



TenStep Supplemental Paper

1 September 2003

Collaborating For Quality

Collaboration with suppliers has until recently meant working along towards improved delivery times and reduced costs. However, some companies have been using their power to pressure suppliers for stricter delivery schedules and smaller profit margins. Suppliers who need the contracts to stay in business have been forced to meet these demands. This has resulted in a slow decline in quality and innovation from the supplier.

Suppliers are also being given more responsibility than in the past. Previously, suppliers were given the design for the component and were asked to manufacture according to the design. Today, more and more manufacturers are expecting suppliers to take the responsibility for design too. Suppliers are also being expected to bear the cost of replacements if their components fail during the warranty period. Similarly, suppliers are being expected to bear the burden of new technologies and other investments for matching developments at the manufacturer's end.

Suppliers have been able to cut costs, reduce lead times and take on the added responsibilities being expected of them. The relentless pressure, however, has been taking its toll. Suppliers are finding the value of their businesses slowly being eroded. To maintain value, they have begun neglecting other important aspects like innovation, continuous improvement and quality. The result can be anything between stagnation in the industry to reduced quality of the final product in the long term.

The measures adopted by these companies in the name of collaboration have the wrong focus. Collaboration should not be a win-lose relationship; it should be a win-win-win relationship, where the supplier and the manufacturer win. It's time collaboration begins to mean what it actually is - *a partnership*.

Collaboration does not just mean decreasing costs, reducing lead times or even meeting tight specifications. It has to be about satisfying the customer. For this, both the manufacturer and the supplier will have to collaborate along the different stages of product development and product life.

Some of the stages for effective collaboration are:

Product Idea Phase: Manufacturers must involve the important component suppliers in the product idea phase. This is the stage when the manufacturer is conceptualizing the product, the attributes it will contain and the kind of customer experience it will provide. By involving suppliers, it becomes easier to match products with the attributes that will make them the most successful.

Design Phase: This is the stage when the product and component attributes will be translated into actual design specifications. Involving suppliers will not only help in making the design correct, but will also help in making the design manufacturable.



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Defect Proofing: The manufacturer and supplier can work together to come up with the appropriate defect testing, process control specifications, and inspection criteria for better process and product quality.

Product Launch and Support: Once the product has been launched, various issues will invariably come up and will have to be addressed. Both the manufacturer and supplier should be able to sit together and make mutually agreeable changes and adjustments. After the product is accepted in the market, the manufacturer and component supplier should constantly look for ways to improve the customer experience and increase value.

Summary

It is in the long-term interest of the manufacturer that the supplier is rewarded for anything that adds value to the customer. It is also in the long-term interest of the manufacturer that the supplier not only survives but is also in a position to continue adding value to their work. Partnership should satisfy the interests of all involved.