



The Partnership news



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The Partnership News is the official publication of the ASQ Customer-Supplier Division.

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From the Editor

Welcome to a new season of ASQ CSD newsletters! I hope everyone had a great summer and you're preparing for the upcoming winter.

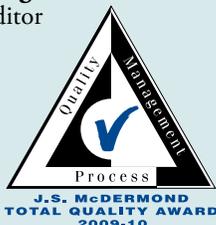
This edition of the newsletter offers information related to the benefits of the customer/supplier partnership and the downfalls of skipping supplier visits. We're also including information related to new volunteer opportunities within our division.

As always, if you have access to information you would like to have included within upcoming newsletters, please contact me directly so this information can be evaluated and considered.

Enjoy the upcoming holidays!

Thanks,

Steve MacDougall
Newsletter Editor



From the Chair

To the members of the Customer-Supplier Division:

The leadership team has been making forward progress over the last quarter to make the Customer-Supplier Division a true resource for member information.



As many of you have heard, the division has voted to support a supplier engineer certification. Based on the feedback from the initial survey, Supplier Quality Engineer might not be the final title of the certification, but we will make sure that the title fits the processes behind it. In moving the process forward, I will take the lead to ensure continued forward momentum. With the help of others to pull together great information, the division will provide fundamental support for this needed industry requirement.

In addition to the certification, the leadership team is also working on the following initiatives:

1. Provide monthly metrics associated with the division's leadership responsibilities.
2. Determine whether to develop a companion customer primer to the existing supplier primer. In addition, the first chapter from our existing primer will be available in both English and Spanish, to both members and nonmembers alike.
3. Update the website (asq.org/cs) to include the following new areas for increased member activity/engagement.
 - Featured content
 - Announcements
 - Templates and best practices
 - Content submission process

With the help of Examining Committee chair Dick Gould, the division information listed on the "About" section of the website (at asq.org/cs/about/index.html) has been updated as follows:

*We are an exciting and dynamic division of ASQ. Beginning as the Vendor-Vendee Technical Committee of ASQC, a dedicated group of authors of "How To" booklets for quality professionals, we became the Customer-Supplier Division in 1991. Since then we have been serving our members and others interested in effective customer-supplier relationships by fostering professional development and learning opportunities. The CSD's mission is to provide answers that **develop, improve, and strengthen** customer-supplier relationships. Our ability to meet that mission is dependent on active participation from members. The CSD's team structure provides opportunities for members to get involved and develop their professional skills while building a more robust CSD community.*

CSD is a learning community, dedicated to optimizing value in the exchange of goods and services through the customer-supplier relationship.

- CSD does this by being **relevant**: We concentrate on what is needed now.
- CSD does everything with **excellence**: We provide the **best** resources through conferences, symposia, seminars, and publications.
- CSD has **fun** while doing what we do. All of us are customers and suppliers ... if you're not having fun, you are missing one of the most important parts of customer-supplier relationships.

What can CSD do for you?

As always, feel free to contact me at stat30658@gmail.com to discuss further.

Cheers,

Shawn Armstrong
CSD Chair



Explore the Benefits of Customer and Supplier Partnerships

By *George H. Labovitz and Victor Rosansky*

Many companies have discovered the virtue of partnering. When they don't have all the skills or resources needed to truly delight customers, it makes sense to partner with a company that can contribute those missing pieces.

Wal-Mart and Procter & Gamble (a key Wal-Mart supplier) are among the firms that have made this discovery. The challenge is in getting two—or more—different and separate entities to act as a single aligned enterprise in the interest of shared customers. By making their processes and systems seamless in service to those customers, two parties can create greater value for customers and for themselves.

Consider the Wal-Mart/P&G story. These two giant companies knew that they weren't serving customer needs as well as they should. Each considered how they could work together to do better. To explore that question, we facilitated a meeting in which 30-some senior people from the two companies entered into a dialogue. They quickly realized that each had different ideas about what Wal-Mart customers wanted.

As the Wal-Mart people saw it, customers wanted everyday low prices with no sales, promotions, or coupons. The P&G people held the opposite view. These two perspectives explained in part why the companies were failing to optimize their relationship in service of Wal-Mart shoppers. Through a partnering dialogue, the two parties agreed on policy and process changes that would better align their efforts and deliver greater value to customers and to themselves. Those changes resulted in a 300 percent increase

in P&G sales through the giant retailer over an 18-month period. And, of course, those sales were rung up on Wal-Mart cash registers.

Partnering like this can take the supplier-customer relationship to a new and higher level and improve each partner's work processes. Here are five questions you and your partners should ask one another to work together more effectively:

1. What do you really need from me?
2. What do you do with what I provide you?
3. Are there gaps between what I give you and what you need?
4. What problems might I help you with?
5. Am I providing things you don't need?

Answering these questions will help you and your business partners to help yourselves.

A natural gas company we worked with did just that with outstanding results. Since gas is a commodity product, this company's discussions with customers had revolved almost entirely around price. The gas company's president wondered if there was a way to break out of that constrictive arrangement. So, using our partnering dialogue with one of his major customers, a utility company, he learned that gas storage cost was one of his customer's highest costs and biggest headache.

The company president asked the utility, "If I can change my processes to deliver gas in ways that will reduce your high storage costs, will you pay me an above-market price for it?" The utility was agreeable and the math worked out favorably for both parties.

The gas company repeated this win-win arrangement with each of its larger customers.

Here are a few more tips for partnering with external and internal customers:

- Bring customers into your organization to meet face-to-face with people other than sales.
- Use social media technology to link internal functions with external customers.
- Ensure that meetings for which the purpose is to improve processes include representatives of the affected functions.
- Map each major process's value chain to identify internal suppliers and customers.
- Then bring them together with the goal of better understanding each party's requirements and how each can add greater value.

About the Authors

George H. Labovitz and **Victor Rosansky** are the authors of *Rapid Realignment: How to Quickly Integrate People, Processes, and Strategy for Unbeatable Performance*. Labovitz is the founder and CEO of ODI, an international management training and consulting company and professor of management and organizational behavior at the Boston University Graduate School of Management. Rosansky is co-founder and president of LHR International. He has more than 25 years of experience as a consultant helping Fortune 500 clients drive rapid strategy deployment and alignment. For more information about the book, visit rapidrealignment.com.

Supply Chain News: Even in Tough Economic Climate, Skipping Supplier Visits Is a Mistake, Procurement Expert Says

With Good Preparation, Return From Time and Travel Should Be High; Getting “Unfiltered” Information; Use of Checklists Is Key

By SCDigest Editorial Staff

Editor’s note: The following article was originally published in the *Supply Chain Digest On-Target* e-magazine on March 5, 2013. For more information on supplier issues, please visit their website at www.scdigest.com.

Most procurement managers understand the importance of supplier visits, but finding the time and maintaining the discipline to keep the process going consistently can certainly be a challenge.

Writing in a recent issue of *Inside Supply Management*, Linda Michels, vice president of corporate learning systems for ADR North America, an arm of the Institute for Supply Management, notes that lean staffing and limited travel budgets are also barriers to getting regular visits done. (Michels, we will note, maintains the “**SourcingChick**” twitter feed.) But when you get right down to it, such visits should not really be considered optional for some suppliers, Michels says.

“When carefully planned and executed, supplier visits create opportunities to collect valuable information—and information is power,” Michels writes.

Of course, key to the technique is to understand which suppliers require visits, and how often to go. Michels suggests a simple four-box approach, in which the X-axis measures total spend levels with a vendor (high or low), and the Y-axis measures the difficulty of sourcing the material, part, or service. That difficulty can be caused by a company’s own specifications, a vendor having proprietary products, a limited vendor pool, etc.

Suppliers can then be placed into the resulting matrix in one of four main

categories, which she names as follows: acquisition, critical, strategic, and leverage.

Logically, the approach to site visits and what the goals should be will vary according to which quadrant a supplier is placed.

Michels says suppliers in the “acquisition” category rarely require visits. Those in the “leverage” quadrant should be occasionally visited with the goal of better understanding the supplier’s cost structure and assessing the efficiency, quality, and reliability of the company.

“Critical” supplier visits should focus on strategies for better mitigating risks, while visits to “strategic” supplier will have the broadest scope (risk, collaboration opportunities, innovation, etc.).

Much of the value of supplier visits comes from the ability to obtain “unfiltered” information, Michels says, versus the information that may be coming from the supplier’s account manager or corporate communications vehicles.

But like most things in business, to realize and maximize the value of the visit, excellent preparation is key. Perhaps the most critical step is to collaborate with stakeholders internally about what specific information would be valuable, whether that is related to costs, industry trends, risk strategies, the supplier’s R&D plans, and more. It is often beneficial to bring along a technical expert to assist in the process, if the budget can allow for more than one person on the trip.

When it comes to the visit itself, Michels makes the good point that in developing a timed agenda for the meeting, procurement managers often fail to sufficiently account for meeting overhead and formalities,

Rating Suppliers for Site Visit Priorities

Market Difficulty	High	Critical Reduce risk	Strategic Competitive advantage
	Low	Acquisition Minimize effort	Leverage Maximize profit
		Low	High
Expenditure			
A portfolio analysis in which each item of spend is placed on an X-Y graph is one way to assess which suppliers to visit.			

Source: Linda Michels/*Inside Supply Management*

and thus run out of time to cover all the intended topics. Be realistic about how long a lunch break is really going to take, as an easy example.

Michels says using forms and checklists can also help the procurement manager to stay focused and better ensure that all the desired information and insight is obtained. She also suggests sending those forms to the supplier in advance so it can be prepared to have the information available.

Michels also says it is important to clearly set the stage for the next steps as an outcome of the visit. “Before wrapping up the visit, you should obtain agreement on the key initiatives and joint programs both organizations plan to work on in the coming months, along with a timeline for completion of these projects,” she writes. “Decide on the process and the key team members who will participate in the collaboration.”

From *SCDigest’s* view, these “next steps,” and follow-up and quantification of the resulting business benefits, should in many if not most cases provide the cost justification for continuing the supplier visit program, in addition to the more qualitative benefits obtained in terms of relationship building, knowledge enhancement, etc.

“In tough economic times, suppliers sometimes cut corners and bypass key processes. By auditing key suppliers, supply management professionals can be assured that supplier expectations are being met,” Michels concludes. “It is also a great opportunity to collect data for a cost analysis and to work closely on areas that may provide true cost savings, not just supplier margin reductions.”

For additional information related to supplier issues, please visit www.scdigest.com.



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The Global Voice of Quality™

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Volunteer Opportunities: CSD Roadshows

CSD seeks dedicated volunteers to help with deployment of its 2015 roadshow offerings. We're looking for a team leader to serve as roadshow chair, as well as a roadshow marketing lead.

The roadshow chair serves in a project management role and is a member of the CSD Leadership Team. Key duties include interfacing with ASQ Event Management staff, CSD's meeting planner, marketing support, and CSD's course instructors.

The roadshow marketing lead collaborates with ASQ Marketing Services and Creative Services staff to plan and execute mailing creation and fulfillment, as well as implement CSD's electronic and social media postings.



Please consider the environment.

Do you really need a paper copy of this newsletter? Please send a message to jbecker@asq.org with "Electronic Only" in the subject line.