



Ask The Experts!



Brian Werneke

Professional Manufacturing and Business Growth Advisor/

Certified Innovation Engineering Black Belt - (802) 355-4845 / bwerneke@vmec.org

The “Golden Rule” of Supply Chains

In traditional supply chain thinking, my working title might lead you to believe that in supply chains, the one with the gold makes the rules. And in the short term, that certainly can feel like that's the way it works. But let's consider the other Golden Rule: treat others as one would want to be treated oneself. We can also consider its reciprocal Silver Rule: that one should NOT treat others in ways that one would NOT like to be treated.

I'd like to thank Bill Waddell for his recent piece that highlighted a survey of suppliers regarding their relationships with the major automakers in the US. The survey, conducted annually by Planning Perspectives, Inc. explores 16 variables across 5 characteristic categories of the “Company” (customer) from the perspective of the Supplier. The 5 categories are:

- Supplier - Company Relationship
- Company Communication
- Company Help
- Company Hindrance
- Supplier Profit Opportunity

As we might expect, Toyota, Honda, and Nissan topped the rankings across suppliers that responded, while Ford, Chrysler, and GM brought up the rear (German automakers were ranked separately due to a smaller US footprint). An interesting observation from the survey and analysis: “Automakers that maintain positive relationships with suppliers tend to offer the best products at affordable prices.”

So it begs the question - how are your working relationships with your suppliers? If want to take some time to reflect objectively on this question, take the survey for yourself. It is available on the Planning Perspectives website: <http://www.ppi1.com/services/working-relations-index/>

As you look at the variables, you might simply rate yourself either a “Toyota” or a “GM”. Self assessment is a great way to identify opportunities to improve your relationships with your suppliers (and your customers!). That sounds like a recipe to help your company grow more profitably - by offering the best products at affordable prices.

Sources:

<http://www.idatix.com/manufacturing-leadership/the-gm-toyota-rating-scale/>

<http://www.freep.com/article/20140512/BUSINESS0105/305120095/automakers-suppliers-planning-perspectives-survey>

<http://www.autonews.com/article/20140512/OEM10/305129945/toyotas-turnaround-with-suppliers-credited-to-2-execs>

<http://www.ppi1.com/services/working-relations-index/>