

Creating Lasting Values in Supply Chain Collaboration

A Research Project Conducted by the
Stanford Global Supply Chain Management Forum
and the
MIT Integrated Supply Chain Management Program

***A Review for
Participants
Customers, Suppliers, P&G
April, 2001***

Background

- Supply chain integration
 - Considered a key element of competitiveness in the fast moving and complex global market.
 - Requires close collaboration among supply chain partners.
- Collaboration in a supply chain
 - A well-accepted concept by companies, but
 - It is unclear how successful companies have been in developing mutually beneficial and sustainable partnerships.

Project Concept

- Conduct research to gain deeper understanding on
 - How collaborative efforts can be developed
 - How impact of collaborative efforts can be measured & valued, and
 - How continuing relationships can be maintained & improved.
- Study how two different companies develop collaborative supplier and customer relationships
 - Intel Corporation (research conducted by Stanford team)
 - Procter & Gamble Company (research conducted by MIT team)
 - Study of collaboration in both high-tech & consumer products industries provides valuable breadth
- Potentially additional companies after this initial phase

Project Scope

- Each research team will:
 - Choose 6 suppliers & 6 customers respectively for Intel/P&G
 - Include interviews with Intel/P&G personnel
- Stanford study of Intel relationships will focus on
 - Suppliers of Direct Materials, Capital Equipment & Support
 - Customers of Systems Manufacturing & Flash Prods
 - Subsequent phase may study other relationships
- MIT study of P&G relationships will focus on
 - Suppliers of raw materials & services (including 3PL)
 - Customers in mass merchandising and grocery channels

Some questions the study will address:

- What collaboration initiatives have been used to successfully integrate supply chains?
- How have the collaborative efforts been perceived by the respective companies?
- How can the different levels of supply chain integration be measured and quantified in terms of potential benefits, risks and costs?
- What are the common pitfalls in maintaining a close supply chain collaborative relationship?
- What are the key success factors in developing productive collaborative relationships?

Deliverables

- A set of guiding principles for creating successful collaborative relationships
- A vision of the ideal end state of relationships and results of that success
- Definitions of success
- Documented presentation (written & oral) with case examples

Research Process

- Researchers to collect data through interviews
 - Phone or in person (preferably in person),
 - With you and/or key personnel involved in the relationship at each company
- Interviews to focus on a set of questions that would enable the researchers to understand
 - The business relationship between the companies (P&G and supplier or customer),
 - The way the relationship has evolved,
 - The pitfalls and opportunities, as well as
 - New ways to improve the relationship
- Specific results of the interviews
 - Will not be shared with parties outside of the research team and the respective sponsors,
 - Will be protected by confidentiality agreements as desired by participants

Why you should participate – benefits

- Opportunity to further build your relationship with the company
 - Our relationship (you and the company) is one that we value
 - The findings will be useful in improving our relationships
- Access to learnings about state-of-art collaboration with the company
 - Through findings from other partner's relationships with the company
- Access to learnings about state-of-art collaboration in other Industries
 - Through findings from parallel studies at Stanford and MIT
 - High-tech Semiconductor Industry – Intel
 - Consumer Products Goods Industry – P&G
 - Opportunities to benchmark versus aforementioned Industry findings
- Invitation to presentation of findings by research teams
- Potential to reapply learnings to build relationships with your other Supply Chain customers and suppliers

What the research team asks of you...

- Participate in the research project by
 - Providing responses to a set of questions regarding your company's relationship with P&G in several areas:
 - General questions about the relationship
 - Information Integration (including a general list of information shared between the companies – Information Sharing Matrix)
 - Coordination and Process Integration
 - Assisting in connecting us with other contacts in your company
 - It is likely that multiple persons in your company should be interviewed to properly answer all the questions
 - Identifying key personnel within your company to involve
 - Encouraging and soliciting support from these key personnel and your company to respond

Information Sharing Matrix

This matrix should illustrate the information shared between the companies. Given that much information is likely being shared, it may be easiest to note the categories of information rather than each individual report of piece of information being shared.

Type of Info Shared (by P&G)	Frequency	Time Horizon (annual, monthly, weekly, daily, etc.)	Granularity (level of detail)	Media (fax, phone, mtg, EDI, etc.)
Type of Info Shared (with P&G by customer/supplier)	Frequency	Time Horizon (annual, monthly, weekly, daily, etc.)	Granularity (level of detail)	Media (fax, phone, mtg, EDI, etc.)

List of Key Questions – General

- What is the nature of the business and contractual relationship?
- What role does trust play in the relationship?
- How are decisions made, responsibilities assigned and risk shared?
- What are the performance measures used to track the relationship?
- How does this relationship compare to your other relationships?
- What is your level of satisfaction with this relationship?
- What are the key factors to develop a collaborative relationship?
- How is communication between the two parties maintained?
- What are the major hurdles in strengthening this relationship?
- What is the business risk if you don't collaborate?

List of Key Questions – Info Integration

- What is the usefulness and value of the information that is shared?
- How far is the information shared?
- What incentives exist to encourage information sharing?
- To what extent and how are business plans shared?
- What is the role of IT within your business?
- Are IT & info sharing plans integrated with the business plans?
- What resource levels does IT have to facilitate info sharing?
- What are the future plans for automated info sharing?
- What are the key obstacles to increasing the level of info sharing?

List of Key Questions – Coordination

- What integration initiatives do you currently have with the company?
- What other initiatives are planned to increase the level of integration with each other?
- What are the usual processes, personnel and media for coordination?
- What have been the benefits deriving from these various initiatives?
- What incentives exist to foster the collaborative efforts?
- What are the obstacles to more collaborative efforts?
- How could companies coordinate across multiple tiers in the supply chain to improve performance (versus collaboration between just two companies)?

Thank you for your participation!