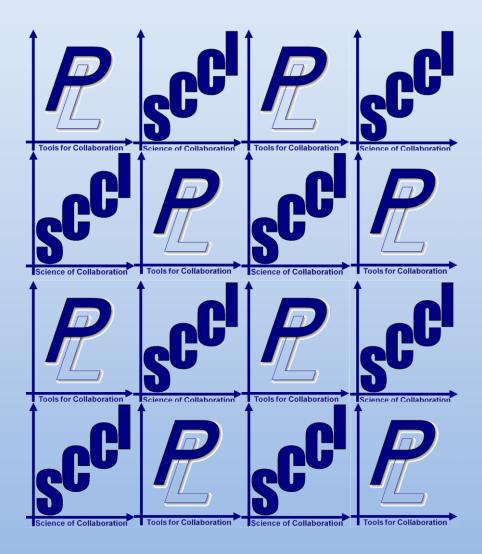
Case Study: Snack Food Manufacturers 'Tiger by the tail'



Andrew Humphries & Linda McComie





Second Edition 2022

First published in Great Britain in 2018 by Humphries and McComie.

Copyright Andrew Humphries and Linda McComie

The right of Andrew Humphries and Linda McComie to be identified as the authors of this work has been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

Every possible effort has been made to ensure that the information contained in this publication is accurate at the time of going to press and the authors cannot accept responsibility for any errors or omission, however caused. No responsibility for loss or damaged occasioned to any person acting, or refraining from action, as a result of the material in this publication can be accepted by the editors, publishers or any of the authors.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopy, recording or otherwise, without prior written permission of the copyright owner. Nor can it be circulated in any form of binding or cover other than that in which it is published and without similar condition including this condition being imposed on a subsequent purchaser.

Published by

SCCI Ltd Milton Keynes, England





Case Study – Tiger by the tail

By Andrew Humphries & Linda McComie

3 Year and 20 Year Relationships collaborating on the production of energy bars and seasonal goods, the latter valued at £36m pa:

- Customer Global Confectionery & Snack Foods Manufacturer
- Suppliers Specialist Confectionery SME and European multi-site manufacturer and supplier

Objectives:

- To identify the areas for performance improvement
- To encourage constructive discussions between the organisations to reduce complacency
- To review of the relationships to deal with emerging stresses resulting from increased success
- To provide a basis for increased investment and collaboration scope

Issues Revealed:

- Senior and Line Management from both parties were unaware/amazed at the lack of knowledge of key aspects of their relationship
- Important operational process disconnects in logistics and finance were identified
- Customer's management model inappropriate designed for in-house, major production runs
- Supplier's highly entrepreneurial, 'buccaneering' attitude not helpful
- Communication failures on both sides resulting in unreliable logistics, penalty costs, frustrated staff, fragile co-operation, low incentive to innovate

[&]quot;Their performance measures are focused at low levels rather than the overall outcome. This is the system they use with their own factories but is does not match the service they buy from us."





Notes

The Customer initiated relationships with both suppliers as part of a senior management initiative to access innovation and the rapid development of new product lines in niche markets which its own, inflexible manufacturing facilities were unable to achieve.

The partner companies were small, dynamic producers of unique world class products. Both were capable of swapping out production lines within 24 hours and developing new products rapidly.

Initially these enterprises were managed at a senior level however as the relationships matured they were handed over to lower level production staff who were unable to provide the individual relationship management necessary to maximise the creative returns from the suppliers.

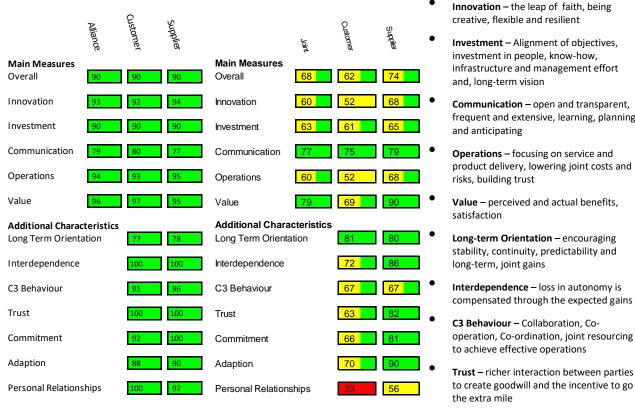
In the case of the newer supplier, this change in management had yet to have a serious impact apart from problems with lines of communication.

In the second case the supplier was saddled with bureaucratic requirements such as daily production reports and stock returns. Also the customer insisted on the use of their packaging supplier who could not adapt to specific and dynamic requirements of the small manufacturer.





Performance at a glance



Bandings	Colour		Response
0-49%	Red		Urgent Action Required
50-59%	6 Amber		Corrective Action Required
60-74%	Amber	Green	Corrective Action Recommended
75-100%	Green		OK Unless High Priority

- Communication open and transparent, frequent and extensive, learning, planning
- product delivery, lowering joint costs and
- compensated through the expected gains
- operation, Co-ordination, joint resourcing
- to create goodwill and the incentive to go
- Commitment the relationship is so important that it warrants maximum effort to maintain it
- Adaption willingness to adapt products, procedures, inventory, management, attitudes, values and goals to the needs of the relationship
- Personal Relationships generating trust and openness through personal interaction

These traffic lights show a relatively and fresh relationship where communication issues are present and a relationship where considerable friction exists and co-operation and trust are adversely affected.

"I don't feel I have a close relationship with the other company or the resources to spend on improving it"





Outcomes

- Senior Managers realised that they needed to manage the relationship proactively and identify opportunities for working closer together on product innovation
- Joint workshops resulted in process improvement initiatives the requirement to carry out product and logistics reviews
- Customer decided to carry out regular relationship performance monitoring to ensure the same mistakes were not made and to sustain progress
- The main impact of the assessment was it allowed both parties to concentrate objectively on fixing the issues and gradually things are getting back on track

"Informal, strategic conversations don't tend to happen so we miss opportunities to take a bigger view of the business"

Notes

In this case it is clear that the Customer had not learned how to work collaboratively. Rather than managing relationships they employed someone to 'put out the fires'. Challenging objectives had been set, given that the partner operations were substantially different but, the benefits of innovation were not being fully realised. There was a need to treat these suppliers as world class experts rather than adjuncts of their own production lines.

In the older relationship they could not understand what was going wrong and how to solve the problem. They had even seriously considered replacing the Supplier but failed to find another as capable. As a result of the PartnerLink appraisal the Supplier was asked to offer recommendations on how they could increase their market share. The advice enabled them to reduce the delivered product price and to increase sales.

This is an interesting case because it demonstrates that operational effectiveness is not necessarily accompanied by harmony. Accommodation is also necessary on the wider aspects of the partners' aims and objectives to achieve the relationship's full potential.

The bottom line is regardless of the operational, cultural, geographical and size differences between alliance partners the principles of effective relationship management still apply. Furthermore organisations must put in place management that learns and continuously improves.



For Further information contact:

Telephone: +44 1 908 561892 Email: <u>sales@sccindex.com</u> Website: <u>www.sccindex.com</u>