Develop supplier report card feedback	Utilize supplier scheduling	Months of multi-departmental meetings to carry out communications	Trust through open communications, sharing of data and co-development of alliance expectations including shared objectives and strategies
The workforce understands the goals	Industry and supplier relationship considerations	The company wishes to establish closer links between its purchasing and supplier management teams and its customers.	The primary focus is on negotiating long term supplier contracts which are then supported with a series of aggressive performance targets, provision of regular feedback and meetings (at least annually) to discuss and review performance targets.	Open communication	In order to facilitate a successful transition to a strategic supplier alliance relationship, formal and informal communication channels were developed
Effort is devoted to maintaining productive supplier relationships and to include them in the design efforts where possible	Communicate to end buy-in from direct personnel	Communicate with and involve the suppliers	Communicating to and involving direct personnel	Implementation planning meetings were held between all affected parts of the customer company and the selected supplier(s)	information is no longer considered confidential
Provide feedback and measure performance	The company indicated that they should have achieved agreement with the commodity leaders on the specific sources of data before the plan was implemented. This would then secure up-front buy-in from their commodity leaders before proceeding to improve ov	communicate more cross-functionally and to utilize co-location of different functions	Improves communication, cooperation and coordination	Performance and measurement must be established and reviewed in meetings and through written reports	Obtain supplier buy-in
a written record is retained of both the process and findings	It is readily communicated throughout the company and is designed to be modified for specific applications.	Stimulation of interest and gaining commitment	Each step is supported by two-way communication	the new close relationship allowed the buying and selling companies to standardize systems technology	new communication ties between buying and selling companies
Establish and fully fund commercial information warehouse	Demonstrate and communicate progress towards strategic objectives	Raise awareness and encourage operating companies who have not yet set targets to do so	A proposal document on procurement and logistics performance was issued to strategic business units	Top management's involvement in these early stages and throughout the day-to-day working relationship are drivers for establishing trust.	Conduct annual business reviews
A new procurement and business direction statement was issued	Performance measures were discussed extensively at a group-wide procurement and logistics conference	An article presenting the guidelines was issued in an internal company magazine	Presentations were made at the corporate level to the main business division heads and group management	There must be mutual trust with open and candid communication among all parties involved at all levels of the organizations	Develop a commodity council with key suppliers
The corporate office maintains metrics as reported by units, and publishes the results regularly	Dialogue between units and between functional areas within a unit will eventually result in fairly well-accepted goals.	there is a need for additional information sharing and understanding of costs and cost drivers	Encourage discussions of profit, reinvestment and mutual sharing of rewards and risks	The Steering Committee meets the supplier's management to assess their interest in exploring a strategic alliance	Understanding develops through open discussion concerning the positive and negative aspects of the relationship
Discussions are held to reach consensus (possibly with some units dissenting)	Dialogue within and among units continues throughout the process	Results are collected/disseminated by corporate supply management	Attaining consensus of what is important	utilization of a blend of automated and manual systems	Management meets to exchange operating philosophies, decide fit and identify the required next steps. These discussions are not rushed or managed in an atmosphere of deadlines
Establishing buy-in with the supplier community	The supply relationship gains a basis for common understanding built on facts	A stronger supply relationship is formed through joint definition of the strategies, targets, measurement tools and action steps needed for cost management	The direction is cascaded throughout the organization to department and section level and incorporated into their business plans	More open communication	More trust and acceptance of responsibility to deliver new business processes (companies are shedding activities which are not seen as a competency)
Identify the key customers and stockholders	Cross-functional discussions to establish measurement objectives	Disseminate measurement objectives to supplier base	Feedback from supplier base	shares the report with suppliers and internal personnel	meetings are used to develop action items for areas in need of improvement
Final distribution of the measurement process	Record keeping and feedback to suppliers	This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company	During the implementation process the commodity teams worked with each plant to identify total purchase requirements by commodity grouping	Key common variables are passed on to other teams through best practice communications	Selected suppliers are notified and a meeting is arranged to jointly discuss the areas which need development/improvement
teams rely on a variety of communication mechanisms and methods to support team interaction	Scheduled team meetings every 6-8 weeks	Staff meetings at various locations throughout the company	The company communicated this strategy to internal and external groups in a variety of ways	Early involvement and continuous feedback of suppliers as well as local and divisional involvement in developing the new program	Started with a small pilot group of suppliers, made improvements to the program, communicated the successes, then expanded across divisions.

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

For internal groups, the company announced the proposed changes, formed an executive purchasing council, met with various internal groups to answer questions, formed high visibility teams, offered the opportunity for involvement and issued monthly informa	At the time of strategy development, the company relied on 13 separate purchasing systems, which made developing baseline data time-consuming and cumbersome	The company has since implemented a Commodity Information System that provides accumulated purchase information to all commodity teams	The company also plans to extend the centralized commodity information system to all locations	transfer of experience and joint understanding	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project
The business champion will be responsible for keeping appropriate management within the business up to date with the accomplishments/issues of the Supply Management Global Steering Committee	The focus team champion will be required on occasion to report the status of the focus team to senior management and will keep the Supply Management Global Steering Committee informed of the activities of the focus team	The focus team champion will schedule and chair focus team meetings, teleconferences or other communication links with focus team members	Initiation of a supplier communication forum	Periodic meetings are scheduled throughout the duration of the project supplemented with ad-hoc meetings scheduled as needed	Periodic meetings are established to share best practices as different divisions have success with their development processes
meetings conducted by VP of Corporate Supply Management with Presidents and key operating personnel to understand present expectations for supply function	Management reviews conducted for endorsement of actions	Buy-in to concept by operations and supply management	selling the strategy to individual businesses, selling it to management and communicating it to employees	Common systems are currently being investigated for industry standards	The goal is to achieve supplier/customer information sharing
Operational buy-in from a decentralized organization required more selling than anticipated	Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	Information systems will be perfected	Supply Management Strategic Plan will be rolled out across business units worldwide	Long-term relationship based on trust and open communication	Internal and external communications have also improved tremendously
Establish forum for sharing of best practices	Record achievements and benefits which are communicated to all operating companies	The key first step was to test internally for readiness to accept the principle of a worldwide sourcing group	communications process and the vehicle to explain the new organization throughout the company	Weekly and monthly statistics from business systems relating to quality and delivery are captured, and available throughout the company and supplier community	inviting suppliers to the plant to meet contacts in all supply management and operations areas
Individual members of the new worldwide sourcing group visiting all 23 worldwide manufacturing and sales markets to share the strategies and goals with local management, gain their input and, most importantly, to impress that they are the internal customer	the worldwide sourcing group interfaced with worldwide marketing at a worldwide conference to track the marketing plans for new global products and ensure marketing gave input to the performance goals and objectives for the new worldwide sourcing organization	The company required some quick, meaningful changes and recommendations which would be highly visible within the corporate organization	Clear, frequent communications highlighting results achieved	Demonstrate long-term relationships and commitment to suppliers	Lead by example (walk the walk). Do not ask suppliers to do anything more than what the company itself is capable of; demonstrate the attributes of a world class organization to the suppliers
The final item to gain and retain support was to present the potential "hard" and "soft" savings that the new organization could generate for the corporation both short and long term	The process of working together with commonly understood corporate, global goals and objectives has meant that purchasing, manufacturing, development and marketing staff around the world are now likely to make time to listen to each others' proposals	communication was identified as critical to success, the company concluded that there can never be enough	Communication must be effective and may often need to be repetitive because the organization and its members continually change	Access to shared information and systems (EDI, kanban system, etc.) has raised the level of the relationships	improve communications
To fully align the procurement strategy with the company's technology strategy, it is believed necessary to encourage formal representation and sharing of strategies and systems requirements with various information technology groups and the supply chain	it believes it will be necessary to invest in operational computer systems that can communicate with other internal systems and also with suppliers	It considers it essential for these teams to review, debate, improve and enact alignment and integration to be sure of undertaking a quality implementation and avoiding unnecessary costs	Purchasing makes strategy presentations to the Board of Directors and Executive Committee on a regular basis	The ability to document workshop savings and share supplier development successes with the organization in real time	better communications within the organization and with suppliers
Strategies are typically discussed with the internal customers rather than external customers and suppliers	They will also integrate computer systems that report across functional boundaries	Define the expectations of procurement in support of the business unit, manufacturing and technology strategies and develop the procurement strategy	Communicate the reasons and benefits of the new procurement strategy	Trust	Sharing information
A key executive drove the process and facts were continuously used to demonstrate results	Demonstrate success to the organization to establish enthusiasm and momentum for the strategy	Within the business unit, alignment has been facilitated by participation in short- and long-term product management planning meetings	The company uses a 'one face' approach to present a consistent and unified procurement strategy to the supply base on a global basis	Higher level of trust	Direct communication
Data handling capabilities for integration of cost, production planning, engineering and bill of material data bases	A concept was developed and approved by the company's CEO	Buy-in from the technical community was achieved	Development of a global data base and supporting systems	Maintained an "open mind" and shared information/suggestions on the process prior to being selected as the preferred supplier	Senior and staff buyers are assigned to large primary suppliers to serve as matrix focal points. This assignment enables suppliers to see a company representative no less than once per month to monitor performance and work on problem resolution
The company has used a conservative commitment policy to help it avoid misleading suppliers about expected purchase volumes	developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing corrective action programs	Development of communications	Integrate with key company operational and information systems	They start with a supplier evaluation process and evolve into a relationship which they nurture to achieve complete trust and cooperation	Teamwork and communication with suppliers has increased substantially
Launch electronic communication for information sharing	Break-down internal barriers within the function through information sharing	Introduce computer systems to support procurement and interface with business systems	Encouraged new policy of open communication and raised visibility of top managers	Establishment of a forum for members of the commodity/product review teams to critique the process while in progress	Conduct regular follow-up meetings
Developed business plan and communicated to internal customers and all employees involved	Implemented change program supported by communications plan	Reported progress regularly emphasizing company results and process not functional benefits	Supplier communication	Individual concerns from the different functions represented were added to the portfolio analysis information	Individual groups introduced their proposals to the workshop for discussion
communication of the agreed-upon mission statements for each team	Status reports are issued on a regular basis to interested groups	it was necessary to provide top management with examples of positive results achieved in other companies when similar strategies were implemented	When developing the initial strategy elements, specifically the concept of the SSTs, purchasing formally communicated with its internal customers and the internal customer's input was requested	Ambitious vision, clear goals and clear communication	Positioning as the best customer to a supplier involves building relationships

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Frequent meetings were held to assess progress, make adjustments, etc	Increased internal customer feedback sought, obtained and addressed	Better focus and better communications are needed for non-production/non-traditional areas	Services require much more persuasion and communication with internal customers to get them to even consider changing from established practices	Shared production plans	Supplier newsletters
Establish buy-in, train personnel and begin implementation	Communicate results internally, share successes and learn from failures	Communicate results to suppliers	The importance and payoff of increased communication with critical suppliers	Cross functional teams including members from procurement and supply, finance, engineering and design must work in a unified front with suppliers	Supplier roundtable meetings are one way cross functional teams can interact with suppliers on a regular basis
Aligning goals in the early stages of the relationship and constant feedback on changes have allowed the company's suppliers to avoid costly changes which would have undoubtedly held up operations	The gap analysis got senior management interested, but on-going communication kept them involved and committed	Constant communication is vital to sustain the links both internally and across the value chain	Presenting the gap analysis proved to be the solution for a lack of executive understanding and helped to free up the resources needed for implementation	Create awareness of the extended enterprise concept through supplier communication forums (during supplier events or quarterly management meetings)	Reinforce partnering effort through senior management articles in supplier newsletter (published every other month)
Early enforcement of strategic intent saves a great deal of misunderstanding down the road	Continue to build credibility within the organization through accurate business cases	<i>Purchasing Steering Committee</i> This committee of the purchasing organization's top twelve executives meets quarterly to discuss corporate purchasing direction and strategy	<i>Main User Conferences</i> In order to provide useful feedback and insight to the steering committee from a common viewpoint	Performance is reviewed quarterly and suppliers are given face-to-face feedback	All measurements are documented and fully explained to the partner
Reporting implementation progress	Exchanging information	spread common methods and practices to each of the decentralized units	keep all members informed of the corporate direction	Receptiveness to supplier's feedback on the strategic supplier alliance strategy and process	This team gained buy-in from top management by presenting the benchmarking research and by agreeing to run a pilot
share best practices across all units regardless of size	communicated a common strategic direction to the organization	global information systems will play a significant role in the future	The company encourages information sharing in order to coordinate large capital purchases	The performance measurements, review and mutual benefit assessments were implemented	The firm assumed the process was working well because the partners were not complaining
data base from which to draw information	Provide a forum for procurement personnel from different joint ventures to build personal relationships	Facilitate exchange of information on suppliers, suppliers performance and market trends	Obtain feedback and modify, change or expand	Strategic suppliers are fully informed about the company's strategic plans including financial performance, facility expansion, new market development and other long range plans	The relationship is expected to be enhanced steadily over time
roll-out and consolidation of centralized procurement system for data collection and installation of analytical tools for data analysis	Communication of best practices was viewed as a barrier to swift improvement	A global process was developed to inform all divisions of innovative improvements	Sharing the company's customer alignment philosophy, strategy and expected benefits with the supplier would put eager suppliers in alignment with the company as their customer	worldwide access to MRP systems in each manufacturing plant	Frequent discussions concerning commodity markets and supplier reactions
The teams have defined the information systems required to support each area and when integrated with all other functions	Strong communications across regions, transfer of knowledge, best practices, etc.	All of the plant's worldwide suppliers have order schedules sent to them on a monthly basis via electronic data interchange (EDI)	The business unit expects that computer aided design (CAD to CAD) communication with a number of suppliers will rapidly become the norm	Annual supplier reviews were held of quality, price, delivery and communication effectiveness	They would also have improved the flow of information to all strategic suppliers for consistency
Present the case to an internal team for approval	Ensure that both organizations have a clear written understanding of requirements for the supply of the parts	The business unit had suspected that a long history with some of the suppliers had made them not very pro-active and even greedy. Although, the business unit also concluded that it probably had not helped the situation by its non-questioning and basic ac	The company makes its own judgment and conducts visits to its suppliers' plants, especially when the supplier is considered a key part	Establish communication/education	Create trust in all parties
provide the business unit with superior technical support, better communications and lower costs	Presented strategy, benefits and process to internal clients along with other internal administration functions like accounts payable	The company had to convince the internal infrastructure that this was a benefit to them	you can never educate and communicate enough	Meet earlier with the supply base concerning the process	Include suppliers in process development rather than dictate to them
Develop cost target internally using key supplier input and benchmarking data	to obtain clean, consolidated data	Local meetings between agents and travel team members	Debrief of all participants	Targets are communicated to the suppliers quarterly	End of life transitions are managed in weekly meetings
Need for stronger linkages to business divisions	They were key stakeholders to utilize the center	Internal customer buy-in	Early input and buy-in from those who will be the recipients of the change	Communication is achieved through use of a steering committee and technical subcommittees	communication tools are used to help committees and other personnel share information
Communication	It is critical to gain the trust and confidence of the user group that purchasing adds significant value to the negotiation process	Recognizing the importance of trust	Maintain a customer focus at the plant and supplier interface	The company developed an overall strategy for strategic supplier alliances that all divisions and business units agreed to use	Several key management partners were established as primary interfaces with the supplier and act as facilitators to assist networking
Data was obtained from operating units as it related to their annual spending	Companies that were not directly involved were kept informed along each step of the process	The company realized the delicate balance between over and under communication and the channels through which communication should flow	Project was "advertised" to both the purchasing and design engineering organizations to prepare the group for the upcoming effort and expose potential roadblocks	The supply manager, who is usually a technical person, is the primary interface between the company and the supplier	Trust on both sides, exhibited by the willingness to share information
Clear identification of the project	Breaking down the macro project to location specific project descriptions	Appropriate amount of time was spent selling the project as a major initiative before work began	Issues encountered at individual locations during the "advertising" phase of the project could have been utilized more effectively to predict implementation problems that were encountered later in the year	The development of integrated systems to facilitate ordering and inventory control	The alliance is also developed by sharing forecast and usage data as well as information related to operations support systems with the strategic partners
Document lessons learned	Organize initial supplier information session	Prepare for supplier information session	Implement change management and communication requirements	The overriding themes in this company's development of strategic supplier alliances were communication and trust	the two companies and communication was facilitated by allowing departmental and bureaucratic barriers to be eliminated
Communications and understanding geographic constraints	This selection was presented to senior management for approval	Team consensus on mission, value and goals	Involvement of all major customers in developing selection criteria	Direct user input was obtained prior to recommending a strategic supplier alliance strategy to upper management	A formal request for proposal (RFP) was presented to upper management for concurrence on strategy implementation with an explanation of desired goals, benefits and expected costs for implementation

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Frequent communication and feedback from end users	There is a need to continually communicate upward to ensure buy-in	Mutual trust	The interdependencies in systems that are primarily computer based and software driven require a broader view than when everything is hardware driven and relatively independent	Information concerning business objectives and new product development is shared	The parties strive to understand the needs and objectives of each others' business goals
Team data collection, evaluation, scoring and presentation to management	Constant two-way communication both internally and externally	An open relationship built on trust and mutual benefit	Draft and agree upon process	Jointly participate in honest, open communication	Develop a supplier alliance/partnership guide as an educational tool to guide the process
Operating plant buy-in and continuous support of manufacturing operations	Accurate and timely communication with all involved	Timely, accurate and comprehensive information	Overall attention to detail	Failure to provide clear documentation caused delays for subsequent explanation of the agreement	The company shares more information with alliance partners including advanced product plans
The projects are added to the locations' list of opportunities and prioritized for execution	a summary presentation to the executive review board for project approval	Results are reviewed with each supplier and the supplier must respond with a corrective action plan	Gain agreement and support from all impacted internal functional areas	communicate expectations to suppliers	share data with suppliers
Provide clear targets to suppliers for improvement.	Involve both customer and supplier upper management in review of both the improvement opportunities and results	The supplier development process is credited with improving overall supplier relations and communication	Early adoption of new and changing technologies - available through the close sharing of information relative to each company's business plans	developed a "conceptual framework" to communicate the objectives of a strategic alliance and to guide implementation.	Openness and trust
extensive communication and interaction between the company and its suppliers	approach focuses on keeping the supplier abreast of changes within the company	This approach is an interactive one that focuses on keeping communication lines	a series of internal meetings are held with the supplier which focus on revitalizing the relationship	To facilitate discussion this firm uses a blend of business and social settings so that each party has an opportunity to explore the full range of each other's capabilities	They identify these suppliers as partners and there is continuous exchange of people, equipment, materials and information
Mutual trust, shared vision					

Skill & Knowledge Development (E₃)

The implementation team was responsible for training these sites on the bidding process	Offer bid analysis support, contract negotiation experience and assistance	Identify perceived strengths and weaknesses of suppliers	Develop the ability to utilize capacity effectively	Communications and understanding geographic constraints	Training and learning curve considerations of suppliers
The second team, called the commodity team, identifies and assesses potential strategic alliance suppliers for a particular commodity against a variety of factors	The review consists of gathering data from internal and external sources	Complete supplier capability analysis	team members obtain internal and external (information) on the commodity	Identification of technical/service requirements needed to provide unique customer value	The best business solutions in this newer environment are often best served by the integration of the supply line in order to bring the maximum amount of knowledge and expertise to bear
Understanding system design and product application	Knowledge of the commodity market and the cost elements that drive pricing policy	An understanding of each supplier's ability to meet performance requirements and supplier willingness to share their strategic plan	Map the supply chain and analyze opportunities	The process follows an organizational session, gestation period and a workshop phase	The suppliers normally bring their knowledge of existing manufacturing processes
The company created commodity manager and analyst positions and specifically defined the required skills for these positions	Map both the current supply chain and alternatives	The teams consisted of commercial and technical people who collected and analyzed all relevant information before proposing a group strategy for the commodity	Teams awarded contracts based on life cycle comparisons	sessions taught by in-house instructors train suppliers on how to set up a cost reduction program	Typically a purchase engineer is assigned 10-20 suppliers and is expected to become an expert on their supplier family
Develop employees through career development plans which ensure consistent human resource policies across the company	Supply Chain Management advocates both training for performing a set of tasks and education for growth	Standard courses from external agencies have sometimes been customized to address Supply Chain Management's specific development needs	Internal customers and suppliers were included in the workshops to raise real issues	Internal seminars are either developed in-house for a specific audience	outside consultants are brought into the company for more formal education to a broader audience
As this process with both teams evolve, they each document the process and note improvements that can be made	Determine whether the process/function/operation/activity is core or non-core to the company's business	Identify what is important to the end-user customer for the product	Joint application design (JAD) sessions were held, with these cross-functional personnel using quality tools and techniques such as: brainstorming, business analysis, requirements planning, benefits analysis etc.	Mapping the entire process was a great benefit in educating suppliers and internal managers as well.	The company discovered it needed help in relationship training and follow-up
Obtain accurate, timely data on the corporation's spending in order to leverage spending across the organization	Understand the supplier base in order to reduce and focus the supplier base	The project team trained trainers who in turn took training responsibility for using functions	All members of Corporate Purchasing were trained	performing internal analysis	method of determining how much resource, time and effort should be devoted to a given supplier development initiative
Training of all involved participants and users	Conduct final training for site users and support personnel	Conduct training	Significant training for team members	Training in the areas of process improvement, quality, cost reduction, etc. are offered to suppliers through the company's own "Supplier Training Centers" located throughout the country	initial brainstorming meeting and extensive process mapping
Commence education development and delivery	End user education and understanding	In training and development, a process and operational framework is being developed to introduce licensed buyers	extensive re-education of those involved in the planning and buying functions.	The training serves as a guide for the selected supplier and other internal divisions as well	Every engineer has an individual development plan based on previous exposure and his/her career potential
Understand the business sourcing needs and affordability constraints through a business diagnostic	Identify supply strategies that support business objectives and assesses the risk associated with each strategy	Cross-functional teams with knowledge of the market and supply critically assess specific commodities	A training module to educate teams in the company's upgraded supplier quality process has been developed	Suppliers are shown exactly where and how their materials are used in the process and potential improvements are discussed	Standardized training materials for assessors and audit team members to ensure consistent and non-biased assessments
The company also assigned a team to develop the skill sets and the training education required for the sourcing professional of the future	During implementation, the company realized that a more intensive education of all parties involved in the integration of work practices was needed to optimize supply chain performance	The third step consisted of the planning and executing of training measures for all involved personnel	Educate and train staff	through workshops and projects at the suppliers	The major human resource training initiatives for both company and supplier groups are related to Total Quality Management
improvements in education and training, in particular, positively impacted the procurement function, enhancing its role in the company's integrated supply chain management strategy	The company currently hires purchasing personnel with bachelors degrees and enforces a strong technical background through previous training and by hiring engineers	The procurement staff receives extensive training in simultaneous engineering strategies, value analysis, cost analysis, technical and commercial know-how, languages, rhetoric, computers and laws	Skill set analysis, the development of core competencies and the selected replacement of individuals to bring in needed skills were accomplished as part of the corporate purchasing re-engineering implementation plan	Training of operations personnel	This company has streamlined their skills assessment and training process

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Provide executive level supply chain management training to key project leaders and process owners	Typically the new classifications resulted in small monetary raises, but the title change and room for advancement was the major contributor to the program. The people who earned the new title of procurement assistant have a much <i>improved outlook on the</i>	Extensive human resource development is provided to educate and train all parties in an effort to improve performance	Numerous internally developed programs include continuous improvement and quality training	The needs of each location are reviewed and individual development objectives are established by location	Training proceeds until all shortcomings are mapped and plans made to resolve shortcomings are implemented
External programs include an industry collaboration on education and a consortium for supplier training	The skills required to complete the design are then identified and an internal/external evaluation of capabilities is completed	The company uses several processes to develop team practices and business unit trust	Project team building activities are undertaken including key suppliers	The process requires a learning curve and it is better to start with a less complex strategy. This permits a more productive learning curve	Reassessment of training needs for the teams and involved suppliers
Know the limitations of a supplier's capabilities. While suppliers will make their best efforts to accommodate requests, it is important to know if their best effort will meet the project needs. Procurement personnel should work to define these limitations	To begin the integration process, the company identifies core competencies to determine which systems will be developed internally and which items require supplier integration	A core group of purchasing personnel maintains a list of approved suppliers which may include internal sources. This list is developed through assessment of the supplier's capabilities, prior experience with the company and benchmarking efforts	new company processes for manufacturing or development are shared with suppliers. This enhances the supplier's knowledge and capabilities, ultimately strengthening the company's full service suppliers and the company's competitive position	Identify the costs and drivers	Brainstorm opportunities together
Also key is an evaluation of the sub-suppliers who impact direct suppliers	Better up front education and explanation will be provided to all parties on the processes and benefits of supplier integration	Internal training and information sessions take place in which personnel get in touch with new strategies, organization structures and working procedures. This is supported by written material and brochures	The introduction of new procedures could have been accelerated if middle management had been intensely educated in adopting the necessary knowledge, behavior and rules for cooperation with suppliers	Better understanding of the differences between alliances and more traditional types of supplier relationships was needed.	Realization of time and cost commitments required for strategic alliances is needed.
Suppliers are also given access to internal company and consortium training to meet team goals	These meetings also serve to educate and train each firm on the other's products	Suppliers are part of all on-site visits to evaluate product and process use	Education and training is provided on an as-needed basis to both supplier and company personnel	Cross-functional groups evaluated the present situation to identify specific functional areas as focal points	Project teams solved identified problems, worked to achieve the expected results and optimized the relationships
The education and training is specific and relative to the product or process involved	It is a practice to have the development and implementation group at the same knowledge level.	Ability to transfer the product or process knowledge gained from the integration effort to other parts of the business	Ability to identify suppliers with the proper product or process knowledge and experience	Human resource development includes cross-functional job experiences or rotations, incremental education and other actions such as coaching, counseling or a corporate-wide job posting system to express interest in career opportunities available within the	Educate employees on importance of supply relationships
The company has gained understanding in product and process areas where it lacks experience as a result of working with technically competent suppliers	Pursue greater cross-functional team empowerment with appropriate training and accountability	Train labor to operate the plant and establish rules to ensure that maximum skill development takes place	The supplier serves on the team as the design and engineering validation expert	The company trains the potential partner based on the methods they have found successful. If the supplier accepts training and is committed then the partnership relationship is initiated	Both parties gain strategic advantage from the relationship including better knowledge of the partners business and sharing of cost information
Identifying the customers	Understanding how the customer defines satisfaction	Identify and study drivers of assigned internal costs	Better training in the use of the tool for all involved	Understanding the supplier's ability to meet company requirements	Technically competent personnel were assigned to develop the relationship.
Identify opportunities which contribute to any necessary re-training of the purchasing community	Cross-fertilize knowledge throughout the purchasing community to ensure the maximum leverage on any given situation	Listen and act on the suppliers input	Conduct value engineering and value analysis	Supplier development	Utilization of trained senior personnel to administer the process
Leadership training for team leaders would be beneficial to the process	The company has decided to adopt the Total Cost model incorporating all the above into its portfolio of recommended training programs openly available to all staff, not just those directly involved with procurement	Advance competence development	there is a need for additional information sharing and understanding of costs and cost drivers	Alliance managers were trained in strategic cost management and basic procurement through a workshop and quarterly meetings to share information	Developing optimum specifications from a total cost perspective
Select and develop key suppliers for strategic, long-term growth and profitability	Conduct extensive team training to facilitate the SCM process	Developing individual and group skills required to drive participation	Though sufficient engineering and technical skills were in place, the appropriate commercial skills were lacking. There is a need to understand markets more completely to ensure SCM success	Develop a supplier alliance/partnership guide as an educational tool to guide the process	Continuing to upgrade training
The ABC system should have initially been less complex to ensure understanding, success, and user buy-in	The company intends to continue learning from their efforts to date. Every SCM initiative is unique and adds to the corporate knowledge. Better skills and improved results will be realized through this learning experience	Suppliers expertise is utilized to help understand process costs and to recommend negotiation process improvements	Training and education of the cross-functional team members on their importance and contribution to strategic cost management	Increasing resources in training and education	Technical and commercial integration
Training and education of the cross-functional team members on their importance and contribution to strategic cost management	Accurate cost estimates to begin the process	the company would like to spend more time educating suppliers on the importance of their participation in the process	Continuous training occurs to ensure that the resources supporting the local purchasing unit demonstrate high levels of competence	extension of educational opportunities to suppliers	Training must also occur early in the process.
The company uses several enabling approaches and tools for achieving strategic cost reduction and quality improvement goals	achieve dramatic supply base education while leveraging purchase opportunities	The company will continue to hire graduate degree candidates and offer training programs to develop skills in cost management	skilled professionals, utilizing leading edge practices, and employing the most optimized supply base in an environment of continuous improvement	Supplier training/support for customer was not up to the customer's usual standards	Teams developed selection criteria and a list of capable national suppliers for these services
appropriate staff and business processes capable of delivering the strategic plan	establish local, regional and global career development processes for all supply management associates	In-process training had to be developed	will be staffed with a higher mix of technically trained and educated individuals	Supplier expertise in design and manufacturing capabilities	Overall attention to detail
Selection of right staff for the new worldwide sourcing group	The process of working together with commonly understood corporate, global goals and objectives has meant that purchasing, manufacturing, development and marketing staff around the world are now likely to make time to listen to each others' proposals	It has identified that it may be necessary to enhance staffing levels to undertake this without the conflict of priorities which would arise if this work were to be in addition to existing day-to-day business responsibilities	Improved skill level of procurement and other functional level employees	Training of the purchasing organization	Training in these techniques was absolutely critical for purchasing and design engineering professionals

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

procurement personnel lacked the proper skills to achieve the objectives	The right skills to implement the strategy must be available or developed prior to implementation	Staffing and organizational changes were made and training activities begun	Staffing development and training.	The company uses a variety of methods to educate its people on supplier development strategies	A number of the organization's staff attend these seminars and in some cases teach in them
apply professional procurement skills	Tighter cost/price targeting and monitoring	Selection process to position best qualified people where needed	Training and development programs to raise overall skill level	Supply Chain Management will coach/consult with an internal client in order to improve a specific situation	Internal and external training programs helped company personnel and suppliers understand the scope of the supplier development program and realize its potential impact on each business
Trained and developed purchasing and non-purchasing staff	Reviewed strengths and weaknesses of procurement operation	New personnel brought into corporate purchasing with different skills	Brought in people with team/facilitator skills	Ensures that the company focuses on the need for continued growth and learning in order to stay competitive	Conduct strategic procurement studies
Training of the SSTs	New knowledge is transferred and captured by the firm for use in future projects.	Safety and environmental skills and education are transferred between partners	the company will provide training to its suppliers to ensure the goals and benefits of the alliance are clearly understood	in-house training is provided to suppliers in the areas of Total Quality Management, process improvement and problem solving	Team members analyze data
exploit supplier technology and know-how	A highly evolved procedure has been developed to determine the specific type of supplier to meet a particular situation	<i>Role Assignment</i> In conjunction with the needs analysis is a procedural framework that assigns specific tasks to key personnel	In order to maintain a continuous knowledge transfer to facilitate better decision making, a rotational schedule has been developed for all purchasing personnel within the division	transfer of experience and joint understanding	A training course was developed a few years ago to accomplish this objective
The schedule rotates personnel through all disciplines within a facility and then eventually across facilities	Establish buy-in, train personnel and begin implementation	Communicate results internally, share successes and learn from failures	Internal skills development and knowledge transfer are of paramount importance	communication of operational experiences	Education and training are a cornerstone of the company's supplier development program
culture and language training	relationship management	The future direction is to combine areas of expertise through training and rotational experiences to create a more homogeneous workforce	Develop skills with a special focus on cross-cultural relationship building	Identification of high-performing critical suppliers for cost reduction and other improvement opportunities	Design and implementation of supplier councils is a major objective in the near future. The intent of these councils is to share learning experiences with other councils and discuss supplier standards and improvement potential across the entire industry
procurement training programs	Common "best practice" methods and tools are taught and distributed to each local plant purchasing office	Providing resource support	Learning about new methods and tools	Basic statistical process control tools and processes	Problem solving techniques and cycles
spread common methods and practices to each of the decentralized units	rotate people through various foreign assignments and use multi-lingual personnel in key positions	cross-cultural assignment program	easily useable analytical tools	Each buying professional is evaluated by appraising them on a 1-3 scale for each skill	Human Resources creates a database of skills by employee/location
the ability to get or analyze data is non-existent	Identify opportunity	Implement "opportunity focused" training program	Identify highly motivated, knowledgeable individuals and empower them to act	Appropriate skill sets for buyers and purchasing managers	Alignment/Understanding of supplier capabilities
People skills and cultural diversity necessary to excel in the global arena	The organization must have the right global people skills (i.e., language, culture, local logistics knowledge, etc.) and be willing to pay a premium for these skills	Knowledge and technology transfer will be stimulated not only between the supplier and company, but across the supplier's worldwide operations	The company will ensure its supply chain passes on best practices through seamless boundaries between the company and its supply base	Use fact-based problem solving to diagnose the supply process and cause continuous improvement for both parties.	Map the entire process
Locate and obtain as much detail as possible regarding the potential supplier's organization	The company makes its own judgment and conducts visits to its suppliers' plants, especially when the supplier is considered a key part	the ability to utilize the supplier's expertise	you can never educate and communicate enough	Rate and evaluate each opportunity	Better understanding of differences within each supplier alliance was needed.
Gain buy-in of the traveler, educate the employee	They had the technical knowledge and ability to qualify suppliers	Understood future demand	It is critical to gain the trust and confidence of the user group that purchasing adds significant value to the negotiation process	Offer specific training for those employees involved in the program	Conduct a two-day internal supplier alliance workshop
Teach lean manufacturing techniques to the suppliers	Create a model for application in other manufacturing plants within the company	Workshops were held at the company's plant and supplier's plants	Understand the impact of current complexity and work to simplify	Employee participation, compensation and training	Systems and human resource development are two areas that also make substantial contributions to the execution of the strategic supplier alliance strategy
the company needs to focus on reducing complexity by using the ideas of assembly personnel and suppliers	There is a need to formalize the transfer of knowledge and lessons learned to other locations within the company, and to suppliers of commodities	Preliminary identification of cost reduction opportunity • Opportunity management • Feasibility study	Detailed market knowledge of key technology components and of competitor selling price trends	Consolidation of training/education efforts with the supply base (industry collaboration on education) resulting in an education network which provides consistent knowledge to the combined buyer-supplier work force	If the values and commitment are present, but certain tactical operations are not in place, the company will accept a partner if they determine the supplier can be trained
Having expert knowledge of the price structure for the benefits administration industry	To be successful in negotiating for a new or different/complex service, the company must have expert knowledge in the area being negotiated	Map current process	Develop total cost model	The overall success strategies of both companies become mutual and detailed operational knowledge of each other permits the relationship to be quantified	continuous education, training and succession planning including personnel development
Identify areas of cost reduction	Finalize total cost model	Enable the supplier to overcome the obstacles and build the requisite infrastructure to fulfill client needs	Internal logistics capabilities	Establish communication/education	Leverage the supplier's technical strengths and expertise through highly focused programs
Identification of suppliers who consider the buying company to be a strategic customer	Further development of training procedures and requirements	The company provides resources including training at supplier sites	The alliance suppliers bring new technology and applications to the company	Future plans call for continued training concerning how to manage the alliance process including how to identify, develop and sustain alliance relationships	This includes providing training to personnel
Establish aggressive education and awareness programs	Use workshops to identify when supplier alliances would be beneficial	The procedure defines the purpose of an alliance, key roles/responsibilities for the company's personnel.			
Team Working (D₂)					
The team visited each primary site/plant and discussed study results and cost savings already achieved to date	Jointly develop the commodity strategy with key users	Select jointly with users the supplier and establish standard fixed annual cost contracts	Establish supplier/site project teams with specific performance goals	Working with key stakeholders (e.g., legal) early in the process	Joint industry agreement

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate managers formed a cross-divisional software management team (SMT) consisting of members from each impacted organization	At the commodity level, the company forms a steering team	Cross-functional teams to develop commodity strategies	Organize the review and evaluation teams that will conduct the actual sourcing	Appointment of teams to work with the supplier in order to resolve problems relating to product/service offering	Establishment of an alliance council to evaluate the relationship and share cost savings processes
	the effort is publicized to others in the organization to reinforce the value of this approach and to increase confidence in cross-functional teaming	Management established a cross-functional negotiation team (NT) headed by the procurement sourcing operations manager as a sub-team of SMT	This team is empowered to make all decisions related to the buyer-supplier relationship	Council remains in tact to manage suppliers and contracts	A supplier managed the entire process utilizing the company as a resource when needed
Empowered teams	the company is standardizing the software procurement process using cross-functional representation	This company established two types of cross-functional teams to develop its commodity strategy	commodity team consisting of purchasing professionals, technical experts and direct users	Committed and dedicated steering team for each initiative	Cross-functional team to "wrench time" the process
Use of multi-functional teams in the supplier selection and agreement implementation process	The company then creates a joint supplier and commodity team to establish continuous cost, quality and service objectives	Achieved greater teamwork within the company and with suppliers	Full buy-in and involvement of team members	Multi-tiered involvement	An open relationship built on trust and mutual benefit
Establish a cross-functional team consisting of engineers, operations and purchasing representatives	Achieve buy-in from team members	Cross-functional teams will consist only of members that have a vested interest in the standardization process	Commitment by both parties to develop their organizations to support the relationship	cross functional involvement	The blending of supplier and company resources
Leverage resources by combining several related operations and engineering groups into one team	working in a team atmosphere	Launch the multi-functional team	The company rejected a global approach in favor of launching regionally. The process at remote sites failed because teams were not used, the process lacked ownership and communications were poor	All key functions involved at both the manufacturer and the supplier	The supplier linking process is done with all suppliers
Integrated technical/commercial commodity project teams and work group team	The teams consisted of commercial and technical people who collected and analyzed all relevant information before proposing a group strategy for the commodity	Both a procurement specialist and an engineer are part of a cost analysis team that brings specific knowledge of the commodity to the process	Supplier evaluation, which is a team effort led by purchasing	Involve both customer and supplier upper management in review of both the improvement opportunities and results	The supplier development process is credited with improving overall supplier relations and communication
Organize a commodity planning team to make supplier selection recommendations	The supplier evaluation team is a multifunctional team	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, <i>ad hoc</i> teams, chartered teams and self-managed teams	The first team they create is their strategic team	Cross-functional teams with accounting, drilling, engineering, warehousing, distribution, and supply chain management expertise, along with senior management, were brought together	Supplier integration
This team is responsible for determining supplier/raw material long- and medium-term strategies. They are also responsible for cost, quality, access to supplier technology, coordination of raw material acquisition, and semi-finished product performance	the second team, a tactical cross-functional team, is formed to execute the agreed upon strategy	Cost Analysis and Qualitative Consideration is undertaken by a cross-functional team (including purchasing representation.)	Strategic sourcing studies are chartered by an executive sourcing council that identifies a sponsor and team leader for each study. The sponsor and team leader identify the work team and steering committee consisting of the key stakeholders for the study	extensive communication and interaction between the company and its suppliers	fostering a close working relationship
Each project team should get input from the primary customer(s)	The leader should form a group to represent various "stakeholders" for the family of parts to be studied	Willingness to work as a team	A cross-functional team will thoroughly examine the project and provide a summary to the management groups involved	Work teams focus on a specific objective and tend to be short term in nature	Work teams are cross-functional and involve a supplier representative
Current system and procurement practices reviewed with cross-functional personnel from the staff departments, divisions (business units) and user sites for updating and changes	Joint application design (JAD) sessions were held, with these cross-functional personnel using quality tools and techniques such as: brainstorming, business analysis, requirements planning, benefits analysis etc.	Personnel from associated systems were involved to minimize problems, ensure fit and success of the project	Knowledgeable and dedicated personnel assigned to the project, both from users and IS, with a key user and IS project leader	Formation of a cross functional team	Early involvement and buy-in from the operations group was essential to continue ongoing support and enhancements throughout development
Joint application development sessions were held with key user personnel from cross-functional groups and sites including both divisional and staff personnel	The assigned personnel were empowered to have full responsibility to design, plan, develop, implement and control the entire process	Meeting with all affiliates in cross functional (Purchasing, Finance and Information Technology) regional joint application design (JAD) sessions to determine best practices, determine needs, and establish methodology to collect and share information while	Develop roll-out plan through the stakeholder group	the organization develops teams to identify commodities and suppliers who represent key areas for improvement/development	meetings are used to develop action items for areas in need of improvement
Form project team including key participants from the stakeholder organizations	Empower team members to make or drive decisions for the stakeholder organizations	The design team includes functional and technical developers with stakeholder review.	Users and management met to brainstorm scope, alternatives, and likely specifications	Early involvement and continuous feedback of suppliers as well as local and divisional involvement in developing the new program	a team was formed with members from the company's organization and a particular supplier to develop and execute an action plan
A project team was formed to evaluate opportunities for all functions within the company and to negotiate funding, priorities, and support personnel with senior management	Senior management dictated highest priority to this project for members of the project team; therefore there was no competition for the people assigned	Since this is the most significant system, it was more important that all functions participated in the planning so that this system met their needs rather than assuring compatibility with anything already being used	a task force was formed	cross-functional meetings	long-term relationships
Purchasing was functionally represented on the initial task force or project team with one full-time senior buyer	Inclusion of representatives from all impacted functions	Establishment of a team to accomplish this task; a team with no other responsibilities	Full-time participation on the development and implementation team by representatives from critical using departments	This particular division included its initial supplier presentation as a method for starting a new relationship on a standardized, consistent basis across all divisions	Long-term relationship based on trust and open communication
Selection of experienced, knowledgeable, and progressive personnel for the project team	Define constraints around program. The design team defined specifications around the who, what, where and the how much of the program. This identified who the installation audience would be, and exactly what is included in the program	Participation is required from across the location: accounting, purchasing, payables, and the actual card users from maintenance and purchasing areas. This group becomes the installation team	Develop and confirm project organization structure	These teams are typically established divisionally, but company-wide if needed	inviting suppliers to the plant to meet contacts in all supply management and operations areas

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Identify all project team members and gain organizational time commitment	Significant training for team members	Flexible team membership where team members may vary by project phase	There are a number of cross-functional teams in place including a supply chain steering group made up of functional unit directors and several operational teams made up of buyers, materials planners, plant and product managers, marketing and	Initiatives that require a company wide focus are highlighted as such and a cross-company team is formed	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops
There are a number of cross-functional teams in place for certain products comprised of buyers, materials planners, plant/product managers, marketing and finance to mitigate effects of organizational changes	[strategic sourcing] segregates purchased materials and services by importance and encourages all functions of the business to work together to maximize the value of purchases	Cross-functional teams with knowledge of the market and supply critically assess specific commodities	finance To encourage cooperation between functional groups and break down barriers between organizations, the company created the sourcing leader position	Potential suppliers are paid site visits, asked to make presentations to the team	Joint development of products and programs
The business resource planning sales and operations planning process is used by the business team to create aligned objectives	This company views simultaneous engineering as one of the most efficient strategies to integrate the supply chain	the company formed a cross-functional team consisting of management representatives from all involved departments	Form cross-functional project teams	The company makes extensive use of teams to develop and implement supplier development strategies	Entering into joint development programs with the company
The company employs cross-functional teams such as product development teams, strategy teams and production teams as the primary method to encourage cooperation and coordination between functional groups	Participants are from various functions and levels of hierarchy with responsibility for the work given directly to the team members	In order to remove barriers between organizations, the company focuses on the use of cross-functional teams and information systems	Another structural change involved the creation of a special strategic purchasing group responsible for strategy and coordination	Teamwork and team member functions	Teams working independently and autonomously tended to stray from process objectives. A steering team for the process was a mandatory addition to maintain focus
The procurement function participated on many of the company's cross-functional teams and created a monthly purchasing report for distribution to all functional groups	this company cited one extremely important action to improve the implementation process and the results of integrated supply chain management: <i>more and earlier participation of all employees.</i>	the company learned that the support of all employees concerned, almost everyone in the organization, is essential for the success of the entire strategy.	Resources available for teams	The primary lesson the company learned in developing and implementing its supplier development program was that it needed dedicated quality assurance and design engineering support	Establish Supplier Support Center Staffed with Cross Functional People
The company encouraged cooperation and coordination between functional groups by establishing strategic supply teams. These teams are staffed by various divisions and facilities and are led by a key stakeholder	These teams are facilitated by corporate purchasing	The design of the corporate strategic sourcing strategy initiative and the use of strategic supply teams was jointly designed with the various company organizational and divisional groups	Company-wide purchasing conferences were used to solicit input, determine the process to use, design and staff the strategic supply teams, plan the execution, roll-out the plan and provide training	The commodity is reviewed by the team to determine if there is mutual benefit to developing a long-term alliance	a commodity/product team is created. This team consists of purchasing professionals, technical experts and the direct users of the product
Company-wide strategic supply teams were used extensively to formulate strategy and negotiate long-term agreements	To align its measurement and evaluation enablers with its goals, the company has moved to a more team-oriented reward system	It developed its lower-level initiatives and objectives through collaboration, participation and cross-functional interactions	the firm could have benefited from full-time dedicated teams and an outside consultant to expedite the process	Product/commodity teams actually pursue the strategic supplier alliance	The steering committee acts to guide the product/commodity team
With this change in focus, buyers are now incorporated as a part of the team that is building each store	The company established review teams comprised of members of engineering, accounting, contracts and procurement who review the handling of materials and contracting requirements	The company has found that having these people travel to job sites and vendor meetings together breaks down barriers and builds teamwork	Build teams	Organize joint steering committees	Brainstorm opportunities together
Cross-functional teams are used throughout the development process	teams develop the commodity strategies.	Based on the needs of the program, either the supplier's personnel will be co-located at the company's site, or the company's personnel will be co-located at the supplier's site	Supplier integration was initiated to focus all resources on product development, offering suppliers long-term involvement as product team members	Cross-functional groups evaluated the present situation to identify specific functional areas as focal points	suppliers that were pre-selected during the portfolio analysis were introduced to the internal company participants
Ability and willingness of both parties to work together in an interactive supportive manner	A cross-functional project management core team is now formed for each project.	A full time person from procurement is assigned to the project team. This individual serves as the linkage between the project teams and the rest of the procurement organization	Suppliers are selected by the cross-functional team of engineers and commodity managers	Commodities that were jointly agreed upon became the basis of supplier alliance teams which were staffed by experts from both companies	Establishment of supplier alliance teams
Project team building activities are undertaken including key suppliers	Performance measures are also developed as a team	Part time co-location (up to fifty percent) of either company's personnel at the other's facility is used as required	Suppliers participate in weekly project status meetings as part of the development team	strategic supplier alliances integrate suppliers into the new product development process	Platform development means that the suppliers become part of the product development team and that all resources available focus on the product
Establish working relationships and extensively involve the suppliers	Develop equality on the project team.	Maintain continuity of the procurement person on the design team	Co-locate the procurement person with the design team and ensure full time involvement	Cross functional teams including members from procurement and supply, finance, engineering and design must work in a unified front with suppliers	Supplier roundtable meetings are one way cross functional teams can interact with suppliers on a regular basis
Improved quality is created through increased supplier involvement in the design phase and earlier problem identification and communication	A key organizational change to facilitate integration efforts was internal functional co-location	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Cross functional teams are established for each of these systems	The relationship is expected to be enhanced steadily over time	Trust is built as the alliance achieves consecutive successes
These teams have responsibility to determine if, how and when suppliers will be integrated	The company's advanced technology group works with suppliers to test these potential new technologies	The company develops this trust by treating the supplier as a full member of the project team	suppliers are co-located and included in all team meetings	Conducting additional cross divisional strategy setting sessions within the company	Achieve commitment from both parties
co-location occurs by having the supplier's engineers work at the company's facility	Company personnel on occasion will spend time at the supplier's facility on a short term basis	Emphasis is placed upon ensuring that the company's key people are co-located and dedicated for the duration of the project. A similar approach is also preferred from the supplier	Supplier selection is done on a cross functional basis with product development and purchasing involvement. A series of competitive measures is used to further assess suppliers' capabilities relative to each other	Expand the use of design team concept	This company uses a global commodity team consisting of strategic, tactical, engineering and site manufacturing personnel to regularly review supplier alliance strategy and determine if changes are required.
Supplier and company engineers work together on the design. Depending on the project, these engineers may be co-located at a single site	Co-locate supplier personnel at the company facility, including full time involvement on product development teams	the company establishes professional personal	The company is transforming its supplier selection process to a formalized commodity management approach wherein multi-disciplinary sourcing teams are established for each major commodity area.	problems evolved from the site team managing suppliers independent of the central supply base management team.	Communication is achieved through use of a steering committee and technical subcommittees

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

The team members develop expertise in their commodity and become the recognized authority on their commodity within their functional group	The company's organization facilitates development of trust with its suppliers	The company occasionally locates a representative at a supplier's facility. This generally occurs when the company experiences poor product quality of a critical strategic nature and when the company has the personnel that could best solve the problem	A multi-disciplinary commodity sourcing team is charged with driving the development of the supplier base to a position where it fully supports the company's current and future business needs for that commodity	Creation of steering committees and technical subcommittees through technology sharing agreements	A cross-functional team is formed
Program managers specific to materials became core members of each new product development team	Cross-functional "commodity strategy teams" define the commodity level strategies and supplier selections. These teams are also responsible for developing and maintaining a commodity business plan where appropriate	Co-location is now being tried in specific areas with generally positive results	Create internal "simultaneous engineering" teams to handle the components/systems	Organize joint teams, set goals, measure goals and proceed to the next priority	This company defines a strategic supplier alliance as a process that eliminates traditional methods of conducting business between a customer and a supplier and replaces them with more flexible and collaborative approaches
Cross-functional teams are known as "simultaneous engineering" teams	The suppliers work in the same building as internal team members and take part in team meetings.	Co-located suppliers are integrated according to the specific interface of their components with other components in the project. This ensures that direct contact and information exchange occurs between team members who must cooperate closely in order to	Establish cross-functional teams in new product development	Direct user input was obtained prior to recommending a strategic supplier alliance strategy to upper management	Implementation planning meetings were held between all affected parts of the customer company and the selected supplier(s)
Co-locate suppliers	the company established cross functional commodity management teams (CMTs) to coordinate the overall integration effort	Suppliers are also given access to internal company and consortium training to meet team goals	The company requires integrated supplier membership on the product/project team	Create integrated business teams	The company believes more time is needed to develop the alliances
Process Management: The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and innovated	Cross functional teams analyze the benchmarking results and then identify two suppliers for consideration	Co-location is used mainly for joint testing of product designs. Joint testing occurs at both buyer and supplier facilities	communication between the two firms on all subject matters is made easier by the development of personal relationships between the staffs of both companies	has hands-on involvement by top management	sharing assistance
The company's equipment will be placed into the supplier's site for better testing of the supplier's part when attached to the company's product as appropriate	the company establishes a cross-functional team of users, technical resource personnel and procurement	Selected supplier(s) become part of the product/process implementation team if a project will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous to	Once the cross-functional team identifies, evaluates and selects a supplier, that supplier becomes a formal team member	Develop a commodity council with key suppliers	teams are formed to work on specific projects with the suppliers
Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	Joint performance measurement agreement occurs within the team with active supplier involvement	The team must reach consensus agreement on performance measurements and targets	At times the supplier requires office space, phone lines and other material support at the company's facility.	The Steering Committee and the supplier's management then jointly initiate and sponsor a Cross-Functional Team with personnel from both companies	Key Cross-Functional Team members meet to plan the first team meeting
Implementation involves the supplier and company personnel working together with continuous exchange of information and data reports	Pursue greater cross-functional team empowerment with appropriate training and accountability	The contract was set up such that data was gathered and prepared at a monthly meeting where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Common data was used in both plants to allow a joint team to review the operating performance	In some instances, a small equity position and management representation within the supplier as well as permanent office space for the buyer at supplier facilities are included in the agreement	are careful to ensure that a broad range of people from both companies become involved in the process
Once selected, the supplier becomes part of the company's product development team.	The supplier serves on the team as the design and engineering validation expert	Company and supplier representatives from purchasing, quality, engineering and senior management attend to discuss problems with current projects and new projects or business opportunities	These meetings help establish closer working relationships and underscore the parties mutual dependence	Marketing compromise	It is necessary to build consensus within the organization before deploying any cost reduction effort
Select product development team and determine if the team needs to be a high level management driven team	Product development teams facilitated increased awareness between the company and suppliers of problems and needs to achieve desired results. All team members gained better understanding of each others' work	It does not have any current formal or specific on-going process to involve suppliers in cost initiatives, other than periodic commodity-driven cost reduction exercises	Better cross-functional involvement in the process, particularly of internal customer groups such as engineering	There is a place for the non-adversarial approach to procurement	Internal business teams formed a council and negotiation team
Supplier partnership (team-based sourcing)	Develop strategic supplier partnerships to maximize total cost of ownership opportunities	Cooperation with a key supplier (team purchase)	Maximize mutual benefit to both companies through the implementation of team purchase	Commodity/product team creation	Team data collection, evaluation, scoring and presentation to management
Joint company teams will negotiate normally at supplier location	Form cross-functional teams	Establish joint customer supplier teams to review process issues	Establish commodity team	Continuity of team members is critical	A non-productive member is a burden and must become focused
Establish concurrent engineering	Purchases are strategically managed by cross functional teams	Charter multifunction teams	communicate more cross-functionally and to utilize co-location of different functions	Understand roles within the evaluation team	The supplier is involved in generating productivity ideas
To assist effective decision-making, the company has developed a number of cost models. Some of these models have been developed by the procurement department and made available to the whole company with the endorsement of the finance function	The company has developed its cost analysis for procurement decision-making in conjunction with finance experts who provide a sanity check and buy-in to the concept	Cross-functional teams are built for specific cost modeling projects and care is taken to add only those individuals who will add value to the team	the team define and agree on the actual decision to be made, the precise steps involved in the decision-making process, who owns the decision and who the players are at each step in the decision-making process	Cross-functional participation	Dedicated focused team at supplier to implement projects

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

the company has found that cross-functional teams focusing on business analysis and evaluation of the supply and demand strategy at commodity and purchase family levels is extremely cost efficient	Conducting executive and supply management meetings to reach consensus on what is important to measure, how to measure it, and where the goals need to be set	Progression toward shared mutual objectives is the direction to pursue for all strategic purchases	Discussions are held to reach consensus (possibly with some units dissenting)	cross functional teams	Commodity managers are responsible to follow up on the plans
Form commodity teams for important commodities	Determine the needs and best approaches to cost management by commodity by using a team of accountants, engineers and buyers	Conduct extensive team training to facilitate the SCM process	Close supplier relationships built on trust will result in believable cost disclosure	relationship development	A cross-functional team was typically formed to determine how to improve overall supplier performance for a particular product or service
Form a team of all of the stakeholders, suppliers, customers and internal personnel	Obtaining customer and department participation	set up a team made up of supply, user department and support expertise as required	target costs are created by cost engineers on the cross-functional team and are based on detailed estimates of what the product should cost to produce	The process to establish supplier development efforts begins with cross-functional representation of the several entities	both executive management and commodity managers/teams are involved.
Training and education of the cross-functional team members on their importance and contribution to strategic cost management	The primary means to manage this process involves cross-functional teams	During the implementation process the commodity teams worked with each plant to identify total purchase requirements by commodity grouping	a decision was made to locate team members throughout the business units to maintain insight into business unit requirements	existence of a commodity team	The supplier and the company jointly determine if there is cultural alignment and if not, whether or not the relationship should continue
Working together on-site at supplier locations	The commodity teams also manage extended teams, which include representatives from each of the SBUs within the business group. The use of extended teams supports better communication and implementation of change across all locations	teams consist mainly of cross-locational buying personnel, but can also include cross-functional representation as required	Manufacturing engineers work directly with suppliers to map processes with the objective of identifying non-value added activities, steps, etc.	relationship building	sustaining new relationships
Implementation also required functional support from Finance	Expected future plans include using teams to develop global commodity purchasing strategies	supplier and purchasing membership on new product teams will become increasingly important	Development of effective new ways, starting in 1995 for internal functions to work together with suppliers	Dedicated team from both sides	cross-functional and cross-divisional sourcing teams
Establishment and sharing of common support	Commodity teams use consensus decision making with emphasis on primary users, importance to the business, and relationships with suppliers	Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	core manufacturing processes are supported by key outsourcing strategies, so as to concentrate resources (time and money) as a cooperating team as opposed to internal competitors	company forms cross-functional teams	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers
Supply has teamed with Engineering and Manufacturing Boards to develop a parts standardization program which will allow standardization of not only parts but also suppliers	The Supplier Integration Focus team has identified a series of actions intended to bring suppliers into key processes such as manufacturing, engineering and distribution	Suppliers will become an integral part of the planning process by suggesting available parts and technologies to handle current and future engineering needs	Support marketing's drive for innovative products and reduced time to market through affiliation with best suppliers	The members routinely met to review the status of their efforts	Utilizing cross-functional teams has created several improved programs and processes
key purchasing, manufacturing and systems staff were assembled to assess the reality of launching the worldwide sourcing group	the worldwide sourcing and logistics group met as a team	The data for this was assembled by a team of the ten top purchasing staff who could identify local, regional and global priorities	The top ten team takes joint and collective responsibility for their recommendations and decisions	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project	The principles of integrated teams with common goals are continuously reinforced
the worldwide sourcing group interfaced with a worldwide marketing at a worldwide conference to track the marketing plans for new global products and ensure marketing gave input to the performance goals and objectives for the new worldwide sourcing	The plans are to continue to do this through cross-functional meetings	To fully align the procurement strategy with the company's technology strategy, it is believed necessary to encourage formal representation and sharing of strategies and systems requirements with various information technology groups and the supply chain	The company regards cross-functional teams as an essential tool to achieve integration and alignment of the procurement strategy with all the other strategies throughout the corporation	The degree of effort put into a given supplier development initiative is defined by sourcing teams within the company	Each team has objectives to meet within a year
It considers it essential for these teams to review, debate, improve and enact alignment and integration to be sure of undertaking a quality implementation and avoiding unnecessary costs	It sees the process as being driven by the supply chain management team with procurement securing supplier participation where necessary	Alignment of the procurement strategy with the business unit and other functional strategies is generally achieved through cross-functional teams and co-location of personnel between functions within the business unit	Cross-functional teams are critical to the successful development and execution of the procurement strategy	Formation of total cost reduction teams (suppliers and engineers)	Dedicated commodity teams (cross-functional)
Supplier relationships will play a key role in establishing and protecting capabilities	Teamwork between the Sourcing and Research & Development functions	Establishment of a working partnership with the technical community	developing closer relationships with newly created research and development labs within the company	The company also utilizes commodity teams to set strategy	A multi-functional team creates a request for proposal, reviews supplier selection, considers sensitivities, assesses previous data and determines strategy
Cross-functional, cross-business commodity 'virtual teams'	Remove functional barriers by cross-functional team working	team building for executive managers	Launched cross-functional teams	Extensive use of teams	Develop long-term supplier relationships
Multi-functional, cross-business unit team blending different experience and backgrounds	The use of multi-functional, cross business unit teams based around procurement commodities is seen as the key to integrate functional strategies at all levels with all functions and across key business processes	each cross-functional commodity team is required to develop a set of measurements around its performance which directly relate to the overall company key performance indicators	Removal/breakdown of functional and business unit barriers to greater procurement effectiveness throughout the company	increased cooperation	Improved teamwork
The multi-functional, cross-business unit teams will possibly evolve into a different number of teams which have clearer market-facing roles and will concentrate on more strategic issues	the company is using cross-functional strategic supply teams (SSTs)	use of multi-functional teams in strategic procurement decisions	The internal customer's input to purchasing decision making was considered to be critical	Teams and locations use focus to determine corrective actions	Appropriate cross-functional participation in the development activities
No failures to date, but progress slower than hoped, especially where the team was not fully mobilized and in non-traditional areas	The company will continue to use the concept of cross-functional teams as the foundation for its functional procurement strategy	Within the strategic business unit, there will be more emphasis on the use of the SST	stronger cross-functional links within the working committees of many new project teams	Strategic alliance partners are chosen through a team evaluation process	the selection of commodities which have alliance potential is completed by a steering team comprised of purchasing and internal end-use customers
Cross-functional teams have led to better understanding and cooperation between the various functions within the company	Including suppliers from their respective native countries has been critical in meeting deadlines and pushing technology in new directions	Inconsistencies are either discussed and agreed upon or the partnership is ultimately dissolved	relationship management	The company utilizes a team approach to develop the alliance and specific performance objectives	Multi-functional teams

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Purchasing Steering Committee This committee of the purchasing organization's top twelve executives meets quarterly to discuss corporate purchasing direction and strategy	Principles of membership include a willingness to share experiences as well as an obligation to accept majority decisions	nurtured strong interpersonal ties between members	These groups attempt to leverage purchases with joint venture partners	The team selects the supplier(s) and obtains management approval to proceed with an agreement	Teamwork and communication with suppliers has increased substantially
Provide a forum for procurement personnel from different joint ventures to build personal relationships	Facilitate exchange of information on suppliers, suppliers performance and market trends	Establish a cross-functional team	matrix team cooperation and mutual support	The firm realizes that all relevant functions should be involved in identification of suitable partners and included in the process	Involve suppliers' staff adequately
cultivated a willingness to work together and a buy-in attitude	increased focus on teams	a rapid building of relationships	This allows individuals with established relationships to consider a number of other initiatives which would not have been realized if the relationships had not existed	A list of potential strategic suppliers was compiled by mutual agreement of the functional areas at the workshop	Top management of the selected suppliers were invited to join divisional management for the supplier alliance day
Facilitating cross-functional support	Seek alignment with partners that provide this process/service and allow development of the company if it makes strategic sense	Commitment of matrix teams	integrating operations	After signing partnership agreements both parties began structured teamwork interaction	team empowerment to explore mutually beneficial creative avenues
Commodity teams have cross-functional representation and require full buy-off by all parties	Multi-tiered supplier teams meet regularly with the company to develop and implement cost savings	teams will better coordinate regional procurement	Supply chain teams	Positioning as the best customer to a supplier involves building relationships	Co-location of suppliers
focuses not only on internal functional improvements but looks for ways to bridge the gaps between functions as well	The teams have defined the information systems required to support each area and when integrated with all other functions	Initiate an international procurement group	Institute a global strategy and procurement planning group	Joint quality teams are established	Dedicated individual or small team to champion the process
Start joint ventures in other emerging countries	Maintain strong regional alignment and interaction to support regional decision making	Purchasing and quality control people are available to make regular trips to existing and potential suppliers	The business unit recently combined efforts among three of the organizations within its engineering group to conduct worldwide benchmarking of procurement	Commitment by both parties to organizational development and support of the relationship	Changed supplier business plans to respond to job transfers plant to plant
Encourage the supplier to visit the plant and visit suppliers on a regular basis	The first step was combining the business unit with the entire 12 divisions of the corporation to maximize the cost reduction for air travel	Utilize a single negotiation team representing the whole corporation	Create a global negotiation team	The organization moved to a team-based structure that included cross functional representation from internal and external customers/suppliers	Include suppliers in process development rather than dictate to them
Cross functional teams to improve processes	Joint involvement of engineering, materials and manufacturing to investigate total cost	Establish multi-national teams	Having a fully representative cross sector and multinational team	The commodity teams also work directly with second-tier suppliers to determine industry technology direction and applications	Combining the engineering and operations functions in order to drive a synchronous strategy
Need for stronger linkages to business divisions	all software development for all business units within the corporation was pooled and outsourced to preferred suppliers with the capability to develop low cost offshore centers	The sourcing teams of the separate business units formed a cross-functional team	Pooled volume for leverage	Focused purchasing groups located in each strategic business unit	Formation of cross-functional team
Creation of an appropriate leadership team	The company formed a cross-functional continuous improvement team, made up of suppliers, transportation companies, material handling personnel and procurement	These team recommendations were then utilized on a trial basis at all locations, proven successful, and approved for implementation	Recognizing the importance of trust	A joint team was established to work on the strategic supplier alliance. This team was responsible for defining, measuring and evaluating goals on a continuous basis	Several key management partners were established as primary interfaces with the supplier and act as facilitators to assist networking
Truly working together to overcome barriers	Maintain a customer focus at the plant and supplier interface	Team work includes all affected parties	the company needs to focus on reducing complexity by using the ideas of assembly personnel and suppliers	the supplier will become more involved with the planning and implementation of changes at the customer's location	the company went through the formal process of developing a strategy by obtaining cross functional and cross divisional input
There is a need to formalize ongoing lean production teams at every location	Interested operating companies provided the appropriate resources (team members) to work together	consensus from the team	Stakeholder engagement	Future plans include establishing an alliance team that meets on a regular basis for the purpose of focusing on the continuous improvement process	Cross-functional teams review acquisition strategies
Team formation	Team based engineer was positioned as an additional resource to help individual locations push testing and conversion process	Testing was split between in-house and external engineering departments to accelerate entire process	Inform legal department of process	Suppliers are treated as employees and allies, never as adversaries	The relationship is interactive
Relationship development	Form implementation team	Experienced supplier representative located on-site	Supplier co-location to support activity levels is a benefit to the alliance	operating as a team	Expand the scope of concurrent engineering activities with supplier
Establish strong relationships with suppliers,	Cross functional teams were formed utilizing internal customers	Team consensus on mission, value and goals	Involvement of all major customers in developing selection criteria	Cooperation	Technical and commercial integration
The Cross-Functional Team begins implementation of the new work processes	They identify these suppliers as partners and there is continuous exchange of people, equipment, materials and information	If the alliance option is viable, a team is selected to lead the investigation and identify potential alliance prospects			

Rules of Engagement (D₁₀)

Full dedication by all participants	Prioritize projects/programs and assign responsibilities	The team develops a strategy for negotiating with suppliers	This includes establishing ground rules for working with suppliers	Concentrated resources on strategic businesses	Facilitation of schedule stability for suppliers
This team is empowered to make all decisions related to the buyer-supplier relationship	Emphasize the need to achieve a consistent approach to eliminate misunderstanding	If the team remains with an existing supplier, it establishes an agreement covering technical and commercial requirements	Empowered suppliers	Dedicated individual or small team to champion the process	As the relationship continues, benefits in pricing and service from the supplier are matched by commitments of additional business
Resolve issues of roles and responsibilities when establishing commodity strategies	Develop better definitions of responsibility	Drive multi-functional participation in the process	Should establish operating principles that support objectives and obtain buy-in from all procurement professionals up front	Ensure mutual benefit for both parties	Avoid the initial use of a "legalistic" long-term agreement
The company rejected a global approach in favor of launching regionally. The process at remote sites failed because teams were not used, the process lacked ownership and communications were poor	The company established a management project reference group to assist the line personnel with practical issues and strategy clarification	Both the CPTs and work groups were given wide authorization so that administrative issues could be avoided	achieving 100% of commitments made to internal and external customers	The company uses "flexibility" guidelines established early during a product's life which are applied consistently.	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives
Select suppliers based on who can best satisfy the supplier relationship criteria	Establish and maintain credibility with external supply base by actually outsourcing and reducing supplier apprehension	The plant or entity manager should select a "leader" for the analysis to ensure clear leadership is identified	The primary customers should be asked to have representatives involved in the analysis	All agreements contain a clause which permits fair and equitable termination by either party	Continuous involvement of personnel in the process

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Consult with the "customers" of the process to get their perspective	Cross-functional input is used throughout a R/Y/G analysis. This company documents specific responsibilities and expected contributions from each functional area	The assigned personnel were empowered to have full responsibility to design, plan, develop, implement and control the entire process	Significant system unit program testing and full integrated system testing were completed prior to implementation	A long term contract is used to both formalize the strategic supplier alliance and to establish a commitment to the relationship	Benefits, burdens and opportunities are shared
The need to allow more time for training and implementation	That project managers (one for IS and one for Users) need to be assigned "up front" and held accountable	Savings understanding and development methodology	Eliminate any interference with affiliate business process	Suppliers are treated as employees and allies, never as adversaries	The process to discontinue also applies to the buying company not meeting the supplier's expectations as a customer
Define roles and responsibilities clearly	Empower team members to make or drive decisions for the stakeholder organizations	Establishment of a team to accomplish this task; a team with no other responsibilities	Participation is required from across the location: accounting, purchasing, payables, and the actual card users from maintenance and purchasing areas. This group becomes the installation team	Sharing of risks and rewards	The firm developed an alliance agreement to use equipment and organization of several suppliers as an extension of the company's manufacturing arm
There was a need for a greater commitment from the accounting group. Accounting played a key role in the success of this project. Their commitment to the team was vital. However, a team representative more knowledgeable in the business process flow was	Establish project standards	Flexible team membership where team members may vary by project phase	Business model and system model are defined and validated, and operational requirements are established	Draft and agree upon process	Allot adequate time for suppliers to develop best possible offers
Data quality and integrity	Buyers are also aligned so that they tend to work with the same project engineers on a routine basis	Performance measurements are jointly developed	Ability and willingness of both parties to work together in an interactive supportive manner	cost saving sharing and final reduction are agreed upon	Requirement for highly defined processes and instructions on applications
Regardless of which party takes the lead, specification and design decisions are made cooperatively	Technology is shared as required for specific projects	Each company has access to the other's test facilities	<i>Develop equality on the project team.</i>	only the top one-third of suppliers receive development	less than 5% of the suppliers are involved in a focused improvement effort
<i>Promise business to the integrated supplier.</i> Motivation and commitment are enhanced when the integrated supplier is promised the business for a minimum number of months after the project goes into production	Maintain continuity of the procurement person on the design team	A key organizational change to facilitate integration efforts was internal functional co-location	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers	Recognition by/for supply partners
All components are expected to be sourced from full service suppliers. This enhances long-term relationships and helps foster teamwork	Maintaining continuity of personnel on a project team is one mechanism the company uses to facilitate project development	Maintain full service supplier involvement -- use the same supplier from design through implementation	<i>Joint development of technology</i> This is done occasionally within an agreement detailing scope, expectations, finances, ownership of intellectual property, profit sharing and perhaps licensing	sharing of improvement gains are advised in the early phases of discussion	all requiring buy-in from each location
Define design boundary requirements more clearly and at earlier stages to allow suppliers more involvement in the product development process	Joint decisions are made regarding design, specifications, costs and performance measures	The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	All team members must be accepted without regard to differences (i.e. internal vs. external staff)	Standardized training materials for assessors and audit team members to ensure consistent and non-biased assessments	Lead by example (walk the walk). Do not ask suppliers to do anything more than what the company itself is capable of; demonstrate the attributes of a world class organization to the suppliers
The basis for cost sharing is a standardized calculation agreed upon by both the supplier and the company	In the early stages a strong commitment by the OEM to treat the supplier as a partner with equal rights on a long term basis develops the relationship	The supplier is treated as a partner and is given rights and responsibilities	An agreement is reached to perform joint testing at intermediate stages of development	Fair and competitive pricing	Security of market supply
The company will then empower the supplier to develop the product specifications	The company will attempt to adapt their products to a suppliers' standard product line as appropriate, rather than defining specifications for the supplier	Selected suppliers are automatically formal members of the project teams	Additionally, price increases would only be accepted each year if the market would accept the purchasing company's new price. If the business could become more profitable, then price increases would be accepted from the supplier. On the other hand, if p	Fair and substantiated market/commercial terms	Risk analysis profiles are conducted on all primary suppliers
Every twelve months, the supplier shares any new technological advances or insights with the purchasing company. The objective of the exchange is to improve overall operations	Reward sharing opportunities are based on increased volume and cost sharing. Reductions in operating costs through joint projects are shared	Sharing of cost benefits is based on an "open-book agreement" of cost savings	Train labor to operate the plant and establish rules to ensure that maximum skill development takes place	Clearly identify the commodity/service selection criteria	Develop an incentive scheme
The company strictly adheres to a policy that suppliers chosen for design work are utilized for production. This policy facilitates supplier ownership in the design and production of the part	The company also provides suppliers access to the company's facilities and processes	Determine the team's mandate and approval power	Team leaders contact their team members in writing detailing responsibilities and expectations	Recognize a cross-functional responsibility for all decisions related to the products bought and their requisite supplier	Involve suppliers' staff adequately
The company must allow suppliers to apply its expertise unhindered	Adhere to the timeline; do not cancel or postpone scheduled meetings; insist that all parties attend meetings; discourage substitutes	suppliers designated as "preferred" who have had their products and services designed into new products being developed	Joint company teams will negotiate normally at supplier location	Encourage vendors to be innovative	Working with suppliers that have common goals and a shared vision
The company uses TCO for all preferred partnership and alliance relationships	TCO results are shared with suppliers and not with customers	Document the process in a procedure	Ensure that the measurements are completed by the functions that identified their measures	Engineering willingness to modify designs	The supplier linking process is done with all suppliers
Provide measures to supplier in advance of meeting	Have meeting with supplier, cross-functional people attend only if issues with performance	Ensure measurement is carried out by the internal customers of the supplier and not a centralized team	Management must be aware that it is very resource intensive and time-consuming to develop an objective measurement system	Work teams are goal oriented and are created only as required.	commitment to staff the teams that were going to work in the targeted areas

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

ethical and fair treatment of suppliers is critical	Charter multifunction teams	It recognizes that total cost over the life time of an item is of greater importance than short-term acquisition price	Selection is made through structured application of a number of 'check rules' such as Pareto analysis, brainstorming techniques, prioritization, scope, impact and complexity	The challenging establishment of common commitments and cooperation towards established overall goals is underway	The degree of effort put into a given supplier development initiative is defined by sourcing teams within the company
the team define and agree on the actual decision to be made, the precise steps involved in the decision-making process, who owns the decision and who the players are at each step in the decision-making process	The company is committed to managing by process and thus emphasizes the up-front process aspects of its overall supply chain management process	Detailed measures were designed and guidelines for the strategic business units were prepared	Encourage discussions of profit, reinvestment and mutual sharing of rewards and risks	Dedicated engineers responsible for supplier process assessment	Criteria established for appropriate time to enter into supplier development
Focus on improving overall supplier performance	Results are shared with suppliers, but not with customers	SCM involves first and second tier suppliers from the outset of a specification	Open, honest and comprehensive communication with suppliers	the company has fully documented its process and applied it to operations worldwide	Increased business
Open, honest and comprehensive communication within the cross-functional team	Willingness of all parties to participate in the strategic cost management process	Commodity teams use consensus decision making with emphasis on primary users, importance to the business, and relationships with suppliers	The top ten team takes joint and collective responsibility for their recommendations and decisions	Sharing of financial risk	Empower employees to participate in decision making processes
The process of working together with commonly understood corporate, global goals and objectives has meant that purchasing, manufacturing, development and marketing staff around the world are now likely to make time to listen to each others' proposals.	Strategies are typically discussed with the internal customers rather than external customers and suppliers	Procurement is managed as a global function. This means that the same functional strategy using the same organizational structure is implemented in all geographic regions	Formalized procurement procedures throughout the organization	Successful supplier(s) and the company work to develop the long-term agreement.	Company/supplier personnel create the agreement and nurture the subsequent process
each cross-functional commodity team is required to develop a set of measurements around its performance which directly relate to the overall company key performance indicators	determine if a supplier is actually needed or if the task should be performed in-house using core competencies	<i>Role Assignment</i> In conjunction with the needs analysis is a procedural framework that assigns specific tasks to key personnel	the company is currently designing a business unit-wide specifications and standards guideline	More discipline was required in their approach to commodity/service criteria/classification	both partners should indicate support of business processes by signing a mutual declaration of intent.
Establish supply chains and document processes	Principles of membership include a willingness to share experiences as well as an obligation to accept majority decisions	most joint venture partners are not integrated into the company's procurement system	Concurrently establish the protocol for future encounters	Establish a clear working structure	Expression of expectations for future cooperation
Ensure that both organizations have a clear written understanding of requirements for the supply of the parts	This business unit is rigorous in conducting investigations of potential suppliers prior to making firm commitments	The business unit insists that suppliers supply to its terms and conditions and will refuse to reach agreement with a supplier who includes, as part of any document, that the laws and courts of the country of origin apply in the event of a dispute	The plant management insists that all agreements are written in its language	The selection team consists of procurement engineering and manufacturing and this team must come to a consensus on which suppliers will become strategic supplier alliances	Scores are given to the partners in advance so they can prepare for the review meeting
The company believes it spent too much time securing the buy-in from the internal organization in negotiating how the supplier's administrative expenses would be absorbed. They should have had procurement absorb this expense, recover it through the rebate	Develop a single travel center which continues contract usage by funneling volume to preferred carriers	Standardization of specifications	Balancing global requirements with local requirements	Willingness of suppliers to share strategic plans	Agreement concerning pricing practices that are focused on net margin
Implementing well defined testing procedures and protocols	Identifying a common goal that provides benefits to both parties is critical	Agreement by both customers that sourcing would make the decision and purchase while satisfying the technical requirements	Preferred supplier contracts to guarantee volume	Top suppliers are treated preferentially awarding them additional business to provide long-range stability	Supplier "want to haves" are considered in share of business decisions
Sometimes it is beneficial to distance the user group from the negotiation process	Customers expect the company to focus on the elimination of waste	consensus from the team	Subsequent supplier management • Compliance with performance measurements • Compliance with the operating teams' recommendation for supplier change, process change, etc.	Reject short-term incentive programs	lack of clear roles and responsibilities, distocation of efforts
the agreement, of all parties concerned, on the measurement system that will be used during the decision making process of the cost reduction exercise. This needs to be clear from the beginning or there will be problems at the buy-in stage.	Distancing the current buying group from direct negotiations	It may prove beneficial to remove the current user group from direct negotiation. This takes potential close business relationships out of the equation and allows someone other than the user be the "bad guy"	Cost benefit analysis was derived by location	The company developed an overall strategy for strategic supplier alliances that all divisions and business units agreed to use	Dedicated resources from both companies
Develop preliminary selection criteria	Strong equipment capacity and operational expertise	Requirement for flexible contracts to ensure that each geographical region could customize it to their needs	Designation of the supplier as a "Strategic Supplier" for the offering	Commit to long-term relationship	Each party's responsibilities should be clearly documented
Designation of relationship as a strategic alliance with the identified supplier and using the identified "Strategic Supplier" as the first choice on related products	Ability to deliver volume commitments during negotiation and contracting	Company's willingness to allow supplier to take ownership and make necessary modifications	Continuity of team members is critical	Conduct annual business reviews	Long-term commitment
In some instances, a small equity position and management representation within the supplier as well as permanent office space for the buyer at supplier facilities are included in the agreement	For this company, an important consideration leading to alliance success, is dedicating human resources to work on alliances	Agreements are negotiated and established			

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

New Ways of Working (D₁)

Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate	Joint supplier/customer project savings reviews	Expand shared savings contracts as an incentive for the supplier to continue to reduce cost	Standardized commodity management process	Preliminary identification of cost reduction opportunity • Opportunity management • Feasibility study	Detailed market knowledge of key technology components and of competitor selling price trends
the effort is publicized to others in the organization to reinforce the value of this approach and to increase confidence in cross-functional teaming	Utilizing a cross-functional approach	Establish a team to negotiate with the suppliers and empower this team to carry out all duties associated with negotiating a contract	Emphasize the need to achieve a consistent approach to eliminate misunderstanding	Early supplier involvement	Develop preliminary selection criteria
The process must be flexible to accommodate constantly changing technology	The review consists of gathering data from internal and external sources	The commodity team is also responsible for developing open lines of communication and trust with the strategic alliance supplier.	Use of multi-functional teams in the supplier selection and agreement implementation process	Jointly develop implementation plan	Develop new supply chain process
The two companies agree to a contract and assign areas of accountability.	This team is accountable for achieving these targets resolving problems between the parties and developing the alliance relationship	Team identifies key suppliers and pursues supplier involvement early in the new product development process	Agreement on pricing practices that focus on net margin	Establishment of an alliance council to evaluate the relationship and share cost savings processes	Responsiveness to customer/market needs
Frequent assessments of the long and short-term commodity markets to assure that strategies remain current and competitive	During implementation of the commodity strategy, the company took steps to standardize and consolidate operations under several key people	Decentralized commodity teams caused confusion with suppliers because supplier performance objectives were not consistent across sites. Additionally there was a lack of correlation between tests of supplier products	Implement system improvements including a materials requirements planning system that will aid roll-up of worldwide purchase requirements	Council remains in tact to manage suppliers and contracts	A supplier managed the entire process utilizing the company as a resource when needed
Develop a detailed process for request for quotes (RFQ's), standard formats and standard methods for transfer of information to suppliers	The key of this strategy is to reorganize around commodity groups	Create strategy to foster supplier convergence	Improve the benchmarking effort by doing market analysis and developing the cost savings methodology upfront	Multi-tiered involvement	An open relationship built on trust and mutual benefit
The teams consisted of commercial and technical people who collected and analyzed all relevant information before proposing a group strategy for the commodity	Team members collect internal and external commodity data and pursue early supplier involvement and concurrent engineering efforts during new product development	Purchasing monitors supplier behavior using three monitoring tools: annual business management sessions, quality plans and semiannual quality updates	The company instead adopted a philosophy of working with potential partners as it developed its products	No pre-set rules on what the outcome must be	The supplier is involved in generating productivity ideas
empowering employees	roadmapping technology	Evaluate the market and develop a list of potential candidates based on world market conditions	The Procurement Services group in particular pioneered alternative organization models. Reporting and operating mechanisms include dotted lines, matrices, virtual reporting, ad hoc teams, chartered teams and self-managed teams	Dedicated focused team at supplier to implement projects	All key functions involved at both the manufacturer and the supplier
when participants completed the workshop, they had accomplished real work, learned how to use the tools and information presented, developed stronger working relationships and teamwork with their clients and suppliers	This team is responsible for determining supplier/raw material long- and medium-term strategies. They are also responsible for cost, quality, access to supplier technology, coordination of raw material acquisition, and semi-finished product performance	the second team, a tactical cross-functional team, is formed to execute the agreed upon strategy	Ensure all shared services, company-wide, go through this basic assessment with senior management involvement in the considerations and approval/endorsement of the decision via the management process	This company created purchasing engineer positions to work directly with the suppliers	Supplier integration
Achieve detailed, committed, client input to the review process with clear top management support	Move away from detailed task-driven specifications to performance specifications allowing and encouraging creative solutions while achieving goals	Cost Analysis and Qualitative Consideration is undertaken by a cross-functional team (including purchasing representation.)	Identify what is important to the end-user customer for the product	The Materials Management functionality within SAP provides extensive on-line reporting capabilities which allows the company to identify supplier development opportunities	National conferences are held for supplier certification, outsourcing, and benchmarking
Manufacturing plants are expected to conduct a R/Y/G analysis as part of their annual planning process in order to progressively focus their investments and kaizen efforts on high leverage components and capabilities. Engineering should use this concept	The procurement organization has developed tools to assist all personnel in making and implementing outsourcing decisions	Increased documentation of the insourcing/outsourcing decision making process, including assumptions, managerial pressures/mandates, contingency plans, etc. allowing for assessment of decisions and creation of a learning organization	The global procurement organization will be more intimately involved in all phases of the outsourcing process. In the past, the company's global procurement organization was not involved in many outsourcings and there was no introduction of the stra	Supply Chain Management will coach/consult with an internal client in order to improve a specific situation	Conduct strategic procurement studies
Joint application design (JAD) sessions were held, with these cross-functional personnel using quality tools and techniques such as: brainstorming, business analysis, requirements planning, benefits analysis etc.	Joint application development sessions were held with key user personnel from cross-functional groups and sites including both divisional and staff personnel	Analyze the feedback and change direction to search for a state of the art purchasing system to meet the revised scope	Analyze data to develop potential cost savings	Supplier input is solicited and incorporated into product and process improvements	actively involve its suppliers earlier in product development and manufacturing processes
Understanding affiliate business requirements and processes; changing to standard processes	Understand other ordering processes, reengineer to new process and develop policies that are consistent across business units	Established a process of early involvement and ownership in stakeholder organizations to manage business process change	Flexible system in all areas of the procurement process from requisition to check	Cross-functional teams	cooperatively make decisions
Reporting and analytical support for effective supply line management	Standard business processes in a system that is 'user friendly'	The implementation of the procurement system has facilitated a higher level of standardization of business processes	More data available to more participants. Opened potential for gathering more information for use by Purchasing, Manufacturing, and Finance to improve on existing methods, processes and reduce costs	engineers are systematically exposed to all phases of a project from technology development, field development studies, construction activities, installation work and operations	utilization of ITAS technology
Each module then provides reporting and analytical tools to manage the businesses in a common and global environment while viewing the organization as a set of cross-functional business processes	Redesign/reengineer processes to support strategic vision, business objectives, and critical success factors	Emphasis on process integration	new IT system was intended to enhance the ability of the Purchasing organization to communicate cost performance to the Program Management teams, and control new product program costs	Formal process to identify suppliers requiring development	Process to identify need to create a new supplier(s)

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

The implementation of common, global business practices within a common, global information system was intended to enable Purchasing to leverage the global buy	the needs and expectations of the business unit are translated into logical and physical systems designs	Business model and system model are defined and validated, and operational requirements are established	Major changes to business process arising from the Business Process Re-engineering of the company's core business	the company has fully documented its process and applied it to operations worldwide	Supplier evaluation process must drive suppliers to improve
The technique of exchange curve analysis has not only provided the means to examine various strategies at both the macro and micro inventory level, but also provides buyers with a tool to understand the economic trade offs between unit price changes and...	Install systems	Detailed process design	Applicable computer systems	New operating techniques	Maintained an "open mind" and shared information/suggestions on the process prior to being selected as the preferred supplier
A major program of process re-engineering is underway to introduce industry standard planning and control systems	understanding the range of discounts that can provide a win-win situation for both parties.	The procurement function has been reorganized to accomplish these objectives	The company utilizes a corporate best practice for new product and process development	Establish Supplier Support Center Staffed with Cross Functional People	The product/commodity and supplier teams are maintained after the agreement is signed to administer various aspects of the agreement and work toward achievement of objectives
The sourcing leaders participate in a monthly network meeting led by the corporate organization to ensure alignment of corporate and sourcing objectives and to leverage procurement processes and resources across the corporation	The company modified a process developed by its continuous business improvement group called <i>customer linking</i> to use with suppliers	the team established and implemented the necessary infrastructure (i.e., hardware, software, EDI capabilities) both internally and externally	The company developed and improved a number of processes in order to facilitate the implementation of its integrated supply chain management strategy	Mutual benefits	Shared risk
Another method that the company relies upon is the use of information systems technology through an integrated computer system with the same data base for all functional groups	One key structural change was the decentralization of purchasing (i.e., the buyer of a particular material moved to the place of usage of the material)	Another structural change involved the creation of a special strategic purchasing group responsible for strategy and coordination	The company developed and improved several evaluation processes for both buyers and suppliers to facilitate its integrated supply chain management strategy	Identify the costs and drivers	Supplier relationships focused on streamlining procedures
Long-term partnership approach	Create tighter worldwide linkage of both supplier strategies and common processes	Develop stronger world-wide purchasing councils to drive common approaches on sourcing, cost, etc.	Willingness of parties to let go of previous supply chain methods	Establish a clear working structure	Conduct a two-day internal supplier alliance workshop
Internal technical clubs organized by commodity choose suppliers for integration into the development process	Supplier integration was initiated to focus all resources on product development, offering suppliers long-term involvement as product team members	they plan to integrate suppliers at progressively earlier stages in the development process	A full time person from procurement is assigned to the project team. This individual serves as the linkage between the project teams and the rest of the procurement organization	Project teams solved identified problems, worked to achieve the expected results and optimized the relationships	Team empowerment to explore mutually beneficial creative avenues
The skills required to complete the design are then identified and an internal/external evaluation of capabilities is completed	Suppliers are selected by the cross-functional team of engineers and commodity managers	A final target cost for the finished product and a target price for the supplied parts are then jointly established	The company uses several processes to develop team practices and business unit trust	Provide early supplier involvement in the delivery process (JIT - Just in time, PAB - Pay as built, SPD - Supplier part delivery)	They want to extend their quality culture by involving key suppliers in the same quality process
If a high level of technical innovation is required, tooling and prototype suppliers are integrated early in the process	Prototype suppliers are now involved at the concept development stage. Tooling suppliers become involved in the design effort. These suppliers work with product design, industrial engineering, manufacturing engineering and raw material suppliers	Work together	To begin the integration process, the company identifies core competencies to determine which systems will be developed internally and which items require supplier integration	Agreement concerning pricing practices that are focused on net margin	would have preferred similar pricing practices with all suppliers, but unique supplier processes precluded a common approach
A core group of purchasing personnel maintains a list of approved suppliers which may include internal sources. This list is developed through assessment of the supplier's capabilities, prior experience with the company and benchmarking efforts.	The final targets receive concurrence from the company and supplier management	Changes that result in potential increased costs are highlighted by the supplier and are evaluated jointly to identify alternatives to maintain target costs	Sharing of technology is encouraged throughout the development effort.	Meet earlier with the supply base concerning the process	Establish target pricing to achieve "affordable" product costs
Begin supplier involvement early in the process	Develop long-term supplier relationships and commitments beyond the specific project	The company intends to integrate more suppliers at earlier stages of development	A new group-wide holistic supplier selection process is being piloted. Representatives from purchasing, technical, manufacturing, quality and accounting are involved in the supplier appraisal	Top suppliers are treated preferentially awarding them additional business to provide long-range stability	Supplier "want to haves" are considered in share of business decisions
The company is transforming its supplier selection process to a formalized commodity management approach wherein multi-disciplinary sourcing teams are established for each major commodity area.	The team devises a plan to achieve a supplier base appropriate for prevailing conditions sufficient for the company's business needs and capable of achieving tough business targets	Single source suppliers are selected based on their overall capability at the earliest stages of a project	The company occasionally locates a representative at a supplier's facility. This generally occurs when the company experiences poor product quality of a critical strategic nature and when the company has the personnel that could best solve the problem	Developing a fully operational alliance that results in mutual gain whereby the supplier offers the best pricing while maintaining acceptable levels of profitability	Emphasize developing more structured and consistent processes and tools to avoid finger-pointing
For the company to realize supplier integration capabilities, it underwent a significant change in the approach to confidentiality	The company plans to significantly increase supplier integration efforts and to involve suppliers at earlier stages of product/process development	A corporate wide supplier development process was instituted	Formalized comprehensive processes are used to select items and suppliers for integration	A formal supplier management process is used	Scheduling processes were improved
the company established a formal company wide supplier development process that is used to select, develop, qualify, sustain and certify suppliers	Perform supplier evaluation and selection during the definition and planning phase of product development prior to final inclusion of the product in the roadmap	Supplier development efforts occur in parallel with the design, development and qualification of the product	Implement cooperative agreement	This company defines a strategic supplier alliance as a process that eliminates traditional methods of conducting business between a customer and a supplier and replaces them with more flexible and collaborative approaches	the supplier will become more involved with the planning and implementation of changes at the customer's location
The objective of the team is to provide a detailed work interface analysis. The goal is to optimally allocate all activities between the supplier and the OEM	Carry out workshops together with these suppliers in order to develop and discuss the rules, methods and instruments required for closer cooperation	Integrate suppliers even earlier into the new product development process in order to further reduce development time	Create the structure required to support integration efforts	the two companies and communication was facilitated by allowing departmental and bureaucratic barriers to be eliminated	Process changes required to support the alliance were identified with attendant systems development and programming changes

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Establish a process to review the shared vision and goals and to assess the progress made towards achieving each	Process Management: The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and improved.	Customer Focus: The integration team develops processes for customer learning and for building and maintaining external customer relationships	Cross functional teams analyze the benchmarking results and then identify two suppliers for consideration	The most important result is that the company changed its business culture and revised the overall way it conducted business	The relationship is interactive
The company and the supplier agree on product specifications and performance measures in the beginning of development	An agreement is reached to perform joint testing at intermediate stages of development	Suppliers will become involved in the beginning of the development process to facilitate understanding of product requirements	the process involves validating that the project provides a mutual gain for the company and the supplier, either through economic or commercial benefits or through gaining new knowledge or experience	The company developed an internal procedure to assist its staff with the implementation of strategic alliances	The procedure defines the purpose of an alliance, key roles/responsibilities for the company's personnel,
Suppliers are part of all on-site visits to evaluate product and process use	At times the supplier requires office space, phone lines and other material support at the company's facility.	Supplier evaluation and selection is based on a set of objective criteria	Ability to identify suppliers with the proper product or process knowledge and experience	To facilitate discussion this firm uses a blend of business and social settings so that each party has an opportunity to explore the full range of each other's capabilities	The firm developed an alliance agreement to use equipment and organization of several suppliers as an extension of the company's manufacturing arm
the company had to reject past practices that acted as "roadblocks" to integration. These included traditional management philosophies, management by objective, and traditional supplier/buyer relationships involving short-term, price based contracts. Th	A specific method was used to rate supplier proposals	The best practice manager ensures that the team utilizes the best tools to achieve the best results, such as design for manufacture and design for assembly methodologies	These meetings help establish closer working relationships and underscore the parties mutual dependence	Organization strategies and structural changes - dedication of additional staff	utilization of a blend of automated and manual systems
Open minds - admitting that the supplier may be an expert	The company learned that future success will require them to become more flexible in setting expectations and means to achieve them	Identifying the customers	Enhance the use of EDI for more than order placement and confirmation	Cost benefit analysis was derived by location	Testing was split between in-house and external engineering departments to accelerate entire process
Increase automation and over availability of information for the enhanced commodity management	Increase the visibility of sourcing profiles to understand and manage sourcing risks, and identify opportunities to consolidate sources	This is coupled with provision of six-month forecasts which change as little as possible so suppliers can plan production effectively	Balance the requirements of individual business units with those of the group	Consider the supplier's perspective using the supplier preference matrix	Relationship development
Identify best practice purchasing companies and evolve company purchasing processes as appropriate	Maximize mutual benefit to both companies through the implementation of team purchase	TCO model which it regularly applies in supplier evaluation and selection.	Establish a program that allows flexibility and does not penalize suppliers who have made accomplishments to improve performance	Capture benefits by implementing new process	Enable the supplier to overcome the obstacles and build the requisite infrastructure to fulfill client needs
the company is developing a program to focus on the relationship between the purchaser and the supplier rather than assessing the supplier themselves	Establish supplier process engineering function	Establish concurrent engineering	Conduct value engineering and value analysis	There is a place for the non-adversarial approach to procurement	Straight forward negotiating strategy which included benchmark data and stretch saving target
Utilize supplier scheduling	employ component cost analysis, design alternative evaluations, encourage supplier input and re-negotiate as part of the cost management process	Effort is devoted to maintaining productive supplier relationships and to include them in the design efforts where possible	Communicate with and involve the suppliers	Company's willingness to allow supplier to take ownership and make necessary modifications	The attempted process was found to be too long and too analytical, compressing the process achieved similar results
Communicating to and involving direct personnel	To assist effective decision-making, the company has developed a number of cost models. Some of these models have been developed by the procurement department and made available to the whole company with the endorsement of the finance function	The company suggests using either brainstorming techniques or structured cause and effect analysis to help determine cost elements	Having identified the cost elements, the company then develops algorithms and equations for each cost element. This is done by utilizing other models, company standards and industry standards as well as creating new equations	By limiting the scope of future workshops and collecting more data in advance, the company believes that future workshops will be more successful.	Draft and agree upon process
Put specialist and corporate networks into place	Develop joint cost management action plans such as cost/value engineering	Develop cost models which aid in building long-term, cost management relationships	Select and develop key suppliers for strategic, long-term growth and profitability	Requirement for highly defined processes and instructions on applications	Efforts remain largely focused on common ideas and concurrent engineering methods, other methods may have generated greater opportunities but as of yet are not as widely utilized
The implementation process follows from their fundamental business plan process	Having appropriate systems in place	An evaluation matrix is developed by the team for each tender	Redirecting the focus from price to indirect and consequential costs was a problem in the beginning	Purchasing leads an annual process involving each customer plant and technical organization to prepare a complete supplier evaluation	Commodity managers are responsible to follow up on the plans
Final distribution of the measurement process	This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company	Creative solutions were encouraged and close co-operation with the primary supplier and supporting suppliers for every purchased part and assembly was achieved	the company has used teams to negotiate company-wide agreements covering common services	Early adoption of new and changing technologies - available through the close sharing of information relative to each company's business plans	The supplier and the company jointly determine if there is cultural alignment and if not, whether or not the relationship should continue
The company uses several enabling approaches and tools for achieving strategic cost reduction and quality improvement goals	Manufacturing engineers work directly with suppliers to map processes with the objective of identifying non-value added activities, steps, etc.	the commodity management process is characterized by the use of information tools and learning curve issues with an emphasis on leveraging purchase opportunities	Future plans also feature early supplier involvement becoming a more significant factor in achieving targeted cost savings	Suppliers are integrated into the design phases of the project	quality improvement and total quality management.
supply was often not involved in the new product development process	the plan sought to develop new initiatives based on leading edge practices derived from benchmarking initiatives	development of a sustainable approach to productivity improvements	Development of effective new ways, starting in 1995 for internal functions to work together with suppliers	Achieve cost reductions in collaboration with preferred suppliers as value-added contributions	performing internal analysis
Establishment of a supplier selection process	Creation of a supplier development program based on assessed deficiencies / needs	Implement effective integrated procurement systems and processes	utilize suppliers as an extension of the organization	stability	In order to determine the amount of resource, time and effort that should be devoted to a particular supplier's development effort a technology gap analysis is performed and linked to specific applications

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Core competencies within the corporation will be more defined thus creating a more involved role for suppliers through strategic outsourcing	Supply has teamed with Engineering and Manufacturing Boards to develop a parts standardization program which will allow standardization of not only parts but also suppliers	The Supplier Integration Focus team has identified a series of actions intended to bring suppliers into key processes such as manufacturing, engineering and distribution	Suppliers will become an integral part of the planning process by suggesting available parts and technologies to handle current and future engineering needs	Total system thinking is one of the overriding issues in these meetings. Plans are set for the expected duration of the project and focus on building bridges between suppliers to create critical interfaces between them, sometimes even between competitor	Supplier participation is focused in development activities
a worldwide sourcing and logistics organization which took over responsibility from the previously semi-autonomous individual market-based operations	The same organizational philosophy was designed to foster international and cross-functional teaming in all disciplines	Supply chain management - improve/maximize integration of sourcing, logistics and manufacturing	The worldwide sourcing group used this as a pilot test for many of the new relationships and procedures it had found necessary to put in place to support the new strategy	Regular visits by company engineering personnel to supplier facilities	Standardized training materials for assessors and audit team members to ensure consistent and non-biased assessments
Identification of internal customers, who were to be treated as real customers	The plan is to then extend the policies, programs and systems to all markets	A key factor in the future will be to build-in flexibility to procurement strategies to meet the needs of rapidly changing global marketplaces	Alignment of the procurement strategy with the business unit and other functional strategies is generally achieved through cross-functional teams and co-location of personnel between functions within the business unit	Basic methodology to identify commodities/purchase families requiring performance improvement	Key suppliers are involved in the design phase of products
Procurement's role in new product development has just been formalized and begun to be integrated with the advanced technology function to support early supplier involvement	Procurement manages the supplier alignment process which outlines the core capabilities suppliers need to possess or develop	Develop key processes incorporating best practices while recognizing company specific requirements and conditions, including commodity strategy development	Re-engineer procurement business processes and eliminate non-value added activities	The company uses proactive processes to select both suppliers and commodities for development efforts	The team evaluates all information using critical analysis techniques, prepares a report and makes recommendations for management approval
Elevate and share key processes globally to establish leverage	supplier selection is very effective because a well defined process exists and procurement, manufacturing, and technology resources are available to perform this task.	supply base management to continuously improve capabilities of selected suppliers has been less successful because no clearly defined process exists and commitment to this effort was low.	The current decision-making process within the purchasing function company-wide is best described as decentralized with some controlled purchasing. By 2000, the process will become moderately centralized. This will require the development of a centraliz	Senior and staff buyers are assigned to large primary suppliers to serve as matrix focal points. This assignment enables suppliers to see a company representative no less than once per month to monitor performance and work on problem resolution	Improve the Purchasing Decision Support System
Early identification of technology and component needs	Develop and implement a consistent process for on-going active search for new sources worldwide	Enhances staff involvement in decision making	Integration of order processing and financial reporting	Company/supplier personnel create the agreement and nurture the subsequent process	Establishment of a forum for members of the commodity/product review teams to critique the process while in progress
Support new processes	Introduce supply chain concepts to ensure whole-life cost emphasis	the actual processes themselves link clearly and relate with management processes and the forums supporting them involving procurement representation	There will be a move away from traditional purchasing towards integrated supply chain process management	This company follows a structured process in developing strategic supplier alliances.	Assess supplier capability
Reengineer the corporate purchasing department	Process to evaluate and select methods to measure success, other than cost, required from outset	Core competencies of each firm are leveraged to make the resulting project resources greater than the sum of its individual parts.	A highly evolved procedure has been developed to determine the specific type of supplier to meet a particular situation	The increasing complexity of products and parts has made it essential for this company to practice early supplier involvement	Cost, quality and delivery goals were to be enhanced by joint responsibility for the overall situation
Establish supply chains and document processes	Aligning goals in the early stages of the relationship and constant feedback on changes have allowed the company's suppliers to avoid costly changes which would have undoubtedly held up operations	organizational structuring	Increase efforts to standardize facilities, processes and tools throughout the company	Information on the supplier alliance program	After signing partnership agreements both parties began structured teamwork interaction
Utilize suppliers as early in the process as possible	company-wide system implementation	New programs and processes are often deployed through the corporate purchasing	Common tool usage	strategic supplier alliances integrate suppliers into the new product development process	reward significant supplier suggestions which lower costs builds the relationship.
spread common methods and practices to each of the decentralized units	personal computer-based tools for supplier evaluation are being developed.	Fully Integrated Procurement System This transactional system, with near 100% utilization by company facilities	cultivated a willingness to work together and a buy-in attitude	The selection team consists of procurement engineering and manufacturing and this team must come to a consensus on which suppliers will become strategic supplier alliances	Procedures to exit the strategic supplier alliance
Move towards institutionalizing the process/service	Simple and usable, built-in change process	roll-out and consolidation of centralized procurement system for data collection and installation of analytical tools for data analysis	integrating operations	Create trust in all parties	Several changes implemented by the company enabled them to alter their supplier interface
commonizing the sourcing process	Major changes are occurring in the early phases of the process to bring suppliers on line earlier	global commodity management process that extends from raw material suppliers to customers	Institute a global strategy and procurement planning group	Expand the use of value analysis/value engineering	Increase the suppliers' involvement in product development
Establish procurement organizations for emerging markets	Ensure common strategies to take hold in each region	Maintain strong regional alignment and interaction to support regional decision making	Purchasing and quality control people are available to make regular trips to existing and potential suppliers	This company along with many other companies has recognized the need to work with as opposed to against suppliers	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives
Encourage the supplier to visit the plant and visit suppliers on a regular basis	This business unit is rigorous in conducting investigations of potential suppliers prior to making firm commitments	The business unit had suspected that a long history with some of the suppliers had made them not very pro-active and even greedy. Although, the business unit also concluded that it probably had not helped the situation by its non-questioning and basic ac	provide the business unit with superior technical support, better communications and lower costs	Several key sub-processes facilitate successful implementation of this company's strategic supplier alliances.	Focused purchasing groups located in each strategic business unit
Outsource billing/payment to a supplier with auditing, billing and data collection expertise and EDI technology capabilities	Second, a single travel center was created and tasked to make reservations for all business units	Leverage the entire corporation's volume	Consolidation of specifications into one global specification	Simplifying work process	Developing optimum specifications from a total cost perspective
Globalization of negotiations	The two service providers combined usage for individual items. This unique arrangement would not be possible without the willingness of these two competitors to work together for cost reductions.	implementing well defined testing procedures and protocols	Establishing clear processes	there is risk/reward sharing that takes place between the supplier and the customer	Large investment by both firms that consists of implementing major purchasing system enhancements

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Need for increased testing dollars	The two parties arrived at a common goal, to increase the MTBF, while allowing the supplier to make a profit. It was determined that the company would pay a fixed cost per year for the supplier to monitor the entire seal program. Any seals that need to	The mechanical seal supplier now has incentive to work with its competitors in the event that a particular application requires a competitor's seal	all software development for all business units within the corporation was pooled and outsourced to preferred suppliers with the capability to develop low cost offshore centers	Use workshops to identify when supplier alliances would be beneficial	Challenge old business practices and pursue options and alternatives
Funneled engineering development to the preferred suppliers	Company assistance to qualify suppliers	Create a lean flow of materials from suppliers to the manufacturing plant	These team recommendations were then utilized on a trial basis at all locations, proven successful, and approved for implementation	measure and analyze data	share data with suppliers
Taking the time to build a win-win scenario	Truly working together to overcome barriers	Understand the impact of current complexity and work to simplify	the company needs to focus on reducing complexity by using the ideas of assembly personnel and suppliers	The <i>Cross-Functional Team</i> begins implementation of the new work processes	Although the company is happy with the new strategic alliance progress, it feels that additional prioritization of the recommendations from Cross-Functional Teams is necessary to better manage workloads
The purchasing group, for example, has personnel who spend part of their time exclusively on alliance development and management	Resource investment in the alliance, such as materials and meeting space, also play an important role	The company also plans to increase the staff dedicated to managing alliances			

Performance Measurement (D₂)

The team visited each primary site/plant and discussed study results and cost savings already achieved to date	Quarterly performance/contract reviews (with preferred suppliers) and an annual experience exchange day are used to measure performance and facilitate communication	Build and maintain supplier partnerships through cost control and shared savings	Establish supplier/site project teams with specific performance goals	Additional surveys were sent to the operating companies, associated with suppliers, costs, activity rates and other measures as were appropriate to the various parts of the overall initiative	Subsequent supplier management • Compliance with performance measurements • Compliance with the operating teams' recommendation for supplier change, process change, etc.
Conduct quarterly supplier performance reviews	Develop metrics for strategic supplier alliances based on an analysis of strengths and weaknesses	Establish time tables and benchmarks	Evaluate performance	Determine and monitor key performance measures	The company began by analyzing total temporary requirements, customers, current spending and the supply base
objectives to achieve during the negotiation process	If the team remains with an existing supplier, it establishes an agreement covering technical and commercial requirements	Establishing realistic measurable baseline and time lines	Negotiation topics include specific product performance objectives and measurement systems	goals were 10-20% below the quotations given and based on benchmark data	Straight forward negotiating strategy which included benchmark data and stretch saving target
Enhance data collection techniques through advanced MIS programs	Use the cross-functional team to conduct supplier performance ratings. The team rates suppliers primarily on cost, technology, understanding and commitment to strategic alliances	Develop key personnel to evaluate metrics and track the process	Establish clear metrics to measure supplier performance on a worldwide basis. Metrics to include meeting build plan, availability, flexibility and quality	Joint development of goals, targets and measuring tools	Using too many decision-making matrices or involving too many selection criteria allowed the process to "bog" down in detail
Restructure worldwide product quality requirements that suppliers must meet	Reinstitute worldwide supplier review system on a quarterly basis	Benchmark the marketplace	Benchmark current suppliers versus the global marketplace	ranking also targets suppliers for work on specific issues	measure six criteria
Establish stretch goals	Teams awarded contracts based on life cycle comparisons	Team members collect internal and external commodity data	joint quality plan with short and a long range improvement goals	Supplier development will be monitored through the "Purchasing Information" and the "Vendor Evaluation" systems	the "Vendor Evaluation System" will allow commodity teams to establish their own vendor and/or commodity performance measures.
Recognition of success	rewarding individual and team performance	Supplier evaluation, which is a team effort led by purchasing	Perform continuous supplier performance evaluation of previously established goals	Well defined metrics and process tracking coupled with following the bottom line results generated pride and enthusiasm in the organization	The Supply Chain Management group is currently reviewing its performance management processes
Performance management commitments at appropriate levels contain specific goals and measures	As appropriate, specific targets and programs are included in the annual Strategy Alignment process. These support departmental and corporate goals	Move away from detailed task-driven specifications to performance specifications allowing and encouraging creative solutions while achieving goals	Review external supplier performance quarterly and no less frequently than biannually	The company believes that the most important part of supply chain management in terms of performance gains, will be in the area of supplier performance measurement	cross-functional and cross-divisional feedback on each supplier's performance
Continuous improvement through actual performance	Create detailed project plan that includes measurable interim deliverables and provides a feedback mechanism to report on progress to plan	Develop unit test plan and measurable criteria to judge whether module meets design specifications	Define objectives and critical success factors	Supplier Performance is monitored with input from different sites	Supplier Performance monitoring provides quantitative and qualitative data
Monitor and support initial production operations	Results oriented	Identify best practice benchmarks	Aggressively audit the plan against metrics	Each team has objectives to meet within a year	progress is carefully monitored
Evaluate performance and reward as appropriate	The company uses a key metric to measure progress	Define future goals	Establish monitoring and feedback systems	Project plans are implemented and monitored	Detailed supplier evaluation and performance measurement systems include both objective and subjective data
Assess results periodically and update strategy if necessary	there are no financial rewards; however, there is compensation for time and more importantly, recognition at the senior executive level	A computer system maintains the company's overall supplier evaluation system	Continue to monitor and provide feedback concerning the integration process	data collection and information exchange	A move to standard criteria and weighting improved the process
Enhance and reduce variation in the goal setting and performance appraisal process	The result is specific performance objectives spread across several SBUs and regions that all align with and support the company's vision and goals	Equipped with corporate strategic imperatives, departments within the various SBUs developed a subordinate set of local vision statements, strategic imperatives and tactics. The same process was followed in developing more granular imperatives and tactic	assure a clear link between performance and reward and lead in cultivating world-class supply chain management in support of customer satisfaction and company objectives	Quality and delivery performance is monitored on a monthly basis by plant	The corrective actions are monitored

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Measurement, both traditional internal procurement functions and external supplier based measurements, is key for the near term. Internal measurements will be included in a company-wide, state-of-the-art system that is being brought on line for specific	Upgrading the information systems that support procurement processes is essential for data collection of measurements and costs	Measurement and evaluation processes were used to motivate participants to achieve high levels of performance, monitor performance and drive continuous improvement	The company views its supply chain management strategy as one component of many interrelated strategies, and thus does not attribute any hard results directly to any one process.	They start with a supplier evaluation process and evolve into a relationship which they nurture to achieve complete trust and cooperation	Realistic measures
The company established review teams comprised of members of engineering, accounting, contracts and procurement who review the handling of materials and contracting requirements	To help promote outstanding performance, a new measurement and evaluation process was implemented	Individual supplier plants are rolled up into a supplier division rating based on each plant's percentage of the suppliers overall business with the company	Performance measurements are jointly developed	Define the future performance measures and targets	Track performance
The company utilizes supplier quality audits, customer satisfaction audits, supplier rating systems and a supplier performance feedback system to measure performance	Independent quality and customer satisfaction studies are also performed	Performance measures are also developed as a team	Program progress including the supplier's development effort is tracked using computerized project management tools	System measurement and control	Supplier rating systems
Cost, schedule and technical progress are assessed relative to the pre-established time lines	Suppliers also participate in quarterly meetings with senior management to review project progress	Identify needs and define performance characteristics	A different set of measurement and evaluation processes does not exist for suppliers based on their degree of integration	The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions	Assess employee performance relative to supplier partnering effectiveness
The suppliers agree to performance measures and targets in advance	Supplier selection is done on a cross functional basis with product development and purchasing involvement. A series of competitive measures is used to further assess suppliers' capabilities relative to each other	Pricing, quality and timing targets are set jointly by the company and the supplier	Although suppliers participate in joint target setting on product performance measures, they are much less involved in the setting of joint targets on business performance measures, except for time scales	Performance is reviewed quarterly and suppliers are given face-to-face feedback	All measurements are documented and fully explained to the partner
The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	The development process is driven by a project plan in which the major steps are predestined and coordinated over time with milestones	There are no special measurements differentiating supplier integration from other working methods	Suppliers are also given access to internal company and consortium training to meet team goals	Annual supplier evaluations are held	The measurement interface also includes monthly reviews of pricing relative to competitive markets and the buyer reviews its overall effectiveness in estimating market shifts that significantly effect long-term business potential.
The CMT provides for collaborative decision making on performance measures	Create and use a visible recognition and reward structure	<i>Business Results:</i> Performance and improvement resulting from the integration in key business areas must be examined	Cross functional teams analyze the benchmarking results and then identify two suppliers for consideration	Presenting performance evaluations to each strategic supplier	The suppliers' quality ratings became the basis for long-term supply relationships
The company and the supplier agree on product specifications and performance measures in the beginning of development	Formal quarterly meetings are held with each supplier at which predicted product cost curve information and cost requirements are presented, analyzed and agreed upon. Technology roadmaps and trends are presented and analyzed similarly.	Metrics on all suppliers are maintained	Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company	Develop worldwide processes and metrics	Establish clear metrics to measure supplier performance on a worldwide basis
Planning and execution of the development effort in accordance with a pre-defined timetable	Selected supplier(s) become part of the product/process implementation team if a project will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous fo	Once this validation is complete, the team establishes performance targets	Joint performance measurement agreement occurs within the team with active supplier involvement	Improvement in supplier performance measures	A joint team was established to work on the strategic supplier alliance. This team was responsible for defining, measuring and evaluating goals on a continuous basis
Most performance measures relate to industry standards and proven practices	The team must reach consensus agreement on performance measurements and targets	The company expects suppliers to monitor product performance and to make recommendations about product use and improvement	Supplier evaluation and selection is based on a set of objective criteria	Traditional metrics to measure supplier performance, included are delivery performance, quality measurements and adherence to contract terms. Most important are changes/improvements that could provide incentives for shared and significant cost reductions	Performance and measurement must be established and reviewed in meetings and through written reports
If performance targets are not being met, then an evaluation occurs to determine the reason(s). The intent is to identify root causes and to take corrective action. Suppliers are an integral part of this process.	Continuous measurement by the supplier and company is key to this part of the implementation process	Become more proactive on measurement results and costs. Utilize more front-end problem solving, use "failsafe" procedures and anticipate issues of concern	The joint target measure selected in this case was price rated capacity of the supplier	Because the strategy is changing, initial performance management was more qualitative than quantitative	Defining what to measure, who should measure it and how to use the data required more focus than originally anticipated
There were also inspection criteria built into the process which insured that if any defective product passed through the supplier's inspection system, then both the supplier and buyer's processes received a cost penalty for the rework	Performance measures were established after an agreed commissioning period for the plant	The contract was set up such that data was gathered and prepared at a monthly meeting, where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Common data was used in both plants to allow a joint team to review the operating performance	Upgrading data collection to give better information on supplier performance	Identification of measurement areas is key
Insist that initial timeline is maintained	The company identifies new goals by surveying their customers and addressing areas where they indicate satisfaction is lacking	Establishing processes to measure key customer satisfaction elements	Setting improvement goals	measure and analyze data	Conduct an up-front, candid supplier evaluation with suggested improvement opportunities prior to initiation of the strategic alliance

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Convince top management of the viability of the "Unity" measure over more traditional cost measures	Accuracy of inventory valuation using ABC cost assignments as agreed with external auditors	Procurement and supply chain performance measures in these areas are highly aligned with key suppliers' internal performance measures and measurement approaches	Address performance achievement and tactical issues at the monthly purchasing reviews	Initiation of performance metrics to monitor the contribution of the new relationship	creation of yearly measurement tools which serve as "operating standards" to define performance in jointly identified areas
Assess and influence the culture of strategic suppliers against the company's core values (e.g., quality, innovation, investors in people)	Base all purchases on and measure against total cost, encompassing quality cost and service and not just unit price	Assess purchasing processes against the company's chosen strategic quality model	<input type="checkbox"/> Total cost measurement <input type="checkbox"/> End-to-end (sales) margin	the agreement, of all parties concerned, on the measurement system that will be used during the decision making process of the cost reduction exercise. This needs to be clear from the beginning or there will be problems at the buy-in stage.	Document current expenditures
Agree to the measures and weightings	Ensure measurement is carried out by the internal customers of the supplier and not a centralized team	The performance measurement system is guided by the business unit's overall plan developed by its executive staff	Develop supply base performance metrics	Working with key stakeholders (e.g., legal) early in the process	Establishment of an alliance council to evaluate the relationship and share cost savings processes
Measure performance	Driving the business with metrics and setting aggressive but attainable goals	Provide feedback and measure performance	This step involves identifying the data sources, planning how to collect the data and establishing who will collect it, how quickly it will be collected and the format in which it will be presented	Collection of preliminary data	Team data collection, evaluation, scoring and presentation to management
Despite the introduction of a number of new performance measures, alignment of these measures with key suppliers' internal performance measures remains problematic	Measure the extent and monitor the progress of this implementation	Demonstrate the impact of these strategies on the business. The performance indicators are an integral part of the strategy to improve strategic business units' and corporate group performance in procurement and logistics	Commodity-based procurement performance measures are not formalized at the corporate level, but are set mainly at the operating division level (i.e., at the functional level) and often vary from commodity to commodity	By limiting the scope of future workshops and collecting more data in advance, the company believes that future workshops will be more successful.	Quarterly progress reviews help identify targets for supplier development work
Demonstrate and communicate progress towards strategic objectives	Establish baselines where they were not previously available (leading companies)	Performance measures were derived from these objectives and targets	This approach was considered better since it forces individuals to measure <i>what needs to be measured</i> , as opposed to <i>what can be easily measured</i> .	A project management system that tracks monthly and includes all the project details, current status, expected implementation data and anticipated savings are used	performance measurements
a mandate was given to the corporate function to define a new set of measures	A new performance measures outline was developed and endorsed by management	The SCM strategy is actually a system of strategies that identify, measure and manage the significant cost drivers both within the company and throughout the supply chain	Key measures have been developed for each strategic performance area	performance measurements	A carefully crafted implementation plan and rigorous follow-up schedule kept the program on track and monitored implementation progress
Conducting executive and supply management meetings to reach consensus on what is important to measure, how to measure it, and where the goals need to be set	The corporate office maintains metrics as reported by units, and publishes the results regularly	New measures or goals are initiated by an individual business unit or consultant	Measurements and programs are adopted/adapted to an individual unit's needs	Ties together the management of business performance with the overall strategies/goals of the business	Ensures that the company measures internal as well as external factors
Goals are adjusted as results and perceptions change	The company realizes that their decentralized organization is a barrier to consistent performance measurement across the company	Driven metrics from top down instead of from the middle management level in order to cross the company more effectively	Identify the performance measure based on the target from the business plan	Quantitative and qualitative data are analyzed	the best performing suppliers in different categories are recognized annually
Establish the availability and validity of data	Determine the key performance indicators and how they will be presented and frequency	Determine who should review the measure and how often	Data integrity	automation of its Supplier Performance Monitoring Program	measure each of the organization's business units by the company's own supplier development criteria
Identify the outcomes required and the must-wants and develop the evaluation criteria	Developing appropriate weighting based on criteria	Using the evaluation matrix to evaluate the supplier performance during the contract	Improve the evaluation of suppliers and the contract	In-depth programs have been designed to compare suppliers' performance against a benchmark set by the firm's own supplier of the year criteria	Weekly and monthly statistics from business systems relating to quality and delivery are captured and available throughout the company and supplier community
Record keeping	Record keeping and feedback to suppliers	Suppliers' input cost are a key component of this cost and will become the effective benchmark against which the cross-functional team will review supplier quotations	Under the reorganization, a staff financial manager audits and scores reported commodity team savings to verify they actually occurred	Supplier evaluations include both objective and subjective data	necessary to monitor supplier performance closely to ensure inter-company alignment of competitive priorities and strategies
the finance manager divides savings between profit/loss and non-profit/loss savings.	Performance improvement goals became increasingly challenging and, importantly, the ramifications of not making those goals became more serious.	The new performance targets were difficult to achieve without changing current systems and processes	the company expects to develop a corporate-wide data warehouse to track supplier performance	Long-term supplier development relationships should not be left with the commodity review team. Total involvement of management, users and the steering group is needed for an objective assessment of recommendations	Fine-tuning measurement criteria
The corporate champion will be responsible for assessing the performance of the focus team champions	Development of a measurement criteria recognized by finance for demonstrating cost savings	Establishment of a supplier performance measurement process	Creation of a supplier development program based on assessed deficiencies / needs	Human Resources creates a database of skills by employee/location	The company utilizes a team approach to develop the alliance and specific performance objectives
Champions selected for each of the key areas and performance to date for each area developed for management review	Specific focus area measurements had to be put in place	Supplier integration will be measured to a level of performance where suppliers will be an extension of the company's strategies	Specific action plans will be used to deliver results and measurements	The team drives achievement of objectives that have been set for the relationship	Improved data collection techniques through advanced MIS programming making the process more quantitative
They will be tied into business measurements and will be used to evaluate effectiveness	Record achievements and benefits which are communicated to all operating companies	areas of the strategy implementation which could deliver fast, big savings, had major monetary spend impact, gave good support to marketing and specifically respond to senior management requests were chosen	The data for this was assembled by a team of the ten top purchasing staff who could identify local, regional and global priorities	Set up a comprehensive measurement and control system	Strategies and measures were developed to improve shortcomings
Clear, frequent communications highlighting results achieved	The final item to gain and retain support was to present the potential "hard" and "soft" savings that the new organization could generate for the corporation both short and long term	the company plans to institute cross-functional performance measurement systems	Execute strategy and continuously monitor performance	Measurement is a key enabling area which addresses performance of both supplier and customer	To measure suppliers' perceptions of the buying firm, a third party polled well over 1,000 of the buyer's suppliers

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

This company continuously monitors the performance of their procurement strategy implementation	Performance measures must be quantifiable, unambiguous and aligned with strategy	Monitor agreements by tracking actual purchases	developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing corrective action programs	Partners are measured objectively against the firm's requirements for quality, cost and service	The rating schemes are customized for each commodity group
Customer focused measurement framework	Management process reviewed	Implement company's process for measuring overall performance	Raise service levels as perceived by customers	Process to measure and evaluate success	The performance measurements, review and mutual benefit assessments were implemented
Measure employee satisfaction and take steps to introduce leadership charter	Determined measurement systems and identified need for systems support	Established supplier performance and award program	Reported progress regularly emphasizing company results and process not functional benefits	strong measurement and evaluation process;	Annual supplier reviews were held of quality, price, delivery and communication effectiveness
each cross-functional commodity team is required to develop a set of measurements around its performance which directly relate to the overall company key performance indicators	Accuracy and capability to capture data on delegated local expenditure	Reviews and follow-up meetings with top management to report progress and to seek direction	Availability of procurement data	Develop measurable performance milestones	Use the rating system as the sole basis for improvement
Understandable, believable, agreed-upon savings calculations which can go to the operating divisions as bottom line savings	Process to evaluate and select methods to measure success, other than cost, required from outset	Additional metrics (other than reduced price) will be emphasized such as process improvements, improved technical support, improved quality, etc.	Measure progress and adjust strategies as necessary	new supplier measurement system	supplier benefits should be better defined earlier.
As corporate executives see the fruits of the purchasing function's labor, it lends credibility to future strategic initiatives the department puts in place	Continue to build credibility within the organization through accurate business cases	Collect and analysis data	Monitor progress	A measurement process was developed to rename different factors depending upon the type of alliance	Organize joint teams, set goals, measure goals and proceed to the next priority
Measure the travel center to ensure that cost reductions flowed through to the business units	Involving internal audit in financial analysis	Conducting audits from the beginning as opposed to starting half way through the process is critical	Measuring progress through key performance indicators	Acknowledge that performance measurements may be different for each alliance	The company reported a need to improve their performance management process
Providing actual savings	Established measurements and jointly managed supplier contracts	Performance metrics to force the implementation of new behaviors	Data was obtained from operating units as it related to their annual spending	providing recognition for exceptional performance	Delivery, quality and performance data provide the basis for determining whether a formal pre-established process be implemented to discontinue the business relationship
The firm has a closed loop supplier quality measurement system	establish critical measurements	Require consistent follow-up and monitoring of the cross-functional team's progress	The Purchasing Director and Commodity Manager use a structured "score card" to evaluate the performance of each supplier		

Continuous Improvement (D₁₃)

Quarterly performance/contract reviews (with preferred suppliers) and an annual experience exchange day are used to measure performance and facilitate communication	Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate	Joint supplier/customer project savings reviews	The team selects suppliers based on their ability to provide adequate supply of a particular commodity along with commitment to continuous improvement	Document lessons learned	Document lessons learned
Form the steering committee for the continuous development of the supplier(s)	The process must be flexible to accommodate constantly changing technology	This commodity strategy is part of an overall corporate strategy to improve continuously in all aspects of business	Employing an integrated quality management structure with continuous improvement	On-going practice of total quality management process - includes continuous improvement monitoring	The company should not assume that just because it has been done one way in the past that this is the best way
The company then creates a joint supplier and commodity team to establish continuous cost, quality and service objectives	Establish a forum or communication process for members of the commodity review team to critique the process and offer suggestions for improvement as the process proceeds	Information available to managers is dependent on continuous improvement of knowledge, data gathering and assessment techniques	striving for continuous improvement	National conferences are held for supplier certification, outsourcing, and benchmarking	benchmarking
Improve the benchmarking effort by doing market analysis and developing the cost savings methodology upfront	joint quality plan with short and a long range improvement goals	Improvement action plans which address performance requirements, specific problems, follow-up on all requests and sharing of results	As this process with both teams evolve, they each document the process and note improvements that can be made	Benchmarking results are used to confirm or adjust the necessary resources and time for a particular activity	Continuous improvement dictates suppliers' on-going involvement throughout the development process
Move away from detailed task-driven specifications to performance specifications allowing and encouraging creative solutions while achieving goals	Continuous improvement integrated into systems	Proactiveness to address problems	Visits made to a company that has direct 'requester' to supplier features, used for benchmarking of this project	Sharing best practices across divisional business units	continuous improvement
Develop production support plan including technical and functional resources and a well documented problem escalation process	Selection of experienced, knowledgeable, and progressive personnel for the project team	Monitor and support initial production operations	An annual budget for continuous improvement is established by the this system's Steering Committee	continuously utilizing the experiences it has gained in the never ending process of learning	the company plans to benchmark the progress of its supplier development process is by ensuring that its current frame agreements are competitive internationally with its competitors
Changes (each usually requiring small effort), to the system are requested, using a standard form and a managed process, by users of the system and other areas of the business	Identify strategic sourcing best practices	Manage continuous improvement of total cost through upgrading the process and re-targeting the goals	The company modified a process developed by its continuous business improvement group called customer linking to use with suppliers	As plans are executed, problems are identified and resolved	Involve suppliers in operational plans for improvements and problem solving. Suppliers should be viewed as an extension of the company
Acceptance of need to change by participants	Emphasis has been primarily on innovation and commitment rather than traditional work.	Numerous internally developed programs include continuous improvement and quality training	The company will continue to identify process improvements in their current integration strategy	sound board new ideas	All functions participate in the Quarterly Supplier Evaluation Process
Perform quality functional deployment earlier in the project and continue the effort in a structured fashion throughout the development	Suggestions for improvement are made by both parties	gradual continuous improvement of the strategies and processes were made as required.	Suppliers are benchmarked against world class status on 47 fundamental capabilities	The process initially was not focused and did not produce measurable results	It's goal is continuous improvement in all performance areas
Monitor and encourage improvements in each other's business to enhance the relationship	Capable, committed and innovative management and workforce dedicated to continuous improvement	Improve the supplier base by encouraging development of capabilities or by moving to better suppliers	Measure results and improve the process if necessary	Dedicating personnel specifically to improve performance to the company	Allocating or hiring additional engineering and other personnel to support the development needs

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

<p>Process Management: The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and managed.</p>	<p>Identification and resolution of problems early in the development process</p>	<p>Selected supplier(s) become part of the product/process implementation team if a project will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous to</p>	<p>The team employs continuous improvement problem solving (Plan, Do, Check, Act) and project management techniques</p>	<p>it identified continuous improvement actions</p>	<p>Senior and staff buyers are assigned to large primary suppliers to serve as matrix focal points. This assignment enables suppliers to see a company representative no less than once per month to monitor performance and work on problem resolution</p>
<p>The company expects suppliers to monitor product performance and to make recommendations about product use and improvement</p>	<p>If performance targets are not being met, then an evaluation occurs to determine the reason(s). The intent is to identify root causes and to take corrective action. Suppliers are an integral part of this process.</p>	<p>Ability to take the knowledge gained during an integrated development process and use it as a "baseline" to build upon future product or process development efforts</p>	<p>Become more proactive on measurement results and costs. Utilize more front-end problem solving, use "failsafe" procedures and anticipate issues of concern</p>	<p>The agreements have achieved a total commitment to quality and continuous improvement</p>	<p>Use fact-based problem solving to diagnose the supply process and cause continuous improvement for both parties.</p>
<p>Once a year the general manager met with twenty overseas managers in one location to share problems and solutions and to transfer best practices</p>	<p>Identifying the customers</p>	<p>Understanding how the customer defines satisfaction</p>	<p>Promote best practice processes</p>	<p>The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions</p>	<p>Existence of TQM philosophy within the firm</p>
<p>Benchmark processes</p>	<p>Identify best practice purchasing companies and evolve company purchasing processes as appropriate</p>	<p>TCO is used extensively to impact, improve and evaluate supplier performance</p>	<p>Develop action plans for improvement</p>	<p>Benchmark competitive products including utilization of teardown</p>	<p>Develop detailed cost benchmarking process</p>
<p>Review procedure, measures and weightings annually and update. Accept supplier input to this process</p>	<p>Benchmarking</p>	<p>Adjust the process</p>	<p>a written record is retained of both the process and findings</p>	<p>The companies can then modify the implementation process if needed and both can adjust with changing economic influences</p>	<p>Future plans include establishing an alliance team that meets on a regular basis for the purpose of focusing on the continuous improvement process</p>
<p>the total cost model is a dynamic tool which will require updating as the business environment causes change, as new data becomes available or when other events take place</p>	<p>It is readily communicated throughout the company and is designed to be modified for specific applications.</p>	<p>Identifying, sharing and implementing best practices</p>	<p>Previously, a "materials" performance indicator system had been used for several years. The system was abandoned since it was not aligned with business directions</p>	<p>Research/benchmark alliance relationship before implementing any agreements</p>	<p>The most important result is that the company changed its business culture and revised the overall way it conducted business</p>
<p>Targets were based on external benchmarks and achievable "stretch" targets</p>	<p>continuous improvement</p>	<p>Benchmarking procurement and supply base performance with other companies</p>	<p>Benchmarks are conducted with other companies to identify current best practices</p>	<p>Constantly testing new theories and business approaches</p>	<p>Constantly pursuing continuous improvement</p>
<p>Drive for continuous improvement</p>	<p>Adjust as necessary due to results or changed conditions</p>	<p>The company intends to continue learning from their efforts to date. Every SCM initiative is unique and adds to the corporate knowledge. Better skills and improved results will be realized through this learning experience</p>	<p>they are continuously improving the process</p>	<p>supplier management must be a proactive endeavor based on continual improvement and customer satisfaction</p>	<p>Constantly question the status quo or challenge the suppliers and the company to think and act "outside the box" in all aspects of the business relationship</p>
<p>Review whether the measure is effective, then amend it and/or develop others as appropriate</p>	<p>Consolidating the process used in all sections of supply</p>	<p>Improve the evaluation of suppliers and the contract</p>	<p>Suppliers expertise is utilized to help understand process costs and to recommend negotiation process improvements</p>	<p>goals were 10-20% below the quotations given and based on benchmark data</p>	<p>The process is not finite and is subject to continuous improvement.</p>
<p>The driver for this company's measurement system is to strive for continuous supplier improvements</p>	<p>Modification, if necessary, to the system</p>	<p>This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company</p>	<p>Creative solutions were encouraged and close co-operation with the primary supplier and supporting suppliers for every purchased part and assembly was achieved</p>	<p>Efforts remain largely focused on common ideas and concurrent engineering methods, other methods may have generated greater opportunities but as of yet are not as widely utilized</p>	<p>The teams investigate a particular performance issue, new product/service opportunity or a continuous improvement initiative</p>
<p>Training and education of the cross-functional team members on their importance and contribution to strategic cost management</p>	<p>After benchmarking other companies, a purchasing structure featuring division of commodity and materials management was developed and implemented</p>	<p>Performed benchmarking/consultant analysis, which eventually identified the need to pursue longer-term agreements with partnering suppliers</p>	<p>Introduced Operational Excellence process for improving throughput yield, both internally and at suppliers</p>	<p>benchmarking other organizations</p>	<p>discovering the performance gaps</p>
<p>The company expects to improve and build on its current procurement strategy</p>	<p>the commodity management process is characterized by the use of information tools and learning curve issues with an emphasis on leveraging purchase opportunities</p>	<p>Benchmarking (the past president's experiences and the consultant's study previously mentioned), as well as consensus voting of the supply executives developed, delineated and reinforced these concepts</p>	<p>the plan sought to develop new initiatives based on leading edge practices derived from benchmarking initiatives</p>	<p>Started with a small pilot group of suppliers, made improvements to the program, communicated the successes, then expanded across divisions</p>	<p>Utilizing cross-functional teams has created several improved programs and processes</p>
<p>skilled professionals, utilizing leading edge practices, and employing the most optimized supply base in an environment of continuous improvement</p>	<p>development of a sustainable approach to productivity improvements</p>	<p>Continuous updating to match business needs</p>	<p>Establish forum for sharing of best practices</p>	<p>continuous assessment of the market</p>	<p>Periodic meetings are established to share best practices as different divisions have success with their development processes</p>
<p>The succeeding eighteen months saw a constant review, questioning and modification of procedures to ensure flexibility of approach in meeting the requirements of the new manufacturing, marketing and packaging development organizations throughout the company</p>	<p>The worldwide sourcing team had identified flexibility as being of paramount importance</p>	<p>This was supported by competitive organizational benchmarking which showed that the company's proposals were in line with competitors' current or future practices</p>	<p>A further benefit is the sharing of best practices</p>	<p>Improvement targets and goals are developed mutually with suppliers</p>	<p>The company actively seeks input from key customer groups (prime manufacturing) on their needs and growing requirements</p>
<p>Benchmark recognized leaders</p>	<p>Re-engineer procurement business processes and eliminate non-value added activities</p>	<p>Maintain an outward looking search for best practices</p>	<p>developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing corrective action programs</p>	<p>sense of commitment to improvement and increased the resolution rate of problems</p>	<p>maintaining continuous quality improvement</p>
<p>Informal benchmarking revealed a considerable strategic and performance gap</p>	<p>Business process re-engineering of the total supply chain process</p>	<p>Continuous improvement framework</p>	<p>Review processes and re-engineer procurement to remove cost and slack time</p>	<p>Annual benchmarking is used to identify needed process updates.</p>	<p>benchmarking and updating their process</p>
<p>Benchmarked against other organizations' strengths, processes and strategies</p>	<p>Initiated development program to review and change total supply chain operations throughout company</p>	<p>Fresh perspective to challenge established ways and be innovative</p>	<p>Benchmark best practices</p>	<p>The company proactively identifies barriers to supplier development and develops appropriate strategies to overcome them</p>	<p>Total Quality Management</p>

Appendix 16: relevant Extracts from Case Study Material : C₂ (continued)

Frequent meetings were held to assess progress, make adjustments, etc	Benchmarking with other "best in class" companies to identify additional targets and best practices will continue	Benchmark competitors, establish metrics and perform a gap analysis	Careful benchmarking and gap analysis led the process by demonstrating the potential cost reductions achievable through various courses of strategic action	Undertaking benchmarking activities to establish performance and capability benchmarks against all industries and competitors	Continuous improvement
Presenting the gap analysis proved to be the solution for a lack of executive understanding and helped to free up the resources needed for implementation	An extensive market research project used in conjunction with accurate benchmarking data should be used to present huge opportunities for improvement that senior management cannot resist	Benchmarking best practices	share best practices across all units regardless of size	Benchmarking	Continuous improvement
Obtain feedback and modify, change or expand	Set performance standards and look for continuous improvement opportunities	Achieving sustainability	Focus on sustainable advantages	Reengineer the process	creating more efficient approaches toward individual company and supplier targets.
Communication of best practices was viewed as a barrier to swift improvement	A global process was developed to inform all divisions of innovative improvements	Applying proven best practices	focuses not only on internal functional improvements but looks for ways to bridge the gaps between functions as well	A cross-functional team researched how other companies were conducting strategic supplier alliances	This team gained buy-in from top management by presenting the benchmarking research and by agreeing to run a pilot
Continuously revise the processes	The business unit recently combined efforts among three of the organizations within its engineering group to conduct worldwide benchmarking of procurement	Benchmark all appropriate suppliers	surveyed most of the required parts on a major benchmarking exercise	continuous improvement plans	Assign a leader, to facilitate the benchmarking and learning process between the two companies, a commercial resource/buyer and a quality resource person to each alliance
Develop cost target internally using key supplier input and benchmarking data	benchmarking	Benchmarking with other corporations	Availability of global benchmark data to drive hourly wage rate down	Benchmark continuously to compare company internal practices with the best worldwide	Recognize that the competitive environment drives the need for total quality management and continuous improvement
The need to continually benchmark	possible process improvements	Business process redesign	Plan/conduct best practice visits	Maintain systematic continuous improvement to keep the momentum. Continuous improvement was difficult to sustain and when efforts plateaued the teams lost much energy	More emphasis should be placed on benchmarking
Continually refine the process	provide recognition	Conduct an up-front, candid supplier evaluation with suggested improvement opportunities prior to initiation of the strategic alliance			

Appendix 16: relevant Extracts from Case Study Material : C₃

Collaboration (C₃)

Business Focus (D₁)

Create supplier interest by providing opportunities for future business	Total understanding of the company's needs and a supplier's ability to meet/exceed those needs	Annual business management sessions	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	Identifying a common goal that provides benefits to both parties is critical	Supplier attitude
The most important success factor is compatibility between corporate cultures	the supplier's vision does not include aggressive competition with the buying company's products	Possess a manufacturing and business capability that meets targets for excellence requirements	When this company considers outsourcing it does so by understanding what their core competencies are and how value is delivered to the customer as well as understanding the core competencies of their suppliers	Customer satisfaction	Alignment/understanding of supplier capabilities
Cultural compatibility and supplier reputation are important to employee retention and satisfaction	All cost effective measures must be taken to increase the efficiency and productivity of the supply chain	[strategic sourcing] is an integrated business process for developing and executing comprehensive sourcing plans that ensure the availability of materials and services at the right time and quality at the lowest total cost throughout the value chain	Organization of the supplier parallels the company's organization	The parties strive to understand the needs and objectives of each others' business goals	Obtain senior management support
Respect for each other's business	Integrated suppliers are expected/required to participate in establishing key company objectives	Where the supplier's core competence is outside the company's internal core capabilities, products, processes and services are jointly developed with suppliers	Realizing ever increasing productivity gains from one project to the next	Cultural compatibility	Identify suppliers with similar business philosophies and practices
Assess and influence the culture of strategic suppliers against the company's core values (e.g., quality, innovation, investors in people)	Business environment	Suppliers having similar philosophies and objectives to the company are selected	Core competencies within the corporation will be more defined thus creating a more involved role for suppliers through strategic outsourcing	The supplier prepares a business plan which includes detailed plans to focus on each improvement opportunity	total system perspective with its suppliers
Compatible corporate beliefs	The companies can then modify the implementation process if needed and both can adjust with changing economic influences	Align the business objectives and philosophies of the buying and selling company	Constantly question the status quo or challenge the suppliers and the company to think and act "outside the box" in all aspects of the business relationship	Complementary capabilities (A good match of combined skills where each company can contribute - where one company has a weakness, the other company has a strength)	Commercial viability, not a cash drain
understand supplier's objectives and goals to determine if there is alignment with the company's own beliefs					

Expert Leadership (D₂)

developing trust between supplier management and the commodity strategy team	Recognize the importance that leadership and cross functional participation play in the improvement process	Overall benefits are maximized by using existing specialized supplier knowledge	Suppliers have been hired as consultants to provide insight on internal processes that are similar to the processes at the supplier's company	The Manager of Quality and Supplier Development acts as a facilitator in these meetings	The company provides supplier development facilitators to perform workshops at suppliers
The complexity of the new product development process could be reduced by integrating specialized partners with specific knowledge and expertise in their respective technology fields	Product and process quality could be optimized from the beginning of the process by cooperating with the most capable suppliers worldwide	The company, recognizing that the supplier is an expert, relies on this practice based on the need for the supplier to evaluate prototype or product performance on an initial, current and continuous basis	The best practice manager ensures that the team utilizes the best tools to achieve the best results, such as design for manufacture and design for assembly methodologies	Commodities that were jointly agreed upon became the basis of supplier alliance teams which were staffed by experts from both companies	The time of experts and consultants was insufficient
forming more long-term agreements and partnerships with expert suppliers	plans to shift design ownership to suppliers as well as test and validation to allow the company to concentrate on its core activities	Strong equipment capacity and operational expertise	facilitated by a third party expert	To insure unity on supplier development actions, purchasing uses a "liaison manager" assigned to each function with which they interact. These individuals are charged with maintaining proper communication and coordinating activities when other functions	Specific individuals were made responsible
Assign a leader, to facilitate the benchmarking and learning process between the two companies, a commercial resource/buyer and a quality resource person to each alliance	Operational contracts are developed that scope the business relationship in detail	The alliance team obtains input from selected individuals with relevant expertise			

Senior Management Sponsorship (D₃)

Full support from top management of both parties	Obtain supplier agreement	Empowered suppliers	Involve key process stakeholders earlier in the process.	Top down management commitment	The supplier interface includes meetings with both buyer and supplier top executives
Participation of key management people	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	Data sharing occurs through semi-annual quality updates and summaries which include top management	The most important success factor is compatibility between corporate cultures	Management commitment	Commitments are reached at the senior level of both companies

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Assign resources necessary to support and be responsive to personnel at the buyer's facilities	Recognize the importance that leadership and cross functional participation play in the improvement process	Suppliers also participate in quarterly meetings with senior management to review project progress	Capable, committed and innovative management and workforce dedicated to continuous improvement	The <i>Steering Committee</i> meets the supplier's management to assess their interest in exploring a strategic alliance	The <i>Steering Committee</i> and the supplier's management then jointly initiate and sponsor a <i>Cross-Functional Team</i> with personnel from both companies
Communicate results within the team, ensuring support of top management while implementing the new ideas	<i>Leadership</i> : Senior executives must become personally involved in creating and sustaining integration efforts	Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	the company had to reject past practices that acted as "roadblocks" to integration. These included traditional management philosophies, management by objective, and traditional supplier/buyer relationships involving short-term, price based contracts.	Senior managers orchestrate these activities	Management meets to exchange operating philosophies, decide fit and identify the required next steps. These discussions are not rushed or managed in an atmosphere of deadlines
Insist that supplier representatives hold high enough positions to accomplish the responsibilities and tasks assigned to them by the product development teams	Executive management objectives	Executive management objectives	Senior management support	Participation of executive management from both the supplier and buyer	Senior management commitment from both companies in the alliance
Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	Senior management support	Strong management support on both sides of the alliance	A commitment to follow-through and implementation	Top management commitment must be evident from the buyer's and supplier's management	Senior management commitment
Involve both customer and supplier upper management in review of both the improvement opportunities and results	Alignment of management objectives	Top level management of each of the organizations was kept informed of the team's progress	Management commitment is important here from the supplier's side as well as the company's and is continuously solicited	The <i>Cross-Functional Team</i> meets with the <i>Sponsors</i> from both companies to solicit their approval to move forward with the team's recommendations	the company continues to struggle with the competing time commitments of its management.
Longer term relationships depend on top management support from both parties	High-level meetings with supplier upper management to negotiate terms for development	Management commitment	Ensure top management support on both sides	The involvement of individuals, especially senior management, needs to occur early	Increase visibility, communication and leadership responsibilities in the supply chain alliances in which the company participates
Top management of the selected suppliers were invited to join divisional management for the supplier alliance day	Management commitment to prepare the company for change	Quarterly strategy meetings between supply partners and P&S executives	Reinforce partnering effort through senior management articles in supplier newsletter (published every other month)		

Strategy Development (D₄)

Determine scope of the partnership	Early supplier involvement in writing and designing the strategic plans	An understanding of each supplier's ability to meet performance requirements and supplier willingness to share their strategic plan	Modify commodity strategies to reflect current supplier performance, markets and changes in the company's manufacturing configuration or raw material requirements	necessary to monitor supplier performance closely to ensure inter-company alignment of competitive priorities and strategies	Shared mission and goals
Long range technology planning road maps (9-12 months) are established with strategic suppliers that set direction for the company and supplier to drive technology and cost	A fully developed and worldwide commodity team strategy for a specific product area	Full operational strategic alliances with key suppliers for technology and cost optimization	Incorporate successful parts of the supplier alliance strategies into the commodity strategy	Willingness to meet and or exceed customer requirements	Matrix buy-in to the strategic plan
Suppliers/subcontractors attended meetings where they were briefed on the commodity. Strategies were revised to include any best practices identified in those meetings	joint quality plan with short and a long range improvement goals	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	the supplier's vision does not include aggressive competition with the buying company's products	establishing implementation time frames	Ambitious vision, clear goals and clear communication
Supply Chain Management recognizes that future success depends on closer relations with a wide mix of customers and suppliers, as well as a variety of product/process/service improvements.	both the supplier and the company share the same vision	Suppliers interested in expanding their operations	Compatibility of strategic goals	Establish a vision for the process	Interactive quarterly technology reviews with all first-tier suppliers drive technology plans
The target is to plan and execute product development, construction, production planning, purchasing and logistics simultaneously rather than sequentially and to intensify the integration of suppliers in this process	the supply chain management strategy is far reaching, both upstream and downstream	Specific goal setting	Common top-level objectives	Develop a multiple-supplier strategy	inconsistent goals to the supply base
The company also introduced a supplier business plan based on company/supplier joint commitment and common objectives across all elements of the supply chain	To build trust and breakdown barriers between organizations within the supply chain, the company uses annual commodity source plan reviews and quarterly supply base reviews with key customer plants aimed at cross functional approaches	Supplier partners are defined as part of the company's "extended enterprise," with which the company builds communication	The company will continue to identify process improvements in their current integration strategy	Trust through open communications, sharing of data and co-development of alliance expectations including shared objectives and strategies	Co-development of goals
The company plans to strengthen its strategy to significantly increase the integration of suppliers in future new product development efforts	To gain both internal and external recognition and commitment for early supplier involvement, the company changed its organizational strategy	Integrated suppliers are expected/required to participate in establishing key company objectives	Where the supplier's core competence is outside the company's internal core capabilities, products, processes and services are jointly developed with suppliers	Identify overall goals for the strategic alliance	The <i>Cross-Functional Team</i> begins to redesign the companies' work processes and develop a plan to implement the new strategic alliance
Establish clear expectations for both parties and define what will constitute "success"	Establish a process to review the shared vision and goals and to assess the progress made towards achieving each	Conduct quarterly management meetings with major suppliers to discuss forward development roadmaps from both sides	Establish a top level plan between parties	Mutual trust, shared vision	Strategic synergy (1+1>2)

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Develop and agree to a detailed development plan with the supplier	supplier presentations of individual technology roadmaps	Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	The specialist within the supplier's operation would then work with internal personnel to achieve the stated objectives	Long-term perspective	The driving force behind a good working relationship and coordination between functional groups is the sharing of, and responding to, a common business unit mission and strategic goals
Strategies to measure and manage total costs throughout the supply chain are then developed	A stronger supply relationship is formed through joint definition of the strategies, targets, measurement tools and action steps needed for cost management	targets and goals are developed by thoroughly understanding requirements and expectations of the company's customers	Supplier consensus that goals are achievable	The company utilizes a team approach to develop the alliance and specific performance objectives	Define the goals
With suppliers, the company aligns strategies through supplier conferences and organized purchasing efforts to communicate goals and targets	Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	Supplier integration will be measured to a level of performance where suppliers will be an extension of the company's strategies	The business unit committed to create and maintain integrated strategies that improve both government and industry-wide relationships	Planning information in the form of numbers and processes are shared with partners	The overall success strategies of both companies become mutual and detailed operational knowledge of each other permits the relationship to be quantified
Aligning goals in the early stages of the relationship and constant feedback on changes have allowed the company's suppliers to avoid costly changes which would have undoubtedly held up operations	Shared goals and visions with critical suppliers remain an important ingredient for success	The vision is to work with each member of the supply chain as if it were within a single company. Programs are currently being developed to ascertain the strengths and weaknesses of each member and efficiently fill the gaps through training and leveraging	Transferring non-core supplier volume to preferred suppliers	The engineering representatives of the global commodity team set qualification plans for the new products. The plan establishes broadly focused goals for the supplier to reach final quality objectives for new products and provides information for the sup	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives
This company's strategy was to identify a common goal for the company and its supplier of mechanical seals	Keep activities simple and focused	Create climate of real competition	The projects are added to the locations' list of opportunities and prioritized for execution	Prioritize and agree on which improvement opportunities to work first	Sharing of both strategic and tactical plans
carefully defining an area of opportunity	Suppliers develop action plans	The supplier prepares a business plan which includes detailed plans to focus on each improvement opportunity	Suppliers receive specific cost reduction targets and submit specific plans for achievement	this company reported the process is so fluid that they have moved to a different, higher plane where requirements and performance are constantly redefined	Expand and refine the quality plans, which are developed at the supplier locations, in all aspects of the business relationship
goals and strategic directions are aligned with the objectives of preferred suppliers	a team was formed with members from the company's organization and a particular supplier to develop and execute an action plan	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project	Aligning management objectives and strategies with those of the targeted supplier	understanding of each other's mission, goals, objectives and timeline	The emphasis during this period is on identifying areas where expectations may conflict
Total system thinking is one of the overriding issues in these meetings. Plans are set for the expected duration of the project and focus on building bridges between suppliers to create critical interfaces between them, sometimes even between competitor	based on the established strategies	the company and its suppliers appear to share nearly perfect goal/objective alignment with regard to supply chain management	One of the key first steps in defining relationships is coordinating strategic plans and supplier requirements with the company's most critical partners	The company has established strategic alliances with some suppliers for key items, which has had the effect of getting the supplier more involved in the overall planning process	A synergy develops in these teams as a result of organizing a group of supply chain stakeholders with a common vision and set of strategic imperatives
This includes intensive discussions relating to goal and strategy alignment of the involved parties	Planning and execution of joint cost savings sharing projects with suppliers	shared goals and mutual interests have created a desire to succeed above the company's stand alone desire	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops	For those proposals agreed to by both the company and its suppliers, form cross-functional project teams of relevant personnel from both organizations	

P&SM Positioning (D₃)

the procurement function is taking the lead in attempting to establish both process and systems linkage between supplier and customer	Purchasing then coordinates administrative issues and day to day contact with suppliers	Exercise led and controlled by procurement
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Change Management (D₄)

Commitment by both parties to develop their organizations to support the relationship	When the company transferred products to new facilities, strategic alliance partners planned for appropriate changes in their supply patterns	This company has provided resources or support to outsourcing suppliers	Develop individual and joint plans and processes	System measurement and control	Initial roll-out plans were too aggressive
Identify key activities, roles and responsibilities for managing the process	Teleconferences are held to review the plans and to ensure that each supplier can meet the schedule	By working together on plans to change processes and to actually construct the stores, team members have become familiar with each other's functions	Program progress including the supplier's development effort is tracked using computerized project management tools	End of life transitions are managed in weekly meetings	Migrate successful alliance strategies incrementally to related strategies
The objective of the team is to provide a detailed work interface analysis. The goal is to optimally allocate all activities between the supplier and the OEM	Implement the pilot project	Implement the approach on a regular project	Provide a detailed description of tasks, development time and delivery for everyone involved in the project including the suppliers	Consideration of people's attitudes and commitment are key to the process	develop improvement action plans
As part of the project management process, the team agrees on the logistics and tasks required to complete the requirements of the contract	Team members from the company and supplier are assigned specific tasks	The team also establishes time lines and critical process paths.	Through integration, the company has developed continuous and positive communication with suppliers who have valuable knowledge and resources	Although the company is happy with the new strategic alliance progress, it feels that additional prioritization of the recommendations from Cross-Functional Teams is necessary to better manage workloads	the company continues to struggle with the competing time commitments of its management.
Set team meeting schedule for one year	Set up regular review dates with the supplier	Develop action plans for improvement	Achieve personnel buy-in to measurement (not a problem if the TQM training precedes TCO implementation)	People who have been in the organization for several years will be resistant to change. They must be given a compelling reason for the changes needed so they will give the support required	For those proposals agreed to by both the company and its suppliers, form cross-functional project teams of relevant personnel from both organizations
Implementation with all targeted suppliers should not be attempted overnight. Since the workload is significant, the TCO system should be implemented in phases	The commodity teams also manage extended teams, which include representatives from each of the SBUs within the business group. The use of extended teams supports better communication and implementation of change across all locations	Volume transitions to preferred suppliers took more time than originally anticipated	Demonstrate patience and perseverance	Adhere to strategic plans	Increase speed in all aspects of the process

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Keep activities simple and focused	Several problems plagued multiple locations (with a little forethought and testing these could have been avoided)	A commitment to follow-through and implementation	projects are formalized	Avoid top-down directive management	Timelines for all process changes and systems development milestones were established in alliance with the strategic supplier alliance strategies
Suppliers develop action plans	The corrective action plans drive the supplier development efforts	A project management system that tracks monthly and includes all the project details, current status, expected implementation data and anticipated savings are used	a supplier is informed of all facets of the project including, budgets, objectives, other suppliers' roles and time lines	Expand and refine the quality plans, which are developed at the supplier locations, in all aspects of the business relationship	The <i>Cross-Functional Team</i> begins to redesign the companies' work processes and develop a plan to implement the new strategic alliance
action items are developed during the supplier meetings	The members of the three organizations developed a plan with follow-up items for each party	Specific timing targets are established and communicated	Planning and execution of joint cost savings sharing projects with suppliers	Realistic timeframe for achievements	To insure that activities are completed on schedule it is important that the proper integration is taking place across functions and with the supplier
Project plans are implemented and monitored	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops	implementation across the supply base	Corrective action plans are made for supply chain risks and the plan is implemented until the risk is eliminated	establishing implementation time frames	Holistic project creation with detailed measures and strong project management
The team drives achievement of objectives that have been set for the relationship	getting stakeholder buy-in before proceeding				

Communication (D-)

Quarterly performance/contract reviews (with preferred suppliers) and an annual experience exchange day are used to <i>measure performance</i> and facilitate communication	Communicate opportunities to all sites, organizational levels and with suppliers	Excellent communication between all participants	Suppliers were informed that the NT was sole contact for all discussion	The ability to document workshop savings and share supplier development successes with the organization in real time	better communications within the organization and with suppliers
Establishing a single point of contact during registration and requiring the supplier to do the same	Make the supplier aware of the desire to establish a contractual relationship	The team provides the supplier with information, stated objectives, scope of the relationship and the time frame to complete an agreement.	The commodity team is also responsible for developing open lines of communication and trust with the strategic alliance supplier.	Unsuccessful suppliers are notified with explanation	Supplier lacks required information systems
Teamwork with suppliers that includes total communication and honesty	Communication of benefits to key decision makers	Identify communication network key players from the company and supplier and reach agreement on the strategy to be implemented	Interview suppliers to determine their interest in a long-term strategic alliance	Better mutual understanding of goals and expectations	Higher level of trust
The flow of information to suppliers is critical to assure the strategic supplier agreements are configured to maximize leverage while minimizing cost	Present performance evaluation to each strategic supplier	targets communicated to suppliers quarterly	Transfer of strategy knowledge and experience from initial commodities and products to additional related product areas	Sharing of information derived from other customers	Maintained an "open mind" and shared information/suggestions on the process prior to being selected as the preferred supplier
Open communication among team members and with suppliers	Shared information with suppliers allows the company to react quickly to volatile demand	Suppliers/subcontractors attended meetings where they were briefed on the commodity. Strategies were revised to include any best practices identified in those meetings	Teams reviewed supplier facilities and attended meetings with suppliers to exchange information	They start with a supplier evaluation process and evolve into a relationship which they nurture to achieve complete trust and cooperation	Teamwork and communication with suppliers has increased substantially
Supplier requirements and expectations must be clearly defined before the supplier becomes part of the team	Clear and regular communication is critical and occurs between all levels	A closed loop supplier quality management system which includes the use of critical measurements, communicated expectations to the supplier, measurement and data analysis, information sharing with suppliers and performance recognition	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	Establishment of a forum for members of the commodity/product review teams to critique the process while in progress	Conduct regular follow-up meetings
Data sharing occurs through semi-annual quality updates and summaries which include top management	the supplier must be aware of the buyer's performance requirements	Transfer technology and openly participate with the buyer in outsourcing evaluations	both the supplier and the company share the same vision	Plans for the strategic supplier alliance program were reviewed	suppliers that were pre-selected during the portfolio analysis were introduced to the internal company participants
Willingness to share cost information	There is typically some kind of relevant relationship structure between the company and the supplier that allows adequate communication and dispute resolution and improvements to occur in a continuous fashion	Develop a sound relationship with each supplier at multiple levels	This technique has provided a sound basis for negotiation with suppliers and a means to achieve a constructive internal debate with other divisions such as product management and marketing where objectives may otherwise conflict	Information on the supplier alliance program	Expression of expectations for future cooperation
Execution of the plan involves mapping the information and product flows between the companies and then simplifying or streamlining them to provide the most accurate and current information to suppliers	Inform and select possible external partners	Other major processes that the company uses to build trust consist of the timely, limited exchange of staff with suppliers and customers and the distribution of the company newspaper to suppliers and customers	Meetings were held at various member facilities with joint visits made to key suppliers	Positioning as the best customer to a supplier involves building relationships	reward significant supplier suggestions which lower costs builds the relationship.
State and clarify the expectations of the relationship for both parties clearly. This includes joint business plans, type of information to be shared, monetary benefits expected, committed discounts, exclusive supplier status for particular products and	Evolve supplier attitudes	supplier advisory councils	<i>Effectively communicating and creating an awareness</i> is key. All stakeholders must understand and agree on the need to capture and consider the costs in all work groups across the company. Where external suppliers are involved, the expectations of each c	Supplier newsletters	Available electronic mail systems

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Define expectations of suppliers and share with supply base	Provide participants with an understanding of how the supplier development process supports the company's production system principles and practices	To build trust and breakdown barriers between organizations within the supply chain, the company uses annual commodity source plan reviews and quarterly supply base reviews with key customer plants aimed at cross functional approaches	These goal assignments are consistent with the formal standardized supplier evaluation process the company uses to assess performance. The company implemented a standardized supplier evaluation process involving all plants in order to <i>provide consistent</i>	The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions	Communicate performance of supplier relationships relative to competition internally throughout the organization
Focus supplier conferences on specific emphasis areas rather than broad based issues	Weekly meetings are held with representatives from purchasing, contracts, engineering and the customer to determine the status of permit applications, internal return on investment (ROI), calculations on proposed projects, real estate closings, budget app.	The plans and decisions reached in these meetings are summarized in a computer based planning program and faxed to each of the suppliers on a weekly basis	Teleconferences are held to review the plans and to ensure that each supplier can meet the schedule	Encouragement of first-tier supply partners to replicate this approach with their suppliers	Performance is reviewed quarterly and suppliers are given face-to-face feedback
The company also uses the processes and practices described above to build trust and breakdown barriers between organizations within the supply chain	Supplier partners are defined as part of the company's "extended enterprise," with which the company builds communication	Suppliers are encouraged to make R&D presentations to these teams to advance and promote new technologies	The company uses the extended enterprise strategy to promote communication and information sharing	The partner is given the opportunity to present technical proposals to senior management	The company conducted a conference with these potential partners to introduce the strategic supplier alliance concept
Conducting "supplier day" focused events	Communication between all parties	Market research results are shared with key integrated suppliers at the same time as with other project team members	The company feels this information provides suppliers with an understanding of why specific restrictions and demands are placed on the design effort. The understanding of customer requirements provides a greater sense of supplier ownership by linking the	Both parties gain strategic advantage from the relationship including better knowledge of the partners business and sharing of cost information	The supplier interface includes meetings with both buyer and supplier top executives
Technology is shared as required for specific projects	Key suppliers are linked by electronic mail and integrated CAD/CAM systems	Suppliers also access the company's project <i>management data base</i> to quicken and improve communication	Suppliers participate in weekly project status meetings as part of the development team	Trust is built as the alliance achieves consecutive successes	overall level of communications in the relationship
Convey a sense of confidence that the project will see "the light of day." It is important for suppliers to stay motivated	Improved quality is created through increased supplier involvement in the design phase and earlier problem identification and communication	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Changes that result in potential increased costs are highlighted by the supplier and are evaluated jointly to identify alternatives to maintain target costs	Close review of the long range plans	Presenting performance evaluations to each strategic supplier
Overall project information is shared, not just details of the specific effort.	Supplier's also have direct contact with the company's project management, rather than just communicating through business managers	In these arrangements the full engineering team may be at the supplier's satellite facility, with some of the engineers working in the company's offices. An added benefit of these types of relationships is a significantly higher degree of informal inform	Suppliers and the company use common software and EDI standards to communicate	Create trust in all parties	Provide regular feedback
Decision making is streamlined by minimizing bureaucratic communication processes. Decisions made between suppliers and the company are more collaborative in nature	The company has frequent and wide ranging communication with suppliers	Suppliers tend to perform most effectively when they understand the objectives and are consulted/empowered to achieve them rather than directed	Supplier briefings are held on future product development efforts	Include suppliers in process development rather than dictate to them	Interactive quarterly technology reviews with all first-tier suppliers drive technology plans
Improve communication with suppliers	The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	As more up front information is shared between companies, it is more likely that clearly defined expectations will develop	Co-located suppliers are integrated according to the specific interface of their components with other components in the project. This ensures that direct contact and information exchange occurs between team members who must cooperate closely in order to	Ensuring open communication with the supply base	Inconsistent goals to the supply base
Common CAD standards or adapted interfaces were established. Common EDI standards were also established to exchange technical and commercial information	Meet with core suppliers to discuss new approach of cooperation within new product development	Communicate results within the team, ensuring support of top management while implementing the new ideas	Provide a detailed description of tasks, development time and delivery for everyone involved in the project including the suppliers	Alliance managers were trained in strategic cost management and basic procurement through a workshop and quarterly meetings to share information	The supply manager, who is usually a technical person, is the primary interface between the company and the supplier
The company shares its requirements, market analysis and its customers' requirements with integrated suppliers. Cost and technology information are shared by both parties	The company's information systems strategy is to use every means available (EDI, CAD/CAM, E-mail, etc.) within the constraints of non-disclosure agreements and information security to successfully integrate suppliers	Establish clear expectations for both parties and define what will constitute "success"	Communicate integration policies and deploy them through established communication channels	It is important that both sides realize the importance of flexibility and constant communication	The development of integrated systems to facilitate ordering and inventory control
Proliferate EDI throughout the process. This will allow faster communication of requirements and visibility of the entire supply chain	Formal quarterly meetings are held with each supplier at which predicted product cost curve information and cost requirements are presented, analyzed and agreed upon. Technology roadmaps and trends are presented and analyzed similarly	Customer requirement projections and market trends are discussed	These meetings also serve to educate and train each firm on the other's products	Trust through open communications, sharing of data and co-development of alliance expectations including shared objectives and strategies	the two companies and communication was facilitated by allowing departmental and bureaucratic barriers to be eliminated
Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company. Honesty and openness in the relationship	Conduct quarterly management meetings with major suppliers to discuss forward development roadmaps from both sides. Supplier presentations of individual technology roadmaps	Establish communication links, interfaces and reviewing processes	Conduct weekly reviews of ongoing progress	information is no longer considered confidential	Information concerning business objectives and new product development is shared
		The interaction of the two firms encourages an openness and willingness to share information regarding partially developed products based on either existing or new technology	communication between the two firms on all subject matters is made easier by the development of personal relationships between the staffs of both companies	Obtain supplier buy-in	Jointly participate in honest, open communication

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

The company shares technology with suppliers through the sharing of specifications, documentation and case histories	Certain information is available to the supplier via modem at the same access level of all team members	Implementation involves the supplier and company personnel working together with continuous exchange of information and data reports	Ability to transfer the product or process knowledge gained from the integration effort to other parts of the business	Failure to provide clear documentation caused delays for subsequent explanation of the agreement	The company shares more information with alliance partners including advanced product plans
Work to integrate database sources between supplier and customer along with internal departmental databases	Communicate total information requirements between parties, even if these requirements deviate from current business practices	Improve and increase the communication linkages with suppliers through the use of network technology	Obtain faster and more reliable information from suppliers and other internal sources	Communicate expectations to suppliers	Share data with suppliers
The contract was set up such that data was gathered and prepared at a monthly meeting where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Every twelve months, the supplier shares any new technological advances or insights with the purchasing company. The objective of the exchange is to improve overall operations	Common data was used in both plants to allow a joint team to review the operating performance	The company provides suppliers all information necessary	Openness and trust	The Steering Committee meets the supplier's management to assess their interest in exploring a strategic alliance
Information exchange is aided by EDI linkages with all major suppliers and CAD linkages with a small number of suppliers	The company also conducts formal and informal meetings monthly with key suppliers	Team leaders contact their team members in writing detailing responsibilities and expectations	Conduct first team meeting with supplier attendance and establish initial milestones for new product/process/service introduction and production	They identify these suppliers as partners and there is continuous exchange of people, equipment, materials and information	Management meets to exchange operating philosophies, decide fit and identify the required next steps. These discussions are not rushed or managed in an atmosphere of deadlines
Product development teams facilitated increased awareness between the company and suppliers of problems and needs to achieve desired results. All team members gained better understanding of each others' work	Enhance the use of EDI for more than order placement and confirmation	Increase automation and over availability of information for the enhanced commodity management	Exploit EDI and/or e-mail usage with suppliers	Procurement's aim is to find or integrate common information systems between the suppliers and the company itself	They are intended to help with global information exchange with suppliers and other regions
Generate key management information from new or existing systems	Share knowledge and experience in the purchasing community by upholding a communication network	Seek to influence free flow of information between both companies in future NDAs	Explain the process to the supplier	Conduct a "Supplier Day" at which the top management of selected suppliers is invited by divisional management to discuss the overall supplier integration program, its objectives and the nature of the expected relationship between the company and its supog	Initiate corresponding workshops at suppliers' sites
Provide measures to supplier in advance of meeting	Review procedure, measures and weightings annually and update. Accept supplier input to this process	Achieve personnel buy-in to measurement (not a problem if the TQM training precedes TCO implementation)	Listen and act on the suppliers input	A knowledge transfer and documentation process will also be part of future alliance agreements	The procurement process should be transparent to the customer
Supplier input must be sought and incorporated as it frequently adds value to the process	Develop supplier report card feedback	Utilize supplier scheduling	Industry and supplier relationship considerations	Suppliers not selected for development are notified and given reasons as to why they were not selected	Potential suppliers are paid site visits, asked to make presentations to the team
The company wishes to establish closer links between its purchasing and supplier management teams and its customers.	Effort is devoted to maintaining productive supplier relationships and to include them in the design efforts where possible	Communicate with and involve the suppliers	Communicating to and involving direct personnel	Trust	Sharing information
Communicating and in some cases educating the suppliers	Provide feedback and measure performance	Each step is supported by two-way communication	increasing level of trust between both companies	Direct communication	Continuous and open communication at all levels
SCM begins with discussion and disclosure of relevant information rather than full disclosure	Encourage discussions of profit, reinvestment and mutual sharing of rewards and risks	Establishing buy-in with the supplier community	Supplier trust and willingness to participate	A matrix wide overview is provided to the supplier detailing their performance for each plant with a cumulative rating	To insure unity on supplier development actions, purchasing uses a "liaison manager" assigned to each function with which they interact. These individuals are charged with maintaining proper communication and coordinating activities when other functions getting stakeholder buy-in before proceeding
The supply relationship gains basis for common understanding built on facts	A stronger supply relationship is formed through joint definition of the strategies, targets, measurement tools and action steps needed for cost management	Suppliers' willingness to contribute technical expertise and understand the indirect issues involved	Spend the necessary time with suppliers to help them understand the process and its importance rather than just low prices	They also recommend communication with key suppliers before starting the process	The previously performed portfolio analysis was presented
The process evolved rather than developed and as a result it wasn't cascaded throughout the organization rapidly enough	Each supplier is given clear, comprehensive management goals and the necessary feedback so they have every chance of meeting the targets	Disseminate measurement objectives to supplier base	Feedback from supplier base	Create a company-wide information platform	Some of the proposals were approved to be later introduced to the respective suppliers
Final distribution of the measurement process	This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company	Scheduled team meetings every 6-8 weeks	With suppliers, the company aligns strategies through supplier conferences and organized purchasing efforts to communicate goals and targets	Individual concerns from the different functions represented were added to the portfolio analysis information	Some of the proposals were approved to be later introduced to the respective suppliers
The company communicated this strategy to internal and external groups in a variety of ways	With external suppliers, the company held a meeting attended by several hundred suppliers, conducted supplier visits, and sent letters outlining the proposed restructuring and changes	Introduced supplier design change suggestion program	Initiation of a supplier communication forum	Overview of individual proposals (from the internal workshop) to suppliers	Ambitious vision, clear goals and clear communication
Information systems will be perfected	Establish forum for sharing of best practices	Record achievements and benefits which are communicated to all operating companies	developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing corrective action programs	build buyer-supplier communication	Shared production plans
Communicate results to suppliers	The importance and payoff of increased communication with critical suppliers	Aligning goals in the early stages of the relationship and constant feedback on changes have allowed the company's suppliers to avoid costly changes which would have undoubtedly held up operations	Constant communication is vital to sustain the links both internally and across the value chain	Quarterly strategy meetings between supply partners and P&S executives	Supplier roundtable meetings are one way cross functional teams can interact with suppliers on a regular basis

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Sharing the company's customer alignment philosophy, strategy and expected benefits with the supplier would put eager suppliers in alignment with the company as their customer	Ensure that both organizations have a clear written understanding of requirements for the supply of the parts	Need for stronger linkages to business divisions	Recognizing the importance of trust	Create awareness of the extended enterprise concept through supplier communication forums (during supplier events or quarterly management meetings)	Reinforce partnering effort through senior management articles in supplier newsletter (published every other month)
Maintain a customer focus at the plant and supplier interface	Rationalized and involved supplier base	Appropriate amount of time was spent selling the project as a major initiative before work began	Issues encountered at individual locations during the "advertising" phase of the project could have been utilized more effectively to predict implementation problems that were encountered later in the year	All measurements are documented and fully explained to the partner	Best performing partners receive an annual supplier award
Organize initial supplier information session	Prepare for supplier information session	Mutual trust	Constant two-way communication both internally and externally	The team wrote to each supplier asking for their commitment and also introduced the firm's vendor manager. This vendor manager was the one responsible for assessing the suppliers against the selection criteria	The performance measurements, review and mutual benefit assessments were implemented
An open relationship built on trust and mutual benefit	Draft and agree upon process	Accurate and timely communication with all involved	Timely, accurate and comprehensive information	Strategic suppliers are fully informed about the company's strategic plans including financial performance, facility expansion, new market development and other long range plans	The relationship is expected to be enhanced steadily over time
Overall attention to detail	The projects are added to the locations' list of opportunities and prioritized for execution	carefully defining an area of opportunity	Results are reviewed with each supplier and the supplier must respond with a corrective action plan	worldwide access to MRP systems in each manufacturing plant	Frequent discussions concerning commodity markets and supplier reactions
Provide clear targets to suppliers for improvement.	Involve both customer and supplier upper management in review of both the improvement opportunities and results	The supplier development process is credited with improving overall supplier relations and communication	Early adoption of new and changing technologies - available through the close sharing of information relative to each company's business plans	Achieve commitment from both parties	Establish communication/education
a supplier is informed of all facets of the project including, budgets, objectives, other suppliers' roles and time lines	extensive communication and interaction between the company and its suppliers	approach focuses on keeping the supplier abreast of changes within the company	This approach is an interactive one that focuses on keeping communication lines	Systems were implemented to permit EDI communication	Meet earlier with the supply base concerning the process
a series of internal meetings are held with the supplier which focus on revitalizing the relationship	provides the supplier with information about relationships and the role they will have	the company sells its corporate culture to the supplier	integrate many business functions into one system	Targets are communicated to the suppliers quarterly	End of life transitions are managed in weekly meetings
Supplier interviews were conducted in order to assess the current state and to identify opportunity areas from the supplier's point of view	Based on supplier feedback, the company discovered that there was not a very clear picture of the total supplier development process and what the expected benefits were	a brief but detailed presentation was put together to initiate/orient all new suppliers into the program	shares the report with suppliers and internal personnel	Several key management partners were established as primary interfaces with the supplier and act as facilitators to assist networking	Direct EDI links to the supplier were created and bar code receiving and evaluated receipts settlement were implemented
meetings are used to develop action items for areas in need of improvement	Supplier input is solicited and incorporated into product and process improvements	These biannual meetings involve company personnel and suppliers in open discussion regarding opportunities for new joint projects, areas for improvement and establishing action items	Selected suppliers are notified and a meeting is arranged to jointly discuss the areas which need development/improvement	Trust on both sides, exhibited by the willingness to share information	Sharing of both strategic and tactical plans
The Manager of Quality & Supplier Development generates report cards (twice per year) which are internally shared with the company and its suppliers	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers	Early involvement and continuous feedback of suppliers as well as local and divisional involvement in developing the new program	The members routinely met to review the status of their efforts	The alliance is also developed by sharing forecast and usage data as well as information related to operations support systems with the strategic partners	Months of multi-departmental meetings to carry out communications
cross-functional meetings	transfer of experience and joint understanding	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project	continuous communication with leading suppliers	Open communication	Implementation planning meetings were held between all affected parts of the customer company and the selected supplier(s)
The company must ensure that there is an open, regular and systematic dialog between the suppliers and the company on an on-going basis	Periodic meetings are scheduled throughout the duration of the project supplemented with ad-hoc meetings scheduled as needed	Information sharing is another important part of the supply chain relationship	Common systems are currently being investigated for industry standards	The parties strive to understand the needs and objectives of each others' business goals	Performance and measurement must be established and reviewed in meetings and through written reports
The goal is to achieve supplier/customer information sharing	Critical issues are confirmed and communicated to the supplier	Specific timing targets are established and communicated	Long-term relationship based on trust and open communication	the new close relationship allowed the buying and selling companies to standardize systems technology	new communication ties between buying and selling companies
Internal and external communications have also improved tremendously	This includes intensive discussions relating to goal and strategy alignment of the involved parties	A Supplier of the Year award is given to recognize outstanding efforts	bi-annual supplier conventions are held in order to relay company direction, market growth, product plans and changing supply base requirements	Creating expectations and requirements for every commodity of products purchased	Conduct annual business reviews
Weekly and monthly statistics from business systems relating to quality and delivery are captured and available throughout the company and supplier community	Documented procedures and checklists for supplier development are often solicited from the supplier of the year	inviting suppliers to the plant to meet contacts in all supply management and operations areas	Suppliers are shown exactly where and how their materials are used in the process and potential improvements are discussed	There must be mutual trust with open and candid communication among all parties involved at all levels of the organizations	Develop a commodity council with key suppliers
High-level meetings with supplier upper management to negotiate terms for development	plans are drafted and then reviewed with the supplier for feedback and buy-in	Once goals are achieved, internal and external success stories are communicated and maintenance processes engaged	Openly and visibly recognize the success of suppliers and sourcing teams.	Understanding develops through open discussion concerning the positive and negative aspects of the relationship	To facilitate discussion this firm uses a blend of business and social settings so that each party has an opportunity to explore the full range of each other's capabilities
Access to shared information and systems (EDI, kanban system, etc.) has raised the level of the relationships	Supplier Councils are utilized to receive feedback from suppliers	sound board new ideas	Supplier excellence recognition with annual awards	Mutual trust, shared vision	information flows
These workshops are similar to the company's internal workshop, but rather than focusing on development of proposals, they are focused on evaluation of the proposals by the suppliers	establish an open and trusting communication with the top worldwide suppliers	Increase visibility, communication and leadership responsibilities in the supply chain alliances in which the company participates	sharing information openly with its suppliers	Strong communication between procurement product groups and across regions	Globalization is not easy. Transferring knowledge, communicating and sharing information across regions can be difficult. It is also important to note that not all the best ideas are from one region, it is important to share best practices across region

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Skill & Knowledge Development (D ₄)					
Ability to analyze supplier capabilities as well as the entire industry	After reaching an agreement with a supplier, the team works to eliminate potential problems and develop long-term working relationships	Understanding system design and product application	a major part of the commodity strategy involves developing alliances with suppliers who are willing to provide critical technology	Training in the areas of process improvement, quality, cost reduction, etc. are offered to suppliers through the company's own "Supplier Training Centers" located throughout the country	Initial brainstorming meeting and extensive process mapping
There is a need to obtain even greater support from the supplier's technical processes through highly focused programs such as technology development planning	The suppliers should have been given better specifications on the outsourced tools and equipment. This would have simplified final negotiations and implementation	their human resource strategy extends beyond the company's boundaries	They have developed a preferred supplier training program to align supplier capabilities and human resource skills with the company's needs	The training serves as a guide for the selected supplier and other internal divisions as well	Education and training are a cornerstone of the company's supplier development program
Internal customers and suppliers were included in the workshops to raise real issues	What web of supplier relationships have competitors developed?	Who do competitors depend on for ideas?	This company has provided resources or support to outsourcing suppliers	Regular visits by company engineering personnel to supplier facilities	Design and implementation of supplier councils is a major objective in the near future. The intent of these councils is to share learning experiences with other councils and discuss supplier standards and improvement potential across the entire industry
Understand completely why a supplier can provide the capability more effectively	End user education and understanding	During implementation, the company realized that a more intensive education of all parties involved in the integration of work practices was needed to optimize supply chain performance	The third step consisted of the planning and executing of training measures for all involved personnel	Supplier lacks necessary training resources	The major human resource training initiatives for both company and supplier groups are related to Total Quality Management
Formal supplier management and development training was provided	Company-wide training in the company's production, technical, marketing, total quality and customer-led quality systems was provided	The company realized during its implementation process that a greater emphasis on accelerating and focusing training was required to achieve its strategic objectives	Extensive human resource development is provided to educate and train all parties in an effort to improve performance	Training of operations personnel	Primary suppliers must participate in various activities such as the performance plan process, supplier value analysis training and product development process training
Numerous internally developed programs include continuous improvement and quality training	External programs include an industry collaboration on education and a consortium for supplier training	The skills required to complete the design are then identified and an internal/external evaluation of capabilities is completed	Project team building activities are undertaken including key suppliers	Appropriate skill sets for buyers and purchasing managers	Alignment/understanding of supplier capabilities
Suppliers also go through training in the company's design and engineering practices, numbering and coding standards, material testing and agency regulations, product liability concepts, quality functional deployment, failure effect analysis techniques and	Know the limitations of a supplier's capabilities. While suppliers will make their best efforts to accommodate requests, it is important to know if their best effort will meet the project needs. Procurement personnel should work to define these limitations	Overall benefits are maximized by using existing specialized supplier knowledge	Suppliers receive training related to internal technical or system issues to ensure they understand how the company operates	Rate and evaluate each opportunity	Realization of time and cost commitments required for strategic alliances is needed.
new company processes for manufacturing or development are shared with suppliers. This enhances the supplier's knowledge and capabilities, ultimately strengthening the company's full service suppliers and the company's competitive position	Understand the market and current supplier base	Improve the supplier base by encouraging development of capabilities or by moving to better suppliers	Also key is an evaluation of the sub-suppliers who impact direct suppliers	Project teams solved identified problems, worked to achieve the expected results and optimized the relationships	Employee participation, compensation and training
Better up front education and explanation will be provided to all parties on the processes and benefits of supplier integration	Observe the world supply market for promising new technologies and world class standards of cost and quality	Internal training and information sessions take place in which personnel get in touch with new strategies, organization structures and working procedures. This is supported by written material and brochures	A support program exists for core suppliers, which provides details on supplier qualification and the process optimization program	Consolidation of training/education efforts with the supply base (industry collaboration on education) resulting in an education network which provides consistent knowledge to the combined buyer-supplier work force	The company trains the potential partner based on the methods they have found successful. If the supplier accepts training and is committed then the partnership relationship is initiated
The introduction of new procedures could have been accelerated if middle management had been intensely educated in adopting the necessary knowledge, behavior and rules for cooperation with suppliers	Suppliers are also given access to internal company and consortium training to meet team goals	These meetings also serve to educate and train each firm on the other's products	Suppliers are part of all on-site visits to evaluate product and process use	continuous education, training and succession planning including personnel development	Establish communication/education
Education and training is provided on an as-needed basis to both supplier and company personnel	The education and training is specific and relative to the product or process involved	It is a practice to have the development and implementation group at the same knowledge level.	Ability to transfer the product or process knowledge gained from the integration effort to other parts of the business	Developing optimum specifications from a total cost perspective	Establish aggressive education and awareness programs
The company has gained understanding in product and process areas where it lacks experience as a result of working with technically competent suppliers	Pursue greater cross-functional team empowerment with appropriate training and accountability	Undertake a training program to teach the new general manager the process	Train labor to operate the plant and establish rules to ensure that maximum skill development takes place	Technical and commercial integration	This includes providing training to personnel
The supplier serves on the team as the design and engineering validation expert	Select supplier(s) to participate on the team; educate suppliers about the company's objectives and supplier responsibilities and expectations	Identify and study drivers of assigned internal costs	Better training in the use of the tool for all involved	The ability to leverage the skills and knowledge of the existing supply base	It is important to have the people with the right skills to be able to accomplish the organization objectives. When people do not have the required skills, they must be given the opportunity to gain those skills or face the <u>alternative of being replaced</u>
Listen and act on the suppliers input	Establish the supplier training process	Conduct value engineering and value analysis	Communicating and in some cases educating the suppliers	After matching actual competencies with the skills needed for future projects, the company will more fully develop its organizational strategy.	Use supplier contacts and knowledge to gain experience entering new markets
leadership training for team leaders would be beneficial to the process	Advance competence development	Developing individual and group skills required to drive participation	In one example, the company gave the supplier intensive support to assist movement to cellular manufacturing, gain an understanding of costs and cost drivers, reduce cycle times and improve their material purchase effectiveness	Transfer of experience and joint understanding	A training course was developed a few years ago to accomplish this objective

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Though sufficient engineering and technical skills were in place, the appropriate commercial skills were lacking. There is a need to understand markets more completely to ensure SCM success	The ABC system should have initially been less complex to ensure understanding, success, and user buy-in	Suppliers' willingness to contribute technical expertise and understand the indirect issues involved	Spend the necessary time with suppliers to help them understand the process and its importance rather than just low prices	Suppliers are shown exactly where and how their materials are used in the process and potential improvements are discussed	Improvement of supplier's quality engineering skill base
Suppliers expertise is utilized to help understand process costs and to recommend negotiation process improvements	Cost management is seen as an essential skill	Training and education of suppliers to respond in the proper format	Training and education of the cross-functional team members on their importance and contribution to strategic cost management	through workshops and projects at the suppliers	Supplier lacks employee skill base to implement solutions
Training and education of the cross-functional team members on their importance and contribution to strategic cost management	Accurate cost estimates to begin the process	the company would like to spend more time educating suppliers on the importance of their participation in the process	Procurement manages the supplier alignment process which outlines the core capabilities suppliers need to possess or develop	Basic statistical process control tools and processes	Problem solving techniques and cycles
Safety and environmental skills and education are transferred between partners	the company will provide training to its suppliers to ensure the goals and benefits of the alliance are clearly understood	The schedule rotates personnel through all disciplines within a facility and then eventually across facilities	Leverage supplier skills, technology and capabilities to the fullest extent possible	Every primary supplier receives an orientation in the SVA program	Each supplier that participates in a new product design receives the same training that internal employees receive
Knowledge and technology transfer will be stimulated not only between the supplier and company, but across the supplier's worldwide operations	The company will ensure its supply chain passes on best practices through seamless boundaries between the company and its supply base	plans to shift design ownership to suppliers as well as test and validation to allow the company to concentrate on its core activities	the ability to utilize the supplier's expertise	The process requires a learning curve and it is better to start with a less complex strategy. This permits a more productive learning curve	Reassessment of training needs for the teams and involved suppliers
The external supplier needed to have a strong understanding of what the process was for service by individual sites since it was not standardized within the company	Teach lean manufacturing techniques to the suppliers	Create a model for application in other manufacturing plants within the company	Workshops were held at the company's plant and supplier's plants	Offer specific training for those employees involved in the program	Conduct a two-day internal supplier alliance workshop
Understand the impact of current complexity and work to simplify	There is a need to formalize the transfer of knowledge and lessons learned to other locations within the company, and to suppliers of commodities	Educate suppliers on the requirement to change their channel strategy to suit the unique company requirements	Enable the supplier to overcome the obstacles and build the requisite infrastructure to fulfill client needs	continuous improvement workshops upgrade suppliers in key areas	Systems and human resource development are two areas that also make substantial contributions to the execution of the strategic supplier alliance strategy
Training and learning curve considerations of suppliers	Supplier training/support for customer was not up to the customer's usual standards	Identification of technical/service requirements needed to provide unique customer value	The best business solutions in this newer environment are often best served by the integration of the supply line in order to bring the maximum amount of knowledge and expertise to bear	Both parties gain strategic advantage from the relationship including better knowledge of the partners business and sharing of cost information	The overall success strategies of both companies become mutual and detailed operational knowledge of each other permits the relationship to be quantified
Overall attention to detail	Suppliers and buyers are schooled in how to apply the SVA process	The process follows an organizational session, gestation period and a workshop phase	the company brings its extensive automation application knowledge	Leverage the supplier's technical strengths and expertise through highly focused programs	Supplier development
Orientation and training of the supplier base to utilize the productivity tools	Suppliers are asked to participate in a two-day training session which includes separate classes on subjects such as problem solving	sessions taught by in-house instructors train suppliers on how to set up a cost reduction program	conducting supplier training	The company provides resources including training at supplier sites	The alliance suppliers bring new technology and applications to the company
Supplier education can be directed at new suppliers or suppliers that are taking on a more active role in business	Coaching is conducted in certain areas where supplier development/ improvement is deemed to be a requirement	Internal and external training programs helped company personnel and suppliers understand the scope of the supplier development program and realize its potential impact on each business	a brief but detailed presentation was put together to initiate/orient all new suppliers into the program	extension of educational opportunities to suppliers	Training must also occur early in the process.
Mapping the entire process was a great benefit in educating suppliers and internal managers as well.	The company discovered it needed help in relationship training and follow-up	a number of supplier training centers have been established throughout the country	establish a world class training system that accelerates supplier learning and improves performance	The company is currently planning a competency assessment of its organization's skill sets	This assessment is also planned for several of the company's suppliers
Team Working (D₃)					
Establish supplier/site project teams with specific performance goals	Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate	Enhance long-term relationships with suppliers	The buyer expects the supplier to establish a similar team with similar duties and decision making capabilities	Early involvement and continuous feedback of suppliers as well as local and divisional involvement in developing the new program	a team was formed with members from the company's organization and a particular supplier to develop and execute an action plan
After reaching an agreement with a supplier, the team works to eliminate potential problems and develop long-term working relationships	The commodity team is also responsible for developing open lines of communication and trust with the strategic alliance supplier.	Teamwork with suppliers that includes total communication and honesty	The company then creates a joint supplier and commodity team to establish continuous cost, quality and service objectives	cross-functional meetings	long-term relationships
Achieved greater teamwork within the company and with suppliers	The team involved the major suppliers in this standardization effort early in the process	Full buy-in and involvement of team members	Achieve buy-in from team members	These relationships are initially organized by the company but are expected to carry on, independent of the company, by the suppliers themselves	The principles of integrated teams with common goals are continuously reinforced
Cross-functional teams will consist only of members that have a vested interest in the standardization process	Commitment by both parties to develop their organizations to support the relationship	A top-down directive management style of buyer-supplier relationships does not promote the supplier's strength in technological capabilities	working in a team atmosphere	Formation of total cost reduction teams (suppliers and engineers)	Regular visits by company engineering personnel to supplier facilities
Teams reviewed supplier facilities and attended meetings with suppliers to exchange information	Working groups consisting of supplier and buyer personnel were formed for each agreement.	accessing technologies through alliances	Pursue supplier participation in the development of component systems	Joint development of products and programs	Extensive use of teams
Interest in partnering technically and/or commercially	In some outsourcing there may be requirements for company personnel to be co-located in the supplier's offices	There is typically some kind of relevant relationship structure between the company and the supplier that allows adequate communication and dispute resolution and improvements to occur in a continuous fashion	Maintain continuity of company and supplier teams throughout the process: selection, negotiation, transition, contract administration	Increased cooperation	Improved teamwork
Develop a sound relationship with each supplier at multiple levels	Cross-company interfaces must be designed, documented and staffed	More commitment from the software supplier. Due to their workload, they were not as responsive as they should have been. The installation team was forced to compensate when the provider was not able to be involved	A cross-functional team from both the company and the supplier maps all of the cost elements in the supply chain, identifies the cost drivers, then develops strategies to manage or improve the drivers	The company utilizes a team approach to develop the alliance and specific performance objectives	Product/commodity teams actually pursue the strategic supplier alliance

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

To encourage cooperation between functional groups and break down barriers between organizations, the company created the sourcing leader position	Cross-functional teams which incorporate suppliers and customers help build trust across multiple organizations simultaneously	Other major processes that the company uses to build trust consist of the timely, limited exchange of staff with suppliers and customers and the distribution of the company newspaper to suppliers and customers	there is a timely, limited exchange of purchasing staff with both suppliers and customers	suppliers that were pre-selected during the portfolio analysis were introduced to the internal company participants	Top management of the selected suppliers were invited to join divisional management for the supplier alliance day
Select appropriate external partners	A limited number of these suppliers were selected to participate in a strategic alliance with the company where each company committed resources to form teams to proactively identify and implement competitive advantage opportunities	To build trust and breakdown barriers between organizations within the supply chain, team building techniques were taught through participation on the strategic supply teams	Utilize internal and external learning	The teams then confirmed, modified, or rejected the company's proposals.	Commodities that were jointly agreed upon became the basis of supplier alliance teams which were staffed by experts from both companies
External teaming refers to the synergy developed from organizing a group of supply chain stakeholders with a common vision and set of strategic imperatives	The procurement function participates in and promotes the coordination and integration of the supply chain through a broad range of cross-functional activities	Cross-functional linkages are implemented to make optimal use of the supply base and eliminate waste and variation	Recognize the importance that leadership and cross functional participation play in the improvement process	strategic supplier alliances integrate suppliers into the new product development process	Platform development means that the suppliers become part of the product development team and that all resources available focus on the product
The company also uses the processes and practices described above to build trust and breakdown barriers between organizations within the supply chain	The company has found that having these people travel to job sites and vendor meetings together breaks down barriers and builds teamwork	Build teams	Supplier partners are integrated into product development as team members	Supplier roundtable meetings are one way cross functional teams can interact with suppliers on a regular basis	Joint quality teams are established
Cross-functional teams are used throughout the development process	teams develop the commodity strategies.	Based on the needs of the program, either the supplier's personnel will be co-located at the company's site, or the company's personnel will be co-located at the supplier's site	Supplier integration was initiated to focus all resources on product development, offering suppliers long-term involvement as product team members	Trust is built as the alliance achieves consecutive successes	Commitment by both parties to organizational development and support of the relationship
Ability and willingness of both parties to work together in an interactive supportive manner	Suppliers are selected by the cross-functional team of engineers and commodity managers	Project team building activities are undertaken including key suppliers	Performance measures are also developed as a team	Expand the use of design team concept	The commodity teams also work directly with second-tier suppliers to determine industry technology direction and applications
Part time co-location (up to fifty percent) of either company's personnel at the other's facility is used as required	Suppliers participate in weekly project status meetings as part of the development team	Establish working relationships and extensively involve the suppliers	Develop equality on the project team	Several key management partners were established as primary interfaces with the supplier and act as facilitators to assist networking	Organize joint teams, set goals, measure goals and proceed to the next priority
Maintain continuity of the procurement person on the design team	Co-locate the procurement person with the design team and ensure full time involvement	Improved quality is created through increased supplier involvement in the design phase and earlier problem identification and communication	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Future plans include establishing an alliance team that meets on a regular basis for the purpose of focusing on the continuous improvement process	Create integrated business teams
By moving to a matrix organization centered on specific programs, additional focus was placed on project teams supported by core functions. Supplier inclusion on the team then became a "natural fit."	The company develops this trust by treating the supplier as a full member of the project team	suppliers are co-located and included in all team meetings	co-location occurs by having the supplier's engineers work at the company's facility	operating as a team	Expand the scope of concurrent engineering activities with supplier
Company personnel on occasion will spend time at the supplier's facility on a short term basis	Emphasis is placed upon ensuring that the company's key people are co-located and dedicated for the duration of the project. A similar approach is also preferred from the supplier	Supplier and company engineers work together on the design. Depending on the project, these engineers may be co-located at a single site	Co-locate supplier personnel at the company facility, including full time involvement on product development teams	Cooperation	Technical and commercial integration
The company's organization facilitates development of trust with its suppliers	Co-location is now being tried in specific areas with generally positive results	The second task is to create the best possible working conditions for supplier team members	The final task is to ensure that the cross-functional team integrates suppliers to avoid the "not invented here" syndrome	The Cross-Functional Team begins implementation of the new work processes	They identify these suppliers as partners and there is continuous exchange of people, equipment, materials and information
The suppliers work in the same building as internal team members and take part in team meetings.	Co-located suppliers are integrated according to the specific interface of their components with other components in the project. This ensures that direct contact and information exchange occurs between team members who must cooperate closely in order to	Establish cross-functional teams in new product development	Co-locate suppliers	The company uses a variety of cross-functional/cross-locational teams	To be successful in this business, inter-organizational and intra-organizational walls must be torn down
Suppliers are also given access to internal company and consortium training to meet team goals	The company requires integrated supplier membership on the product/project team	Process Management: The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and improved	Co-location is used mainly for joint testing of product designs. Joint testing occurs at both buyer and supplier facilities	Optimizing the supply chain is facilitated by the involvement of all stakeholders throughout the supply chain	Internal and external teaming are key tools used to encourage cooperation and coordination between functional groups within and external to the business unit
communication between the two firms on all subject matters is made easier by the development of personal relationships between the staffs of both companies	The company's equipment will be placed into the supplier's site for better testing of the supplier's part when attached to the company's product as appropriate	Selected supplier(s) become part of the product/process implementation team if a supplier will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous fo	Once the cross-functional team identifies, evaluates and selects a supplier, that supplier becomes a formal team member	joint ventures were created in China and India	The company relies heavily on its suppliers to bring new design ideas to the table and integrate them into current or future designs
Executive management "charges" the team with identifying ideas to satisfy the need or project opportunity, develop the vision and concept and ultimately the implementation action plan.	Joint performance measurement agreement occurs within the team with active supplier involvement	The team must reach consensus agreement on performance measurements and targets	At times the supplier requires office space, phone lines and other material support at the company's facility.	These workshops are similar to the company's internal workshop, but rather than focusing on development of proposals, they are focused on evaluation of the proposals by the suppliers	For those proposals agreed to by both the company and its suppliers, form cross-functional project teams of relevant personnel from both organizations
Implementation involves the supplier and company personnel working together with continuous exchange of information and data reports	Pursue greater cross-functional team empowerment with appropriate training and accountability	The specialist within the supplier's operation would then work with internal personnel to achieve the stated objectives	Once the supplier was selected, a general manager from the purchasing company's facility was selected and hired by the supplier	The members routinely met to review the status of their efforts	Utilizing cross-functional teams has created several improved programs and processes

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

The contract was set up such that data was gathered and prepared at a monthly meeting, where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Common data was used in both plants to allow a joint team to review the operating performance	Hire an employee of the purchasing company into the supplier's organization and place in charge of operating a specific process. This individual should have a solid understanding of customer requirements	Once selected, the supplier becomes part of the company's product development team.	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project	A key enabler is to link the supplier with "strategic cooperation partners" (other suppliers) to ensure a total system approach in the product development and qualification processes
The supplier serves on the team as the design and engineering validation expert	Company and supplier representatives from purchasing, quality, engineering and senior management attend to discuss problems with current projects and new projects or business opportunities	These meetings help establish closer working relationships and underscore the parties mutual dependence	Select supplier(s) to participate on the team; educate suppliers about the company's objectives and supplier responsibilities and expectations	Long-term relationship based on trust and open communication	inviting suppliers to the plant to meet contacts in all supply management and operations areas
Provide suppliers access to all areas of the company necessary with the proviso that the supplier reports its plans and activities to the team	Product development teams facilitated increased awareness between the company and suppliers of problems and needs to achieve desired results. All team members gained better understanding of each others' work	It does not have any current formal or specific on-going process to involve suppliers in cost initiatives, other than periodic commodity-driven cost reduction exercises	Better cross-functional involvement in the process, particularly of internal customer groups such as engineering	The company and suppliers plan and execute joint savings activities derived from supplier initiated cost savings ideas and joint workshops	Potential suppliers are paid site visits, asked to make presentations to the team
Supplier partnership (team-based sourcing)	Develop strategic supplier partnerships to maximize total cost of ownership opportunities	Cooperation with a key supplier (team purchase)	Maximize mutual benefit to both companies through the implementation of team purchase	Develop long-term supplier relationships	Entering into joint development programs with the company
Joint company teams will negotiate normally at supplier location	Establish joint customer supplier teams to review process issues	Establish concurrent engineering	communicate more cross-functionally and to utilize co-location of different functions	Teams working independently and autonomously tended to stray from process objectives. A steering team for the process was a mandatory addition to maintain focus	Appropriate cross-functional participation in the development activities
Close supplier relationships built on trust will result in believable cost disclosure	This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company	target costs are created by cost engineers on the cross-functional team and are based on detailed estimates of what the product should cost to produce	Training and education of the cross-functional team members on their importance and contribution to strategic cost management	Teamwork and communication with suppliers has increased substantially	involve suppliers' staff adequately
Working together on-site at supplier locations	The commodity teams also manage extended teams, which include representatives from each of the SBUs within the business group. The use of extended teams supports better communication and implementation of change across all locations	teams consist mainly of cross-localational buying personnel, but can also include cross-functional representation as required	supplier and purchasing membership on new product teams will become increasingly important	Participants from all relevant functional areas within the selected suppliers reviewed	Cross-functional work teams were formed to evaluate feasibility of the company's proposals
Development of effective new ways, starting in 1995 for internal functions to work together with suppliers	Integration of supply strategy with suppliers is being rolled out initially with the top dollar suppliers through executive level meetings	Suppliers will become an integral part of the planning process by suggesting available parts and technologies to handle current and future engineering needs	Supplier relationships will play a key role in establishing and protecting capabilities	Establishment of supplier alliance teams	After signing partnership agreements both parties began structured teamwork interaction
Including suppliers from their respective native countries has been critical in meeting deadlines and pushing technology in new directions	Inconsistencies are either discussed and agreed upon or the partnership is ultimately dissolved	Multi-tiered supplier teams meet regularly with the company to develop and implement cost savings	Encourage the supplier to visit the plant and visit suppliers on a regular basis	Positioning as the best customer to a supplier involves building relationships	Co-location of suppliers
Need for stronger linkages to business divisions	The company formed a cross-functional continuous improvement team, made up of suppliers, transportation companies, material handling personnel and procurement	These team recommendations were then utilized on a trial basis at all locations, proven successful, and approved for implementation	Recognizing the importance of trust	Dedicated individual or small team to champion the process	The relationship is expected to be enhanced steadily over time
Truly working together to overcome barriers	Maintain a customer focus at the plant and supplier interface	Team work includes all affected parties	Testing was split between in-house and external engineering departments to accelerate entire process	Achieve commitment from both parties	Include suppliers in process development rather than dictate to them
Rationalized and involved supplier base	Experienced supplier representative located on-site	Establish strong relationships with suppliers.	Joint industry agreement	problems evolved from the site team managing suppliers independent of the central supply base management team.	A joint team was established to work on the strategic supplier alliance. This team was responsible for defining, measuring and evaluating goals on a continuous basis
Marketing compromise	It is necessary to build consensus within the organization before deploying any cost reduction effort	Appointment of teams to work with the supplier in order to resolve problems relating to product/service offering	Council remains in tact to manage suppliers and contracts	the supplier will become more involved with the planning and implementation of changes at the customer's location	Implementation planning meetings were held between all affected parts of the customer company and the selected supplier(s)
Multi-tiered involvement	An open relationship built on trust and mutual benefit	Understand roles within the evaluation team	The supplier is involved in generating productivity ideas	Commit to long-term relationship	sharing assistance
cross functional involvement	The blending of supplier and company resources	Cross-functional participation	Dedicated focused team at supplier to implement projects	Develop a commodity council with key suppliers	teams are formed to work on specific projects with the suppliers
All key functions involved at both the manufacturer and the supplier	Commodity managers are responsible to follow up on the plans	Involve both customer and supplier upper management in review of both the improvement opportunities and results	The supplier development process is credited with improving overall supplier relations and communication	The Steering Committee and the supplier's management then jointly initiate and sponsor a Cross-Functional Team with personnel from both companies	Key Cross-Functional Team members meet to plan the first team meeting
relationship development	Supplier integration	Integration with other suppliers	extensive communication and interaction between the company and its suppliers	In some instances, a small equity position and management representation within the supplier as well as permanent office space for the buyer at supplier facilities are included in the agreement	are careful to ensure that a broad range of people from both companies become involved in the process
fostering a close working relationship	existence of a commodity team	provides the supplier with information about relationships and the role they will have	The supplier and the company jointly determine if there is cultural alignment and if not, whether or not the relationship should continue	Future decision making has to be a shared process between internal customers, suppliers and procurement and materials	The key to minimizing cost, while effectively gaining quality in products and services, is to have fully integrated planning processes that allow all parties involved to maximize their individual efficiencies

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Work teams focus on a specific objective and tend to be short term in nature	Work teams are cross-functional and involve a supplier representative	relationship building	sustaining new relationships	A synergy develops in these teams as a result of organizing a group of supply chain stakeholders with a common vision and set of strategic imperatives	In their more advanced stages, these teams may include supplier representatives as well as external customers
Supplier buy-in was needed to share data on a real-time basis	Dedicated team from both sides	meetings are used to develop action items for areas in need of improvement	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers	To insure that activities are completed on schedule it is important that the proper integration is taking place across functions and with the supplier	Initiate corresponding workshops at suppliers' sites
create a long-term, open and fair partnership	the company has forged closer relationships with both its suppliers and its customers				

Rules of Engagement (D₁₀)

Full dedication by all participants	Suppliers were informed that the NT was sole contact for all discussion	The buyer expects the supplier to establish a similar team with similar duties and decision making capabilities	Teamwork with suppliers that includes total communication and honesty	Engineering willingness to modify designs	outlines the company's operating philosophies, goals and objectives for the supplier
Empowered suppliers	Elimination of suppliers' risk	Negotiation determines alliance partner's share of business based on overall demand, product requirements and pricing	The groups had wide authorization to make the agreement work efficiently	Recognition by/for supply partners	sharing of improvement gains are advised in the early phases of discussion
Suppliers must share the company's zero defect philosophy.	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	The company and its suppliers will work in full cooperation, harmony and mutual respect	Suppliers must share the buying company's vision that performance and relationship must be better. Suppliers must constantly challenge themselves to improve continuously	Security of market supply	Sharing of financial risk
achieving 100% of commitments made to internal and external customers	the supplier's vision does not include aggressive competition with the buying company's products	Comply with the buying company's major customer product specifications	Assign resources necessary to support and be responsive to personnel at the buyer's facilities	The supplier must possess or be in the process of developing resources which will be available to the company	Teamwork and team member functions
Accept and practice buyer's four phase problem solving process	Suppliers interested in expanding their operations	Need to have suppliers that have access to a larger technology base	Willingness to enter into aftermarket agreement	Supplier understanding of the classification system and minimum requirements	Company/supplier personnel create the agreement and nurture the subsequent process
Willingness to invest in research and engineering in support of company requirements	Willingness to maintain confidentiality on joint technical work	Willingness to refrain from competitive alliances	Willingness to share cost information	Establish a clear working structure	Expression of expectations for future cooperation
follow the process path dutifully despite management pressure and do not succumb to pressure by suppliers to just do the deal, regardless of how much time everyone has spent in due diligence, analysis, negotiation	Cross-company interfaces must be designed, documented and staffed	More commitment from the software supplier. Due to their workload, they were not as responsive as they should have been. The installation team was forced to compensate when the provider was not able to be involved	the company and the suppliers developed lifetime contracts containing non-disclosure clauses and development goals	As the relationship continues, benefits in pricing and service from the supplier are matched by commitments of additional business	Ensure mutual benefit for both parties
Effectively communicating and creating an awareness is key. All stakeholders must understand and agree on the need to capture and consider the costs in all work groups across the company. Where external suppliers are involved, the expectations of each c	Due to a dynamic industry and increasing competition, the company must find ways to better meet the needs of customers. A portion of this requirement will be met by pushing some of the risk and reward to the supplier	Establish partnership style relationships based on mutual trust, respect and commitment to continuous improvement	Joint commitment, shared objectives and benefits	Supplier "want to haves" are considered in share of business decisions	The company uses "flexibility" guidelines established early during a product's life which are applied consistently.
Suppliers are encouraged to make R&D presentations to these teams to advance and promote new technologies	Performance measurements are jointly developed	The company requires suppliers to have an open book policy on financial information	Pro-activeness of the supplier	lack of clear roles and responsibilities, dislocation of efforts	All agreements contain a clause which permits fair and equitable termination by either party
Ability and willingness of both parties to work together in an interactive supportive manner	Regardless of which party takes the lead, specification and design decisions are made cooperatively	Technology is shared as required for specific projects	Each company has access to the other's test facilities	Benefits, burdens and opportunities are shared	Each party's responsibilities should be clearly documented
Develop equality on the project team.	Promise business to the integrated supplier. Motivation and commitment are enhanced when the integrated supplier is promised the business for a minimum number of months after the project goes into production	Maintain continuity of the procurement person on the design team	By having different functional areas together at one location and by including suppliers at the site, communication and overall cooperation among all parties was improved	Long-term commitment	Sharing of risks and rewards
the supplier's "reward" for product development is a guaranteed production volume for the item being developed	suppliers are expected to provide analysis of their costs.	Maintaining continuity of personnel on a project team is one mechanism the company uses to facilitate project development	Maintain full service supplier involvement – use the same supplier from design through implementation	Agreements are negotiated and established	There must be complete interaction between all parties in order to realize maximum efficiencies
Joint development of technology. This is done occasionally within an agreement detailing scope, expectations, finances, ownership of intellectual property, profit sharing and perhaps licensing	Specify expectations of supplier personnel and resources in terms of caliber and commitment more clearly	Joint decisions are made regarding design, specifications, costs and performance measures	The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	Formal responsibilities are linked to each supplier and each customer that falls within this definition	A knowledge transfer and documentation process will also be part of future alliance agreements
Supplier development efforts occur in parallel with the design, development and qualification of the product	All team members must be accepted without regard to differences (i.e. internal vs. external staff)	The basis for cost sharing is a standardized calculation agreed upon by both the supplier and the company	In the early stages a strong commitment by the OEM to treat the supplier as a partner with equal rights on a long term basis develops the relationship	Work teams are goal oriented and are created only as required.	Follow-up meetings, suppliers site visits and random audit visits are conducted by teams. Feedback is provided to suppliers
The supplier is treated as a partner and is given rights and responsibilities	An agreement is reached to perform joint testing at intermediate stages of development	The company will then empower the supplier to develop the product specifications	The company will attempt to adapt their products to a suppliers' standard product line as appropriate, rather than defining specifications for the supplier	increased business	Fair and competitive pricing

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Selected suppliers are automatically formal members of the project teams	Additionally, price increases would only be accepted each year if the market would accept the purchasing company's new price. If the business could become more profitable, then price increases would be accepted from the supplier. On the other hand, if p	Every twelve months, the supplier shares any new technological advances or insights with the purchasing company. The objective of the exchange is to improve overall operations	Reward sharing opportunities are based on increased volume and cost sharing. Reductions in operating costs through joint projects are shared	Empower employees to participate in decision making processes	Fair and substantiated market/commercial terms
Sharing of cost benefits is based on an "open-book agreement" of cost savings	Train labor to operate the plant and establish rules to ensure that maximum skill development takes place	The company strictly adheres to a policy that suppliers chosen for design work are utilized for production. This policy facilitates supplier ownership in the design and production of the part	The company also provides suppliers access to the company's facilities and processes	Primary suppliers must participate in various activities such as the performance plan process, supplier value analysis training and product development process training	Suppliers are pre-awarded business and prices are constructed via open book method
Team leaders contact their team members in writing detailing responsibilities and expectations	Provide suppliers access to all areas of the company necessary with the proviso that the supplier reports its plans and activities to the team	The supplier must accept ownership of the part being developed	Adhere to the timeline; do not cancel or postpone scheduled meetings; insist that all parties attend meetings; discourage substitutes	both partners should indicate support of business processes by signing a mutual declaration of intent.	Involve suppliers' staff adequately
The company plans to increase the role of selected suppliers by outsourcing more complete assemblies for which the suppliers will have complete design, production and assembly responsibilities	suppliers designated as "preferred" who have had their products and services designed into new products being developed	Joint company teams will negotiate normally at supplier location	The company uses TCO for all preferred partnership and alliance relationships	Scores are given to the partners in advance so they can prepare for the review meeting	Dedicated individual or small team to champion the process
TCO results are shared with suppliers and not with customers	Explain the process to the supplier	Ensure that the measurements are completed by the functions that identified their measures	Ensure measurement is carried out by the internal customers of the supplier and not a centralized team	Avoid the initial use of a "legalistic" long-term agreement	Top suppliers are treated preferentially awarding them additional business to provide long-range stability
Encourage discussions of profit, reinvestment and mutual sharing of rewards and risks	Results are shared with suppliers, but not with customers	SCM involves first and second tier suppliers from the outset of a specification	Willingness of all parties to participate in the strategic cost management process	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives	Reject short-term incentive programs
Establish supply chains and document processes	Ensure that both organizations have a clear written understanding of requirements for the supply of the parts	Implementing well defined testing procedures and protocols	Identifying a common goal that provides benefits to both parties is critical	Dedicated resources from both companies	A long term contract is used to both formalize the strategic supplier alliance and to establish a commitment to the relationship
Customers expect the company to focus on the elimination of waste	Strong equipment capacity and operational expertise	Requirement for flexible contracts to ensure that each geographical region could customize it to their needs	Designation of the supplier as a "Strategic Supplier" for the offering	The process to discontinue also applies to the buying company not meeting the supplier's expectations as a customer	Conduct annual business reviews
Designation of relationship as a strategic alliance with the identified supplier and using the identified "Strategic Supplier" as the first choice on related products	Ability to deliver volume commitments during negotiation and contracting	Draft and agree upon process	Allot adequate time for suppliers to develop best possible offers	The firm developed an alliance agreement to use equipment and organization of several suppliers as an extension of the company's manufacturing arm	In some instances, a small equity position and management representation within the supplier as well as permanent office space for the buyer at supplier facilities are included in the agreement
Encourage vendors to be innovative	Working with suppliers that have common goals and a shared vision	cost saving sharing and final reduction are agreed upon	Requirement for highly defined processes and instructions on applications	The suppliers may accept, reject or modify the proposals.	the supply chain spans from the company's second tier suppliers to its customer's customer

New Ways of Working (D₁)

Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate	Joint supplier/customer project savings reviews	Expand shared savings contracts as an incentive for the supplier to continue to reduce cost	Group commodities and prioritize them as to alliance potential	Early adoption of new and changing technologies - available through the close sharing of information relative to each company's business plans	Suppliers are integrated into the design phases of the project
After reaching an agreement with a supplier, the team works to eliminate potential problems and develop long-term working relationships	This team is accountable for achieving these targets resolving problems between the parties and developing the alliance relationship	Cooperative design between the supplier partner and buyer created this successful venture	Empowered suppliers	Supplier interviews were conducted in order to assess the current state and to identify opportunity areas from the supplier's point of view	Achieve cost reductions in collaboration with preferred suppliers as value-added contributions
Early supplier involvement in writing and designing the strategic plans	Continued work with suppliers, purchasing staff and marketing interfaces must occur	Agreement on pricing practices that focus on net margin	Early involvement by supplier/subcontractor	stability	Total system thinking is one of the over riding issues in these meetings. Plans are set for the expected duration of the project and focus on building bridges between suppliers to create critical interfaces between them, sometimes even between competitor
A closed loop supplier quality management system which includes the use of critical measurements, communicated expectations to the supplier, measurement and data analysis, information sharing with suppliers and performance recognition	A quality plan is developed after final supplier selection occurs	accessing technologies through alliances	Pursue supplier participation in the development of component systems	These relationships are initially organized by the company but are expected to carry on, independent of the company, by the suppliers themselves	Regular visits by company engineering personnel to supplier facilities
Transfer technology and openly participate with the buyer in outsourcing evaluations	Accept and practice buyer's four phase problem solving process	when participants completed the workshop, they had accomplished real work, learned how to use the tools and information presented, developed stronger working relationships and teamwork with their clients and suppliers	This company has provided resources or support to outsourcing suppliers	Supplier understanding of the classification system and minimum requirements	The product/commodity and supplier teams are maintained after the agreement is signed to administer various aspects of the agreement and work toward achievement of objectives
In some outsourcing there may be requirements for company personnel to be co-located in the supplier's offices	Maintain a long term perspective but use short term contracts as appropriate	Cross-company interfaces must be designed, documented and staffed	The company uses an operational framework for supplier relationships. Resources are focused in the most value-added area resulting in an optimum procurement process	Supplier relationships focused on streamlining procedures	The increasing complexity of products and parts has made it essential for this company to practice early supplier involvement

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

understanding the range of discounts that can provide a win-win situation for both parties.	A cross-functional team from both the company and the supplier maps all of the cost elements in the supply chain, identifies the cost drivers, then develops strategies to manage or improve the drivers	the company and the suppliers developed lifetime contracts containing non-disclosure clauses and development goals	the team established and implemented the necessary infrastructure (i.e., hardware, software, EDI capabilities) both internally and externally	Conduct a two-day internal supplier alliance workshop	Information on the supplier alliance program
The company developed and improved several evaluation processes for both buyers and suppliers to facilitate its integrated supply chain management strategy	First tier suppliers are currently coordinated. This effort will be expanded to include second tier suppliers	The team established long-term commercial agreements with the selected suppliers, providing a mechanism to involve the suppliers in new product development and joint work to reduce costs, improve quality, exploit opportunities and grow the business relationship	To build trust and breakdown barriers between organizations within the supply chain, team building techniques were taught through participation on the strategic supply teams	After signing partnership agreements both parties began structured teamwork interaction	Project teams solved identified problems, worked to achieve the expected results and optimized the relationships
A key approach for this company lies in creating successful supplier alliances. Alliances in this context refer to cooperative and collaborative ways in which the firm interacts with a few of its key suppliers to achieve mutual "win-win" long-term compet	Use of a common corporate-wide approach	Long-term partnership approach	Goal assignments were developed through an annual planning process presented to suppliers	Provide early supplier involvement in the delivery process (JIT - Just in time, PAB - Pay as built, SPD - Supplier part delivery)	Create trust in all parties
These goal assignments are consistent with the formal standardized supplier evaluation process the company uses to assess performance. The company implemented a standardized supplier evaluation process involving all plants in order to provide consistent	Develop stronger world-wide purchasing councils to drive common approaches on sourcing, cost, etc.	Move toward more co-located sourcing to drive better decision making	Willingness of parties to let go of previous supply chain methods	Expand the use of value analysis/value engineering	Increase the suppliers' involvement in product development
This company integrates suppliers into new product, process and service developments	The present approach involves parallel/concurrent processes that integrate suppliers into the development effort	The company has placed a very high reliance on suppliers for new development efforts	Supplier integration was initiated to focus all resources on product development, offering suppliers long-term involvement as product team members	Eliminating the adversarial attitude and evolving a supplier alliance that develops mutual goals and objectives	Developing a fully operational alliance that results in mutual gain whereby the supplier offers the best pricing while maintaining acceptable levels of profitability
Organization of the supplier parallels the company's organization	they plan to integrate suppliers at progressively earlier stages in the development process	The skills required to complete the design are then identified and an internal/external evaluation of capabilities is completed	Suppliers are selected by the cross-functional team of engineers and commodity managers	Simplifying work process	Developing optimum specifications from a total cost perspective
A final target cost for the finished product and a target price for the supplied parts are then jointly established	project team members spend time at the supplier's facility to understand its operation	Depending on the project, suppliers may take the lead in product and process design	If a high level of technical innovation is required, tooling and prototype suppliers are integrated early in the process	Large investment by both firms that consists of implementing major purchasing system enhancements	the two companies and communication was facilitated by allowing departmental and bureaucratic barriers to be eliminated
Prototype suppliers are now involved at the concept development stage. Tooling suppliers become involved in the design effort. These suppliers work with product design, industrial engineering, manufacturing engineering and raw material suppliers	Work together	The final targets receive concurrence from the company and supplier management	Suppliers are present during competitive tear-downs and when prototypes are presented	measure and analyze data	share data with suppliers
Changes that result in potential increased costs are highlighted by the supplier and are evaluated jointly to identify alternatives to maintain target costs	Sharing of technology is encouraged throughout the development effort.	The company's advanced technology group works with suppliers to test these potential new technologies	Begin supplier involvement early in the process	To facilitate discussion this firm uses a blend of business and social settings so that each party has an opportunity to explore the full range of each other's capabilities	The firm developed an alliance agreement to use equipment and organization of several suppliers as an extension of the company's manufacturing arm
Develop long-term supplier relationships and commitments beyond the specific project	The company intends to integrate more suppliers at earlier stages of development	Involve suppliers in early discussions regarding selection of product concepts, design and development processes and procurement plans	Implement cooperative agreement	To be successful in this business, inter-organizational and intra-organizational walls must be torn down	The key to minimizing cost, while effectively gaining quality in products and services, is to have fully integrated planning processes that allow all parties involved to maximize their individual efficiencies
The objective of the team is to provide a detailed work interface analysis. The goal is to optimally allocate all activities between the supplier and the OEM	The integrated suppliers take part in the whole process, including production planning from pilot to start-up.	Carry out workshops together with these suppliers in order to develop and discuss the rules, methods and instruments required for closer cooperation	Integrate suppliers even earlier into the new product development process in order to further reduce development time	Integrating suppliers into new product designs early in the process	the company knows it will have to rely on and trust in its suppliers
Create the structure required to support integration efforts	Establish a process to review the shared vision and goals and to assess the progress made towards achieving each	Process Management: The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and improved. Suppliers will become involved in the beginning of the development process to facilitate understanding of product requirements	Customer Focus: The integration team develops processes for customer learning and for building and maintaining external customer relationships	A key to future organizational resource needs will be to incorporate the complementary skill sets of suppliers with the goals of each individual project	working effectively with its various supply chains
The company and the supplier agree on product specifications and performance measures in the beginning of development	An agreement is reached to perform joint testing at intermediate stages of development	Suppliers will become involved in the beginning of the development process to facilitate understanding of product requirements	the process involves validating that the project provides a mutual gain for the company and the supplier, either through economic or commercial benefits or through gaining new knowledge or experience	The supplier and the company jointly determine if there is cultural alignment and if not, whether or not the relationship should continue	quality improvement and total quality management.
Suppliers are part of all on-site visits to evaluate product and process use	At times the supplier requires office space, phone lines and other material support at the company's facility.	Supplier evaluation and selection is based on a set of objective criteria	the company had to reject past practices that acted as "roadblocks" to integration. These included traditional management philosophies, management by objective, and traditional supplier/buyer relationships involving short-term, price based contracts. Th	Supplier input is solicited and incorporated into product and process improvements	actively involve its suppliers earlier in product development and manufacturing processes

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

A specific method was used to rate supplier proposals	The best practice manager ensures that the team utilizes the best tools to achieve the best results, such as design for manufacture and design for assembly methodologies	These meetings help establish closer working relationships and underscore the parties mutual dependence	The company learned that future success will require them to become more flexible in setting expectations and means to achieve them	Supplier participation is focused in development activities	A key enabler is to link the supplier with "strategic cooperation partners" (other suppliers) to ensure a total system approach in the product development and qualification processes
The company also plans to further reduce its supply base by consolidation and having suppliers take responsibility for complete systems	Enhance the use of EDI for more than order placement and confirmation	the development of preferred sources of supply	Maximize mutual benefit to both companies through the implementation of team purchase	New operating techniques	Maintained an "open mind" and shared information/suggestions on the process prior to being selected as the preferred supplier
TCO model which it regularly applies in supplier evaluation and selection.	Establish a program that allows flexibility and does not penalize suppliers who have made accomplishments to improve performance	the company is developing a program to focus on the relationship between the purchaser and the supplier rather than assessing the supplier themselves	Develop supplier report card feedback	Company/supplier personnel create the agreement and nurture the subsequent process	Establishment of a forum for members of the commodity/product review teams to critique the process while in progress
Establish concurrent engineering	Conduct value engineering and value analysis	employ component cost analysis, design alternative evaluations, encourage supplier input and re-negotiate as part of the cost management process	Effort is devoted to maintaining productive supplier relationships and to include them in the design efforts where possible	Cost, quality and delivery goals were to be enhanced by joint responsibility for the overall situation	Establish a clear working structure
Communicate with and involve the suppliers	Communicating to and involving direct personnel	Put specialist and corporate networks into place	Develop joint cost management action plans such as cost/value engineering	Suppliers were asked to conduct internal workshops which differ slightly from the firm's workshop	The teams then confirmed, modified, or rejected the company's proposals.
Develop cost models which aid in building long-term, cost management relationships	Suppliers' willingness to contribute technical expertise and understand the indirect issues involved	Final distribution of the measurement process	This takes the format of an open invitation to suppliers to make improvement suggestions which are then assessed by a cross-functional team within the company	strategic supplier alliances integrate suppliers into the new product development process	reward significant supplier suggestions which lower costs builds the relationship.
Creative solutions were encouraged and close co-operation with the primary supplier and supporting suppliers for every purchased part and assembly was achieved	introduced supplier design change suggestion program	Development of effective new ways, starting in 1995 for internal functions to work together with suppliers	utilize suppliers as an extension of the organization	Meet earlier with the supply base concerning the process	Establish target pricing to achieve "affordable" product costs
Core competencies within the corporation will be more defined thus creating a more involved role for suppliers through strategic outsourcing	The Supplier Integration Focus team has identified a series of actions intended to bring suppliers into key processes such as manufacturing, engineering and distribution	Suppliers will become an integral part of the planning process by suggesting available parts and technologies to handle current and future engineering needs	Core competencies of each firm are leveraged to make the resulting project resources greater than the sum of its individual parts.	Top suppliers are treated preferentially awarding them additional business to provide long-range stability	Supplier "want to haves" are considered in share of business decisions
Establish supply chains and document processes	Utilize suppliers as early in the process as possible	Major changes are occurring in the early phases of the process to bring suppliers on line earlier	global commodity management process that extends from raw material suppliers to customers	Emphasize developing more structured and consistent processes and tools to avoid finger-pointing	Scheduling processes were improved
Encourage the supplier to visit the plant and visit suppliers on a regular basis	The two service providers combined usage for individual items. This unique arrangement would not be possible without the willingness of these two competitors to work together for cost reductions	Implementing well defined testing procedures and protocols	Need for increased testing dollars	there is risk/reward sharing that takes place between the supplier and the customer	the supplier will become more involved with the planning and implementation of changes at the customer's location
The two parties arrived at a common goal, to increase the MTBF, while allowing the supplier to make a profit. It was determined that the company would pay a fixed cost per year for the supplier to monitor the entire seal program. Any seals that need to	The mechanical seal supplier now has incentive to work with its competitors in the event that a particular application requires a competitor's seal	Create a lean flow of materials from suppliers to the manufacturing plant	These team recommendations were then utilized on a trial basis at all locations, proven successful, and approved for implementation	Process changes required to support the alliance were identified with attendant systems development and programming changes	Challenge old business practices and pursue options and alternatives
Taking the time to build a win-win scenario	Truly working together to overcome barriers	Understand the impact of current complexity and work to simplify	Testing was split between in-house and external engineering departments to accelerate entire process	The Cross-Functional Team begins implementation of the new work processes	Although the company is happy with the new strategic alliance progress, it feels that additional prioritization of the recommendations from Cross-Functional Teams is necessary to better manage workloads
Early supplier involvement	Rationalized and involved supplier base	Jointly develop implementation plan	Develop new supply chain process	integrate activities	decision making
Educate suppliers on the requirement to change their channel strategy to suit the unique company requirements	Enable the supplier to overcome the obstacles and build the requisite infrastructure to fulfill client needs	Establishment of an alliance council to evaluate the relationship and share cost savings processes	Responsiveness to customer/market needs	a management process that extends from raw material suppliers to customers	The company relies heavily on its suppliers to bring new design ideas to the table and integrate them into current or future designs
Council remains in tact to manage suppliers and contracts	Multi-tiered involvement	An open relationship built on trust and mutual benefit	Draft and agree upon process	These workshops are similar to the company's internal workshop, but rather than focusing on development of proposals, they are focused on evaluation of the proposals by the suppliers	This supply chain concept underlies all of the company's planning and decision making in the supply area
No pre-set rules on what the outcome must be	The supplier is involved in generating productivity ideas	Requirement for highly defined processes and instructions on applications	Efforts remain largely focused on common ideas and concurrent engineering methods, other methods may have generated greater opportunities but as of yet are not as widely utilized	Commodity managers are responsible to follow up on the plans	Supplier integration
Dedicated focused team at supplier to implement projects	All key functions involved at both the manufacturer and the supplier				

Performance Measurement (D₁₂)

Quarterly performance/contract reviews (with preferred suppliers) and an annual experience exchange day are used to measure performance and facilitate communication	Build and maintain supplier partnerships through cost control and shared savings	Establish supplier/site project teams with specific performance goals	Conduct quarterly supplier performance reviews	Willingness to meet and or exceed customer requirements	A move to standard criteria and weighting improved the process
An understanding of each supplier's ability to meet performance requirements and supplier willingness to share their strategic plan	Conduct supplier performance evaluations on quality, price, delivery and the quality of communications	Present performance evaluation to each strategic supplier	The project teams followed the on-going progress of the agreements against established measurements and made improvements where necessary	The company utilizes a team approach to develop the alliance and specific performance objectives	They start with a supplier evaluation process and evolve into a relationship which they nurture to achieve complete trust and cooperation

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

A closed loop supplier quality management system which includes the use of critical measurements, communicated expectations to the supplier, measurement and data analysis, information sharing with suppliers and performance recognition	joint quality plan with short and a long range improvement goals	Recognition of success	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	Improved data collection techniques through advanced MIS programming making the process more quantitative	Strategies and measures were developed to improve shortcomings
The company and its suppliers must discuss the buying company's established performance goals in the areas of quality, reliability and delivery	Data sharing occurs through semi-annual quality updates and summaries which include top management	rewarding individual and team performance	the supplier must be aware of the buyer's performance requirements	Measurement is a key enabling area which addresses performance of both supplier and customer	The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions
Possess a manufacturing and business capability that meets targets for excellence requirements	Transfer technology and openly participate with the buyer in outsourcing evaluations	Performance management commitments at appropriate levels contain specific goals and measures	Awards are presented to exemplary suppliers for quality and environmental excellence	The rating schemes are customized for each commodity group	Performance is reviewed quarterly and suppliers are given face-to-face feedback
Producing metrics that require accurate costing should help in obtaining the necessary attention required from the other supply chain organizations	the supply chain as a whole is focusing on the right customer satisfaction priorities	Specific goal setting	Measurement and evaluation processes were used to motivate participants to achieve high levels of performance, monitor performance and drive continuous improvement	The performance measurements, review and mutual benefit assessments were implemented	Annual supplier evaluations are held
These goal assignments are consistent with the formal standardized supplier evaluation process the company uses to assess performance. The company implemented a standardized supplier evaluation process involving all plants in order to provide consistent f	The company uses a supplier rating system which provides up to date ratings on supplier's performance in delivery, warranty, quality, price, customer support and technology	individual supplier plants are rolled up into a supplier division rating based on each plant's percentage of the suppliers overall business with the company	Performance measurements are jointly developed	Presenting performance evaluations to each strategic supplier	The suppliers' quality ratings became the basis for long-term supply relationships
The company utilizes supplier quality audits, customer satisfaction audits, supplier rating systems and a supplier performance feedback system to measure performance	Independent quality and customer satisfaction studies are also performed	Performance measures are also developed as a team	Program progress including the supplier's development effort is tracked using computerized project management tools	Develop worldwide processes and metrics	Establish clear metrics to measure supplier performance on a worldwide basis
Cost, schedule and technical progress are assessed relative to the pre-established time lines	Suppliers also participate in quarterly meetings with senior management to review project progress	Identify needs and define performance characteristics	A different set of measurement and evaluation processes does not exist for suppliers based on their degree of integration	A joint team was established to work on the strategic supplier alliance. This team was responsible for defining, measuring and evaluating goals on a continuous basis	A measurement process was developed to rename different factors depending upon the type of alliance
The suppliers agree to performance measures and targets in advance	Pricing, quality and timing targets are set jointly by the company and the supplier	Although suppliers participate in joint target setting on product performance measures, they are much less involved in the setting of joint targets on business performance measures, except for time scales	The company uses several performance metrics which are reviewed with the supplier on a regular basis and serve as one requirement of doing business with this company.	Performance and measurement must be established and reviewed in meetings and through written reports	Acknowledge that performance measurements may be different for each alliance
The development process is driven by a project plan in which the major steps are predestined and coordinated over time with milestones	There are no special measurements differentiating supplier integration from other working methods	Suppliers are also given access to internal company and consortium training to meet team goals	The CMT provides for collaborative decision making on performance measures	The firm has a closed loop supplier quality measurement system	establish critical measurements
Create and use a visible recognition and reward structure	The company and the supplier agree on product specifications and performance measures in the beginning of development	Formal quarterly meetings are held with each supplier at which predicted product cost curve information and cost requirements are presented, analyzed and agreed upon. Technology roadmaps and trends are presented and analyzed similarly	Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company	Require consistent follow-up and monitoring of the cross-functional team's progress	initiation of performance metrics to monitor the contribution of the new relationship
Planning and execution of the development effort in accordance with a pre-defined timetable	Selected supplier(s) become part of the product/process implementation team if a project will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous fo	Once this validation is complete, the team establishes performance targets	Joint performance measurement agreement occurs within the team with active supplier involvement	Fine-tuning measurement criteria	A matrix wide overview is provided to the supplier detailing their performance for each plant with a cumulative rating
Most performance measures relate to industry standards and proven practices	The team must reach consensus agreement on performance measurements and targets	The company expects suppliers to monitor product performance and to make recommendations about product use and improvement	Supplier evaluation and selection is based on a set of objective criteria	Realistic measures	The team drives achievement of objectives that have been set for the relationship
If performance targets are not being met, then an evaluation occurs to determine the reason(s). The intent is to identify root causes and to take corrective action. Suppliers are an integral part of this process.	Continuous measurement by the supplier and company is key to this part of the implementation process	Become more proactive on measurement results and costs. Utilize more front-end problem solving, use "failsafe" procedures and anticipate issues of concern	There were also inspection criteria built into the process which insured that if any defective product passed through the supplier's inspection system, then both the supplier and buyer's processes received a cost penalty for the rework	System measurement and control	Supplier rating systems
Performance measures were established after an agreed commissioning period for the plant	The contract was set up such that data was gathered and prepared at a monthly meeting, where the buyer was able to verify that the work had been completed. This forum allowed for issues and improvements to be raised and discussed by both parties	Common data was used in both plants to allow a joint team to review the operating performance	Insist that initial timeline is maintained	Assess employee performance relative to supplier partnering effectiveness	Partners are measured objectively against the firm's requirements for quality, cost and service

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Accuracy of inventory valuation using ABC cost assignments as agreed with external auditors	Procurement and supply chain performance measures in these areas are highly aligned with key suppliers' internal performance measures and measurement approaches	Assess and influence the culture of strategic suppliers against the company's core values (e.g., quality, innovation, investors in people)	<input type="checkbox"/> Total cost measurement <input type="checkbox"/> End-to-end (sales) margin	All measurements are documented and fully explained to the partner	Process to measure and evaluate success
Ensure measurement is carried out by the internal customers of the supplier and not a centralized team	Measure performance	Provide feedback and measure performance	Despite the introduction of a number of new performance measures, alignment of these measures with key suppliers' internal performance measures remains problematic	The measurement interface also includes monthly reviews of pricing relative to competitive markets and the buyer reviews its overall effectiveness in estimating market shifts that significantly <i>effect long-term business potential</i>	strong measurement and evaluation process;
Each supplier is given clear, comprehensive management goals and the necessary feedback so they have every chance of meeting the targets	Suppliers' input cost are a key component of this cost and will become the effective benchmark against which the cross-functional team will review supplier quotations	Performance improvement goals became increasingly challenging and, importantly, the ramifications of not making those goals became more serious	Supplier integration will be measured to a level of performance where suppliers will be an extension of the company's strategies	Develop measurable performance milestones	Use the rating system as the sole basis for improvement
Record achievements and benefits which are communicated to all operating companies	developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing <i>corrective action programs</i>	Establishment of an alliance council to evaluate the relationship and share cost savings processes	Quarterly progress reviews help identify targets for supplier development work	new supplier measurement system	supplier benefits should be better defined earlier.
ranking also targets suppliers for work on specific issues	A project management system that tracks monthly and includes all the project details, current status, expected implementation data and anticipated savings are used	performance measurements	performance measurements	Organize joint teams, set goals, measure goals and proceed to the next priority	Traditional metrics to measure supplier performance, included are delivery performance, quality measurements and adherence to contract terms. Most important are changes/improvements that could provide incentives for <i>shared and significant cost reductions</i>
Supplier buy-in was needed to share data on a real-time basis	the best performing suppliers in different categories are recognized annually	Supplier Performance is monitored with input from different sites	Supplier Performance monitoring provides quantitative and qualitative data	Upgrading data collection to give better information on supplier performance	Identification of measurement areas is key
progress is carefully monitored	Weekly and monthly statistics from business systems relating to quality and delivery are captured and available throughout the company and supplier community	Project plans are implemented and monitored	necessary to monitor supplier performance closely to ensure inter-company alignment of competitive priorities and strategies	measure and analyze data	Conduct an up-front, candid supplier evaluation with suggested improvement opportunities prior to initiation of the strategic alliance
creation of yearly measurement tools which serve as "operating standards" to define performance in jointly identified areas					

Continuous Improvement (D₁)

Quarterly performance/contract reviews (with preferred suppliers) and an annual experience exchange day are used to measure performance and facilitate communication	Conduct annual experience exchange day to review performance and to discuss cost savings results. Suppliers, end users and purchasing each participate	Joint supplier/customer project savings reviews	The company then creates a joint supplier and commodity-team to establish continuous cost, quality and service objectives	sense of commitment to improvement and increased the resolution rate of problems	maintaining continuous quality improvement
Establish a forum or communication process for members of the commodity review team to critique the process and offer suggestions for improvement as the <i>process proceeds</i>	Suppliers/subcontractors attended meetings where they were briefed on the commodity. Strategies were revised to include any best practices identified in those meetings	The project teams followed the on-going progress of the agreements against established measurements and made improvements where necessary	Introduce better incentives in contracts to further drive performance improvements	Undertaking benchmarking activities to establish performance and capability benchmarks against all industries and competitors	Willingness to undergo the evaluation process and respond to the findings
joint quality plan with short and a long range improvement goals	improvement action plans which address performance requirements, specific problems, follow-up on all requests and sharing of results	Present the buying company's requirements and expectations to key suppliers via a preliminary management session. At this session, the company explains firm goals, objectives and strategies, and communicates the supplier qualification process and contin	Suppliers must share the buying company's vision that performance and relationship must be better. Suppliers must constantly challenge themselves to improve continuously	creating more efficient approaches toward individual company and supplier targets.	continuous improvement workshops upgrade suppliers in key areas
Exploring additional value-added activities in the relationship with suppliers to achieve continuous performance improvement	There is typically some kind of relevant relationship structure between the company and the supplier that allows adequate communication and dispute resolution and improvements to occur in a continuous fashion	The company developed a supplier quality improvement process (SQIP) to focus on direct continuous improvement activities.	Perform benchmarking of internal and external best-in-class operations to include input from key stakeholders	Existence of TQM philosophy within the firm	Benchmark competitive products including utilization of teardown
A limited number of these suppliers were selected to participate in a strategic alliance with the company where each company committed resources to form teams to proactively identify and implement competitive advantage opportunities	Routinely use disciplined approaches to yield continuous improvement	Realize that the development process evolves from a <i>supportive environment, to discipline, development and then to continuous improvement</i>	Measurement and evaluation processes were used to <i>motivate participants to achieve high levels of performance, monitor performance and drive continuous improvement</i>	The companies can then modify the implementation process if needed and both can adjust with changing economic influences	Future plans include establishing an alliance team that meets on a regular basis for the purpose of focusing on the continuous improvement process
Common approaches to continuous improvement were identified and communicated throughout the organization	The company continuously looks for ways to improve its supply chain management strategy both internally and through external benchmarking	Acceptance of need to change by participants	The company will continue to identify process improvements in their current integration strategy	Maintain systematic continuous improvement to keep the momentum. Continuous improvement was difficult to sustain and when efforts plateaued the teams <i>lost much energy</i>	More emphasis should be placed on benchmarking
Perform quality functional deployment earlier in the project and continue the effort in a structured fashion throughout the development	Suggestions for improvement are made by both parties	gradual continuous improvement of the strategies and processes were made as required.	Monitor and encourage improvements in each other's business to enhance the relationship	supplier management must be a proactive endeavor based on continual improvement and customer satisfaction	Constantly question the status quo or challenge the suppliers and the company to think and act "outside the box" in all aspects of the business relationship

Appendix 16: relevant Extracts from Case Study Material : C₃ (continued)

Capable, committed and innovative management and workforce dedicated to continuous improvement	Improve the supplier base by encouraging development of capabilities or by moving to better suppliers	Select potential suppliers by monitoring the world market for technology and finding the best suitable potential suppliers using a benchmarking or supplier evaluation process	Measure results and improve the process if necessary	These projects relate to any activity within the entire value chain, from the raw material source to the final customer	Globalization is not easy. Transferring knowledge, communicating and sharing information across regions can be difficult. It is also important to note that not all the best ideas are from one region, it is important to share best practices across region
<i>Process Management:</i> The integration team develops the plans and processes that define how the team will be involved in the design, production and delivery process. The processes also define how the products are designed, effectively managed and improved.	Identification and resolution of problems early in the development process	Selected supplier(s) become part of the product/process implementation team if a project will benefit from supplier integration. This team, including the supplier, is responsible for project implementation, before and after measurement, and continuous improvement.	The team employs continuous improvement problem solving (Plan, Do, Check, Act) and project management techniques	sound board new ideas	Total Quality Management
The company expects suppliers to monitor product performance and to make recommendations about product use and improvement	If performance targets are not being met, then an evaluation occurs to determine the reason(s). The intent is to identify root causes and to take corrective action. Suppliers are an integral part of this process.	Ability to take the knowledge gained during an integrated development process and use it as a "baseline" to build upon future product or process development efforts	Become more proactive on measurement results and costs. Utilize more front-end problem solving, use "failsafe" procedures and anticipate issues of concern	It identified continuous improvement actions	The agreements have achieved a total commitment to quality and continuous improvement
Once a year the general manager met with twenty overseas managers in one location to share problems and solutions and to transfer best practices	Promote best practice processes	TCO is used extensively to impact, improve and evaluate supplier performance	Develop action plans for improvement	The purpose of the supplier rating process is to recognize world class performance, identify opportunities for continuous improvement, promote improved communication and measure supplier performance to assist in ongoing sourcing decisions	Best performing partners receive an annual supplier award
Review procedure, measures and weightings annually and update. Accept supplier input to this process	Adjust the process	Consolidating the process used in all sections of supply	Suppliers expertise is utilized to help understand process costs and to recommend negotiation process improvements	Develop detailed cost benchmarking process	Assign a leader, to facilitate the benchmarking and learning process between the two companies, a commercial resource/buyer and a quality resource person to each alliance
Creative solutions were encouraged and close co-operation with the primary supplier and supporting suppliers for every purchased part and assembly was achieved	Training and education of the cross-functional team members on their importance and contribution to strategic cost management	Introduced Operational Excellence process for improving throughput yield, both internally and at suppliers	Establish forum for sharing of best practices	Benchmark continuously to compare company internal practices with the best worldwide	Recognize that the competitive environment drives the need for total quality management and continuous improvement
developed more complete internal systems for tracking supplier quality problems, sharing feedback with suppliers and developing corrective action programs	possible process improvements	On-going practice of total quality management process – includes continuous improvement monitoring	The company should not assume that just because it has been done one way in the past that this is the best way	Continually refine the process	provide recognition
Efforts remain largely focused on common ideas and concurrent engineering methods, other methods may have generated greater opportunities but as of yet are not as widely utilized benchmarking	Results are reviewed with each supplier and the supplier must respond with a corrective action plan	Achieve the "right attitude" toward continuous improvement by the suppliers	The teams investigate a particular performance issue, new product/service opportunity or a continuous improvement initiative	Conduct an up-front, candid supplier evaluation with suggested improvement opportunities prior to initiation of the strategic alliance	Each area focuses not only on internal functional improvements but looks for ways to bridge the gaps between functions as well
	Continuous improvement dictates suppliers' on-going involvement throughout the development process	Utilizing cross-functional teams has created several improved programs and processes	Sharing best practices across divisional business units	As plans are executed, problems are identified and resolved	Involve suppliers in operational plans for improvements and problem solving. Suppliers should be viewed as an extension of the company
Improvement targets and goals are developed mutually with suppliers	The company actively seeks input from key customer groups (prime manufacturing) on their needs and growing requirements				

Appendix 16: relevant Extracts from Case Study Material : C₄

Coherence (C₄)

Business Focus (D₁)

Global Commodity Management Team (GCMT). This team manages worldwide commodities and defines what other teams, such as commodity review teams (sourcing team) and steering teams (the supplier development team), are required to manage commodities effectively	When this company considers outsourcing it does so by understanding what their core competencies are and how value is delivered to the customer as well as understanding the core competencies of their suppliers
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Expert Leadership (D₂)

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Senior Management Sponsorship (D₃)

Involve key process stakeholders earlier in the process.	Share a desire and commitment to satisfy buying company's customers
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Strategy Development (D₄)

Share a desire and commitment to satisfy buying company's customers	Supply Chain Management recognizes that future success depends on closer relations with a wide mix of customers and suppliers, as well as a variety of product/process/service improvements	One immediate task is to integrate additional participants. Future participants will include second tier suppliers, more customers and all other company facilities not previously involved	the supply chain management strategy is far reaching, both upstream and downstream	Understanding how the customer defines satisfaction	Strategies to measure and manage total costs throughout the supply chain are then developed
A second major thrust of the supply chain management strategy is to determine the total cost of the entire supply chain for analysis and concentrated cost reduction efforts	This initiative will be expanded to encompass other business units so that the total supply chain cost can be determined	Drive supply base management philosophy into second tier suppliers to improve cost, quality and throughput time	Identifying the customers	The vision is to work with each member of the supply chain as if it were within a single company. Programs are currently being developed to ascertain the strengths and weaknesses of each member and efficiently fill the gaps through training and leveraging	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project
A synergy develops in these teams as a result of organizing a group of supply chain stakeholders with a common vision and set of strategic imperatives	targets and goals are developed by thoroughly understanding requirements and expectations of the company's customers	The business unit committed to create and maintain integrated strategies that improve both government and industry-wide relationships			

P&SM Positioning (D₅)

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Change Management (D₆)

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Communication (D₇)

optimizing end-user awareness	Other major processes that the company uses to build trust consist of the timely, limited exchange of staff with suppliers and customers and the distribution of the company newspaper to suppliers and customers	The company feels this information provides suppliers with an understanding of why specific restrictions and demands are placed on the design effort. The understanding of customer requirements provides a greater sense of supplier ownership by linking the	Individual suppliers communicate with each other more effectively than when using company personnel as a go-between	It is also rare to have substantive cost discussions with customers, though their feedback on the performance of the company's products and pricing is very important	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project
Supplier briefings are conducted regarding the effectiveness of a product launch, its subsequent market impact and the implications for the level of supplier sales	The company shares its requirements, market analysis and its customers' requirements with integrated suppliers. Cost and technology information are shared by both parties	Proliferate EDI throughout the process. This will allow faster communication of requirements and visibility of the entire supply chain	Customer requirement projections and market trends are discussed	Information flows	They are intended to help with global information exchange with suppliers and other regions
Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company	Once a year the general manager met with twenty overseas managers in one location to share problems and solutions and to transfer best practices	Industry and supplier relationship considerations	The company wishes to establish closer links between its purchasing and supplier management teams and its customers.	Encouragement of first-tier supply partners to replicate this approach with their suppliers	Ensuring open communication with the supply base

Skill & Knowledge Development (D₈)

Another part of the commodity strategy involves working with second tier suppliers to determine industry technology directions and applications	Internal customers and suppliers were included in the workshops to raise real issues	Understand the market and current supplier base	Also key is an evaluation of the sub-suppliers who impact direct suppliers	Knowledge and technology transfer will be stimulated not only between the supplier and company, but across the supplier's worldwide operations	The company will ensure its supply chain passes on best practices through seamless boundaries between the company and its supply base
Customer Focus: The integration team develops processes for customer learning and for building and maintaining external customer relationships	The schedule rotates personnel through all disciplines within a facility and then eventually across facilities				

Appendix 16: relevant Extracts from Case Study Material : C₄ (continued)

Team Working (D ₂)					
Expand alliance relationships to offshore divisions or joint venture partners	The company developed a global commodity team with the responsibility of developing new alliances while improving existing ones	working in a team atmosphere	Other major processes that the company uses to build trust consist of the timely, limited exchange of staff with suppliers and customers and the distribution of the company newspaper to suppliers and customers	The company initially planned to also include second and third tier suppliers	The company uses a variety of cross-functional/cross-locational teams
there is a timely, limited exchange of purchasing staff with both suppliers and customers	One immediate task is to integrate additional participants. Future participants will include second tier suppliers, more customers and all other company facilities not previously involved	cross-functional lower tier sourcing teams	Customer Focus: The integration team develops processes for customer learning and for building and maintaining external customer relationships	The key to minimizing cost, while effectively gaining quality in products and services, is to have fully integrated planning processes that allow all parties involved to maximize their individual efficiencies	Optimizing the supply chain is facilitated by the involvement of all stakeholders throughout the supply chain
The company could have used more multi-factory efforts	teams consist mainly of cross-locational buying personnel, but can also include cross-functional representation as required	Cooperative purchasing with other corporations rejected as it has proved difficult to locate appropriate partners to establish mutually beneficial alliances	the company is exploring the concept of cooperative procurement with another large corporation in order to leverage purchase volumes and "clout"	In their more advanced stages, these teams may include supplier representatives as well as external customers	the company has forged closer relationships with both its suppliers and its customers
Multi-tiered supplier teams meet regularly with the company to develop and implement cost savings	Integration with other suppliers	cross-functional and cross-divisional sourcing teams	The long-term vision is to "build bridges" on a lasting basis between several suppliers to optimize the total system solutions and reduce interface problems for the life of a given project	To be successful in this business, inter-organizational and intra-organizational walls must be torn down	Future decision making has to be a shared process between internal customers, suppliers and procurement and materials
A key enabler is to link the supplier with "strategic cooperation partners" (other suppliers) to ensure a total system approach in the product development and qualification processes	These relationships are initially organized by the company but are expected to carry on, independent of the company, by the suppliers themselves	the selection of commodities which have alliance potential is completed by a steering team comprised of purchasing and internal end-use customers	The commodity teams also work directly with second-tier suppliers to determine industry technology direction and applications	Internal and external teaming are key tools used to encourage cooperation and coordination between functional groups within and external to the business unit	A synergy develops in these teams as a result of organizing a group of supply chain stakeholders with a common vision and set of strategic imperatives

Rules of Engagement (D ₁₀)					
Obtain customer support for changes to the supply chain	Suppliers must commit to the buying company's quality focus of fulfilling its customers' needs and providing total customer satisfaction	achieving 100% of commitments made to internal and external customers	Share a desire and commitment to satisfy buying company's customers	There must be complete interaction between all parties in order to realize maximum efficiencies	the supply chain spans from the company's second tier suppliers to its customer's customer
Additionally, price increases would only be accepted each year if the market would accept the purchasing company's new price. If the business could become more profitable, then price increases would be accepted from the supplier. On the other hand, if p	SCM involves first and second tier suppliers from the outset of a specification	Formal responsibilities are linked to each supplier and each customer that falls within this definition			

New Ways of Working (D ₁₁)					
Expand alliance relationships to offshore divisions or joint venture partners	Develop consistent processes and metrics across worldwide operations	involving the end-user community	Strategic coordination across different organizational groups	Integrate activities	decision making
using integrated business systems to reduce time-to-market	when participants completed the workshop, they had accomplished real work, learned how to use the tools and information presented, developed stronger working relationships and teamwork with their clients and suppliers	First tier suppliers are currently coordinated. This effort will be expanded to include second tier suppliers	Develop stronger world-wide purchasing councils to drive common approaches on sourcing, cost, etc.	The key to minimizing cost, while effectively gaining quality in products and services, is to have fully integrated planning processes that allow all parties involved to maximize their individual efficiencies	a management process that extends from raw material suppliers to customers
the company has indicated that it can improve the process of sharing customer requirements with suppliers	The company is investigating ways to link product level marketing to the suppliers	Customer Focus: The integration team develops processes for customer learning and for building and maintaining external customer relationships	Rarely are second tier or lower suppliers involved in SCM initiatives	To be successful in this business, inter-organizational and intra-organizational walls must be torn down	The organization will cross company lines within the parent company
global commodity management process that extends from raw material suppliers to customers	The two service providers combined usage for individual items. This unique arrangement would not be possible without the willingness of these two competitors to work together for cost reductions	A key enabler is to link the supplier with "strategic cooperation partners" (other suppliers) to ensure a total system approach in the product development and qualification processes	These relationships are initially organized by the company but are expected to carry on, independent of the company, by the suppliers themselves	This supply chain concept underlies all of the company's planning and decision making in the supply area	

Performance Measurement (D ₁₂)					
Develop consistent processes and metrics across worldwide operations	Performance management commitments at appropriate levels contain specific goals and measures	Producing metrics that require accurate costing should help in obtaining the necessary attention required from the other supply chain organizations	the supply chain as a whole is focusing on the right customer satisfaction priorities	Shared data bases are established that allow problems to be input and tracked by suppliers, customers and the company	The company identifies new goals by surveying their customers and addressing areas where they indicate satisfaction is lacking

Continuous Improvement (D ₁₃)			
Reduce the duplication of work between the firm and its subcontractors	Once a year the general manager met with twenty overseas managers in one location to share problems and solutions and to transfer best practices	Each area focuses not only on internal functional improvements but looks for ways to bridge the gaps between functions as well	These projects relate to any activity within the entire value chain, from the raw material source to the final customer

Competence (C₁)

Business Focus (D₁) Competence (C₁)

Business skills and knowledge training is provided.	Procurement development plans align with the business plans.	The business culture is understood.	Success is defined by contribution to the business.
High potentials need to develop strong business knowledge and skills.	Strategic plans support business objectives.	Corporate culture and communication needs to be explained.	Business critical success factors are used to review decisions.
Training is strongly aligned to business needs.	Strategic plans include procurement issues.	Understand business-wide ways of working.	
Procurement training plans are linked directly to business need.	Procurement plans are included in the business plan.		

Expert Leadership (D₂) Competence (C₁)

Management skills are developed by the function.	Individuals are encouraged to develop a self-learning ethic.	Training courses are customised to meet the needs of the business.
Management skills are developed in order to support company employees.	Individuals are encouraged to develop self-leadership.	Tailored courses have been developed using experts from outside the business.
Best practice implementation is supported by a central resource.	Self-learning is encouraged using internal sources of competence.	External training courses are customised to meet specific needs.
Experts monitor the implementation of improvements.		

Senior Management Sponsorship (D₃) Competence (C₁)

Procurement are given a mandate to develop their competence by senior management.	Senior management develop the definition of Procurement's role in the business.	Senior management have the competence to lead the business developments.	Senior management recognise the importance of training.
Establish buy-in, train personnel and begin implementation.	Senior management begin the process of defining the preferred culture.	Senior management are trained in leadership skills.	Training is coordinated by senior management.
Procurement are given a mandate to implement new ways of working.	Gap analysis is used to develop management understanding.		

Strategy Development (D₄) Competence (C₁)

Strategy is developed that will overcome inertia.	A training and development strategy is created.	Procurement begins to develop an integrated approach to its ways of working.
Initial strategy to overcome inertia.	A strategy is required to develop skilled and satisfied employees.	The HR strategy reflects a change from tactical to integrated Procurement.
		The Procurement process is expanded to support the wider business structure.

P&SM Positioning (D₅) Competence (C₁)

The Procurement structure fits the business structure.	Skills and training developments are aligned to the needs of the job role.	The Function aligns itself with more strategic and business oriented issues.	Skilled employees are brought into the function.
Procurement develop the appropriate organisational structure to support the business.	Skills and training are aligned with specific job descriptions.	Procurement moves to a higher focus on business management issues.	Employees are recruited with the skills required by the function.
The Procurement organisation is structured to support the business.	Skills and training are aligned with different management levels of the company.	Procurement moves from a tactical to integrated supply focus.	

Procurement begins to market itself to high-potential employees.

Procurement is seen as a development centre for new management potential.

Change Management (D₆) Competence (C₁)

A 'people pipeline' is developed to maintain a flow of talent through the function.	Barriers to change are proactively removed.	Procurement's mandate to implement change is understood and generally accepted.	
Entry level people are developed for mid-level positions.	Need to remove barriers to change.	Procurement is given the mandate to support implementation projects.	Need to be able to deal with ambiguity.
Vacant positions are first filled with internal recruits who know the business.			
Top level potentials spend time learning Procurement competencies.			
Skilled people are brought into the function.			
Retention programmes are developed to keep new skills and competencies.			

Communication (D₇) Competence (C₁)

Communication networks are developed.	The change programme is regularly communicated to the business.	The programme needs to be promoted through a combination of selling and logical explanation.	Key decision-makers and influencers need to be engaged in dialogue.
Formal and informal communication channels are explained to employees.	Need to communicate the changes taking place to the organisation, even if not affected.	Need to be able to both sell and explain technical issues.	Communicate with key individuals.
Communication skills are developed to support collaboration efforts.			

Skill & Knowledge Development (D₈) Competence (C₁)

Skills profiling is used to place individuals in appropriate roles.	Each individual has a training plan.	Individuals are trained in the new ways of working.	Executives are trained in leadership skills.
The competencies of individuals are formally assessed and recognised.	Training plans are created.	Project teams are trained.	Executive level training is provided for project team leaders and change agents.
Skill and knowledge requirements are defined per job grade and role.	New employees have mandatory training.	Training is provided to user groups.	Leadership skills are developed.
A skills gap analysis is conducted against future requirements.	At the entry level the focus is in recruiting intelligent individuals who can learn.	An extensive re-education programme starts with the Procurement function.	Education of key individuals.
Individuals are placed into roles based on competence and job profile fit.	Job rotation is part of the development of entry-level employees.		
Business skills are required in addition to commercial and technical.			

External training courses are used where appropriate.	Training is fully resourced.	The company and its employees share responsibility for developing competencies through training.	Rewards are linked to competency levels and achievements.
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Training provided by external organisation.	Resources and materials are provided to enable delivery of training.	Training is reinforced to develop a knowledge base.	Rewards are partially linked to competency development.
Courses have been developed using external experts.	Time is required for training and implementation.	Skill and knowledge development are the joint responsibility of company and individual.	

Training is focused on practical abilities.	Training is provided to support the aims of the change programme.
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Training focuses on providing a "tool kit".	Educate the organisation as to why changes are taking place.
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Team Working (D₉) Competence (C₁)

Team working skills are taught on a group basis.	Team working is viewed as a necessary attribute in individuals.	Individual performance is assessed in terms of contribution to team objectives.	The organisation is structured to support team working.
Team workers are trained in working techniques.	Individuals are recruited who can work in a team environment.	Individuals are assessed on personal contribution to team objectives.	Team oriented organisational structures are developed.
Training is given to teams rather than individuals.			
Cross-functional teamwork skills are developed.			

Rules of Engagement (D₁₀) Competence (C₁)

Need to keep people informed of what is happening.	Each employee has a personal development plan.	Job rotation is part of the basic training.	Minimum standards are defined per role.
Need to keep people informed of what is happening.	Each employee has a personal development plan.	Job rotation is part of the basic training.	Minimum standards are defined per role.

New Ways of Working (D₁₁) Competence (C₁)

Less confrontational negotiation tactics are used internally.	HR processes are developed to support a more strategic procurement approach.	Functional core competencies are developed.	Processes are developed to support team working.
New negotiation tactics are developed to be less confrontational.	HR processes evolve to meet the more strategic needs of Procurement.	Focus on the development of unique core competencies.	New ways of working are developed to facilitate teamwork.

Projects are used as the mechanism for delivering improvements.

Projects are used as the mechanism for delivering improvements.

Performance Measurement (D₁₂) Competence (C₁)

Individual performance is assessed as a function of team performance.	Performance is measured against customer satisfaction.	Management commitments are linked to specific business objectives.
Individual performance is based on team performance.	Performance is measured against customer satisfaction.	Management commitments are linked to specific business objectives.

Continuous Improvement (D₁₃) Competence (C₁)

Individual training is linked to business improvement needs.	A hierarchy of job descriptions exist that leads to career advancement.	Initiatives and projects are used to develop the culture of continuous improvement.	Workshops are used to develop continuous improvement projects.
Individual training is linked to business improvement needs.	A hierarchy of job descriptions exists that leads to career advancement.	Initiatives are used to develop the culture of continuous improvement.	Workshops are used to develop continuous improvement projects.

Business Focus (D₁) Cooperation (C₂)

Functional activities are closely linked to business priorities.	Functional processes are integrated into business ways of working.	Functional performance is assessed and defined by the business	Implementation of new ways of working is owned by the business.
An awareness of business objectives is created.	Programmes are developed with a cross-functional perspective.	Performance objectives are set by the business.	Improvement projects are prioritised on potential payback.
An awareness of business objectives is created.	Procurement strategy must fit in with the organisational structure.	Results reported in business terms.	Risk vs. reward is performed in business terms.
Business case scenarios are used to develop best strategic options.	Stakeholders were brought together to support implementation.	Performance measures are guided by the business environment.	Testing of new ways of working was completed prior to implementation.
Business goals are used to drive the development of the cooperative relationship.	Procurement processes are aligned with other business processes.	Improvement project benefits are defined in business terms.	Implementation plans need to be flexible to accommodate economic conditions.
Business needs are defined through a formal diagnostic process.	Total systems thinking is employed.	The strategy drives measures of performance that enhance shareholder value.	The business is made to own the improvement projects.
Changes are reviewed in terms of their impact on the wider business.	Integrate with other business programmes / strategies.	Aim is to maximise cost savings across the whole business.	Procurement is empowered to make business decisions.
Consider total cost factors based on business models.	Procurement strategy is to align itself with the business strategy.	Goals that provide benefit to both parties are selected.	
Develop proposals that match identified business opportunities.	Procurement strategy integrated with the business strategy.		
Goals are tied to internal company objectives.	Procurement capabilities are aligned with other business capabilities.		
Implement best practices that support business needs.	Business requirements and processes are aligned.		
Importance / impact to the business is a key decision factor.	Procurement strategies support and are aligned to business objectives.		
Improvement opportunities are explored at the business level.	Cross-functional teams analyse business analysis data.		
People located in the business to maintain insight into business needs.	A multi-disciplinary team is used to structure the supply base for the business need.		
Prioritise against multiple business factors.	The business is viewed as a network of cross-functional business processes.		
Prioritise on what will have the greatest business impact.	It is important to set realistic business policies that support company strategies.		
The company must agree on what the business priorities are.			
The focus is placed on high priority business projects.			
Understand the company's internal long-term needs.			

Business Focus (D₁) Cooperation (C₂) (continued)

Communication across the business is used to secure buy-in.	The Function supports and develops both internal and external competencies.	The Function is integrated into the business planning processes.	The Function clearly identifies its customers and defines their needs.
Business executives input used to drive procurement activities.	Focus is placed on core competencies.	Short and long-term business plans are shared with Purchasing.	Customer value is seen as a key driver.
All business functions participated in the planning of major new initiatives.	The strategy aims to focus the business on core competencies.	A business plan is used to guide the organisation.	Customer satisfaction is seen as the primary objective.
Key influencers within the business are engaged as supporters.	Core competencies within the organisation clearly defined.	Procurement issues are incorporated into the business plan.	
Core requirements are defined and stakeholder groups used to direct the effort.	Protect and develop core business competencies.	The company recognises the business impact of Procurement.	
Communicate business benefits to key decision makers.	Developments are jointly managing by drawing on supplier competencies.		
Use business management sessions to monitor progress.			
Systems are introduced that support the new ways of working.		The programme is implemented in ways that are compatible with corporate values and beliefs.	
Focus on business process and organisational change first followed by technology systems.	Organisation of the supplier parallels the company's organisation.	The development programme need to be compatible with corporate beliefs.	The company identifies its own business needs clearly before engaging suppliers.

Expert Leadership (D₂) Cooperation (C₂)

Experts are used to work on discrete tasks.	Experts are used to support implementation.	Experts are used as a learning/knowledge resource.	Experts are used to evaluate business issues relating to The Function.
Competencies are employed to fulfil specific roles.	Senior management select leaders to implement projects.	Experts are used to develop knowledge and skills.	Internal and external sources are used to assess the business.
A single expert is used per area for consistency.	Experts support implementation.	Use experts as a source of learning.	Third party experts are used to evaluate sensitive issues.
Contacts are made with the direct expert rather than through functional managers.	High-potential staff are used as implementation leaders.	External consultants are used to educate the business staff.	Constraints and limitations are defined by experts.
Engage consultants as solution providers on specific tasks.	Experts used to manage implementation issues and educate staff.	Standard courses are customised to meet business needs.	Experts help facilitate the identification of specific issues.
Experts are appointed as the single point of contact.	A steering committee exists to guide implementation.	Training is provided by professionally trained presenters with purchasing and supply management backgrounds.	Consultant analysis used to identify key issues / needs.
Experts are placed at appropriate positions / levels within the organisation.	Changes are prioritised by experts prior to implementation.	Consultants run workshops to develop business solutions.	Performance targets are validated by external consultants.
Experts must be placed close to the activities.	Experts are initially used to develop and implement strategy.	Companies work with academic thinkers to develop new techniques.	Use experts to define new standards and ways of working.
Experts should work locally (not remote).	Suppliers are sometimes used as experts to support internal development.	Consultancy is provided to all levels of the Procurement hierarchy.	Benchmarking used to identify potential gaps.
Knowledgeable and dedicated people are assigned to relevant projects.	Experts are used to develop the processes and support decision making.	Experts sometimes act as facilitators.	
Must personally sell the programme to sites and managers.	Consultants are used to oversee process developments.		
Use expertise at the appropriate time.	Experts ensure that the best ways of working are utilised effectively.		

Experts are used to identify and develop internal networks of people.	In-house experts are developed and deployed.	Experts are made responsible for the outcomes of their actions.	Non-functional expertise is brought into the function to lead new developments.
Use internal business experts to develop internal synergies.	Individuals are developed so that they become experts in their field.	Experts are made responsible for performance.	Expert practitioners hired to lead the new programme.
Experts are used to bring the right people together.	Train experts in appropriate areas of non-expertise.	Experts are made responsible for their areas.	Experts from other functions are brought into Procurement
Teams are staffed by functional experts.	In-house experts are trained.	Experts should be given the time required to do the work properly.	The quality manager acts as an expert resource to the programme.
Integrate diverse expertise into teams.	Purchasing develops its own experts to support the improvement programme.	Expert time should not be under resourced.	
Involve experts in teams not just on the periphery.	The Head of Procurement has functional, business and technical competence.		
Experienced people are assigned to relevant teams.			

Expert Leadership (D₂) Cooperation (C₂) (continued)

Expert suppliers are sometimes used to support internal developments.

Suppliers are sometimes used as experts on internal projects.

Senior Management Sponsorship (D₃) Cooperation (C₂)

Senior executive support is required before the programme starts and during its implementation.	Senior management are actively involved in the programme.	Communication is held on a regular basis with senior management.	Senior management communicate the importance of the function to the business.
A mandate is required from senior management.	Senior management become personally involved in creating and sustaining change.	Communicate with executives to obtain buy-in and secure site leadership.	Senior management openly recognise the importance of Procurement.
Agreement and support is obtained from all impacted senior management.	Senior management should be seen to be hands-on with critical issues.	Senior management are kept informed at all stages to maintain commitment.	Executive communication of the need across the business.
Both top and middle management must support the programme.	Senior management became intimately involved.	The concept of Procurement had to be sold to gain acceptance from senior management.	Support and encouragement from senior management to lower ranks.
Consensus was developed on what was important.	Senior management actively engage in the programme.	The strategic intent is communicated to the board for approval.	The importance of the programme has to be repeated by senior management.
Executive management objectives are integrated into the purchasing programme.	All relevant executives should be engaged in the programme.	Need to continually communicate upward.	Senior executives must become increasingly visible.
Executive management support is required.	Policies are put in place by senior management to accelerate implementation.	Senior management were educated in the Procurement evolutionary curve and the resulting benefits.	Acknowledgement from senior management that Procurement is a fundamental business process.
Executive mandate where necessary.	Senior management had to remove old practices that acted as road blocks.	Plans are submitted to senior management for review and approval.	Procurement viewed as a key strategic asset by executives.
Executive support (visible).	Management must prepare the organisation for change.	Senior executives educated in the opportunities from procurement.	Senior management must understand the value Procurement can bring.
Focus areas sponsored by executives.	A team of business leaders steers the improvement programme.	Data and benchmarks are used to educate senior management.	
Maintain executive focus and support throughout the programme.	Senior management make a commitment to follow through on implementation.	Report all results to foster continuous support.	
Management support and focus are required on an ongoing basis.	Top management actively support projects.	Results are regularly reviewed with management to maintain support.	
Management support of new initiatives is mandatory.	Engage management in the development / proposal processes.	Projects are documented and their scope agreed with senior management.	
Obtain executive support as early as possible.	The development process is lead by senior management.	Cost / benefit analysis is used to gain management interest and communication to sustain it.	



Senior Management Sponsorship (D₃) Cooperation (C₂) (continued)

Require executive support as a precursor to implementation.	Senior management support operations in their implementation tasks.
Senior and middle management support was a prerequisite of implementing projects.	Senior management are involved early in the programme.
Senior management align the relevant objectives.	Senior executives coordinate and communicate improvement activities.
Senior management are involved in assessments and give the final approval.	Senior operational management are involved in the programme.
Senior management assign priorities to projects.	Top management must be willing to modify their own ways of working.
Senior management charter the projects.	Senior management act in-line with the Procurement strategy.
Senior management empower Procurement to act.	Senior management responsible for benchmarking best practices and implementing them.
Senior management mandate the teams to implement change.	Project managers need to be assigned and held accountable.
Senior management sponsor should be influential.	
Senior management sponsor the programme.	
Senior managers authorise projects based on clear business case justification.	
Stakeholder support should be sought at each stage of the process.	
Top management sponsor the new ways of working.	
Top management support is essential in the development stages.	

Senior management proactively remove political roadblocks to the programme.	Adequate resources are provided by senior management.	Senior management collectively design and agree the development programme.	The Function is represented at the executive/senior management level.
Senior management are used to control middle management resistance.	Adequate resources are provided by top management.	Cross-company management team agrees a standard way forward for the whole company.	Procurement represented at executive level.
Ensure that management is senior enough to push through the changes required.	Obtain dedicated resources in terms of quality and quantity from executives.	Users and management jointly develop the scope and proposals for projects.	A senior executive should be responsible for procurement.
Top management are used to convince middle management of the benefits of projects.	Time and resources are provided by senior management.	Team working between executives on linked initiatives.	Senior executive responsible for Procurement.
The leadership team should be of a senior enough position to influence.	Top management assign resources to agreed projects.	Ensure the programme exists within one management structure.	
Identify the key stakeholders / influencers.	Management must assign resources.	Clear chain of command in place.	
Key influencers are used to promote new initiatives.	Senior management commit to staff the teams.		

Strategy Development (D₄) Cooperation (C₂)

Cross-functional teams develop a strategy aligned with other areas of the business.	The function priorities and objectives are aligned with the business needs.	The strategy requires significant changes to ways of working and is supported by an implementation plan.	The strategy encourages/requires cross-functional cooperation.
A team approach is used to develop the strategy.	Procurement objectives are integrated into the business strategy	Strategy needs to be breakthrough not continuous improvement to get management attention.	Interdepartmental cooperation is developed through the HR strategy.
Cross-functional teams are a key enabler of the strategy development and implementation.	Business performance and objectives / goals are aligned.	The strategy includes initiatives to move away from traditional ways of working.	Cooperation with other parts of the business is a key strategic objective.
Intensive discussions are held relating to goal and strategy alignment.	The strategy is aligned with both short and long-term business plans.	The process changes required to achieve targets are defined.	Relationship / matrix strategies are developed from the project plans.
Involve high-level stakeholders who are involved in the development of other strategies.	Business imperatives guide the development of the strategy.	The strategy acknowledges that change will need to occur.	Plans are developed to effectively manage business relationships.
Involve the existing Procurement function in the development of the strategy.	Strategies are modified to reflect current business conditions.	Clearly define the changes required by the strategy.	Resolve issues surrounding roles and responsibilities when setting strategy.
Jointly develop strategy with key users.	Strategic activities are prioritised against business need.	Processes are reengineered to support strategic vision, objectives and CSF's.	Policies are developed that are consistent across the organisation.
Need to co-ordinate with other strategy setting groups.	The strategy is continuously updated to match changing business needs.	A migration plan is developed to introduce new ways of working.	A fit is developed between the strategy and company culture.
Stakeholders are actively involved in developing the strategy.	Strategy elements are prioritised based on business need and limited in number.	Transition plans are included in the strategy.	
Strategy development information is shared with stakeholders.	Strategy is developed around a clearly defined business model.	Procurement change is aligned with the macro model for change.	
Strategy development sessions were used to try to diffuse conflict between functions.	The strategy focuses on key business priorities.		
Strategy setting sessions are conducted across the business.	Ensure strategy matches with identified opportunities.		
Strategy was developed by a cross-section of the organisational hierarchy.			
The strategy development process is open and transparent.			
The strategy is developed by a team.			

Strategy Development (D₄) Cooperation (C₂) (continued)

The strategy is kept up-to-date and used to guide implementation.	The functional strategy is integrated with other business strategies.	The functional strategy is aligned with the needs and objectives of other functions and the business as a whole.	Clear goals are defined within the strategy.
The strategy is continuously reviewed and updated	The strategy is integrated with other functional strategies.	Strategy has common objectives, mutual benefits, shared risks, defined mission, defined goals.	The business is driven by aggressive but attainable goals.
Management meet regularly to review and update strategy.	The primary driver is to align the Procurement strategy with the business strategy.	Create synergy through teams sharing common objectives.	Future goals are defined.
Strategy progress is measured and strategies adjusted as necessary.	The business develops integrated strategies.	A consensus is sought on mission, values and goals.	Goals / objectives become shared across functions.
The strategy is updated as progress is made or remedial action required.	Purchasing strategy is integrated with the business strategy.	The conflict between corporate and business unit objectives must be resolved within the strategy.	Clear expectations are defined and what constitutes success.
Policies and strategy are reviewed regularly.	Integrate the strategy as part of the overall business strategy.	Targets are aligned with the strategy.	The strategy focuses on improving overall performance.
A rolling, multi-year programme is developed.	Procurement strategy is integrated with business strategy.	All stakeholders are required to agree the strategy before implementation.	The procurement strategy is made up of a number of strategies targeted at cost drivers.
Alternative proposals are developed prior to the strategy definition.	The procurement operating plan is reviewed and developed by the business.		

Continuous improvement is included as an element of the strategy.	The strategy is communicated down through the layers of the organisation.	Customer expectations are used as key factors in developing the strategy.	The strategy has both a short and long-term perspective.
Process improvement is a core element of the strategy.	Strategies are clearly defined and regularly communicated.	Identifying who the customers were was the first step.	Both short and long-term strategies are developed.
Continuous improvement is promoted for ongoing development.	Common top-level objectives are cascaded down through the organisation.	The external customer drives both the Procurement and business strategy.	Both long and short-term perspectives are taken.
Sustainability is a key factor of the strategy.	Part of the strategy is to promote communication and information sharing.	Understand how the customer defines success.	Strategic and tactical plans are aligned.
Barriers to change are factored into the strategy.	Formally write the strategy prior to implementation.	The company worked on becoming the customer of choice.	
Activities are kept simple and highly focused.			

Strategy Development (D₄) Cooperation (C₂) (continued)

Action plans are developed from the strategy.	The strategy aims to develop and align core competencies.	A strategy exists.	Business analysis is used to provide information used in creating the strategy.
Strategy has implementation timeframes. Short and long-term objectives.	Strategy is used to align core competencies.	A Procurement strategy exists.	Conduct strategic analysis as input for the strategy development process.
The strategic planning process yields a specific action plan for maximum impact.	Strategies focus on core competencies.		
Develop mission statements, objectives and milestones with time lines.			
The strategy is progressively broken down into manageable and implementable sections.			
The macro strategy is broken down into site and area specific projects.			

P&SM Positioning (D₅) Cooperation (C₂)

The organisation is restructured to support the developments agreed to.	The function fully understands its role within the business (value proposition).	The function is recognised as a centre of competence by the business and its functions.	The functional structure is segmented between strategic and tactical activities.
Centralised / decentralised structuring needs to align with the needs of the business.	The Function sees itself as the interface between the organisations.	The Function is staffed by key experts who manage strategic suppliers.	Strategy was led at the corporate level and tactical at the operational level.
Changes were made to the organisation to enable the best Procurement fit.	Procurement leads coordination of the supply market.	Individuals are assigned as interfaces between Procurement and the rest of the business.	Strategy was centralised and tactics decentralised.
Functional objectives and critical success factors are defined by the business.	All areas of external spend fall under Procurement responsibility.	Procurement sometimes acts as an internal consultancy function.	Centralisation occurs where the benefits are demonstrated.
Key stakeholders need to endorse new organisational arrangements.	Procurement supports the delivery of individual business unit objectives.	Procurement staff become experts in their commodity and recognised by the business.	The organisation (Procurement) is structured to best deliver its strategy.
Need to align the Procurement structure with the business culture.	Purchasing still co-ordinates administrative and day to day issues.	Purchasing is used as an independent analyst.	The function is led by corporate and implemented by operations level.
Organisational changes took place to better serve the business.	Alliances are recognised as strategically important.	Procurement develops core competencies to supplement other functional competencies.	Local and corporate areas should have defined roles and responsibilities.
Procurement is organised to support strategies in its current environment.	Procurement is involved in processes at an early stage.	Procurement supports the definition of core and non-core competencies.	A purchasing structure needs to be defined and implemented.
Procurement is reorganised to best serve the business.	Develop involvement in new areas.	The elimination of islands of excellence in favour of teams is seen as essential.	
Procurement needs to fit the organisational structure.	Moved from a commodity to project based structure.		
Purchasing is made responsible for covering the whole organisation.			
The function is structured according to business need.			
The Procurement organisation is structured to support the business.			
The structure is created that supports improved business practices.			

P&SM Positioning (D₅) Cooperation (C₂) (continued)

Purchasing processes become integrated and aligned with related business processes.	The function ultimately reports to a single management individual or group.	The role of the function is understood by the business.
Procurement is integrated into other business processes.	Purchasing is coordinated by a cross-functional team of senior managers.	The potential, and ways of getting, savings through Procurement are understood.
Purchasing is more closely aligned with its related functions.	Procurement reports directly to senior management.	The strategic importance of Procurement is recognised by the business.
Functional responsibilities are clarified with other areas of the business.	Structure the organisational chain of command to one executive.	Purchasing is viewed as a value creator.
Procurement and supply management should be brought together.	Purchasing is represented on appropriate decision making bodies.	Procurement is seen as a source of competitive advantage and profit contribution.
Define which activities require leading, participating and supporting.	The function is group led.	Purchasing employ a common system.
Appropriate guidelines, charters and responsibilities must be in place.		

Change Management (D₆) Cooperation (C₂)

Project management tools are used to guide implementation.	Psychological mechanisms are used to support the change process.	Individuals are proactively managed within the context of the change programme.	Regular communication events are used before and during the implementation process.
A detailed project plan is created that includes interim deliverables.	Operating practices and behavioural drivers were assessed as a first step.	Roles and responsibilities are clearly defined.	Roll-out plans are communicated through stakeholder groups.
A flexible approach was critical to the success of the programme within the planning time-line.	Top-down directive management is avoided.	Employers are involved in implementation wherever possible.	Stakeholder buy-in is sought before the programme starts.
A project management system is extensively used.	Develop a culture that accepts change.	People are put in place to consolidate the changes made.	Stakeholders are made aware of the time and cost commitments involved.
Accountability, targets and timelines are defined.	Performance metrics are used to force the implementation of new behaviours.	Involve stakeholders in the change process.	The changes are agreed with stakeholders prior to implementation.
Action plans are developed and followed.	Performance targets are impossible to achieve with current ways of working.	Each team is tasked with a specific project.	Need to keep people informed of the changes taking place through communications plan.
Action plans are developed directly from the strategy.	Current systems and practices are reviewed to decide policies.	Teams are gradually phased in on a project by project basis.	Key stakeholders were involved in developing the change programme.
Action plans are developed.	Resistance to change is assessed and factored into the change plan.	Senior executives signalled the need for change and were personally involved with issues.	Conferences were used to communicate and plan the changes required.
Corrective action plans are developed, where necessary, and monitored.	The workforce understand why change is necessary.	Business champions need to be responsible for delivering the changes.	Communication processes are introduced.
Immediate attention is given to deviations from expected performance.	Readiness for change is used as a barometer for potential conflict.	Change is driven by the process owners.	Internal groups must be convinced that change is beneficial.
Implementation is assessed through a formal analysis process.	Cultural change is part of the change management process.	Stakeholders are required to sign-off projects.	
Implementation is conducted in phases to enable careful management.	Understand the issues surrounding change.	Extended teams support better communication and implementation of change.	
Implementation must be monitored to prevent project creep.	Barriers are identified and removed.		
Implementation plans are carefully developed and rigorously followed up.	Compelling reasons for change must be given to persuade doubters.		
Measurement and control systems are put in place.			
Progress is tracked using project management tools.			
Strong change control processes are put in place.			
The total life cycle of the change improvement programme is managed.			

Change Management (D₆) Cooperation (C₂) (continued)

Training is provided where necessary.	Resources are made available to the programme.	Implementation results are analysed and the results used to guide follow-on actions.	Projects are used as the main implementation vehicle.
Training precedes implementation to support buy-in.	Resources must be made available for the duration of the project.	Analysis is used to decide and change priorities as required.	Macro projects were broken down into manageable sub-projects.
Training is made available for those using the changed ways of working.	Timing and resources are factored into the plan.	Areas of opportunity are carefully defined.	Projects are formalised.
Teams received orientation and skill training before beginning their work.	Adequate resources must be applied.	The needs of the business are integrated into the change plan.	Implementation of different projects should be coordinated to prevent overload.
Training is made available where necessary for the change initiative.	Adequate resources and time are provided.	Extend the change programme to linked business areas.	Projects form the core of the change approach.
Learn how to break down resistance to change within the organisation.	Ensure adequate resources are made available.	Extra benefits should be followed through when they match the strategic aim.	The change programme is project oriented.
Develop the competencies to implement projects.	Adequate time should be planned for change.	Successful programmes are migrated across the organisation.	

Change is implemented at the maximum rate the organisation can sustain.	Processes and the organisation are changed first.
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Change needed to be rapid but structured.	Focus on business processes and organisation as the first steps.
Pilot projects should be used to start the change process.	
Pilot projects are resourced to prove concepts.	
Pilot projects are used to prove concepts.	
Highly visible and high impact quick wins were important.	

Communication (D₇) Cooperation (C₂)

Open dialogue begins with stakeholders before the programme is implemented.	Common information systems are adopted across the business.	Best practice forums are created to support the sharing of knowledge and experiences.	Information sharing is used to remove internal barriers by building trust.
Benefits, costs and issues are openly debated to ensure the best decision is made.	Common systems are used to support information dissemination.	Need to establish a forum for sharing best practice and achievements.	Breakdown internal barriers through information sharing.
Communication is started with key stakeholders before the programme starts.	Information is increasingly handled by IT systems.	Success stories and best practices are shared across the organisation.	Functional barriers were removed to facilitate change.
Consider inputs from diverse groups.	A company-wide information platform is developed.	Lessons learned were documented and shared.	Communication is supported through cross-functional teams.
Current systems are reviewed with stakeholders.	Information systems need to evolve with the Procurement / business need.	Best practices are documented and distributed.	Need to develop trust through open communication.
Early buy-in is required from stakeholders.	Information is all put onto one system or set of linked systems.	Results, successes and failures should be shared across the organisation.	A key driver of the communication processes is building trust.
Feedback is proactively sought (not passive) and provided.	Key groups are linked via IT systems.	Meetings are used to educate and train staff as required.	Information is exchanged through working together rather than formal requests.
Initial communication sessions are used to identify potential problems.	Identify the core communication networks within the organisation.	Experiences and learning are routinely shared through group activities.	Different functional areas are co-located.
Present information to those affected by the programme.	Information networks are mapped to support information exchange.	Share knowledge and experience with related business areas.	Meetings should be scheduled and held at various locations.
Recommendations are reviewed with stakeholders.	Databases are shared by the whole company.	Education and communication are continuous.	All levels are involved in group communications.
Stakeholder feedback was solicited throughout the implementation process.	IT systems are used to generate information in accessible forms.	Feedback was acted upon to support team work and continuous improvement.	
Stakeholders provide input into the development process.			
Strategy, benefits and new ways of working are presented to stakeholders.			
The Procurement process was made as transparent to stakeholders as possible.			

Communication (D₇) Cooperation (C₂) (continued)

Accurate information is presented in a timely manner and in an easily understood format.	Meetings are held on a regular basis across the business.	Information channels and networks are proactively developed.	Strong communication links are created with stakeholders.
Information was accurate and open to build credibility.	Structured meetings are held at all levels to communicate and update the strategy.	Information flows are proactively co-ordinated across the organisation.	Understanding is fostered through regular communication.
Availability of up-to-date and accurate data.	Regularly communicate benefits and achievements to key decision makers.	Information is shared across the business.	Stakeholders are involved in communication on a regular basis to maintain credibility.
All forms of information are shared across the company.	Continuously brief stakeholders on progress and issues.	A policy of inclusion is developed for communication processes.	Need to develop strong linkages with areas being impacted upon.
Clear targets are provided.	Constant feedback on progress is provided.	Develop the channels through which information should flow.	A communication forum exists for highlighting critical business issues.
Statistics are developed to explain company performance / progress.	Regular follow-up meetings are held.	Generate management information from new or existing systems.	Ensure communication between, as well as to, stakeholders.
Root-causes of issues are communicated to explain change needs.	Weekly project status meetings are held.	Information channels are kept open through proactive intervention.	
Explanation of current vs. required situation was helpful for understanding.	Feedback is provided on performance and changed objectives.		
Data is provided to participants of the project and users.			

Formal meetings are held on a regular basis.	Information is carefully prepared to ensure clarity and understanding.	Progress and performance are reported to senior management on a regular basis.	Communication is used to build consensus.
Strategy alignment is maintained through monthly network meetings.	Present 'one-face' through careful management of communications.	Senior management need to be kept informed of decisions.	Discussions are held until consensus is achieved (if possible).
Regular strategy meetings are held to inform stakeholders.	Carefully select what information should be shared to prevent overload.	Performance results are reviewed with senior management.	Time is taken to build consensus through two-way dialogue.
Strategies and plans are presented to key stakeholders for review and acceptance.	Marketing and communication of new proposals needs to be implemented first.	Teams of managers share common understanding of priorities, information and issues.	Agreement is sought from all impacted parties.
Regular meetings are held to review performance and update strategy / tactics.	Selling is part of the communication process.	Communicate options / proposals to executives for approval and buy-in.	Awareness and consensus building sessions are held.
Strategy and plans are cascaded throughout the organisation.	Some information is prepared before communication to enable better understanding.		

Communication (D₇) Cooperation (C₂) (continued)

Communication is two-way.	Information is repeated to ensure that it is received and understood.	Bureaucracy is proactively reduced.	
Two-way communication is encouraged to stimulate cooperation and coordination.	Information has to be stressed repeatedly by senior management.	Bureaucracy is proactively reduced.	The vision is shared by stakeholders.
Meetings are used to facilitate two-way communication.	Communications are repeated to ensure the message gets through.		
Communication must be two-way.			
Establish single points of contact for specific parts of the programme.	Use a variety of communication methods to support interaction.		
Establish single points of contact for specific parts of the programme.	Use a variety of communication methods to support interaction.		

Skill & Knowledge Development (D8) Cooperation (C2)

A broad spectrum of training is provided.	Skills profiles are used to develop training plans.	Learning from within the organisation is developed.	Training is provided where a specific need is identified.
A broader skill set will be required.	Skill profiles should be developed for specific roles.	The process of transferring knowledge and lessons learnt is fundamental across the business.	Training is targeted on need.
Advanced competencies are taught to staff.	Skills are mapped against needs and individual training plans developed.	Learning is developed through projects and workshops.	Training needs to be targeted against business need.
Better training in the use of tools.	Career development plans need to be in place including succession planning.	Common best practices are proactively taught.	Training is aligned to the need to provide customer value.
Change management and team working skills are taught.	Need to employ skilled workers and graduate professionals.	Teams are exposed to industry best practices.	Training is linked to supply strategies that support business objectives.
Culture and language training is provided.	Education and training begin at an early stage.	Knowledge is shared to improve competence.	Training is specific and targeted at the business need.
Employees will develop more technical and business oriented competencies.	Individual competency levels are assessed.	Training is provided to develop knowledge and skills.	Training and education are targeted on growth and business needs.
Engineering, technical and commercial skills are taught.	Skill set and education requirements are defined per job specification.	Aim is to develop an homogenous skills and knowledge base.	Training should occur early and focus on targeted programme needs.
Individuals are trained in the use of company processes.	Training is aligned to a skills assessment and business needs analysis.	Individuals are rotated through jobs to support knowledge transfer.	
Leadership training is provided.	Staff capabilities need to be recognised and rewarded.		
Project management and team building are considered as core skills.	Need to understand the abilities of individuals / groups to meet targets.		
Strong cost management skills are required.	Training plans need to be developed and regularly updated.		
Teaming training is provided.	Processes should exist to position staff in the most appropriate positions.		
Technical knowledge is developed by the function.	Skills and knowledge requirements should be mapped against new ways of working.		
Total cost modelling is taught to all appropriate staff.			
Training is targeted on business as well as functional skills.			

Skill & Knowledge Development (D₈) Cooperation (C₂) (continued)

Training priorities are mapped against functional and business objectives.	Expert individuals from within the business are used to train staff.	Training and education are a continuous process.	The concepts of learning curves are well understood.
Core competencies are assessed to determine which areas to develop first.	Internal trainers were developed to support the business.	Training is continuous to develop and maintain a high level of competence.	Understanding the concept of learning curves is critical to success.
Capability analysis needs to be reviewed against needs.	Internal experts are used for training and development supported by external consultants.	Education and communication are continuous processes.	Learning curves are developed to align improvements with learning needs.
Existing capabilities need to be mapped and understood.	Experts from other areas of the business are used to teach new skills.	Continually develop training materials.	The company accepts the need for internal growth and learning.
Skills and knowledge need to be mapped against objectives and processes.	Suppliers are viewed as a source of expertise.	Quality improvement tools are used to develop proposals.	
Need to identify perceived strengths and weaknesses.			
An in depth analysis of procurement development needs is conducted.			

All employees have a career/personal development plan.		Training is provided on an as-needed basis.	Training is designed to contain application of skills and knowledge back in the workplace.
Develop employees through career development plans.	Education and training should be provided both in-house and externally.	Participants and users are trained as required.	Reinforce training through application of learning in business projects.
All members of Procurement have a training plan.	The business and suppliers are trained in the same tool and skill set.	Training is provided on an as needed basis.	Training is part of the implementation process.
Career development programmes should be put in place.	Standard and customised courses are used from both external and internal sources.		

Allied business functions need to be educated in the value that procurement can bring.	The HR Department is used to help plan the development of skills and knowledge.	Training is standardised across the business.	The function consults with internal clients to identify areas requiring development.
Other functions need to understand how Purchasing can add value.	Extensive HR development is applied to the function on a continuous basis.	Training is standardised to ensure consistency across the business.	Purchasing will consult with internal clients to improve performance.
Need to educate others linked to Procurement.	Skills and knowledge development need to be linked to HR strategies.	Common training is provided cross-functionally.	

Mapping the entire business process helps the understanding of staff.	Middle management are educated in the new ways of working first.
Mapping the entire process helps the understanding of internal staff.	Middle management are educated in new ways of working first.

Team Working (D₉) Cooperation (C₂)

Cross-functional teams are used throughout the business.	Teams are self-directing within the constraints of the strategy.	Teams are used to develop relationships and trust.	Training and material resources are made available to the team.
Cross-functional teams in place across the business.	Teams develop and implement the process.	Build trust through team work.	Ensure teams have the required skills / expertise to complete the task.
A culture of ability and willingness to work together needs to be developed.	Plans and processes are developed for how teams will work.	Trust is built through multi-functional teams.	Skills are developed in core competency areas.
Cross-functional teams are put in place.	Teams work both autonomously and to formal processes.	Teams are used to encourage cooperation and collaboration.	People are given the responsibility and opportunity to maintain their employability.
Cross-functional teams used in all areas of the business.	Teams are expected to identify, manage and implement improvements.	Teams are used to develop relationships.	Develop teaming processes to ensure involvement and buy-in of team members.
Cross-functional teams were created from stakeholder groups.	Teams tend to develop their own action plans.	Relationship building is seen as extremely important.	Resources are made available to teams.
Ensure teams are cross-functional and multi-level.	Team members control the entire project process.	Cross-functional teams are created to develop better understanding.	Time is made available for the teams to properly form.
Interaction with internal customers is maximised as policy.	Teams are empowered to make decisions.	Teams were encouraged to overcome barriers and develop trust.	
Internal, cross-functional customers are involved in teams.	Teams analyse business issues and develop supply strategies accordingly.	Teams are used to break down barriers within the organisation.	
Procurement teams work with teams from other functions as appropriate.	Teams become self-managed over time.	Teams are used to enact alignment and integration activities.	
Resources are pooled from across the business.	Empower teams appropriately.		
Team members come from and are located throughout the business.	Teams are empowered and take responsibility for their actions.		
Team members were selected from associated systems to minimise problems.	Formal teams were slowly replaced by self-appointed, self-directed teams.		

Business processes and structured are created to support team working.	Teams are given specific and clearly defined projects.	Decisions are made collectively by the team.	Teams include relevant experts where appropriate.
The organisation is structured to support cross-functional working.	Establish project teams with specific performance goals.	Consensus decision making was used to build team cohesion.	Teams include functional experts and end users.
The team structure overlays the existing business structure but does not replace it.	Teams were dedicated to specific initiatives.	Teams tend to be consensus decision making.	Knowledgeable people were assigned to the project on a full-time basis.
Key users / stakeholders should be engaged using a teaming structure.	Teams are created for specific projects.	Majority decisions are accepted by the team.	Experts are brought into the teams for short periods when required.
Teams are integrated into business processes.	Teams are formed as a result of specific strategy or project needs.	Decisions are made by the team based on multi-functional considerations.	Move expert resources in and out of teams as and when required.
Cross-functional teams form the core of the implementation process.	Work teams focus on specific objectives.	Teams define and agree decisions to be made.	Team members become experts in the area the team is working on.
Cross-functional teaming is publicised to reinforce its value and increase confidence.	Teams work on specific projects.		

Team Working (D₉) Cooperation (C₂) (continued)

Teams are co-located at the most appropriate site.	Performance measures and goals are agreed with project teams.	Teams are empowered to decide how they will deliver the goals.	An executive-level team guides the individual project teams.
People are co-located based on the needs of the team.	Teams are required to develop measures and performance targets.	Teams are empowered to enable delivery of objectives.	A cross-functional team reviews the project proposals.
Teams were co-located at the appropriate site.	Performance measures are jointly developed and agreed with the team.	Teams determine strategies.	A steering team exists to guide work teams and prevent project drift.
Team members work together at the most appropriate location.	Teams support multi-functional objectives where appropriate.	One team develops strategy and another team implements it.	The executive council charters teams.
Teams are located where they are most effective.	Performance rewards are based on team contribution.		

Information is shared within and across teams.	Members are considered as equals within the team.	Teams are sponsored and guided by executive management.	Teams and their members have a sole responsibility to the project.
Information is shared amongst individual and group team members.	All team members are considered equal whilst in the team.	Teams are sponsored by senior management.	Teams have no other responsibilities in addition to the project.
Exchange information between teams.	Team members are treated equally.	Executives should be trained in team-working skills.	Team members are expected to serve for the life of the team.
Team members are encouraged to understand each others work.	Single point of contact are made within teams for specific issues.		

Rules of Engagement (D₁₀) Cooperation (C₂)

Teams are accepted as the preferred way of working.	Process and operating principles are defined and enforced.	A standard measurement system is fully defined and implemented.	The decision making process and responsibilities are fully understood.
All parties must participate in agreed initiatives.	Guidelines are put in place that are applied consistently.	Performance measures should relate directly to the company KPI's.	Responsibility for decisions made should be cross-functional.
All parties must be willing to work together.	Establish ground rules for new ways of working.	Measures are made available across the business for review.	Decisions are based on primary users, importance to the business and supplier relations.
Co-location of teams and shared resources.	Apply new approaches consistently to eliminate misunderstandings.	Criteria are defined for starting and finishing a project.	Empower people to make decisions within their sphere of responsibility.
Commitment to staff teams is required.	All parties should agree to work to defined processes and procedures.	Goals must be common and mutually beneficial.	Key decisions are made from a single management point.
Full commitment from all participants.	Procurement processes must be formalised across the whole business.	Performance measures are jointly developed.	Consensus is required from the decision-making body.
Maintain continuity of team members.	Procurement is implemented in a consistent way across all areas of the business.	Methods of capturing and researching savings should be agreed early in the process.	A structured approach is applied to decision-making.
Participation is required from all relevant functions.	Processes are well defined and implemented fully.	Savings definitions are agreed.	
Stakeholders are expected to have representatives on project teams.	Establish operating principles that support objectives and buy-in.	The focus is on improving overall performance.	
Team members are treated as equals.	Processes are documented and implemented organisation wide.	Measures are completed by the functions that identified them.	
Team members serve for the life of the team.	Processes are fully documented.	Performance measures are defined and reviewed regularly.	
Teams are empowered to implement their objectives.	All parties are made aware of their obligations.	Measurement systems must be defined and agreed.	
Teams are established that have no other responsibilities.	Companies must manage by process.		
Teams take responsibility for their actions.	Business-wide specifications and standards exist.		
Teams use consensus decision-making.			
Work teams are goal oriented and created only as needed.			

Rules of Engagement (D₁₀) Cooperation (C₂) (continued)

Individual's roles and responsibilities are clearly defined.	Stakeholders work together to develop optimum solutions.	Information is shared openly.	Strategies are agreed and implemented.
Assigned personnel are empowered to have full authority.	Buyers are aligned with specific stakeholders to develop effective relations.	Knowledge sharing is a requirement of the new ways of working.	Strategies are developed with internal customers.
Individual's roles and responsibilities are clearly defined.	Processes are jointly developed.	Information is shared openly across functions	Agreed strategies are implemented in all relevant areas.
Resolve issues of roles and responsibilities.	Local and global requirements are balanced equitably.	Regular two-way communications are planned.	
Assign responsibilities.	Behaviour must be fair and ethical.	Access to facilities and expertise is shared equally.	
Specific roles are assigned to key individuals based on a needs analysis.			

Individuals are given adequate time for training and development.	Data quality is maintained.	Lifetime costs are the key decision criterion.	A grievance process exists for stakeholders.
Staff are given the necessary training and development.	Data quality and integrity must be maintained at all times.	Lifetime costs are more important than short-term acquisition price.	A grievance procedure was put in place.
Adequate time is required for training and implementation.			

All areas of external spend fall under Procurement responsibility.	Full testing is completed prior to implementation.	Agreements are written in all the languages represented.	Prioritise projects / programmes.
All areas of external spend fall under Procurement responsibility.	Full testing is completed prior to implementation.	Agreements are written in all the languages represented.	Prioritise projects / programmes.

Strict project management rules are enforced.	The supply chain covers initial supplier to end customer.
Strict project management rules are enforced.	The supply chain is initial supplier to end customer.

New Ways of Working (D₁₁) Cooperation (C₂)

Processes are integrated across the business.	Quality improvement tools are used to guide the developments.	Structured processes are fully documented and implemented.	Decisions are based on total lifetime cost models.
Activities / processes are integrated as far as possible.	Quality tools are used to develop new ways of working.	The company insists on using structured processes.	Cost / benefit analysis is used to support decision making.
Concurrent processes are used to reduce project time.	Quality improvement and TQM processes are used extensively.	Processes are fully documented and audited.	Objective criteria are used for decision making.
Coordinating processes have been added to the management systems.	Processes are managed by performance specifications rather than task specifications.	Processes are well defined and documented for the benefit of users.	TCO models are used to evaluate options.
Formal processes are being implemented requiring multi-functional cooperation.	Employees are empowered to adopt and implement new ways of working.	Processes must be flexible enough to accommodate changes.	Processes focus on total cost / value as the key driver.
Internal activities were coordinated to support external opportunities.	Engagements with individuals are non-confrontational.	Establish clear processes.	The internal business is analysed to identify opportunities.
New ways of working are aimed at fostering cooperation.	Process owners become accountable for performance.	Standardise processes.	Processes are critiqued to identify potential improvements.
New ways of working are applied across the whole organisation.	Publicise new ways of working to reinforce value and sponsorship.	Standardisation of ways of working is developed.	New ways of working focus on sustainable practices.
Process integration is promoted.	Emphasise the need for consistency.	More structured and consistent processes and tools are used to avoid finger pointing.	
Processes and Systems are integrated together.			
Processes are integrated from cradle to grave.			
Processes are integrated in support of total system objectives.			
Processes are used to link parts of the business together.			
Processes do not recognise functional boundaries.			
Removal of barriers is used to enable streamlined processes.			
Win-win situations are promoted as the preferred option.			

New Ways of Working (D11) Cooperation (C2) (continued)

Objectives are defined and agreed early in the process.	IT systems are implemented to support the new ways of working.	Barriers to new ways of working are proactively removed.	Teams are used as the preferred organisational group.
Goals are aligned in the early stages of the process.	IT systems are used extensively to improve process effectiveness and efficiency.	Past processes that acted as road blocks were removed.	Teams are formed at very early stages of process execution.
Develop mutual goals where possible.	Infrastructure is developed to support new ways of working.	Departmental and bureaucratic barriers are removed to allow free flow of processes.	Teams are used to implement projects.
The needs of individual businesses are balanced with those of the group.	Automation is used as much as possible for repetitive administration activities.	Old ways of working were constantly challenged.	Implement new ways of working through cross-functional teams.
Processes are designed to be mutually beneficial.	System improvements should be developed in line with process improvements.	Functional barriers are proactively removed.	Team processes are used to develop cooperation and trust.
Priorities are defined by strategic contribution and sustainability.	Reporting and analytical support is provided to line management.	Old ways of working are removed when better ways become available.	Teams administer projects from cradle to grave.
Early stakeholder involvement is established.	Flexible systems are developed within robust processes.	A gap analysis is executed to determine resource requirement levels.	Stakeholder input is required to improve processes.
Customer requirements are clearly defined.			

The organisation is developed to accommodate the new ways of working.	Best practices and experiences are shared through annual events.	The function aligns itself with its core primary stakeholders.	New ways of working are designed to maximise the competitive advantage obtainable from core competencies.
The structure is developed to support new ways of working.	Processes emphasise the use of information and continuous learning.	Purchasing consults with internal clients.	New ways of working are developed in line with core competencies.
Clear working structures are created.	Hold annual experience exchange days to share best practice and knowledge.	Non-procurement people lead 'procurement' processes where appropriate.	Core competencies are leveraged where they exist.
Business reorganisation should occur to support new ways of working.	Training resulted in better team working and information sharing.	Procurement is closely involved in all stages of business processes.	An evaluation of capabilities is conducted before the programme starts.
The business operates in networks rather than linear processes.	Workshops were based around real work requirements.	Purchasing engineers are used to work directly with suppliers.	

Complexity is removed and processes simplified as much as possible.	New ways of working are trialed before full implementation.		All operational issues are assessed and approved by senior management.
The removal of complexity is seen as a priority.	Activities are trialed and proven successful before full implementation.	Forecasts are provided and fixed earlier to support supplier management.	All operational issues are assessed and approved by senior management.
Processes are simple and usable.	New processes are piloted before full implementation.		
Work processes were simplified as much as possible.			

Visibility is made of sourcing information.

Visibility is made of sourcing profiles to purchasing and supply management.

Performance Measurement (D₁₂) Cooperation (C₂)

Performance measures are agreed and documented.	Performance measurement is linked to the management information system.	Improvement targets are jointly defined by the business.	Performance data is validated by third parties for accuracy and relevance.
A definition of spend is agreed.	All stakeholders are required to agree to the performance measurement system.	Performance improvement goals are continually raised.	Use cross-functional teams to evaluate performance.
Measurable criteria are defined to assess success.	MIS are used to administer performance measurement.	Establish specific performance goals.	Finance and Audit functions are used to evaluate financial performance measures.
Independent studies are commissioned where appropriate.	Performance data should be generated from existing or implemented business systems.	Objectives and critical success factors are defined.	Performance measures are independently audited (usually by Finance).
Measurement criteria are ratified by the business.	Link performance data gathering to management information systems.	Improvement goals are developed.	Performance measures should be audited by a third party.
Measurement protocols are documented.	Performance data is generated through the MIS.	Targets are developed jointly by teams.	Audits are conducted from the beginning of the implementation process.
Performance measures are based against total cost.	Performance measures are applied consistently across the whole organisation.	Future performance measures and targets are defined.	Performance data is validated for accuracy and relevance.
Performance measures are developed to assess customer satisfaction.	Performance measures are standardised across the organisation.	Users are involved in the performance target setting.	The system is measured in addition to outcomes.
Performance measures are jointly developed.	Measurement is performed by the internal customer.	Benchmark levels of performance are defined.	Variation in performance measurement accuracy is continually improved.
Performance measures are used to support benchmarking.	Monitoring and feedback systems are developed.	Metrics are performance not standards driven.	Performance metrics are audited.
Performance measures should be cross-functional in nature.	Measures are used to evaluate whether benefits flow through to the business.		
Processes are modelled to identify critical areas of process measurement.			
The measurement process is documented and explained to relevant stakeholders.			
Use other functional experts to develop measurement systems.			

Performance Measurement (D₁₂) Cooperation (C₂) (continued)

Performance measures are aligned with strategic objectives.	Statistics are used to add meaning to the data.	Measures cover the spectrum of business activity.	Performance data is used to identify improvement priorities.
Align performance measures with strategic objectives.	Performance measures should be evaluated using statistical techniques.	Quantitative and qualitative measures are used.	Deficient performance requires a corrective action plan.
Business objectives and goals are integrated into the business strategy.	Data is both collected and statistically analysed.	Measures should assess both efficiency and effectiveness.	Performance measures are used to identify improvement priorities.
Performance measures are aligned with the strategy and project plan.	Statistics are used to understand performance measurements.	Both 'hard' and 'soft' measures are reported.	Pareto analysis is used to target areas of need.
Performance management was developed from specific business objectives.	Progress is reviewed on a regular basis.	Internal and external factors are measured.	Performance goals are difficult to achieve without process changes.
Progress is measured and strategies adjusted accordingly.	Programme progress is tracked as a measure.		
Procurement measures are linked directly to business measures.			
Performance measure must be quantifiable, unambiguous and aligned with strategy.			
Performance measures and targets should change as the strategy changes.			

Performance data is reviewed on a regular basis.	Implementation performance is measured.	Clear links exist between performance and reward.
Regular meetings are held to review performance.	Establish performance timetables and benchmarks.	Recognise / reward performance achievement.
Performance is regularly reviewed in the management meeting.	Implementation progress is measured in addition to outcomes.	Recognise exceptional performance.
Performance is formally reviewed on a regular basis.	Interim performance targets are measured.	Clear links exist between performance and reward.
Performance results are reported to all stakeholders on a regular basis.	Project management is used to track implementation performance.	

Continuous Improvement (D₁₃) Cooperation (C₂)

Continuous improvement is seen as a fundamental business principle.	Benchmarking is used to identify and define best practice.	Learning is shared across the organisation.	Improvements opportunities are identified from multiple sources.
A culture of flexibility and questioning the status quo is encouraged.	Benchmarking is used to identify opportunities.	Lessons learned are documented and shared.	A suggestion scheme is in operation.
Barriers to improvement are proactively removed.	Benchmarking is used to identify benefits.	Learning is shared across the organisation.	Improvement suggestions are processed through a formal process.
Breakthrough change is favoured over continuous improvement.	Benchmarking is used to identify better ways of working.	Best practices are shared across the organisation.	Customers and their needs are defined.
Commitment to quality and continuous improvement is expected.	Benchmarking is used to define best practice.	Learning is shared across the business.	Teams propose improvements as they learn and operate new processes.
Constantly question the status quo.	Benchmarking is used to identify best practices.	A forum exists for sharing best practices.	Best practices and problem areas are used as drives for improvement.
Continuous improvement is institutionalised.	Benchmarking is used to establish metrics and perform a gap analysis.	Best practices are shared across the organisation.	Business needs were used to drive improvement priorities.
Create the acceptance of the need to change.	Benchmarking is used to identify deficient processes.	Best practices, when identified, are shared.	Problems are identified and tackled as early as possible in the process.
Develop a commitment to continuous improvement.	Benchmarking is in use across the business.	Share best practices through experience exchange days.	
Improvements cover the whole business environment.	Benchmark both internally and externally.		
Link continuous improvement to cultural change.	Develop benchmarking as a means of identifying potential improvements.		
The improvement of processes attempts to bridge the gap between functions.	Companies that have already achieved project objectives are visited.		
The status quo is continually challenged.			

Employees are recruited and trained in continuous improvement tools and techniques to meet the business need.	Continuous improvement is part of the overall business strategy.	Continuous improvement is measured in terms of TCO.	Senior management sponsor improvement projects.
Employees are trained in continuous improvement tools and techniques.	Link improvement plans to performance targets and strategy objectives.	Measurement is a fundamental part of continuous improvement.	Senior management sponsor specific improvement projects.
Dedicated personnel support the improvement activities.	Process improvement forms part of the development strategy.	Performance metrics are defined including their relationship to the bottom line.	Top management must actively sponsor the improvement activities.
Skilled staff are used to develop improvements.	Continuous improvement is part of the overall business strategy.	Improvement is measured in terms of TCO.	Opportunities are promoted to senior management.
Additional staff are hired if required.	Improvements are evaluated and planned against business needs.	Continuous improvement focuses on total cost.	Cross-functional management teams lead the improvement efforts.
Process users are involved in the improvement efforts.	Strategies are continually improved in addition to processes.	Recognition should be given to successful improvements.	

Continuous Improvement (D₁₃) Cooperation (C₂) (continued)

Infrastructure and resources are put in place to support the continuous improvement programme.	A process exists to drive continuous improvements.	Improvements are implemented through improvement projects.	A steering committee guides the continuous improvement programme.
An annual budget for continuous improvement is agreed.	A process exists to drive continuous improvements.	Performance issues are tackled through improvement projects.	Form a steering committee for continuous development.
Systems exist for identifying and tracking problems.	The continuous improvement process must be flexible to accommodate changes.	Pilot projects are used to prove improvement ideas.	Establish a forum to critique and propose process improvements.
Frequent reviews are held to check progress and make adjustments.	Problem solving processes are used to resolve issues.	The focus is placed on sustainable projects.	
TQM is used to support continuous improvement deployment.			

Business Focus (D₁) Collaboration (C₃)

The needs and capabilities of each organisation are understood.	Relationships are prioritised on cultural and value system compatibility.	Relationships are developed with organisations that have complimentary competencies.	The company takes a total system perspective with its suppliers.
Alignment between all relevant organisations is assessed.	Priority is given to suppliers with similar business philosophies and practices.	Evaluate whether the supplier has competencies not possessed by the customer.	The company takes a total system perspective with its suppliers.
Assess supplier's ability to meet / exceed business needs.	Organisation of the supplier parallels the company's organisation.	Core competencies will be clearly defined thus defining the role for Procurement.	
Companies attempt to understand each others business goals.	Cultural compatibility are considered between organisations.	Core competencies are defined and how value is created.	
Joint annual business management sessions with suppliers.	Suppliers are assessed for fit of business culture.	Supplier capabilities are mapped against business needs.	
Mutual respect for each others business is a prerequisite.	Assess compatibility of business cultures between companies.	Complimentary capabilities are criteria for alliance forming.	
Need to identify common goals for both organisations.	Implementation is modified to accommodate corporate value systems.	Suppliers are allowed to lead where they have the core competence.	
Objectives need to be aligned between organisations.	Suppliers are chosen that have similar philosophies and objectives.		
Present the buying companies business plan to suppliers.	Corporate beliefs are tested for compatibility between organisations.		
Suppliers are expected to develop business plans.			
Suppliers participate in establishing key company objectives.			
Create supplier interest by providing opportunities for future business.	"Out of the box" thinking is encouraged with all aspects of the business relationship.	The external customer needs drive the business and procurement strategies.	
Create supplier interest by providing opportunities for future business.	'Out of the box' thinking is encouraged with all aspects of the business relationship.	The external customer needs drive the business and procurement strategies.	

Expert Leadership (D₂) Collaboration (C₃)

Suppliers are encouraged to take a lead role in their area of expertise.	Long-term relationships are developed with expert suppliers.	Experts are used to improve ways of working in both organisations.	Time required from experts should not be under estimated.
Complexity is reduced by hiring experts in the appropriate fields.	Long-term relationships are developed with expert suppliers.	Improvement efforts are facilitated by experts.	Time required from experts should not be under estimated.
Discrete input is provided by experts as needed.	Need to develop trust between organisations.	Process experts ensure that the best ways of working are employed.	
Other functional experts take the lead in core competence areas.	Alliance teams are staffed by experts from both companies.	Supplier development facilitators go to suppliers to resolve performance issues.	
Specialist knowledge is used to deliver benefits at an early stage.	Third party experts are used to develop the relationship.		
Strong operational expertise is required.			
Suppliers are hired as consultants when they hold the required core competence.			
Suppliers are recognised as experts in their area of supply.			

Senior Management Sponsorship (D₃) Collaboration (C₃)

Senior management should communicate the importance of, and commitment to, partnering with suppliers.	Critical issues are jointly dealt with by the management of both organisations.	Senior management of both organisations must become personally involved.	Top management support from both sides is a prerequisite.
A commitment is required to follow through on implementation.	Supplier senior management is involved in the review of improvement actions and results.	Senior management must become personally involved.	Management commitment is expected from both organisations.
Management commitment is required to prepare the organisations for change.	Suppliers participate in regular meetings with company senior management.	Senior management keep involved in the development programme.	Senior management support is required from both sides.
Management commitment must be publicised.	Strategy is continually refined between the management teams.	Senior management lead the improvement effort.	Strong management support on both sides of the alliance is required.
Management commitment must be top down and unbroken.	Senior management are used to develop integrated strategies between organisations.	Managers must be appointed who are senior enough to enact the mandate.	Top management support from both sides is a prerequisite.
Senior management encourage longer-term commitments.	There is compatibility between senior executive styles of the two companies.	Senior executives engage in regular information sharing sessions.	Full support from senior executives of both companies.
Senior management mandate the teams to implement the new ways of working.	Critical issues are dealt with by management of both organisations.	Encourage participation of supplier management in the development process.	Communicate with senior management to ensure ongoing support.
Senior management must be capable, innovative and committed.	Resources are assigned by both companies.	Empower supplier management.	
Senior management should communicate the importance of partnering with suppliers.	The company had to remove outdated management practices.		
Senior management support is required.			

Senior Management Sponsorship (D₃) Collaboration (C₃) (continued)

Company and supplier management objectives are aligned.

Common goals are used to support the strategy development process.

Company and supplier management objectives are aligned.

Executive objectives are used to generate support.

Strategy Development (D₄) Collaboration (C₃)

Integrated strategies are developed with suppliers through a steady roll-out process.	Specific common goals and strategies are agreed between organisations.	Strategy is co-developed.	Process improvements that span both organisations forms part of the strategy.
Determine the scope of the partnership.	Specific common goals are agreed between organisations.	Strategies, targets and measurement tools are jointly developed.	Process improvement forms part of the strategy.
Integrated strategies are developed that include suppliers.	Strategic goals are aligned between organisations and changes adopted as required.	Involve suppliers in designing and writing the strategies (short and long term).	Product, process and service improvements are seen as a priority.
Integrated strategies are developed with suppliers through a steady roll-out process.	Strategic goals are aligned.	Strategy is co-developed.	Areas of opportunity are carefully defined.
Operational reviews drive strategy development.	Goals and strategic directions are aligned between the organisations.	Joint teams are formed to develop strategies.	Supplier best practices are adopted into strategies as appropriate.
Part of the strategy includes building bridges between organisations.	A synergy is developed through organising a group of supply chain stakeholders with a common vision.	Both organisations are involved in developing strategy.	Strategy is modified to reflect current supplier capabilities.
Planning information is shared with partners.	Strategies are aligned through dialogue and target setting.	Teams are used to develop strategy, alliances and performance objectives.	Strategies to manage cost throughout the supply chain are developed.
Strategic alliances are developed with key suppliers / groups.	Goals are defined, vision is defined, all is communicated.	Suppliers develop joint business plans that focus on improvement activities.	
Strategies are regularly communicated to suppliers.	Shared vision and goals are collectively reviewed and new plans developed.	Joint business plans are developed to encourage commitment.	
Strategy focuses on developing close relationships with stakeholders.	Missions and goals are shared and aligned.	Successful strategies become mutually compatible and knowledge is shared.	
Supplier integration is used to strengthen the strategy.	Strategies should include intermediate and end goals.	Customer / supplier strategies are integrated into both company's business strategies.	
Suppliers and customer share strategic plans.	Suppliers need to agree that goals are achievable.	The strategy focuses both up and down stream.	
Suppliers are included in strategy as part of the extended enterprise.	Targets and goals are developed by understanding customer expectations.	Supplier strategies will be considered and extension of the company's strategy.	
The strategy is to integrate key suppliers as much as possible.	Inter-company performance is monitored to inform joint strategy.	Important to identify areas where strategy may conflict.	

Strategies are defined in simple and clear terms.	Ongoing changes may be required to the business strategy to enable developments.	Projects are added to the objectives of the organisation leading the team.
Strategies are defined in simple and clear terms.	Changes may be required to the business strategy to enable developments.	Projects are added to the objectives of the organisation leading the team.

P&SM Positioning (D₅) Collaboration (C₃)

Purchasing coordinates administration and day to day contact.	Implementations are led and controlled by Procurement.	Purchasing takes the lead in establishing links between customers and suppliers.
Purchasing coordinates administration and day to day contact.	Implementations are led and controlled by Procurement.	Purchasing takes the lead in establishing links between customers and suppliers.

Change Management (D₆) Collaboration (C₃)

Both companies commit to jointly develop their organisations in support of the relationship.	Large scale projects are jointly developed and implemented in stages.	Cross-organisational reviews are held to check progress.	Specific timing plans and issues are shared across organisations.
Both companies commit to develop their organisations in support of the relationship.	Large scale projects should be implemented in stages.	Regular review dates are agreed with the supplier.	Adequate time needs to be planned for changes to take place and consolidate.
Both companies support each others change implementation plans.	Pilot projects are used to test new ways of working.	Regular meetings are scheduled and enforced.	Realistic time frames for change are developed.
Cross-organisational teams are formed to implement agreed projects.	Projects are accurately scoped and documented by the team.	Progress is constantly updated and communicated.	Changes are implemented against a planned timeline.
Extended teams are used across organisations to support the change programme.	Action items are developed during joint meetings.	Cross-organisational reviews are held to check progress.	Speed of change should steadily increase.
Implementation tasks are shared between the company and appropriate suppliers.	Problems are anticipated before implementation takes place.	Suppliers are informed of all aspects of the project.	Specific timing issues are shared across organisations.
Individual and joint company plans are developed.	Action plans for improvement are developed.		
Integration is developed whenever necessary to support implementation.			
Recommendations from teams are prioritised into the change programme.			
Team members are mandated and responsible for delivery of the project.			
Teams drive implementation of the change programme.			
The supplier provides additional resources to the change programme.			

Readiness for change is considered during implementation.	Work processes are redesigned during the change programme.	A project management system coordinates improvements between organisations.
Readiness for change is considered during implementation.	Work processes are redesigned during the change programme.	A project management system coordinates improvements between organisations.
Stakeholder buy-in is sought before the programme starts.	Key activities roles and responsibilities are defined.	Change programmes are implemented through strong project management.
Changes are followed through and supported.	Specific tasks are assigned to both company and supplier staff.	Progress is tracked using project management tools.
Need to follow through on implementations.		
Avoid top management directive behaviour.		

Communication (D7) Collaboration (C3)

Information is shared between organisations.	Relationships are developed at multiple levels across each company.	Common systems are jointly developed.	Both parties continually exchange information regarding expectations.
Business statistics are shared to inform progress.	Trust is built through dialogue with supply chain partners.	Communication is enabled through IT systems.	Expectations for both companies are established and communicated.
Communication is open and honest.	Closer relationships are developed between the company and supplier management.	Information is automated and made available.	Communication with suppliers is used to align strategy and set goals.
Communication with suppliers is frequent and wide ranging.	Relationships are developed at multiple levels within each company.	Generate information from new or existing systems.	The expectations of both parties were discussed and agreed upon.
Each organisation is kept informed of the others progress towards achieving its targets.	Trust should be developed through dialogue.	Information systems are extended to include suppliers.	Suppliers are consulted with and empowered rather than directed.
Information is freely shared with suppliers as appropriate.	Communication is used to nurture trust in the relationship between companies.	IT is shared across organisations.	Suppliers are encouraged to comment on proposals.
Information is provided to suppliers in advance of meetings.	Both positive and negative aspects of the relationship are discussed.	Systems technology are aligned.	Supplier input is listened to and acted upon.
Information is shared between organisations.	A relationship structure is developed between the two companies.	EDI is extended beyond order placement and confirmation.	Workshops are used to allow suppliers to evaluate proposals.
Information is timely and accurate.	Communication is used to break down barriers between organisations.	Common systems are jointly developed.	An appropriate amount of time is spent selling the new projects.
Knowledge transfer forms part of the agreement.	All communication is open, honest and conducted in good faith across all levels.	Common information systems are developed amongst supply chain partners.	A great deal of time is spent explaining the new ways of working to suppliers.
Regular supplier information sessions are held.	The communication process is agreed between both parties.	Develop a communication network with suppliers.	Both parties continually exchange information regarding expectations.
Results are shared openly with suppliers.	Supplier development is used to improve relations and communication.	Information and product flow-lines are mapped and then streamlined.	Communication is used to identify potential problems.
Supplier days are held to allow senior management to share information and discuss issues.	The procurement process is made transparent.	Information flows are developed between all network organisations.	
Supplier days are used to share information.			
Suppliers have access to the same information as internal staff.			

Communication (D7) Collaboration (C3) (continued)

Need to make strong links across the organisations.	Meetings are held from an early stage and continue regularly.	Communication exists at all levels across both organisations.	Constant two-way communication channels are developed.
<i>Facilitators are used as primary interfaces to assist networking.</i>	<i>Information is shared to enable early adoption of new opportunities.</i>	<i>Suppliers are considered part of the extended enterprise communication network.</i>	<i>Constant two-way communication channels are developed.</i>
<i>Both customer and supplier know who to contact for specific issues.</i>	<i>Best practices are identified and shared across organisations.</i>	<i>Communication is held at all levels of both organisations.</i>	<i>Quarterly two-way reviews are held between organisations.</i>
<i>Direct communication links are developed between companies.</i>	<i>Experience and understanding are regularly exchanged.</i>	<i>Inter-company communication is held at a multi-functional level.</i>	<i>Two-way communication is developed between company's.</i>
<i>Supplier staff are co-located with company staff to encourage communication.</i>	<i>Opportunities are shared across organisations.</i>	<i>Communication exists at all levels across both organisations.</i>	<i>Two-way communication is developed with suppliers.</i>
<i>The communication network is mapped and key players identified.</i>	<i>Meetings are held from an early stage and continue regularly.</i>	<i>Information is communicated to both internal and external groups.</i>	<i>Communication with suppliers is two-way.</i>
Need to make strong links across the organisations.	Communication starts before the implementation starts.	Workshops are held at all supply chain partner sites.	
Communication with stakeholders is used to create awareness and understanding.			
Benefits are communicated to key decision-makers.			

Requirements of both organisations are clearly defined.	Discussions are held with a focus on customer needs.
<i>Each supplier accepts clear and comprehensive management goals.</i>	<i>Customer philosophies are aligned through constant communication.</i>
<i>Targets and performance are reviewed with suppliers.</i>	<i>Discussions are held with a focus on customer needs.</i>
<i>Expectations were shared at an early stage.</i>	
Requirements of both organisations are clearly defined.	

Skill & Knowledge Development (D₈) Collaboration (C₃)

Joint training programmes are developed by the organisations.	Training is developed in the preferred ways of working and covers all areas of business activity.	Training programmes and standards need to be agreed and aligned across the organisations.	Training is provided on an as needed basis.
A process should exist to share competencies across organisations (between).	Training in the use of tools is required.	Minimum standards of training are defined.	Training is focused on strategic need.
A supplier training programme exists.	Processes are used to link skills and competencies.	Suppliers are involved in the development of training programmes.	Training is targeted at the point of need.
Best practices are taught across organisational boundaries.	Technical, engineering and commercial skills are developed.	Training standards need to be agreed across the organisations.	Training and education are seen as enablers of enhanced competitive advantage.
Communicating and educating with suppliers is a joint process.	Training is used to share best practices.	HR resources are provided to all parties for education and training.	Education and training is provided on an as needed basis, focused on <i>specific needs</i> .
Employees are related across organisations to transfer skills and knowledge.	Training is provided to help understand the workings of the business.	The training curves of company and <i>supplier need to be aligned</i> .	Training occurs early in the <i>implementation process</i> .
End-users are educated and trained in addition to operational staff.	Supplier training is directed at <i>accelerated learning and improved performance</i> .	HR strategy extends to suppliers.	Education and awareness programmes are implemented.
Internal and external stakeholders are involved in joint workshops.	Cooperative skills need to replace confrontational styles of engagement.	Skill and knowledge development needs to be planned across the companies & not by each company.	Training is provided in the very early stages of the project.
Middle management from both companies are intensely educated in new ways of working.	Knowledge about the supply and use of products and services should be developed to aid improvements.	Skills assessments extend to include suppliers.	
Resources are provided to support both organisations.	Business and process improvement skills are taught to all staff.		
Supplier training processes are developed.	Team and project management training is a fundamental aspect of development.		
Suppliers are included in training programmes.	Individual as well as group skills are developed.		
Teams are trained in each companies ways of working.			
The company provides training to suppliers and vice versa.			
Training across companies is used to educate and build relationships.			
Training and education is provided to both organisations.			
Training for team leadership is provided to both company's.			
Training is provided at the most appropriate location in the supply chain.			
Training is provided to suppliers to ensure alignment of organisations.			
Training programmes are developed and developed both internally and externally.			

Skill & Knowledge Development (D₈) Collaboration (C₃) (continued)

Technical, commercial and service requirements drive training programmes on a continual basis.	Training is focused on the application of newly acquired skills and knowledge.	Company and supplier capabilities are aligned and shared.	Competencies are leveraged across organisations.
Reassessment of training needs is a continual process.	Training follows a session, gestation period and workshop phase.	Company and supplier capabilities are aligned and shared.	Work with suppliers to develop joint solutions through innovation.
Capabilities required to deliver the project are evaluated and a training plan developed.	Skills and knowledge transfer is implemented through a structured process.	Need to be able to analyse supplier capabilities and development needs.	The skills and knowledge of the whole supply network are leveraged.
Personal development plans are created.	The focus slowly migrates from learning to effective application.	People with the right skills should be used whoever they work for.	Competencies are leveraged across organisations.
External suppliers need to develop a clear understanding of customer requirements.	Workshops are used to develop new competencies.	The core capabilities for suppliers are defined by Procurement.	
Training is provided to all levels of staff.			
Technical, commercial and service requirements drive training programmes.			

Team Working (D₉) Collaboration (C₃)

Joint-organisational teams are created to break barriers and develop trust.	Teams are co-located at the point of need.	The company and supplier jointly plan team projects.	Team processes are common to internal and supplier personnel.
Boundaries between functions and organisations are removed.	Co-located teams should share common business / team objectives.	The company and supplier jointly plan team projects.	Both parties should commit to a policy of team working.
Cross-organisational teams are used to integrate suppliers into new processes.	Teams are placed where the need is greatest.	Teams are involved in the planning and development of new ways of working.	Inter-company teams are formed if cultural alignment exists.
Joint teams are used to develop trust.	Personnel are co-located as necessary.	Suppliers participate in project review meetings.	A prerequisite is the ability and willingness of both teams to work together.
Joint-organisational teams are created to break barriers and develop trust.	Teams are co-located at the point of need.	Suppliers are involved in the planning processes.	Teaming strategies should exist within and across both companies.
Supplier staff are involved in teams.	Work is carried out at the most appropriate location.	Joint customer supplier teams are used to review processes.	Teams should have rules and standards of behaviour defined.
Supplier team members are treated as equals.	Team members are co-located on the appropriate site.	Team recommendations are trialed before full implementation.	Team processes are common to internal and supplier personnel.
Suppliers are treated as full members of the team.	Teams are located at the most appropriate site.	Learning should be shared across teams.	Teams are developed on technical and / or commercial grounds.
Teams are used to develop trust and overcome barriers.	Teams should be co-located.		
Teams are used to foster closer working relationships and trust.			
Teams are used to integrate all relevant stakeholders.			

Team Working (D₉) Collaboration (C₃) (continued)

Teams should be created through a structured implementation process.	Teams are cross-functional, cross-locational and cross-organisational.	Team management is consensus building and not directive.	Synergies are developed through cooperative and coordinated working.
Team building activities are used to integrate people into the teams.	Teams are cross-functional, cross-locational and cross-organisational.	Consensus is developed when resolving cross-organisational problems.	All parties use their core competencies collectively as normal business activities.
Teams should be created through a structured implementation process.	Cross-organisational teams are created.	Team management is consensus building and not directive.	Suppliers are allowed to lead in their areas of core competence.
Team building was taught to both companies.	Multi-tiered organisational teams are formed across organisations.	Teams were self-directing.	Synergies are developed through cooperative and coordinated working.
New processes are developed to enable supplier involvement on teams.	Teams are multi level.	Problems are resolved across organisations or the relationship is dissolved.	Supplier relationships are a key factor in establishing and protecting capabilities.
Team working is expected to become enhanced over time.	Procurement coordinates cross-organisational teams.		
Team working and communication increase substantially.	Cross-organisational teams are formed based on the needs of the programme.		

Continuity of personnel on project teams is encouraged.	Teams are formed to work on specific projects.	Teams are sponsored by senior management of both organisations.	
Continuity of personnel is important to team performance.	Joint teams are created to resolve specific problems.	All organisational stakeholders are encouraged to promote improvements.	Supplier products and services are reviewed by customers and aligned.
Joint teams are made up of dedicated personnel.	Teams are formed to work on specific projects.	Teams are sponsored by senior management of both organisations.	
Continuity of personnel on project teams is encouraged.	Teams are created that have common goals.	Resources are committed by both companies.	
The calibre and experience of team members is defined.	Performance measurement is defined, documented and agreed to.		

Team visits are arranged to all companies.

Team visits are arranged to all companies.

Rules of Engagement (D₁₀) Collaboration (C₃)

Both organisation should share mutually compatible rules of engagement.	Benefits are split equitably and are of mutual benefit.	Dedicated resources are provided by both parties.	Dealings should be honest and executed with integrity.
A clear working structure is created between parties.	Improvement benefits are shared equitably.	Dedicated resources are provided by both parties.	Dealings should be honest and executed with integrity.
All parties must proactively interact with each other.	Risk and reward should be shared.	Participants should be full-time for the duration of their involvement.	Both parties must be willing to work together.
Both organisation should share mutually compatible rules of engagement.	Savings are shared by both organisations.	Technology and other resources are shared for specific projects.	Obligations and agreements must be delivered on.
Both organisations must be willing to modify their own standards.	Negotiations should be equitable.	Resources are jointly applied.	Commitments must be honoured.
Both organisations understand their obligations to each other.	Benefits are split equitably and are of mutual benefit.	Teams are only formed when required.	
Company operating philosophies and objectives are adhered to.	Risk and reward are shared between companies.	The necessary resources must be provided by both parties.	
Cross-organisational processes are agreed and documented.	Recognition for success is shared equitably.	Follow up visits and audits are conducted by improvement teams.	
Customer and supplier create the agreements and nurture the subsequent processes.			
Each party's responsibilities are clearly documented.			
Flexibility guidelines are used in preference to constraints / contracts.			
Key decision-makers should be defined and publicly identified.			
Processes are highly defined and application instructions provided.			
Processes must be applied rigorously.			
Supplier relationships are defined and communicated.			
Testing procedures and protocols are well defined.			
Ways of working need to be agreed between organisations.			

Rules of Engagement (D₁₀) Collaboration (C₃) (continued)

Knowledge transfer forms part of the alliance agreement.	Suppliers are allowed to accept, reject or modify proposals.	Agreements span end to end product life cycles.	Total cost is used as the key decision criteria.
Information is openly shared before important meetings.	Suppliers are made responsible for their performance.	Lifetime contracts are developed to promote success and protect each business.	TCO is used as the standard measure.
An open book policy is required of both parties.	Suppliers are allowed to accept, reject or modify proposals.	Agreements span end to end product life cycles.	TCO results are shared with suppliers.
Knowledge transfer forms part of the alliance agreement.	Suppliers should be empowered where they hold responsibility.	Short-term incentive programmes are rejected.	Total cost is used as the key decision criteria.
Information is openly shared.			

Common goals are developed for both parties.	Performance measurement is jointly developed.
Common goals are developed for both parties.	Measurement is carried out by the customer.
Decisions are made cooperatively.	Performance measurement is jointly developed.

New Ways of Working (D₁₁) Collaboration (C₃)

Relationships focus on stream lining processes between organisations.	Improvement ideas are solicited by both sides and jointly assessed.	Team working is used to develop mutual benefit.	Suppliers are integrated at progressively earlier stages of the development process.
All parties are involved in planning processes.	Suppliers are encouraged to suggest improvements.	Team working is used to develop mutual benefit.	Suppliers are involved earlier in the process.
Core competencies are leveraged.	A long-term perspective is taken to guide short-term actions.	Teams are used to implement projects.	Suppliers are involved at very early stages of the development process.
Core competencies are more clearly defined and split between the organisation and suppliers.	Improvement ideas are solicited by both sides and jointly assessed.	Decisions are jointly made.	Suppliers are integrated at progressively earlier stages of the development process.
Improvement plans focus on the two companies acting as one.	New ways of working are reviewed with suppliers and improvements agreed.	Joint workshops are used to develop cross-organisational teams.	Suppliers are involved in the customer's business from project cradle to grave.
Interfaces across companies are multi-functional.	New ways of working are trialled before full implementation.	Teams work from cradle to grave on projects.	Suppliers are integrated into new product process and service developments.
Joint processes and resources are jointly used.	The supplier is proactive in generating improvement ideas.	The joint team is accountable for achieving performance targets.	Suppliers are integrated into the early stages of development projects.
Processes are developed from end-to-end of the supply chain.	Structured and consistent processes are developed to avoid finger pointing.		
Processes are integrated across organisations.	Processes are critiqued whilst in progress.		
Processes between organisations are jointly coordinated.	Past practices that acted as road blocks were removed.		
Processes extend from end to end of the supply chain.	Old business practices are challenged and removed.		
Relationships focus on stream lining processes between organisations.			
Resources are applied where they will yield the highest return and moved as needed.			
Suppliers are integrated as an extension of the organisation.			
Suppliers are integrated into key internal processes.			
Suppliers are integrated into processes as if part of the business.			
Suppliers are utilised where and when appropriate.			
Workshops are used to develop integrated processes.			

New Ways of Working (D₁₁) Collaboration (C₃) (continued)

Relationships are proactively managed.	Win-win agreements are developed where possible.	Joint cost management action plans have been implemented.	Second tier suppliers are brought into the process directly.
Infrastructure is put in place to support joint agreements.	Time is taken to create a win win situation.	Joint cost management action plans have been implemented.	Second tier suppliers are brought into the process directly.
The relationship between customer and supplier is assessed rather than just supplier.	Problems between companies are resolved quickly and to mutual benefit.	Activities are 'open-book' by both companies.	
The relationship is evaluated and developed.	Projects are validated to ensure mutual gain for both parties.	TCO is used as the key decision measure.	
Both companies agree whether a relationship should exist and to what level.	Benefits or improvements are equitably shared.	Pricing negotiations are based on net margin and not price.	
Relationships are proactively managed.	Win-win agreements are developed where possible.	Open-book costing is required for target price setting.	
Suppliers are integrated beyond the specific project.			

The supply chain concept underpins planning and decision making.	The supply base is vastly reduced and the remainder brought closer.
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Performance Measurement (D₁₂) Collaboration (C₃)

Performance evaluation is face-to-face, open and candid.	A process exists to define, manage and evaluate performance measures.	Measurement systems are understood and applied by all companies.	Recognise success between and within organisations.
All measures are documented and explained to stakeholders.	A process exists to evaluate performance measures.	Performance measures will be shared between organisations.	Recognise success between and within organisations.
Assess ongoing ability to meet performance targets.	Specific goals are developed at all levels of the organisation.	Company measures are aligned with supplier measures.	Best performers are publicly recognised.
Data is shared on a real-time basis.	Performance criteria are governed by the needs of the project plan.	Measurement systems are understood and applied by all companies.	Awards are publicly presented for exceptional performance.
Feedback is provided both ways on performance.	Performance measures are benchmarked internally and externally.	Performance metrics are accurately measured across the whole supply chain.	
Performance evaluation is face-to-face, open and candid.	Performance measures are jointly developed.	Common measurement systems will be used by organisation and suppliers.	
Performance is reported using statistical tools.	Specific goals are set for each company.	Inter-company alignment of performance is carefully monitored.	
Regular two-way performance reviews are held.	Performance improvement goals are continually increased.	Suppliers and customer use the same performance criteria.	
Share performance data between companies.	Define specific performance targets per project.	Performance measures are applied to both customer and supplier.	
Superior performance is investigated and improvements shared between companies.	Continually review performance targets against business objectives.	Measurement criteria adhere to an inter-company standard.	
Supplier performance measures are not used to punish.	Organisations are measured against the firm's requirements.	Supplier performance will be aligned with business performance measurement.	
Suppliers are given real time feedback.			

MIS are used to gather data for performance measurement.	Corrective action plans are developed for deficient performance.	Programme progress is measured in addition to outcomes.	Qualitative and quantitative performance data is gathered.
MIS are used to gather data for performance measurement.	Corrective action plans are developed for deficient performance.	Measure implementation progress in addition to outcome performance.	Qualitative and quantitative performance data is gathered.
A project management system targets resources where most needed.	Define joint improvement plans for deficient performance.	Performance milestones are created in line with business needs.	Qualitative issues are measured to assess culture.
Supplier systems are used to support performance measurement.	Deficient performance necessitates a corrective action plan.	Programme progress is measured in addition to outcomes.	

Continuous Improvement (D₁₃) Collaboration (C₃)

The companies monitor and encourage improvement in each others business.	Business need drives the need for continuous improvement.	Conflict resolution and continuous improvement are jointly developed.	Improvement methodologies are applied in a structured way to the business.
Benchmarking is used to identify improvement areas.	Processes are changed with changing economic influences.	Joint agreements include continuous improvement clauses.	Develop process improvement capabilities.
Benchmarking of learning processes are led from both companies.	Performance targets are achieved through improvement.	Develop joint improvement plans.	Quality improvement techniques drive the continuous improvement process.
Best performing companies are encouraged to share their expertise.	Poor performance results in an action plan to recover.	Introduce joint improvement teams.	Formal processes are used to support continuous improvement activities.
Enable open-communication to explore improvement opportunities.	Business need drives the need for continuous improvement.	Conflict resolution and continuous improvement are jointly developed.	Improvement methodologies are applied in a structured way to the business.
Establish a communication forum to share improvement ideas.	Process performance is used to drive improvement.	Inter-company teams are formed to tackle problems.	Continuous improvement workshops are held.
Ideas are judged on merit and not on their source.	Problems are tracked across organisations and resolved at the most appropriate place (root cause).	A culture of inter-company continuous improvement is fostered.	Proactively engage in the continuous improvement process.
Improvement ideas are requested from suppliers.	Suppliers are developed or changed to deliver improvements.	TQM is used to develop improvements between organisations.	
Improvement is developed through learning about each others competencies.	TCO is used to evaluate opportunities.	Alliance teams are created that focus solely on continuous improvement.	
Suggestions for improvements are made by both parties.			
Suppliers are encouraged to make improvement suggestions.			
The companies monitor and encourage improvement in each others business.			

Best practices are shared across companies.	Improvement is both with internal functions and across organisational boundaries.	The status quo is continually challenged.	Action plans are developed.
Best practices are actively promoted across businesses.	Projects relate to any activity in the whole supply chain.	Continually challenge the status quo.	Action plans are developed.
Best practices are shared across companies.	Improvement processes will be based on supply chain improvement and not individual organisations.	The status quo is continually challenged.	
Best practices are shared across companies.	The company continually improves its integration strategy.		
Benchmarking is used to identify best practices.	Improvement is both with internal functions and across organisational boundaries.		
Best practices will be shared across organisations.			
Share learning between organisations through structured events.			

Improvement is followed by consolidation.	Share improvements equitably between companies.
Improvement is followed by consolidation.	Share improvements equitably between companies.

Coherence (C₄)

Business Focus (D₁) Coherence (C₄)

Cross-organisational issues are managed at the business level.	Core competencies are defined relative to the whole supply chain.
Issues are managed at the business level.	Core competencies are defined relative to the whole supply chain.

Expert Leadership (D₂) Coherence (C₄)

Blank

Senior Management Sponsorship (D₃) Coherence (C₄)

Senior management are involved from an early stage.	Commitment is made to satisfy customers along the supply chain.
Involve senior management early in the process.	Commit to satisfy customers along the supply chain.

Strategy Development (D₄) Coherence (C₄)

Strategic synergy is developed through collective visioning and strategy setting.	The strategy focuses on the total cost of the supply chain.	Targets and goals are aligned with customer expectations.	Strategies are created that develop integrated supply chain and market environment.
Strategic synergy is developed through collective visioning and strategy setting.	The strategy focuses on the total cost of the supply chain.	The definition of customer satisfaction is agreed.	Closer relationships are developed with customers and suppliers.
End to end organisations are involved in setting the strategy.	Strategies are developed to manage total cost.	Targets and goals are aligned with customer expectations.	Strategies are created that develop the supply chain and market environment.
Customers throughout the supply chain are consulted.			
Links are built between several suppliers to develop total system solutions.			
Strategy implementation extends to second tier suppliers.			
Core competencies across the supply chain are aligned and leveraged.			
Core competencies across the supply chain are aligned and leveraged.			

P&SM Positioning (D₅) Coherence (C₄)

Blank

Change Management (D₆) Coherence (C₄)

Blank

Communication (D₇) Coherence (C₄)

Open communication is encouraged across the supply chain.	Suppliers are encouraged to share information and new ways of working amongst themselves.	Suppliers are kept informed about product performance and end user issues.	Staff are exchanged across the supply chain on a limited based.
Closer links are developed between customers and suppliers.	Interfaces are developed between multiple suppliers to develop projects.	Suppliers are kept informed about product performance and end user issues.	Staff are exchanged across the supply chain on a limited based.
Open communication is encouraged across the supply chain.	Suppliers are encouraged to network amongst themselves.	Customer requirements and expectations are shared with suppliers as required.	Industry and supplier relationships are considered in communication styles.
Company information is shared across the supply chain.	Suppliers are encouraged to replicate new ways of working with their suppliers.	Create end-user awareness of supply chain issues.	
Global information exchange is encouraged.			

Information systems are linked from end to end of the supply chain.	Customer demands are matched with supply chain capacities and capabilities.
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EDI is linked from end to end of the supply chain.	Customer demands are matched with supply chain capacities and capabilities.
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Skill & Knowledge Development (D₈) Coherence (C₄)

Need to develop understanding of the market and the supply base.	Knowledge transfer is developed across the supply chain.	Attempts are made to remove barriers between organisations to stimulate best practice sharing.	Evaluation of sub-suppliers who impact direct suppliers.
Work with multiple-tier suppliers to understand capabilities and developments.	Knowledge transfer is developed across the supply chain.	Attempts are made to remove barriers between organisations to stimulate best practice sharing.	Evaluation of sub-suppliers who impact direct suppliers.
Need to develop understanding of the market and the supply base.	Customers are taught about supply issues and opportunities.	Job rotation occurs across multiple organisations based on core competency and development need.	

Team Working (D₉) Coherence (C₄)

Teams are expanded across the whole supply chain as required.	Relationships are developed between multiple organisations.	A total system approach is developed through linking dependent suppliers.	All stakeholders in the supply chain are involved.
Teams comprise of suppliers and both internal and external customers.	Expand relationships across the supply chain.	Staff from different companies work on common projects.	All stakeholders in the supply chain are involved.
Integration teams include both customers and suppliers.	Closer relationships are developed with customers and suppliers.	A total system approach is developed through linking dependent suppliers.	Decision-making is shared between customers and suppliers.
Multi-organisational teams are developed.	Relationships are developed between multiple organisations.	Internal and external teams are viewed as key tools.	Planning is integrated across the supply chain.
Multiple organisations are brought together in teams.	Relationships are started by the company but expected to become autonomous.		
Develop a culture of team work across the supply chain.	Multi-tiered teams meet regularly at company sites.		
Teams are expanded across the whole supply chain as required.			
Teams consist mainly of cross-locational personnel.			

Teams work directly with second tier suppliers where appropriate.	Purchasing is cooperative with other organisations on a partnership basis.
Cross-functional lower tier sourcing teams exist.	Purchasing is cooperative with other organisations on a partnership basis.
Teams work directly with second tier suppliers where appropriate.	Develop new teams whilst improving existing ones.

Rules of Engagement (D₁₀) Coherence (C₄)

Formal responsibilities and empowerment are given to customers and suppliers.	Strategic cost management is implemented with all relevant organisations represented.	Commitments to internal and external customers must be met.	The supply chain covers end-to-end and everything in the middle.
Formal responsibilities and empowerment are given to customers and suppliers.	Strategic cost management is implemented with all relevant organisations represented.	Commitment to internal and external customers must be met.	Supply chain is end-to-end and everything in the middle.
All parties must engage with the objectives.	Additional price increases are only accepted if the market can absorb them.	Suppliers must commit to next and final customer needs.	
Obtain customer endorsement for changes to the supply chain.			

New Ways of Working (D₁₁) Coherence (C₄)

Common ways of working and resources are shared across the supply chain.	Involve end-users in developments and decision making.	Suppliers are encouraged to improve ways of working autonomously.
Develop processes that cross organisational boundaries.	Improved ways of sharing customer requirements with suppliers.	Suppliers are encouraged to improve ways of working autonomously.
Processes are developed from end to end of the supply chain.	Involve end-users in developments and decision making.	
Common ways of working and resources are shared across the supply chain.	Finding ways of linking product marketing to suppliers.	
Develop consistent processes and performance measures across companies.	Coordinate strategy across different groups.	
Introduce integrated business systems.	Coordination activities will expand to include the second tier.	
The organisation crosses company lines where appropriate.	Workshops included customers and suppliers.	
Procurement councils will be used to drive standard process implementation.	Workshops were based on real business issues.	

Performance Measurement (D₁₂) Coherence (C₄)

Performance measures are aligned from final customer to initial suppliers.	Customer satisfaction measures are applied to all supply chain partners.	Develop standard performance measures and methods of measurement.
Performance goals were defined across the whole supply chain.	Customer satisfaction measures are applied to all supply chain partners.	Develop standard performance measures and methods of measurement.
Performance measures are aligned from final customer to initial suppliers.	Customer satisfaction issues are used to develop supply chain measures.	
Supply chain cost metrics are applied across the network.		

Continuous Improvement (D₁₃) Coherence (C₄)

Reduce the duplication of work across the supply chain.	Key players from the supply chain meet to share problems and discuss possible solutions.	Activities cross the entire supply chain.
Reduce the duplication of work across the supply chain.	Key players from the supply chain meet to share problems and discuss possible solutions.	Activities cross the entire supply chain.

Appendix 18: Detailed Implementation Dynamics Model

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Business Focus (D ₁)	Business skills and knowledge training	Purchasing is integrated into business practices	The company takes a total systems perspective with its suppliers	Issues are managed at a business level
	Business culture is understood	The business is encouraged to take shared ownership of the new working practices	External customers drive strategy	Core competencies are defined relative to those found across the whole supply chain
	Purchasing plans align with business plans	Purchasing aligns itself with business priorities	Supplier interest is developed by providing opportunities for future business	
			Out of the box thinking is encouraged with all aspects of the business relationship. Relationships are prioritised on cultural and value system compatibility.	

Expert Leadership (D ₂)	Management skills are developed	Experts are used to provide skills and knowledge not available in the business	Suppliers are developed as experts
	Training is aligned to business needs	Experts are used to implement specific business objectives	Experts are used to improve ways of working in both organisations.
	A self-learning ethic is created	Experts are made accountable for their actions	Time required from experts should not be under estimated.
		Expertise is both recruited into the function and developed internally	

Senior Management Sponsorship (D ₃)	Senior management have the competence to lead the programme	Senior management are actively involved in the implementation programme	Senior management from both organisations need to become personally involved	Senior management are involved from an early stage
	Senior management initialise the improvement programme	Two-way communication is regularly conducted with senior management	Objectives and issues from both companies are managed	Commitment is made to satisfy customers along the entire supply chain
	The importance of training is recognised	The function is represented at senior management level	Senior management need to communicate their sponsorship of the partnership approach	

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Strategy Development (D ₄)	Strategy is designed to overcome inertia	Continuous improvement is included as an element of the strategy	Change is central to the purpose of the strategy	Strategy focuses on the total cost of the supply chain
	Strategy is designed to integrate Purchasing with the rest of business	The purchasing strategy is integrated and aligned with other business strategies	The strategy evolves as change takes place	Inclusive processes are used to develop clearly defined strategic strategy
	Training and development are key aspects of the strategy	The strategy encourages integrated working practices	Integrated strategies are co-developed	Strategies are created that develop an integrated supply chain
		Clear goals are defined within the strategy Senior management initialise the improvement programme The strategy is communicated down through the layers of the organisation Stakeholder needs are used to drive the strategy development process	Common goals and strategies are clearly defined and agreed	Targets and goals are aligned with internal and external customer expectations

P&SM Positioning (D ₅)	Purchasing aligns itself with the business structure	Purchasing is restructured inline with its intended purpose	Purchasing takes the lead in establishing links between customers and suppliers.
	Purchasing begins to 'up-skill' its staff	Purchasing processes become integrated and aligned with related business processes	Implementation is led and controlled by Purchasing.
	Purchasing begins to work on strategic and business issues	The purpose of purchasing is fully understood by all stakeholders	Purchasing coordinates the administration and day to day contacts.
		Purchasing report to a single senior management individual	

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Change Management (D ₆)	Employees able to implement the programme are available on a continuous basis	Resources are made available to the programme	Both organisations are prepared for the necessary changes to take place	
	Purchasing's change programme is enabled within the business	Processes and the organisation are changed first	Work processes are redesigned during the change programme	
		Projects are used as the main implementation vehicle	A project management system coordinates improvements between organisations.	
		Implementation performance is used to guide the change programme	Cross-organisational reviews are held to check progress	
	People are proactively supported during the change programme Communication is widely used throughout the implementation process			

Communication (D ₇)	Communication networks are developed to transmit information	Common information systems are developed across the business	Relationships are developed at multiple levels across each company	Self-led supplier networks are encouraged
	Key influencers and decision-makers are developed as allies	Communication links are created with stakeholders	Common communication systems are jointly developed	Information systems are developed to enable open communication
	A communication programme exists to keep the business informed	Meetings are used as a core communication forum	Information is formally and informally shared between organisations	Supply chain capacities and capabilities are matched with customer demands
		Communication is used to encourage integrated working practices Bureaucracy is proactively reduced Information content and accuracy is carefully managed	Discussions are held with a focus on customer needs. Requirements of both organisations are clearly defined and continually reviewed.	Suppliers are kept informed about end user issues Staff are occasionally exchanged across companies

Appendix 18: Detailed Implementation Dynamics Model (continued)

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Skill & Knowledge Development (D₈)	Responsibility for training is shared	Training priorities are mapped against business priorities	Training is provided on an as needed basis	Need to understand the extended market and supply base
	Training is tailored to individual needs	Managed personal development programmes exist for individuals	Training is developed in the preferred ways of working and covers all areas of business activity	Information is shared across the supply network
	Executives are trained in leadership skills	Internal staff are developed to lead staff development activities	Training is focused on developing competencies	Need to be able to evaluate key sub-suppliers
	A fully resourced training programme exists	Training programmes are managed across the organisation	Joint training programmes are aligned across the organisations	
	Rewards are linked to demonstrated competency	Training and education are a continuous process Business processes are mapped to help staff understanding Business functions are educated in the value that purchasing can bring		

Team Working (D₉)	The organisational structure supports team working	A business environment is created that supports team working	Specific projects and teams are sponsored by senior management	Purchasing act as a coordinating function across the supply network
	Team working skills are taught to groups	Teams are sponsored and guided by senior management	Continuity of personnel on project teams is encouraged	Team working relationships are developed across the supply network
	Individual performance review is based on contribution to the team	Training and expertise are provided to teams when required	Synergies are developed through cooperative and coordinated working	A total systems approach is developed by linking dependent suppliers
	Team working is viewed as a necessary attribute in people	Teams are used to develop relationships across the business Teams are self-determining within the constraints of the business priorities and practices	Team members are made aware of each others places of work Formal teams are created and managed	

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Rules of Engagement (D₁₀)	People are kept informed of changes	Information is shared openly	Knowledge transfer forms part of the alliance agreement	The supply chain covers every aspect from raw material to final consumption and disposal
	Employees have personal development plans	The decision-making process is fully understood	Both organisations share mutually compatible rules of engagement	Responsibility and empowerment are shared with expert customers and suppliers
	Minimum performance standards are defined per role	The measurement system is fully implemented across the business	Performance criteria and benefit sharing are understood and agreed	Strategic cost management is used as the primary business process
	Job rotation is part of the basic training	Agreements are written in native languages	Agreements span end to end product life cycles	
		Teamwork is the preferred practice	Dedicated resources are provided by both parties	
		Strategies are agreed and implemented		
		Projects are the preferred implementation approach		
		Purchasing is responsible for all external spend		
		New practices are tested before implementation		
		New working practices are fully implemented		
	A grievance process exists			
	The supply chain covers initial supplier to end customer			

New Ways of Working (D₁₁)	Processes are developed to support cooperation	Cross-organisational alignment is encouraged	Relationships focus on streamlining processes between organisations	Common processes and resources are shared across the supply network
	Functional core competencies are developed	New working practices focus on leveraging core competencies for competitive advantage	Joint cost management action plans are implemented	Suppliers are encouraged to make improvements autonomously
	Projects are used extensively	New practices are implemented through structured process improvement projects	The supply base is vastly reduced and the remainder brought closer	End-users are involved in the decision-making processes
	People development is used to support the new ways of working	Transparency is created to support wider understanding of decisions	The supply chain concept underpins planning and decision making	
		Implementation problems and barriers are removed Issues are managed by senior management Support systems are put in place to support new practices	Team working is used to develop mutual benefit Relationships are proactively managed	

	Competence (C ₁)	Cooperation (C ₂)	Collaboration (C ₃)	Coherence (C ₄)
Performance Measurement (D₁₂)	Focus is placed on business objectives	Measures are integrated into wider business activities	Measurement systems and processes are understood and applied by all companies	Standard performance measures are aligned across the supply network
	Customer needs drive performance measurement	Performance data is properly analysed and reviewed	Performance evaluation is face-to-face, open and candid	Customer satisfaction measures are applied to all supply chain partners
	Performance measures encourage team working practices	Clear links exist between performance and reward Implementation performance is measured (in addition to outcomes) Performance data is validated by a third party Performance measures are agreed and defined	A broad range of measures are used to assess success	

Continuous Improvement (D₁₃)	CI is developed within the business through operational programmes	Continuous improvement is an integrated part of normal business activity	Improvement methodologies are applied in a structured way to the business	(empty)
	A hierarchy of job descriptions exist that lead to career advancement	Continuous improvement is managed within the business	An emphasis on positive and managed change is developed	Duplication is minimised through multi-organisational collaboration
	CI training is linked to business needs	Infrastructure and resources exist to support the continuous improvement programme	Action plans emphasising sustainable improvement are developed	(empty)
		The importance of training is recognised	(empty)	
		Improvement is both with internal functions and across organisational boundaries	Continuous improvement is collectively implemented across the supply network	