LEVERAGING TRENDS IN SUPPLY BASE MANAGEMENT

INTRODUCTION
By understanding current trends in supply base management, your small- to medium-sized enterprise (SME) may be able to adapt and respond to meet the needs of your supply chains.

UNDERSTANDING THE ISSUES
What are factors in supply base management that SMEs can use to their advantage?
- Fewer sources of supply will be used
- Buyers will be more concerned with final customer satisfaction
- Buyers will focus on relationships
- Buyers will drive shorter cycle times
- Design engineers and buyers will be part of sourcing teams
- Global sourcing will increase

Supply base reductions — what does this mean?
- One or few sources per item
- Partnership is long-term and stable
- On-site audits and visits
- Exclusive contracts
- Frequent, small lots

Why is increased partnering important?
These partnerships have the potential to yield:
- Quality improvement
- Cost reduction
- Lead-time reduction
- Delivery/service improvement
- Shortened concept-to-customer cycle

Challenges in Partnering with Suppliers
- Sharing information and maintaining confidentiality
- R&D and proprietary information
- Satisfying customer expectations
- Power in the chain
- Mass customization
- Investment in assets

How will your firm handle these issues?

Preferred suppliers can provide:
- Early supplier involvement — information on the latest trends in materials, processes or designs
- Information on the supply market
- Capacity for meeting unexpected demand

What do your customers want and are you ready to provide this?
Many larger firms are investing in supplier development — helping suppliers improve key performance measures.