

## 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.