PARTNERING STRATEGY IMPLEMENTATION IN THE SUPPLY CHAIN.

D. K. Macbeth, D. Boddy and B. Wagner

*Centre for Supply Chain Management, University of Glasgow,
Scotland.*

*Tel: +44 141 945 6461, Fax: +44 141 945 0427, email:
macbeth@mgt.gla.ac.uk*

Abstract

Partnering in the supply chain is of major strategic significance in many industrial sectors but the changes in at least two organisations are systemic and not usually well understood. This paper reports on the findings of a recent EPSRC research project in two chains which has produced a new model of change to aid managers implement and gain strategic advantage from a successful cooperative approach to managing the chain. It suggests five agendas which are interconnected and interacting, use of which will anticipate and accommodate the consequential impact of change as it ripples through the organisations.

Keywords

Management change, partnering, supply chain.

The original version of this chapter was revised: The copyright line was incorrect. This has been corrected. The Erratum to this chapter is available at DOI: [10.1007/978-0-387-35321-0_72](https://doi.org/10.1007/978-0-387-35321-0_72)

INTRODUCTION

Partnering can be considered to be an approach to inter-firm business relationships in which the following features are recognised, monitored and encouraged:

- expectation of continuing involvement over an extended timescale
- significant complementarity in capability with no intent to compromise the other party's ability to function with other parties
- sharing of future oriented data to permit more coherent involvement and planning
- consideration of mutual impact of decisions and the intention not to damage the other party
- support to further joint developments to remove waste and enhance innovation
- agreement on the principles of interaction from the beginning
- right to make a margin but the need to reduce real cost

In all of this the business case is the most important one for without a positive impact in the final market place neither party has any long term to consider. Partnering is therefore a co-destiny situation in which the mutual high dependence requires mutual best efforts to ensure that the commitment is both sensibly targeted and effectively managed. (Macbeth 1998.)

Work at Glasgow since 1987 has developed a range of tools and approaches to measuring and improving relationships between supply chain dyads (SCMG 1995a,b). In parallel, but predating these studies, work has been underway to understand the nature of management of change issues in a variety of contexts (Boddy and Buchanan 1992)

CHANGE IN COOPERATIVE RELATIONSHIPS

Partnering is a business approach to the relationship between two complete organisations, not just between the boundary spanning personnel on each side of the traditional divide. Thus decisions at the boundaries have to be properly connected back into the parent organisations so that the boundary spanners are not isolated in the relationship. The context of the change issues are therefore determined at the boundaries but are rooted inside the parents. They are therefore impacted by a range of factors at a number of organisational levels as the parent organisation's personnel and procedures reflects on or predetermines relationship issues. These influences away from the relationship area can easily create pressures unanticipated at the start of the relationship journey which might be seen as a hindrance if not a complete threat. These influences result from the variety of other business activities that both parent organisations will be engaged in. They are not controllable within the closer relationship contact groupings but have to be accommodated or the relationship will founder.

Pettigrew's (1987) model presents change as a historical process interacting with both an internal and an external environment. Content refers to the particular area of transformation under consideration, in this case partnering in the supply chain. That is undertaken with certain results in mind, which are in practice influenced by choices made in designing the content of the change, and in the process of change - shaped both by history and by interaction with the internal and external environment. In our new model we build on these ideas by defining a series of agendas which have to be managed and from which the benefits of change are extracted.

Buchanan and Boddy (1992) argued that significant change can be viewed from three perspectives, each with different implications for those trying to make it happen. The *project management* perspective predicts that successful implementation will depend on using established techniques of project management (Locke, 1992; Owens, 1993), such as setting clear goals and milestones. The *participative management* perspective emphasises the benefits of establishing a sense of ownership of the change amongst those whose support will be needed (Mumford and Weir, 1979; Kotter and Schlesinger, 1979). Particular attention should be given to providing opportunities for the exchange of ideas, and the encouragement of alternative views (Pugh, 1993) to build wide support. The *political* perspective stresses that change is likely to impinge on many different interests pulling in different directions, and possibly pursuing personal as well as organizational goals (Pfeffer, 1992; Pettigrew 1987). This implies that implementation will depend not only on using project management and participative skills, but also on political skills.

A number of these approaches are incorporated and further developed in the model which while it is set in a supply chain context may have a wide range of possible application areas. This was developed as part of a recently completed EPSRC project. (Macbeth et al 1998.)

THE CHANGE AGENDAS

The distinctive feature of this model is that we identify five distinct but connected agendas that need to be managed if companies are to move towards an effective partnering relationship. These agendas are concerned with:

- Content** - the substantive issues being managed in the change
- Process** - the way in which the change is managed and implemented
- Control** - monitoring events in both the content and process agendas,
- Learning** - in which project lessons are captured and spread, and
- Integrating** - overseeing and managing the other agendas.

How well the companies manage and link these agendas will have a strong influence on the results obtained from their partnering project.

The content agenda

The current state of the relationship between the parties can be described in terms of eight interacting segments within the content agenda. This is based on Leavitt (1965) but has been adapted in the light of this research.

Managements in both companies initiating a move to partnering have some objectives in mind when they initiate the project. Their actions, both past and present, affect the performance measures represented by the results segment. The central proposition in the content agenda is that the degree to which the results obtained match the objectives depends on how the issues represented by the other six segments are managed.

This reflects the familiar idea of organisations as systems in which a change in one element has consequences for others. On the basis of our research we suggest that the elements which affect supply chain partnering **results** framed by the desired **objectives** are:

business processes - the way the companies have designed the processes for moving materials and information across their respective boundaries;

technology - the type and location of physical facilities, machinery, and information systems used by the partners;

structure - the way tasks required to deliver goods and services are divided and co-ordinated, both within and between the two organisations;

people - the knowledge, skills, attitudes and goals of the people working for the organisations;

culture - the prevailing norms, beliefs and underlying values which characterise the two organisations; and

power - the amount and distribution of identifiable sources of power available to people within the two organisations.

Each segment contains dimensions and elements which delineate that part of the content agenda in increasing operational detail. We propose that, for example, some configurations of business processes, culture or technology are more likely to support partnering than others. Management wanting to secure an effective partnering relationship need to work on at least some of these elements to move them towards those forms which are likely to support the results intended.

The segments, dimensions and elements making up the content agenda can be used

- to diagnose the current position
- to articulate a best practice vision of what the relationship can become
- as a source of ideas on how to move forward towards the vision

Change is triggered by an influential player or group (internal or external) expressing dissatisfaction with current operations. They are motivated in some way to move from the present way of operating towards some vision of future best

practice, which can be described broadly in terms of the segments in the content agenda.

If the idea secures support and takes root, the parties then work together to re-design those segments (at the dimensions and element level) which they believe will help achieve their shared vision of partnering. They aim to implement the current vision by reshaping the various elements in the content agenda into a unique combination that delivers the results expected. The shared vision of partnering will consist of explicit elements (such as established systems to be transferred and perhaps tacitly adapted, or new systems developed between the parties); and new elements which the parties create as they face problems and share experiences to make the relationship work. As the parties move from an existing state to a desired vision of what they could be together they act along the content agenda axis but within a traditional control cycle loop as shown in figure 1.

The activities people undertake to make these changes happen constitute the process agenda.

Figure 1 The Five Change Agendas

The process agenda

Movement from current practice towards a new vision is achieved through the combined activities of people in both organisations. Sometimes they act

individually and largely on their personal initiative. At others they get things done by working through and with the support of various institutional mechanisms. Together these constitute the process agenda or axis in the model which is embedded in a learning cycle loop as shown in figure 1.

The results of the initiative depend on how well the process agenda is managed. The fundamental task is for the change agent (or some higher authority) to construct a change process through which significant movement towards the current vision of partnering is achieved. In some cases the process is largely in place, with clear institutions and procedures to follow, while in others it needs to be created. Both the parallel individual and institutional tracks, and the links between them, need to be in good shape.

People working individually.

This refers to people who take on foreground, boundary-spanning roles to drive a partnering initiative forward. They may do so on a part-time or full-time basis, and with either one or several partners. It includes those who are leading or initiating the project, and those who work on operating improvements to processes which span the boundaries between the two organisations. As individuals they may choose to act on their own initiative to make the change happen, or they may progress their ideas through existing institutions (such as gaining approval and support from the Board).

People acting through institutional mechanisms.

There are limitations to what people acting on their own to solve a problem or improve a process can achieve. These include the possibility that they ignore wider considerations in their decisions; have limited means of gathering and integrating a range of ideas from others who could contribute; that they do not have sufficient power with which to exert influence; that continuity is lost when individuals change jobs, so that systems decay; and that learning remains local rather than being captured and spread throughout the organisation(s).

Individual effort can be supported institutionally if they create:

- relatively formal bodies which bring the players into regular face-to-face contact through teams of various kinds
- documentary or electronic systems to record information about the proposals, decisions and agreements made in the course of the partnering project. These are independent of any one individual and can be easily transmitted to widely dispersed sites. Others can then act in more informed and mutually consistent ways.

The control agenda

The control agenda is the origin of change. It is activated when an influential player or institution (a board or management committee) observes some unacceptable gap

between current operating performance and that which they would like to see. This may arise from a chance observation or from some formal monitoring diagnostic. The results being obtained are out of line with objectives, which triggers action to close the gap. In the current context, the aim is to improve performance by developing closer relations with suppliers or customers. The parties agree to work towards some future vision of that relationship.

The learning agenda

This represents the way in which, and the extent to which personal and institutional learning about partnering occurs. This may take place as a result of deliberate intervention or training strategies, or as a people and organisations learn from their direct experience. The central intervention and learning strategy is to help people at the interfaces:

- to implement or accept existing knowledge and procedures (“securing buy-in”)
- to understand and accept existing tacit knowledge, or
- to develop new tacit and codified knowledge about the best way to make partnering work in that situation - (the best combination of dimensions and elements in the content agenda).

The integrating agenda

The way these four agendas are managed cannot be taken for granted, so it is useful to introduce the idea of an overall integrating agenda. Partnering is a complex change, affecting many interdependent parts of two or more organisations. The agendas to be managed are inevitably complex. They themselves need to be managed and linked together so that all move forward with a degree of intelligence about what is happening elsewhere, and continue to fit with the overall strategic direction of the business. This cannot be worked through solely by those directly involved. It requires an additional responsibility which involves:

- overseeing the content agenda and committing the resources
- constructing a process which supports personal activity with institutional forms and devising controls
- ensuring that learning is captured and transferred.

All of the interacting and interconnected agendas are shown in figure 1 and change activity cycles round the segments of the various loops in a coherent but essentially non prescriptive way. The merit of the change model is that it surfaces all of the interactions such that the ripples of change can be anticipated and their consequential impacts evaluated and managed.

REFERENCES

- Boddy, D. and Buchanan, 1992. *Take the Lead*. Prentice Hall International (UK) Ltd.
- Kotter, J.P. and Schlesinger, L.A. (1979), Choosing Strategies for Change, *Harvard Business Review*, March/April.
- Leavitt, H.J. (1965), Applied Organizational Change in Industry: Structural, Technological and Humanistic Approaches, in J.G. March (ed.) *Handbook of Organizations*, Rand McNally, Chicago.
- Locke, D. (1992), *Project management*, (5th Edition), Gower, Aldershot.
- Macbeth, D.K., Partnering - why not? *Proceedings 2nd Int. Research Symposium on Purchasing and Supply Chain Management*, CIPS, Stamford, 1998.
- Macbeth D. K, Boddy D., Charles M. and Wagner B., (1998), *Implementing Partnering in the Supply Chain*. Report on grant number GRK 21252. EPSRC, Swindon.
- Mumford, E. and Weir, M. (1979), *Computer Systems in Work Design - The ETHICS Method*, Associated Business Press
- Owen, A.A. (1993), How to Implement Strategy, in Mabey, C. and Mayon-White, B. (eds), *Managing Change*, Open University, Milton Keynes, 143-150.
- Pettigrew, A.M. (1987), Context and Action in the Transformation of the Firm, *Journal of Management Studies*, Vol. 24, No. 6. 649-670.
- Pugh, D. (1993), Understanding and Managing Organization Change, in Mabey, C. and Mayon-White, B. (1993), *Managing Change*, Open University, Milton Keynes, 108-112.
- Pfeffer, J. (1992), *Managing with Power*, Harvard Business School Press, Boston.
- SCMG (1995a), *Report on Eureka Project EU1024*, SCMG Ltd, Glasgow.
- SCMG (1995b), *Supply Chain Improvement Process*, SCMG Ltd, Glasgow.

BIOGRAPHY

Douglas K Macbeth is Professor of Supply Chain Management and Director of the Centre for Supply Chain Management which was co-founded by the University, SCMG Ltd and The Chartered Institute of Purchasing and Supply.

David Boddy is Reader in Organisational Behaviour.

Beverly Wagner is Senior Researcher in the Centre working towards a PhD in team processes in partnering.