

# Roundtable News

## Managing Vendor/Supplier Quality November 1998

Vendor management must be a basic issue of corporate strategy.

- "Just-in-Time" initiatives require superior vendor quality.
- Vendors must play a critical role in concurrent engineering practice.
- Vendor participation in product development has evolved/is evolving to make them more like partners; progressive organizations involve vendors throughout the product development process.
- Vendors must be seen as extensions, not adversaries; brute force relationships fall apart, especially in critical (emergency) times; need to work on achieving partnerships.
- It is key to have only a few vendors to establish commitment, innovation and mutual reward.
- Organizations use vendor certification to assure partnering.
- The Internet is changing the rules-makes contact with vendors much easier and quicker. This is especially true for software developments.
- Another point of view is that the Deming TQM model, calling for a minimum number of vendors, applies to incremental innovation, not necessarily to radical innovation. The rapid rate of technological change (especially for information systems and Internet-based products) and shorter product life cycles puts the Deming model into question.
- Management of intellectual property with vendors still a critical element of vendor management; success (problem avoidance) is achieved by deciding and acting quickly.
- AT&T uses innovation as part of the search/selection process for vendors; they put effort upfront to identify need and then seek appropriate vendors to fill those needs. A culture of a partnering team must be developed with, and applied to vendors
- Pershing classifies vendors into strategic, specific products, and undercapitalized. A technology council "orchestrates" these vendors. Pershing depends heavily on strategic vendors for their innovation needs.
- ISO and vendor certification have institutionalized formal process for vendor partnership relationships.
- ARDEC uses joint concurrent engineering teams with suppliers. They employ a shared common vision for current and future needs (goals, strategies, etc.).