



Network pictures for managing key supplier relationships

Elsebeth Holmen ^{a,*}, Tina B. Aune ^{a,b,1}, Ann-Charlott Pedersen ^{a,2}

^a Norwegian University of Science and Technology, Department of Industrial Economics and Technology Management, N-7491 Trondheim, Norway

^b Trondheim Business School, HiST, N-7050 Trondheim, Norway

ARTICLE INFO

Article history:

Received 30 August 2011
Received in revised form 29 February 2012
Accepted 17 October 2012
Available online 20 January 2013

Keywords:

Key supplier management
Network pictures
Network insight
Buyer–supplier relationships
Managing in networks

ABSTRACT

We contribute to key supplier management literature, emphasizing the buyer's insight into key suppliers' surrounding networks. We build on supply network research suggesting that buyers must manage their key suppliers in their network contexts, and research suggesting that managing in networks is based on the interacting parties' network pictures. The theoretical insights were systematically combined with a single-case study of a buyer and four key suppliers. We suggest that a buyer assess the congruence between the buyer's network picture of key suppliers and the key suppliers' own network pictures, paying attention to obsolete, incorrect, incomplete, or generic elements. Second, a buyer may consider five “rules for revision” that can reveal problems arising from the obsolete, incorrect, incomplete, and/or generic elements. Third, the buyer may uncover new opportunities in key suppliers' networks by pursuing four strategies: systematic search, systematic discovery, chance search, and chance discovery. Thereby, the buying company may revise its network picture and contemplate alternative actions and reactions toward key suppliers. Our findings have implications for key supplier managers and others who interact with key suppliers. Further research should investigate how a buyer's insight into key suppliers' networks affects the performance of the buying firm, and the key suppliers.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction

According to theories on supplier management, some suppliers are more important than others, and relationships to the strategically most important suppliers – recently coined “key supplier relationships” (Corsten & Felde, 2005; Ivens, Pardo, Salle, & Cova, 2009) – should be managed by dedicated key supplier managers, via a set of specialized key supplier practices (Pardo, Missirilian, Portier, & Salle, 2011). However, key supplier relationships, like all supplier relationships, are embedded in wider networks, and instead of managing a key supplier as if it existed in isolation, a buying firm may develop a network awareness capability in order to manage the key supplier in its wider network context (Choi & Kim, 2008). The question is, however, how a buying firm should manage key suppliers in their network context. In this article, we rely on literature on network pictures and network insight generation (Ford, Gadde, Håkansson, & Snehota, 2003, 2011; Henneberg, Mouzas, & Naudé, 2006; Mouzas, Henneberg, & Naudé, 2008), and suggest that the discussion on how key supplier relationships can (or should be) managed might benefit from cross-fertilization with ideas and concepts developed within a managing-in-networks perspective. We pursue this idea by empirically investigating, conceptualizing and

discussing three issues pertaining to how network pictures can be used for managing key supplier relationships. First, how can a buying company consider whether its present key supplier network picture is in line with the key supplier's network context? Second, how can a buying company become aware that its key supplier network pictures may benefit from being revised? Third, how can a buying firm proceed to acquire new insights, which may lead to revision of key supplier network pictures, and spur new actions and reactions toward key suppliers?

The remainder of the article is structured as follows. In Section 2, we discuss the conceptual background of the article, relying on the literature on key supplier management and network pictures, and we present the three research questions. In Section 3, we explain the method and the case study. In Section 4, the findings from the case study are presented. In Section 5, we discuss the findings in light of the three research questions. In Section 6, we offer conclusions and implications of our research.

2. Conceptual background

2.1. Key supplier relationships

Since the 1980s, empirical evidence has mounted that a limited set of suppliers often account for a large proportion of purchasing spend, and that these relationships are characterized by interdependence, a collaborative spirit, and a long-term orientation (Håkansson, 1982, 1990; Håkansson & Snehota, 1995; Lamming, 1993). Further inquiries into supplier relationships, also spurred by management trends

* Corresponding author. Tel.: +47 73590464; fax: +47 73591045.

E-mail addresses: holmen@iot.ntnu.no (E. Holmen), tina.aune@hist.no (T.B. Aune), pedersen@iot.ntnu.no (A.-C. Pedersen).

¹ Tel.: +47 73559950; fax: +47 73559951.

² Tel.: +47 73593503; fax: +47 73591045.

suggesting that companies should focus on their distinctive competences and outsource activities not relying on these competences, have revealed that such deep and collaborative supplier relationships heavily influence the buying firm's performance, operational efficiency, and innovative capability (Corsten & Felde, 2005; Dyer, 2000; Gadde & Håkansson, 2001; van Echtelt, Wynstra, van Weele, & Duysters, 2008). Given the importance of the supplier relationships, increasing attention has been paid to how such supplier relationships are (or should be) managed in order to create collaborative advantage (Dyer, 2000; Gadde & Håkansson, 1993; Lamming, 1993; Liker & Choi, 2004; van de Vijver, Vos, & Akkermans, 2011). Among the managerial approaches that have been proposed are supplier portfolio approaches (Kraljic, 1983), supplier base configuration and reduction programs (Gadde & Håkansson, 2001; Wagner & Johnson, 2004), and supplier development (Krause, 1997). All of these approaches seem to rely on the idea that, due to scarcity of managerial and other resources, a buying company can (and should) only engage in deep, collaborative relationships with a limited number of suppliers. Therefore, the buying company needs to reduce the number of suppliers and/or single out the subset of its suppliers that matter most for the buying firm's short-term performance and long-term survival, and needs to direct most of its supply management efforts toward this set of suppliers. The practice of giving a limited number of suppliers a specific treatment has been labeled "key supplier management" (KSM), as referred to in the introduction to this special issue.

2.1.1. Identifying key suppliers

Identifying the key suppliers is a central theme in KSM. Miocevic and Crnjak-Karanovic (2012) define key suppliers as those who provide strategic inputs (e.g. raw materials, components or systems) to a buyer's manufacturing process, where most of these inputs become core components of the buying firm's product offering. Wagner and Johnson (2004, p. 723) define key suppliers as "carefully selected and important suppliers that are subject to extremely high demands in terms of management of core skills, market and technological leadership" and for which the buying company applies a policy of "absolute single sourcing". In line with Kraljic (1983), Corsten and Felde (2005, pp. 446–447) define key suppliers as those "who supply strategic products which are high in value, scarce, or contribute considerably to a buyer's performance". Van de Vijver (2009) differentiates between key suppliers and preferred suppliers, suggesting that key suppliers are considered critical to the future success of the buying company, whereas preferred suppliers represent a category of suppliers largely based on their delivery and quality performance. Key suppliers may also contribute to the technical development of a company by playing a scout function (Corsten & Felde, 2005) or in other ways constitute important sources of knowledge and skills (Dyer, Cho, & Chu, 1998; Håkansson & Eriksson, 1993; Lakemond, Berggren, & van Weele, 2006; Wynstra, van Weele, & Weggemann, 2001). The definition provided by Ivens et al. (2009, p. 516) that key suppliers are those that the buying firm has "identified as being of strategic importance" captures the variety of these definitions at a more general level.

2.1.2. Managing key suppliers

Growing attention is paid to how key suppliers, once identified, are (or should be) managed. Pardo et al. (2011) define KSM as a set of practices that allow key suppliers to receive a specific, adapted treatment. In addition to capturing practices, KSM focuses on key supplier management roles (i.e. the practitioners), in particular the role of Key Supplier Manager, which embraces "managing relationships with suppliers that the company has identified as being of strategic importance" (Ivens et al., 2009, p. 516) or the role of Key Supply Purchasers (KSP). However, Pardo et al. (2011) stress that a company may practice KSM without having appointed anyone to the position of key supplier manager, since non-formalized approaches to KSM may exist. Finally, KSM also involves creating a new mission: coordinating the buying company's information and action in time and

space in relation to a key supplier in its entirety (Pardo et al., 2011, p. 854).

2.1.3. KSM as an emerging field

KSM has been observed in some (often large or multinational) companies (for an overview see Pardo et al., 2011). However, KSM generally seems to be much less practiced and investigated than key account management (KAM), which aims to serve strategically important customers in a more individual manner than minor accounts (Ivens & Pardo, 2007, 2008; Ivens et al., 2009; Pardo, Henneberg, Mouzas & Naudé, 2006; Workman, Homburg, & Jensen, 2003). Since KSM may be seen as the mirror image of KAM (Ojasalo, 2002), the relative paucity of KSM has stimulated inquiry into possible barriers to "key supplierization" of the firm. Pardo et al. (2011) suggested that such barriers comprise difficulties in implementing supplier portfolio approaches, a narrow view of value co-creation with suppliers, and a persistent lack of integration of the purchasing function with other internal functions.

The emerging status of KSM praxis and research implies that future research needs to be able to capture the possible variety of forms in which KSM may appear (Pardo et al., 2011), including differences between large corporations vs. SMEs, across different industrial and/or national settings, etc. Furthermore, Ivens et al. (2009) emphasize the importance of not only describing existing KSM practices and roles but also giving advice on how to design and implement KSM practices and roles. Finally, Wagner and Johnson (2004) propose that in the long run, results can only be achieved if the management of key supplier relationships takes into account the wider context in which these are embedded, for example additional tiers in the supply chain.

2.2. Wider networks surrounding key suppliers

The literature on supplier management has mainly focused on the buying company's relationships to its direct suppliers. However, all suppliers, whether key or not, are embedded in wider networks (Håkansson & Snehota, 1995). This means that a dyadic buyer–supplier relationship is connected to other relationships of the two respective parties, and that these connected relationships affect the focal relationship positively and/or negatively (Anderson, Håkansson, & Johanson, 1994). Acknowledging such connections, important issues are how a buyer should manage in the wider networks in which key suppliers are embedded, which counterparts in the key suppliers' wider networks are important to consider, which capabilities are required for managing key suppliers in their wider network contexts, and which practices (cf. Ivens et al., 2009) may support this.

2.2.1. Managing the structural embeddedness of key suppliers

Within the field of supply chain management, the importance of interdependencies in the wider chain is acknowledged. However, as noted by Fawcett and Magnan (2002), the practice of supply chain management focuses mainly on practices toward direct (first tier) suppliers. In research on supply networks, which explicitly addresses connections among relationships, most studies center on connections among the direct suppliers of a buyer (see Choi & Wu, 2009; Dyer & Nobeoka, 2000) and pay scant attention to the wider networks of the buyer and the respective, direct suppliers. Nevertheless, there is a growing recognition that in order to understand a supply network and make strategic supplier-related decisions, it is necessary to look beyond the dyad (Axelsson & Easton, 1992; Choi & Kim, 2008, 2009; Dubois & Fredriksson, 2008; Gadde & Håkansson, 2001; Håkansson & Snehota, 1989; Ozcan & Eisenhardt, 2009; Smith & Laage-Hellman, 1992). In particular, Choi and Kim (2008) suggest that instead of managing a key supplier as if that supplier exists in isolation, a buying company also needs to consider the "structural embeddedness of the supplier", since the network surrounding the supplier can affect the buying firm's business decisions, behavioral choices, and economic outcomes. "If structural

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات