

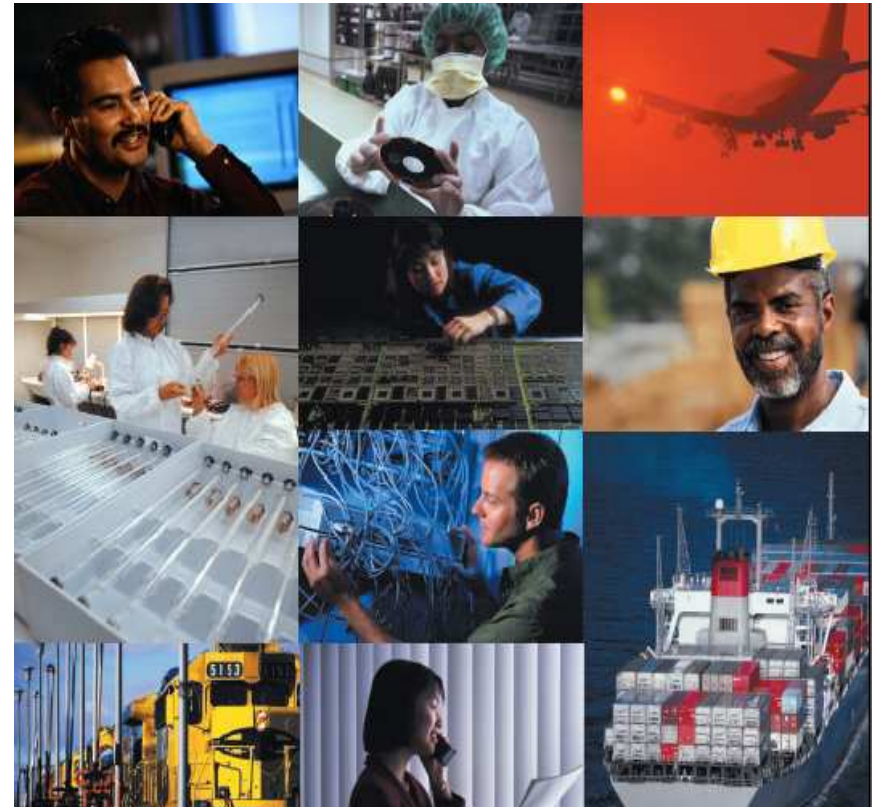
The perspectives of building relationships with SME suppliers in supply chain through product innovations (based on the study results of the Polish market)

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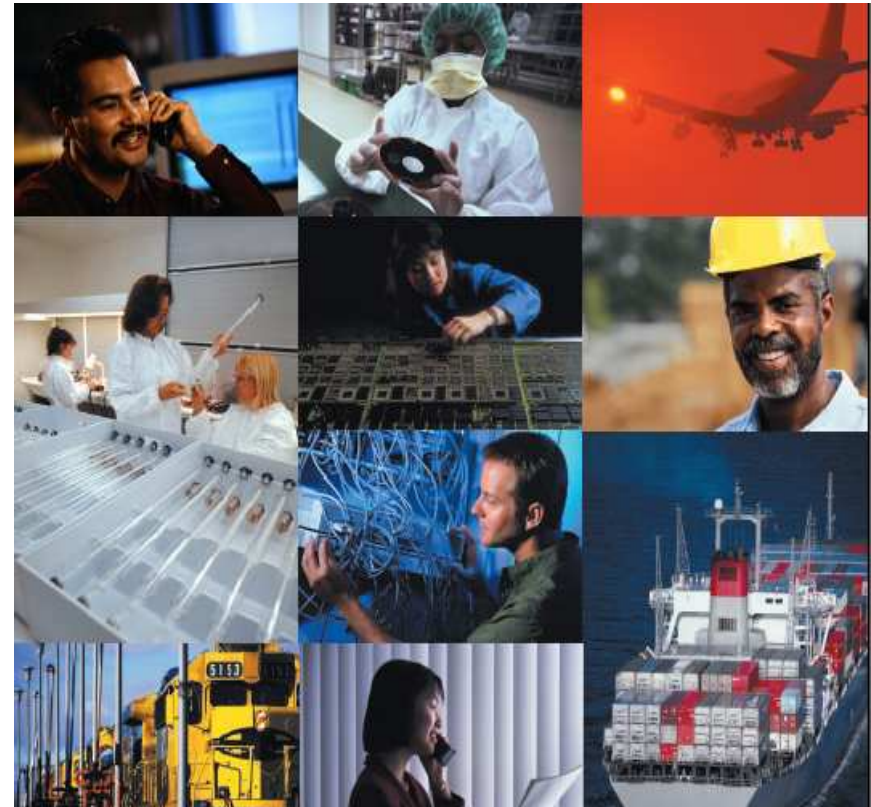
The conception of supply chain

- Supply Chain Management is a fundamental concept of logistics that has evolved to enable organizations (particularly SME) to improve their efficiency and effectiveness in the global and highly competitive environment



Supply Chain Management comprises:

- planning and purchase forecasting;
- suppliers choice and placing orders;
- designing and development of products
 - the realization of operational processes (e.g. designing, selling, processing of materials, and packing);
- distribution (including taking orders from the customer, delivery of goods to the customer, invoicing, money transfer of a due amount);
- the relations between the supplier and the customer after sales (reactions to comments and complaints, after-sale service, such as: installing, trainings, guarantee service and after-guarantee service, technical advising, and, often, the receipt of a product after use).



Developing cooperation with SME suppliers, big international companies monitor them by means of audits and regular evaluation (based on the analysis of their meeting the requirements).

When supplier auditing is carried out are evaluated:

- research and development,
- production preparation,
- -process and product quality control,
- quality system management,
- packing, storing and product expedition
- customer service,



During audits particular attention is paid to:

- documents which are used (procedures and instructions), their clarity, use and accessibility;
- recording processes (control and use of statistical methods in particular);
- identification of processes and products;
- work safety;
- management of environmental aspects.



- The criteria which may determine a periodical evaluation of a supplier include:
 - the level of the offered technical quality,
 - competitive price conditions,
 - timely deliveries,
 - favorable payment deadlines,
 - implemented quality system,
 - satisfactory level of assistance,
 - responding to complaints.



Many companies also assess suppliers on the basis of their level of management focusing on their system of certificates (ISO 9001, ISO 14001).

Some international companies require regular reports on progress in improvement of management systems particularly from SME suppliers.

They also keep monitoring them regularly by means of Performance Feedback Report Cards which contain

- data on lowering costs,
- reducing incompatibility
- improving effectiveness indicators and process efficiency indicators, reducing energy consumption, shorter cycles of process completion, and optimization of using production capabilities.



Observing the worldwide trends, one may easily notice that recently **SME suppliers have been monitored from the point of view of meeting the sustainable development** requirements as for the economic aspects (demanding high technical quality, delivery reliability, price competitiveness, technical support),

Environmentall aspect (reducing the negative environmental impact - energy consumption, natural resources, waste, pollution, emission of noise and Gass

social aspects (principles based on the concept of the Global Compact).

Framework of Global Environment Management



During audits of the evaluation suppliers' environmental management particular attention is paid to:

- environmental culture which is connected with adopting the environmental policy, identification of environmental aspects and defining environmental goals and tasks;
- adhering to laws concerning environmental protection;
- supervising the system of environmental management by means of ensuring appropriate documentation (procedures / instructions, records) and resources (infrastructure, process technology, information systems, appropriately qualified employees) as well as using environmental indicators (e.g. related to energy consumption, natural resources, waste economy, pollution);
- internal and external communication;
- employee trainings;
- establishing criteria concerning suppliers

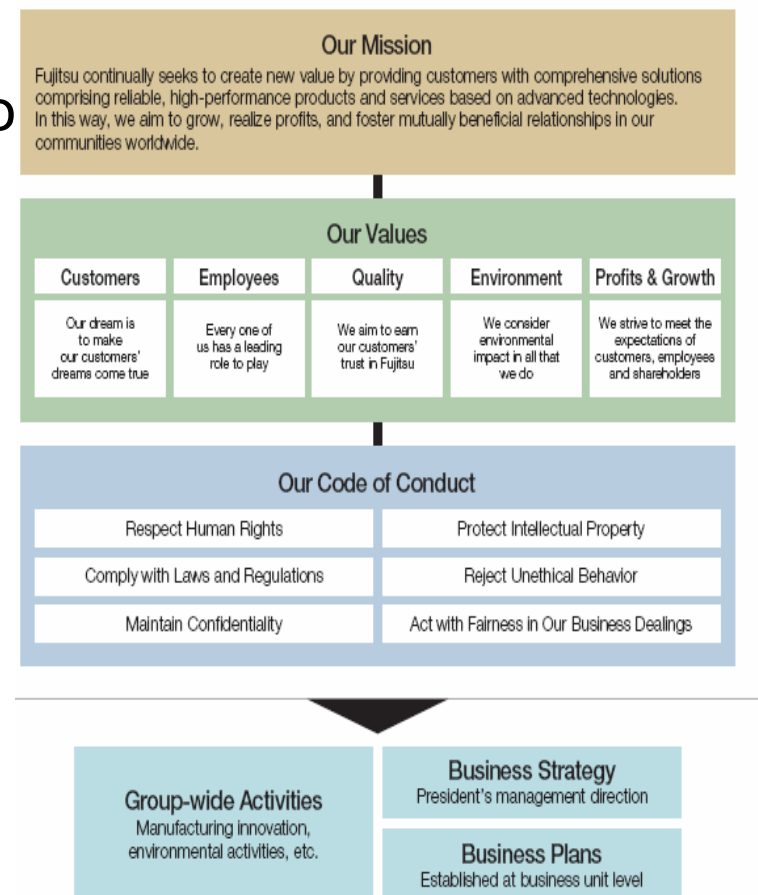
Framework of Global Environment Management



A lot of international corporations while signing contracts with suppliers, make them sign also statements to be obliged to adopt business ethics practices (Statements on Business Practices).

These declarations are connected with laws and ethical standards, like

- avoiding corruption practices;
- avoiding employee discrimination,;
- protection of international human rights and
- responsibility for the environment.



- The subject of the empirical studies described in this paper was to identify the activities undertaken by the companies in terms of building relationships with suppliers,
- The research was carried out at the beginning of 2008. A questionnaire was sent to 7000 enterprises (from the ISO Polish Guide catalogue). The response rate reached the level of 10.0 percent (N=700). Over 80 percent of the respondents were awarded ISO 9001 certificate, had foreign capital and were active on the international market (not only in the European Union countries but also outside Europe, particularly in North America and Middle-East Asia). A large number of them were blue chip companies which are active in the majority of countries in the world. The research results are presented in the tables below.

Table 1. Activities undertaken by companies in terms of building the relationship with suppliers (percentage rate; comparison of organizations general and in terms of a sector, number of employees and goods produced for the market)

Activities undertaken by the companies in terms of building the relationship with suppliers	General N=700	Sector		Number of employees			Firms offering the goods for the market	
		Production N=377	Services N=333	-50 N=229	51-250 N=252	over 250 N=219	B2B N=457	B2C N=243
Supplier opinion survey	69.29	77.19	60.06	59.39	77.38	69.86	75.49	57.61
Implementation of QMS conform to ISO 9001	57.14	60.74	52.94	42.79	57.94	63.47	63.46	45.27
Clear product specifications	55.00	59.42	49.85		55.56	59.82	57.55	50.21
Periodical coefficients of the suppliers' opinion	54.71	62.60	45.51	48.91	59.92	62.56	59.74	45.27
Trainings offering by suppliers	51.00	48.54	53.87	49.78	56.35	45.66	50.77	51.44
Auditing suppliers	49.57	62.60	34.37	40.17	51.59	56.62	52.95	43.21
Technical support offered by suppliers on-line	46.86	46.42	47.37	48.47	47.62	44.29	45.73	48.97
Possibility of on-line orders	37.14	36.34	38.08	37.12	36.90	37.44	36.54	38.27
Implementation of conform to ISO 14001	33.29	36.07	30.03	27.51	30.95	42.01	35.45	29.22
Development of common projects (products)	24.29	26.26	21.98	21.40	25.00	26.48	22.98	26.75
Training for suppliers	25.86	26.79	24.77	24.45	24.21	29.22	25.16	27.16
EDI	18.57	20.16	16.72	16.16	18.65	20.55	17.72	20.16

More and more international companies (as business customers) operating in Poland support for SME suppliers

- comprises wide technical and informative assistance,
- trainings,
- the introduction of quality and environmental management systems
- as well as the others operational management tools like TPS oraz LeanSix Sigma.



Creating partnerships with SME supplier on the B2B market transform commercial cooperation into various types of alliances and, thus, gain a range of benefits:

- reduced risk which connected with choosing a new supplier or buying a new product (brand); / brand is a guarantee of the quality/;
- quicker and more effective flow of market information through the application of new technologies;
- joint solving of technical and (sometimes) organizational problems, which allows greater effectiveness of using resources in process;
- designing new products as well as conducting joint research and development.

