

Supplier relationship management critique essay

[Business](#), [Management](#)



Supplier relationship management is an approach to managing organizations interactions with the supplier of the goods and services it uses. The main goal of supplier relation management is to streamline and make more effective the processes between an organization and its suppliers. In order for this type of relationship to work and benefit both parties, the organization and its suppliers must have the same desired outcomes. Both parties must be willing to compromise, share information such as pricing, new product developments, and as well, be able to communicate openly and honestly with one another and the cross-functional teams.

Whirlpool Corporation and Inland Steel Industries demonstrate these qualities, thus the reason for their great success in their respective industries. It has been said that “ It can take years for a buyer/seller partnership to begin delivering results”. Each party much fully understand the intentions, goals, and expected outcomes of the partnership and must work together to achieve these requirements. Each party has to ensure that their respective employees are on board with the projects at hand, as well as having an understanding of the goals, objectives and outcomes.

This does not happen overnight. It takes a long time to build trust within a company let alone with two companies working together. Information must be gathered and analysis performed to ensure that targets can be met. Teams must be built and tasks assigned. Each company involved must carefully chose the right employee to lead the teams and to make sure that the team leaders will work together with the other company’s team. As seen in the case, Whirlpool Corporation realized it needed to reduce its supplier

base and achieve a more competitive advantage by forming an alliance with few key suppliers.

Top executives at Whirlpool Corporation discussed their organizations top initiatives and then chose a partner that they thought would help them obtain the benefits, and who would value the partnership as much as Whirlpool. Point to point contact between functional groups at different companies has many advantages, but also has some disadvantages. Some of the key advantages of point to point contact between functional groups are that 2 heads are better than one.

The more people you have, the more ideas you have to choose from to make the best decisions. There is more knowledge and expertise within each functional group and if one group from one company has questions the partner company's functional group will have answers or ideas because they have the experience and knowledge to help answer the questions. There is a better understanding of how each group works and therefore will be able to communicate more efficiently. For example, engineering at Whirlpool built a link with the engineering group at Inland.

This helped to ensure that Inland was engaged in Whirlpools new product developments and helped to create a cost effective product for both manufacture and consumer. The path to trust between Whirlpool Corporation and Inland Steel began many years ago when Inland Steel became a supplier of steel to Whirlpool. As that the companies had worked together for several years, it was easy to see that both companies had a common strategic vision and both companies realized that their end goals could be met if they worked together.

In the early years of the partnership Inland began to share its market strategies with Whirlpool. Inland also began to change its investment style so that they could better support the needs of Whirlpool. One of the key movements Whirlpool made to increase the trust in this relationship was to agree to give more volume of purchases to Inland Steel. Overtime Whirlpool kept their promises and down the road a few years Whirlpool increased its orders to Inland by 30%.

The companies became more and more involved with each other the alliance was solidified in 1993. The companies held joint meetings, had access to each other's functional groups to help produce new products, improve processes, and ultimately drive down costs for both companies. Long range visions were developed and shared, and Whirlpool stood by their agreement of increasing orders throughout the years. Trust made it possible to reduce costs, gain market share and develop new ideas to keep both companies continuing on today.