

# Harley davidson hbr case study

Business



Members of the purchasing organization were located at the various manufacturing facilities in Wisconsin, Pennsylvania and Missouri. Over time, each manufacturing facility was encouraged to develop its own unique purchasing process, “resulting in different methods for handling procurement, including the acquisition and/or development of different information systems” for different purchasing groups (Austin, 2003, p. 3).

This practice further resulted in differences forming between similar purchasing groups.

Viewing the company’s existing purchasing structure as a loss of a strategic opportunity in developing supplier relationships, Garry Ferryman, VP of Materials Management, set out to change the purchasing organization. Walton ten company. Ana ten company’s relations with suppliers in an effort to increase production capacity and industry leadership. Ferryman saw Harley-Division’s fragmented purchasing interaction with its suppliers as an illustration of how Harley-Davidson was not viewing supplier relationships as a strategic opportunity.

Believing a strong, close working relationship with suppliers to be vital, Ferryman saw a change in the purchasing organization’s interaction with suppliers as the first step in re-inventing the company’s supplier relationship. Ferryman envisioned “the purchasing organization becoming a common enterprise-wide point of contact with suppliers who would be real partners” with Harley-Davidson (Austin, 2003, p.

4). Ferryman's primary project, to change company interaction with its suppliers, was no small change but, in fact, looked to transform established business functions.

As part of the primary transformational change, an additional project would be required. It would be necessary for Harley-Davidson to form an integrated procurement system – the Supplier Information Link (Silk) – to support supply chain relationships as well as its provider. Kicking it off in 1996, the purchasing organization began development of a corporate wide Supply Management Strategy (SMS) with the goal “ to ensure Harley-Davidson is provided with the right product, at the right time, with the best quality, for the lowest possible cost” from each supplier (Austin, 2003, p. 4).

Executive Level Support “ At the heart of SMS was the need to shift the organization from a short-term orientations mentality to a long-term focus on supplier relationships” (Austin, 2003, p. 4). A long-term focus included “ collocation of suppliers with production facilities” (Austin, 2003, p. 4). SMS leaders understood from the beginning that, in order to succeed, commitment across all functional areas would be necessary.

As such, in developing the SMS, input on refinement of the Ism's strategy was solicited from other Harley-Davidson functional areas that had a stake in and would be affected by the project.

Still, headwinds were anticipated on two main fronts: (1) a natural lack of interest award changes that could potentially shut down production lines and (2) the company's “ attachment to tradition” that pushed strategy towards continuously improving and away from transformational change (Austin, <https://assignbuster.com/harley-davidson-hbr-case-study/>

2003, p. 5). Ferryman believed the act of establishing “ trust, enthusiasm and engagement in SMS” was a necessary stepping stone past these headwinds on the way to project completion (Austin, 2003, p. 4).

But this step, argued Ferryman, required “ a slow and steady approach” (Austin, 2003, p.

4). This part of the process appears to have spanned nearly two years. Beyond the attempted inclusion of all stakeholders in its placement, the project grew general support through presenting the \$34 million in potential added value. It is worth noting that Ferryman’s methodical approach behind planning and gaining support, as well as a strong level of comfort with the project, laid the necessary foundation that reduced future missteps and delays.

Forming The Silk Team After gaining enough momentum and support along with help at the sponsor level from Ferryman, members of the purchasing organization were able to begin building the Silk team as the various purchasing functions offered part-time resources. Handpicking “ Antenatal players Trot across ten PEG,” ten team Tormentor Touches Its attention on selecting individuals who held a strong understanding of the existing processes and were well liked within their respective function (Austin, 2003, p.

). With the team formed, it was time to put “ strategy into action” (Austin, 2003, p. 6). What We Have The first step was to understand the existing procurement process of the various PEG functions through mapping. This mapping process helped the team identify the project scope of the

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integrated procurement system in two ways: (1) identify similarities and (2) differentiate between whether purchasing held a primary or secondary role in a particular function.

By mapping out these processes, the team was able to identify “ many commonalities across” functions that could be used to initiate the scope of a common process system (Austin, 2003, p.

6). Deriving the nature of purchasing role within a function allowed the team to determine “ whether Purchasing should be owner and driver, or merely a participant in an activity’ (Austin, 2003, p. 8). Along with mapping, the team took surveys of the purchasing organization as well as stakeholders.

These surveys were intended to identify what activity and how much of the activity made up day-to-day work across functions. With the desired SMS goal of 70% of time being spent on supplier relationship building, the survey identified 85% of current time was being spent on non-supplier relationship tasks.

“ The survey results were sobering” (Austin, 2003, p. 8). Where We Are Going With enthusiasm for the project at fever pitch following the survey results, the team was allotted a few full-time members.

Using Harley-Division’s business integration model of People, Process, and Technology, these full-time members began developing functionality checklist for the Silk system, for the Process element (after changing the People from “ a decentralized to a hybrid organization”), and deferring Technology to the Architecture Integration group (Austin, 2003, p. 8).

The Process specifications identified the new system as needing to be uniform across locations as well as be able to integrate the supplier into the process.

Throughout this portion of the project, the team strives to manage expectations and keep receiving feedback from the stakeholders. Frequent newsletters updated the company on progress, quarterly tenting further informed stakeholders and draft lists of the functional specifications were sent around for feedback. The Silk Partner With the pieces in place, the Silk team brought potential software providers together in order to present what was needed from the software as well as what would be required of the provider from a business values side.

The prospective providers performed self-evaluations as well as a presentation on their ability to meet Harley-Division's requirements. Each provider was evaluated on qualitative and quantitative criteria.

The field of possible providers was narrowed by eliminating those with too low of a functionality match, others due to " incompatibility with ... Current and planned infrastructure standards," and those who were limited on their ability to meet Harley-Division's needs on account of their size (Austin, 2003, p. 10).