

# Supply chain relationships



- Supply Chain Management

vs • Supplier Relationship Management

# Relationships in the supply chain



# Several types of relationships within SRM

- Transactional
- Contractual
- Value Added
- Collaborative
- Partnership



Within the supply chain

- In an ideal supply chain relationship, both customers and suppliers get connected in ways that allow them to easily exchange information, demand data, and the visibility of status. What does this mean?

## Types of Relationships

Vertical

Horizontal

Full  
Collaboration

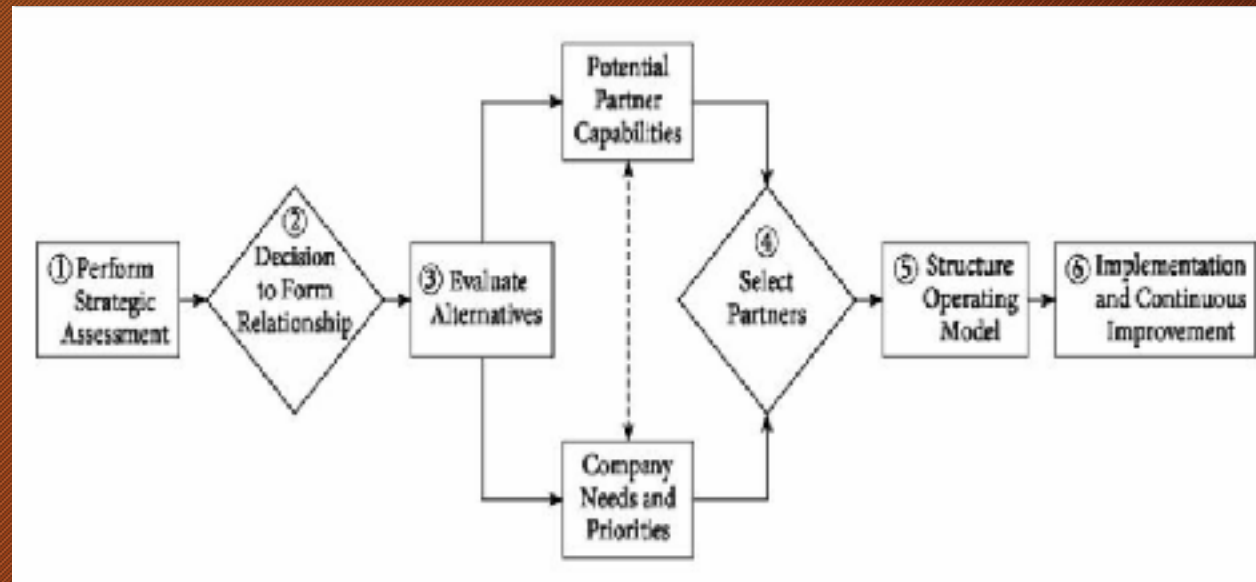
## Range of supply chain relationships



## Regardless of form, relationships may differ in numerous ways:

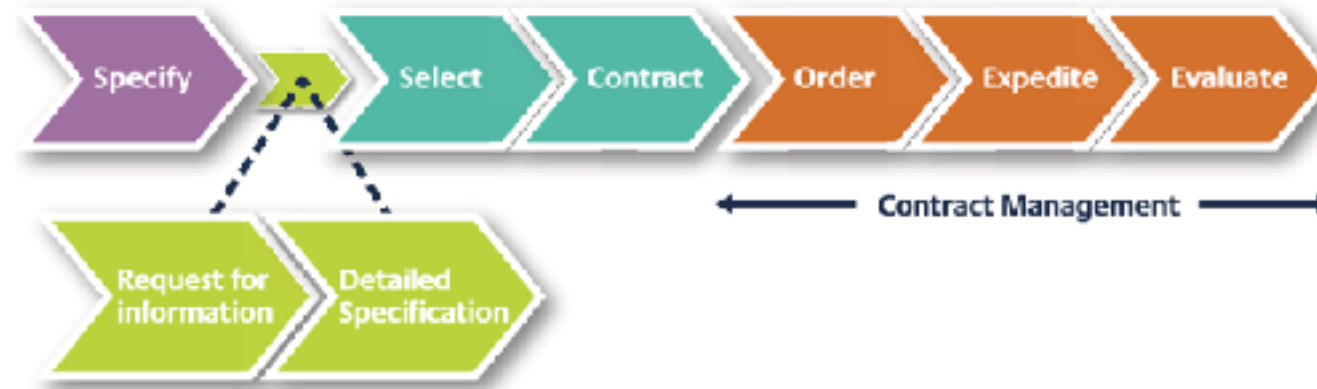
- Duration
- Obligations
- Expectations
- Interaction/Communication
- Cooperation
- Planning
- Goals
- Performance analysis
- Benefits and burdens

# Process Model for Forming Logistics Relationships



Source: Copyright 2001, C. John Langley PhD Used with Permission

# why supply chain relationship management is necessary



- The extended procurement model

Source: Van Weele (2005) referenced by Van der Valk and Rozemeijer (2009)

# key components of good relationship management



# Two way information flow



- Customer responsibilities
- Supplier responsibilities

# Mutual tolerance

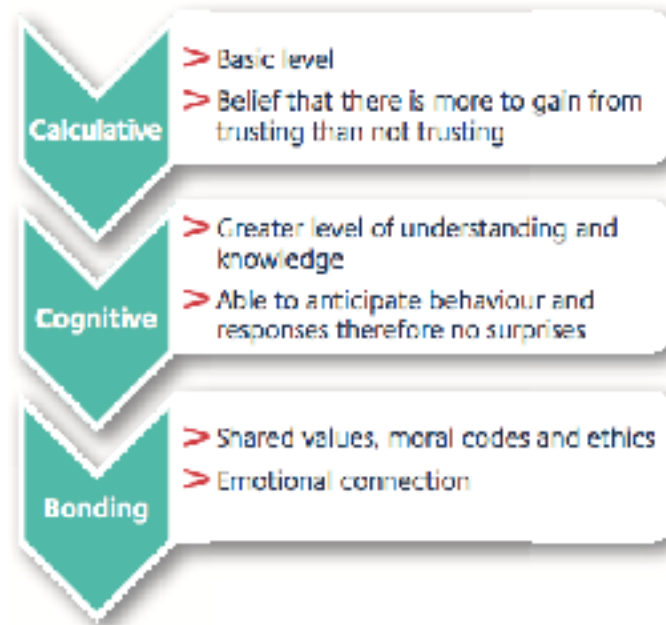


Mutual caring relationships require kindness and patience, tolerance, optimism, joy in the other's achievements, confidence in oneself, and the ability to give without undue thought of gain.

*Fred Rogers*

# Transparency and trust

- 3 stages of trust



# Multiple points of contact



# Joint problem solving and learning



Sharing success



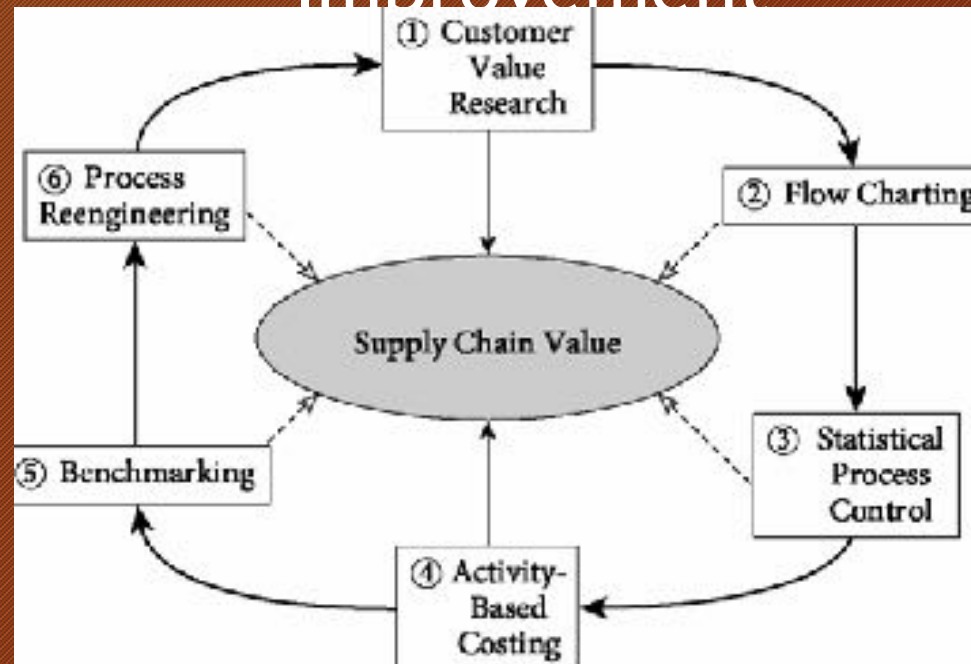
# Drivers

defined as “compelling reasons to partner”; all parties “must believe that they will receive significant benefits in one or more areas and that these benefits would not be possible without a partnership”

## Facilitators

- defined as “supportive corporate environmental factors that enhance partnership growth and development”; they are the factors that, if present, can help to ensure the success of the relationship

# Implementation and Continuous Improvement



Ray A. Mundy, C. John Langley Jr., and Brian J. Gibson, Continuous Improvement in Third Party Logistics, (2001).

## Collaboration:

- Collaboration occurs when companies work together for mutual benefit.
- Companies leverage each other on an operational basis and creates a synergistic business environment in which the sum of the parts is greater than the whole.

## Can technologies provide collaboration?

Is 'effective collaboration' and improved financial returns through implementing new technologies happening or is likely to happen? Recent research by the US based firm [Supply Chain Insights](#) had the objective to understand the impact of supply chain process and technology choices on balance sheet performance. The firm analysed financial data between 2004 and 2016, from over 750 American corporations, identified within their peer group (e.g. food manufacturers, automotive parts suppliers or chemical producers), with a follow-up questionnaire for more than 1,000 people working in the supply chains.

## Seven Immutable Laws of Collaborative Logistics

### Collaborative Logistics Networks Must Support:

- Real and recognized benefits to all members
- Dynamic creation, measurement, and evolution of collaborative partnerships
- Co-buyer and co-seller relationships
- Flexibility and security
- Collaboration across all stages of business process integration
- Open integration with other services
- Collaboration around essential logistics flows

## Definition of Third-Party Logistics

- Essentially, a third-party-logistics firm may be defined as an external supplier that performs all or part of a company's logistics functions .
- Among these, multiple logistics activities are included, those that are included are “integrated” or managed together, and they provide “solutions” to logistics/supply chain problems.

# Types of 3PL Providers

- transportation-based
- warehouse/distribution-based
- forwarder-based
- shipper/management-based
- financial-based
- information-based firms

## LSPs, consultants, and worse

- Once issues within the company and within the greater supply chain have been satisfactorily addressed, don't forget relationships with service providers. This need is particularly acute when logistics service providers (LSP) are involved

- It's more difficult to have a relationship with consultants that spans functions and managerial generations. But the quality of relationships with consultants can have a profound effect on the quality and extent of outcomes. For best results, mutual trust and open communication are required. The more your consultants know about what's really going on and the more you can tell them, the better their chances of getting to the heart of the issues and devising on-target solutions.

- As for software providers, they are often portrayed as salespeople without scruple or inhibition. That's unfair. When it comes to evaluating vendors, your job is to look for and assess the qualities that can make for a positive mutual relationship all the way through a successful implementation.
- Like all other aspects of the supply chain, this is about more than simply making a purchase. It is about having a sustainable relationship with someone who can play a key role in your long-term supply chain success



# The Role of Consultants



# The difference between consultants and advisers



**Thanks for attention**