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Success and failure in implementing supply chain partnering: an empirical study

David Boddy, Caitlin Cahill, Marilyn Charles, Heidi Fraser-Kraus, Douglas Macbeth*

CIPS Centre for Supply Chain Management, University of Glasgow, 1 Todd Campus, West of Scotland Science Park, Maryhill Road, Glasgow G20 0KA, UK

Abstract

An increasing number of companies subscribe to the idea that developing long-term collaboration and cooperation, partnering, can take significant wastes out of the supply chain and provide a route to securing the best commercial advantage. However, the implementation of partnering involves radical changes which can demand considerable work and are hard to implement. There is an extensive literature on project management and the implementation of change, though few of the many prescriptions have been supported by empirical research. This paper provides some quantitave evidence that some of the practices recommended in literature do make a difference to the implementation of partnering. It suggests six underlying barriers to partnering based on the results of the study.

Keywords: Implementation; Partnering; Supply chain; Empirical study; Barriers to change

1. Introduction

Developing closer relations with customers is a topical issue, attracting not only the interest of companies themselves, but of the CBI and Government. An increasing number of companies (Partnership Sourcing, 1995) subscribe to the idea that developing close, long-term relations with both their customers and suppliers can take significant wastes out of the supply chain, and is a potentially valuable way of securing competitive advantage. Many are examining how this new approach to doing business can be implemented. However, it is easier said than done. Partnering (other than in the most superficial interpretations of the concept) implies change in the way people work – and the more radical these changes are, the more difficult the task of implementing them will be.

Partnering implies changes to the social systems of at least two separate organizations, so the scope for resistance is considerable. Because of this, it is not surprising that attempts at partnering sometimes fail, or, even if introduced, do not become deeply embedded in the organizations' ways of working. Those introducing a change to move from traditional adversarial relationships to one of closer partnering should not underestimate the amount of management attention that will be needed to do it properly.

There is an extensive literature on project management and the implementation of organizational change, much of it advising managers on techniques and practices to use when implementing change projects. How useful is that guidance likely to be to those responsible for implementing partnering within their supply chain – a particular form of organizational change? Is there any evidence that using the practices recommended in the change management literature has helped managers to implement effective supply chain partnering? The team at Glasgow are engaged in a long-term study of the partnering process, centered on three distinct supply chains. This involves preparing detailed and historical case studies in seven organizations, linked together in their respective supply chains in two industrial sectors. In addition, a postal survey amongst companies known to have considered introducing partnering was conducted. This article reports the conclusions of that survey. It briefly reviews alternative perspectives on the implementation of change, and then focuses on those issues which can best be addressed through a postal survey (other aspects being dealt with elsewhere in the study). The article then presents the methodology, data analysis and results of the

* Corresponding author. Tel.: 0141 945 6461; fax: 0141 945 0427.

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survey. Finally it interprets and discusses these results, and the implications for those seeking to implement effective partnering.

2. The partnering concept

What mechanisms should coordinate the flow of goods and services through the supply chain? The major distinction is usually drawn between those relationships which take the form of markets, and those which take the form of hierarchies (Douma and Schreuder, 1991). Markets coordinate the flow by enabling external transactions between different individuals and firms. Players in the market have many opportunities to buy and sell, with the buyer making choices on the basis of the best combination of features on offer from alternative suppliers at a particular time. Hierarchies, by contrast, achieve coordination between the steps in the chain by making those choices administratively, within the organization. Managerial processes, including of course internal negotiations, determine price, quality and delivery schedules. Buyers do not have a wide choice of sources – they work with the predetermined supplier – usually part of the same organization.

There are also intermediate forms (Powell, 1990), variously referred to as relational contracting (Williamson, 1985), obligational contractual relations (Sako, 1992), organizational networks (Von Sydow, 1992) and partnering (Macbeth and Ferguson, 1994). This study is concerned with partnering, defined as a situation where:

> "customer and supplier develop such a close and long-term relationship that the two work as partners. It is not philanthropy: the aim is to secure the best possible commercial advantage. The principle is that teamwork is better than combat – both must win" (Partnership Sourcing, 1990).

The basic argument is that extreme forms of both hierarchies and markets have disadvantages. Coordination through the hierarchy leads to bureaucracy and inefficiency because of the lack of competitive pressure. Conversely, over-reliance on the market, and the adversarial relationships associated with it, leads to wastes, for example as information is withheld or distorted, reducing the efficiency of all players in the supply chain. Partnering occupies the middle ground, an attempt to build close, long-term links between organizations which are distinct, but which see benefits in working closely together.

The benefits claimed for partnering are numerous, particularly when the companies are operating in competitive and volatile environments. For example, innovation is expected to be more rapid, as sharing information in the design stages between the key players in the chain is expected to reduce the time taken to bring new products to market. Similarly quality can be enhanced through the more open process of problem-solving and process improvement which takes place in effective partnering.

Macbeth and Ferguson (1994) summarize the characteristics of a partnering relationship as being one in which the partners engage in activities such as shared design processes; open book costing; interchange of staff; developing shared visions of their business; creating long-term commitments to each other; and engaging in joint improvement projects. Sako (1992) argued that the costs of doing business with another organization are not fixed and can be reduced through investing in building its relationship. An implication of this is that a move towards partnering has significant implications for the internal as well as the external operations of the firm. For example, Kanter (1989) argues that supplier–customer partnerships require a more collaborative web of interfunctional relationships within each company, in order to improve the flow of information between departments necessary to support closer working with the partner. In summary, partnering is seen as an alternative form of relationship to the extremes of markets or hierarchies, and which in some circumstances will be a more effective way of doing business. However, the partnering approach is hard to implement, and as we will show, many who start on the road do not get very far. It may be that this is because partnering is inappropriate to their particular circumstances: or it may be that partnering is the right way to go – but the organizational difficulties prove too much of an obstacle. While acknowledging that the first reason will sometimes apply, we are concerned here with the barriers – things which prevent organizations from implementing something which would probably enhance business performance. In so doing we will also recognize the corollary that doing certain things well makes success in partnering more likely. It was not the intention of the survey to establish whether partnering is neccessarily the economic approach best suited to the company. Rather we took the view that the respondents themnselves would indicate whether it had made economic sense in the way they responded to the key question of whether the approaches had contributed to their financial bottom line.

3. Models of organizational change

The model of change which we used to guide the study is shown below:

EXTERNAL ENVIRONMENT
↕
INTERNAL ENVIRONMENT
↕
CONTENT ↔ PROCESS ↔ RESULTS

This clearly draws on Pettigrew's (1987) model, in which change is seen 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 implementing 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.

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; Owen, 1993), such as setting clear goals and milestones. The *participative management* perspective emphasizes the benefits of establishing a sense of ownership of the change amongst those whose support will be needed (Mumford, 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.

Successful large-scale change is likely to require elements of each. Understanding the interaction of these often political and cultural processes clearly requires intensive long-term study of particular cases, if lessons are to reflect complex reality – as we are doing elsewhere in the project. However, there is also value in drawing in a more quantitative way on a wider range of experience, to provide background for the cases, and to indicate which themes are likely to be most significant.

A postal survey was therefore designed to explore those aspects of the change process most suitable to that research technique. The major questions were:

- What proportion of attempts at partnering succeed?
- Are some project or participative management practices more often linked with success than others?
- Where should those responsible for implementing partnering concentrate their time and energy?
- What (more speculative) conclusions can we draw about the underlying barriers to partnering?

The design of the survey drew on many common prescriptions on how to introduce change, and was structured around three familiar stages.

3.1. Getting started and structuring the project

Clarity of goals is often recommended, with Slevin and Pinto (1986), Kanter (1985) and Kotter and Schlesinger (1979) all predicting that clear goals lead to more successful projects. In the case of partnering we would also expect that the prospective partners would need to have agreed with them. Several writers draw attention to the management structure and resourcing of change projects: in the specific context of partnering, Macbeth and Ferguson (1994) propose establishing a senior team with a specific mandate. Change should have a strong and well-respected backer or champion (Freeman, 1982), while others argue that the perceived capability of the change agent or project manager will be important to success (Stanislao and Stanislao, 1983; Hamilton, 1988).

3.2. Planning the detail

Here the agenda for the change is set, and a sense of ownership created amongst those affected. A consistent theme in studies of both technical and organizational innovation is the systemic nature of change, with change in one element needing to be at least consistent with others (Leavitt, 1988), and Boddy and Buchanan (1992) note the many facets of the change agenda which need to be anticipated by the project manager.

Partnering implies changes in roles and responsibilities within both organizations, leading Kanter to suggest that the main obstacle to partnering is the need for 'managing the changes in each of the partners' own organizations' (Kanter, 1989, p. 189). Structural changes may also extend to altering the pay and reward systems (Macbeth and Ferguson, 1994), who also recommend that partnering initiatives be supported by changes in technology and information systems. There is a long tradition that change will be made easier if there is wide consultation and sharing of ideas (Pugh, 1993; Mumford, 1979; Stanislao and Stanislao, 1980). Kotter and Schlesinger (op. cit.) recommend educating people about the change and Recardo (1991) also stresses intensive communication.

3.3 Implementing the change

This refers to the series of practical actions needed to turn plans into operational reality, and of embedding change into the organization's normal ways of working. Again advice is offered by Kanter (op. cit.), Stanislao and Stanislao (1983), Boddy and Buchanan (1992), and Slevin and Pinto (op. cit.) on matters such as anticipating ripple effects, timing, and resources.

In summary, many prescriptions have been offered as to what project managers responsible for implementing a change should do, but few if any of these propositions are statistically supported. So where should change managers focus their effort?

4. The survey–methodology and results

The postal survey was conducted among firms which had expressed an interest in partnering. The base hypothesis was that:

The project management practices used in organizations which claimed to have implemented partnering successfully would differ significantly from those which claimed to have been less successful.

4.1. Questionnaire format

Questions were grouped into six parts as follows:
Part 1. *Current status* of Partnering in the organization. At what stage is implementation? How committed is the organization? What proportion of business is involved?
Part 2. *Getting started*. How were the early stages of the move to Partnering planned? Were goals clearly defined and agreed? Were the resource implications recognized?
Part 3. S*tructuring the change process*. Was there top down management and commitment? Were implementation teams created and were the partners involved? Was there a plan?
Part 4. *Implementing the change*. Were staff and partners involved and trained? Were steps taken to discourage reversal to earlier practices?
Part 5. *Planning the detail*. Were roles and responsibilities redefined? Were new reward or other systems put in place to support Partnering?
Part 6. *Standard information about the company*.
The questionnaire consisted of 66 questions divided into these 6 parts. Most questions were answered using a 5-point Likert-type scale, others by a Yes/No or by a tick in the appropriate box.

A pilot study was conducted amongst participants on Supply Chain Partnering workshops conducted by Supply Chain Management Group (SCMG Ltd., a commercial company partly owned by the University of Glasgow and a collaborator in the project). The workshop participants, from a wide range of business sectors, were invited to take part in the pilot. Additional pilot questionnaires were sent to organizations who had seen an article about the project and had contacted the authors. Thirty pilot questionnaires were dispatched, 50% of which were returned. Comments from the pilot document resulted in only minor changes.

4.2. The sample

As the survey was aimed at companies which had some experience of partnering the sample was not random but a self-selected sample of organizations who had attempted to introduce partnering. The source was a database of companies which had independently requested information on partnering from SCMG Ltd. This was justified in the circumstances of a relatively new approach only being represented in a small subset of the potential organizational population.

The database contained companies from a wide range of industries and public service bodies. 350 companies were selected, and a copy of the questionnaire was sent by post to the contact name. The dispatch also contained a covering letter, an article putting the survey into the context of the whole project, and an addressed, reply-paid envelope. The covering letter promised respondents a copy of the results and conclusions of the survey. Non-respondents were telephoned, and a further 110 questionnaires sent out. Eventually, 100 (usable) returns were received, a response rate of 21%.

Responses came from a wide range of both public and private business sectors, though the largest single group (42%) of replies came from those in manufacturing. The companies also ranged widely in size: 25% had less than 100 employees, and 37% more than 500. The majority of replies were in relation to subsidiaries or business units with defined profit responsibility: only 28% related to complete enterprises. To test whether the respondents would be in a position to answer the questions about the partnering authoritatively they were asked to indicate their own position in relation to it. At one extreme 12% had only a marginal involvement, though at the other 41% described themselves as the main promoter or champion. Others included "part of implementation team" (19%), "project manager" (6%) and "part of strategic planning group" (21%) – giving a well-informed group of respondents.

The majority had implemented partnering with a very small number of suppliers or customers – over half having done so with less than five organizations, 82% expected to have further involvement in partnering with suppliers. This provides confirmation for the view that partnering is a topic of growing interest: but what are the chances of success?

5. Results – what factors made a difference?

Company responses were divided into those which were judged to have been successful in introducing partnering, and those which had not. The basis for this decision was the answer given to question 1, which invited respondents to choose which of five statements best described their position:

1.1. Partnering was rejected as an inappropriate approach.
1.2. We withdrew from a partnering approach after partial implementation.
1.3. Partnering has been implemented but there is no universal commitment throughout the organization.
1.4. Partnering has been successfully implemented with bottom line benefits being identified in a limited number of cases.

1.5. Partnering has been successfully implemented with bottom line benefits being identified in all appropriate cases.

Prior to analysis, we decided that companies in which respondents chose 1.1–1.3 would be classified as having been unsuccessful at implementing partnering. Those who chose 1.4 or 1.5 would be classified as having been successful at implementing partnering. In the event, the great majority of respondents chose 1.3 and 1.4, in the middle ground. Some may view the distinction between the wording of these as rather fine, and we have considered this issue closely. We take the view that practicing managers completing the survey would have consciously differentiated their responses to 1.3 and 1.4, since the latter depended on demonstrated financial measurements of bottom line benefit. Furthermore, statistical analysis did show up a difference in the way those who chose options 1.3 or 1.4 on Question 1 answered the questionnaire. We have therefore retained the original classification, with 54 unsuccessful cases, and 46 successful cases.

We also tested whether the position of the respondent within the organization had significantly affected their perception of the success or failure of the partnering project. Using cross tabulation and Chi-square analysis we were able to confirm that this had not affected the results.

5.1. Chi-square analysis

Chi-square analysis was used to look at each question independently, determining any differences in response to each question. The null hypothesis states that there would be no differences between the observed responses and the expected responses by successful and unsuccessful companies to each question. If there is a difference then the null hypothesis is rejected.

Using a significance level of 0.05, three of the variables gave a chi-square value that favours the alternative hypothesis (see Table 1).

However, to be confident of rejecting the null hypothesis we need more conclusive results. At a significance level of 0.01 the following variables gave a chi-square value that allow us to reject the null hypothesis (see Table 2).

We have concluded that companies which had been unsuccessful in partnering had dealt with these practices in a different way than those which had been successful.

5.2. Discriminant function analysis

In order to establish more clearly which combination of the variables most contributed to success or failure, we then used discriminant function analysis (Harris, 1975).

Initially, all 57 variables were entered into the analysis (the remainder being of a descriptive type not relevant to the hypothesis tests underway), and this showed that 91.2% of the cases were correctly classified by attributing success or lack of success to the way they responded to Q1, this is a significantly higher than the 50% we would expect to be correctly classified by chance alone in a two group analysis.

Based on stepwise selection using the minimization of Wilk's lambda answers to *seven* questions contributed most to the separation of the two groups. These were questions 14, 35, 38, 39, 46, 53 and 7 (see below), these accounted for 83% of the variance. Companies which had been successful at partnering tended to agree with the statements in Questions 14, 35, 46, 53 and 7; and tended to disagree with the statements in Questions 38 and 39.

6. Discussion of the survey results

The results of the survey are summarized below and then discussed.

Survey respondents tended to agree with the following:

❶ Q4 The pressures for change were clear and urgent.

❷❸ Q7 The people affected by the change within my organization agreed with the goals.

Table 1
Responses to questions 4, 16 and 47

	1 (Strongly disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)	Total (100%)
Q4 (Chi = 5.09)	The pressures for change were clear and urgent					
Unsuccessful	1 (2%)	11 (20%)	15 (28%)	18 (33%)	9 (17%)	54
Successful	1 (2%)	2 (4%)	12 (27%)	19 (42%)	11 (24%)	45[a]
Q16 (Chi = 5.88)	The change was backed by a strong champion					
Unsuccessful	10 (18%)	7 (13%)	10 (18%)	15 (28%)	12 (23%)	53[a]
Successful	1 (2%)	5 (11%)	6 (13%)	16 (35%)	18 (39%)	46
Q47 (Chi = 5.09)	Roles and responsibilities were explicitly redefined to support partnering					
Unsuccessful	19 (35%)	11 (20%)	15 (28%)	8 (15%)	1 (2%)	54
Successful	7 (16%)	10 (22%)	12 (27%)	12 (27%)	4 (8%)	45[a]

[a]No response from one company.

Table 2
Responses to questions 7, 14, 15 and 22

	1 (Strongly disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly agree)	Total (100%)
Q7 (Chi = 9.67)	The people affected by the change within my organization agreed with the goals					
Unsuccessful	2 (4%)	13 (24%)	24 (44%)	12 (22%)	3 (6%)	54
Successful	1 (2%)	4 (9%)	11 (24%)	21 (46%)	9 (19%)	46
Q14 (Chi = 10.48)	Management created a clear structure to manage the change					
Unsuccessful	12 (23%)	13 (25%)	11 (20%)	14 (26%)	3 (6%)	53[a]
Successful	2 (4%)	6 (13%)	11 (24%)	15 (33%)	12 (26%)	46
Q15 (Chi = 9.6)	Senior Management accurately estimated the amount of resources needed to implement the change					
Unsuccessful	14 (27%)	15 (28%)	18 (34%)	5 (9%)	1 (2%)	53[a]
Successful	3 (7%)	13 (28%)	13 (28%)	12 (26%)	5 (11%)	46
Q22 (Chi = 10.2)	The joint senior team created specific lines of authority and responsibility to link it to the joint operational team					
Unsuccessful	18 (33%)	12 (22%)	14 (26%)	8 (15%)	2 (4%)	54
Successful	6 (13%)	7 (15%)	12 (26%)	15 (33%)	6 (13%)	46

[a]No response – one unsuccessful company.

❷❸ Q14 Management created a clear structure to manage the change.
❷ Q15 Senior management accurately estimated the amount of resources needed to implement the change.
❶ Q16 The change was backed by a strong champion.
❷ Q22 The joint senior team created specific lines of authority and responsibility.
❸ Q35 A satisfactory system was developed to measure the progress of the change.
❸ Q46 The reward system was changed to encourage implementation and acceptance of partnering.
❶ Q47 Roles and responsibilities were explicitly redefined to support partnering.

Survey respondents tended to disagree on the following:
❸ Q38 Care was taken to ask people with different perspectives for their views on the change.
❸ Q39 There was a lot of exploring and experimenting with ideas.

The relationship was thought to be more trusting:
❸ Q53 As a result of partnering the relationship between my organization and our partner is now less/*more* trusting.

❶ Highlighted by chi-square at significance level 0.05.
❷ Highlighted by chi square at significance level 0.01.
❸ Highlighted by Discriminant function.

On question 4, the clearest difference is that companies who felt that their partnering efforts had failed had not experienced clear and urgent pressures to make the change – implying perhaps that the change had been made in response to a fad or fashion, or to the work of an eager promoter.

Answers to question 16 give some support to the frequent recommendation that significant change needs to be backed by a strong champion – 74% of successful companies had a strong champion backing the change. Note also that 51% of the unsuccessful ones had also had a champion – implying that while the common prescription may help a project, it does not in itself ensure success.

Question 47 shows that 35% of successful companies had changed roles and relationships to support partnering, twice the proportion of unsuccessful ones. This would be consistent with the view in much of the literature that major change is systemic in its nature, and that a change in one part of an organization needs to be accompanied by appropriate changes elsewhere.

Responses to Question 7 show that the people in successful partnering companies had *agreed* with the goals. This is consistent with many prescriptions on change management, that effort should be put into convincing those affected that the change is a worthwhile exercise.

Answers to Question 14 show that in organizations which had been successful in implementing partnering, their senior management had created clear structures within which to manage the change. This is in line with expectations, and with the prescriptions of those who have stressed that expressions of support from top management are not enough – these need to be backed with clear structures.

The above result is complemented by responses to Question 22, which indicate that successful companies created specific lines of authority linking the senior team to the operational team.

Question 15 indicates that in successful companies, management had accurately assessed the scale of resources needed for the change. This is consistent with answers to 47 (roles and relationships) and 46 (reward systems) which all indicate the benefits of managing the ripple effects of change – and the consequent resource implications. Question 48 shows that successful companies were more likely than unsuccessful ones to have

changed technologies and systems to support the change – consistent with the idea already discussed in relation to Question 14 on changing roles and responsibilities.

Responses to Questions 35 and 46 indicate that successful companies had introduced adequate systems to monitor the change, and had altered the reward system.

Successful implementers had relatively *lower* scores on Questions 38 and 39. These results were unexpected, as they showed that successful implementers had *not* explored and experimented widely with ideas. This is counterintuitive, and is certainly not in accordance with much of the established prescriptive literature. One interpretation is that discussion and experimentation is not necessary when clear leadership and structures are in place. It may also be consistent with the point that successful partnering ventures had been prompted by outside pressure, perhaps implying limited scope for debate about whether or not to go ahead. It could also have been that since for most organizations the move to partnering would have been a novel activity, practice was developed in the light of experience of implementing partnering itself, rather than from extensive debate before the event. As a member of one company deeply committed to partnering, and in a very dynamic industry commented:

"the worst thing we can do around here is to dither".

It might also be the case that setting direction is not a totally participative process whereas implementation might (or should?) be (see later discussion).

Six of the above questions ask about project management practices. The question (53) which the discriminant function analysis showed to differentiate between the two groups was of a different nature;

Q53. *As a result of partnering the relationship between my organization and my partners is now less or more trusting.*

Responses to this question showed that successful implementers had relatively *higher* scores than unsuccessful, indicating that partnering had led to a *more* trusting relationship. This provides clear statistical support for the view that the partnering process can deliver benefit in terms of inter-organizational trust (Macbeth and Ferguson, op. cit.; Sako, op.cit.). Once in place this trust reduces the cost of transactions and delivers more benefits through reduced operating costs. Note that increased trust is a consequence, not a pre-requisite, of partnering.

7. The wider discussion – barriers to partnering

In the next section we reflect on what the results of the study suggest about the underlying barriers to partnering. The particular change management practices, while indicative themselves of things that will help or hinder partnering, may be symptoms of deeper factors in the respective organizations. We make six suggestions.

7.1. Underestimating the scale of change which partnering involves

A common conclusion from much research on organizational change has been that many change programmes are viewed too narrowly. This happens when the design of a new IT system is seen as primarily a technical issue, rather than a combination of technical as well as organizational issues. Partnering too is not just a matter of changes to the role of the purchasing department. It does involve that, but is also likely to lead to quite radical changes in the division of tasks between the partners, to changes in IT and other systems, and to the way internal communications within each partner are conducted. This implies not only changes to roles and relationships, but, as the successful companies showed, changes also in reward systems, and generally the provision of adequate resources to do the job. An expectation that partnering is a relatively bounded change, with few wider ripples, is likely to be a major barrier to successful implementation.

7.2. Underestimating the turbulence surrounding partnering

Another conclusion from other studies is that in most organizations a multitude of changes and initiatives are being implemented in parallel. This is understandable, given the turbulence of the outside world, but it raises severe problems for any one change to maintain enthusiasm and commitment, especially in view of the ripple effects to be managed. This implies that change programmes require not only careful attention to the process of change, but also to creating some form of monitoring and control system. This allows progress to be systematically tracked, and it was notable that the successful companies in the survey had introduced such systems to measure progress. An assumption that the initial intention, and an initial project plan, will be enough to implement partnering takes no account of the way in which it can be blown off course, or simply fade from attention, as other issues compete for attention. Given other dynamics in the environment it is also likely that new agendas and requirements will appear requiring resource commitment and attention.

7.3. Priority conflicts left unresolved

An acceptable vision of the potential end state of a change might be enough to trigger action to move in that direction but unsuccessful implementations might reflect a failure to carry the vision through when resolving conflicts along the way. This is similar to the previous point about turbulence but is more particular in its effects. All change programmes involve multiple agendas, actors and stakeholders. Some of these will support the change, perhaps seeing personal benefit to them in the

final outcome. Others might see their role or status being diminished, and engage in overt or covert attempts to block the change. The management issue is therefore to recognize these potential barriers and to so manage the change process that there is a reaffirmation of the vision, direction, commitment and success to date in order to clarify the priority status of the change programme.

7.4. Overreliance on good interpersonal relations

The change literature has regularly stressed the importance to change of a strong promoter or champion, and of various forms of participative management. The survey suggests that the strong champion is a necessary but not a sufficient condition for success. While 74% of the successful companies agreed with the statement, 51% of the unsuccessful companies also did so; so a strong champion in itself is no guarantee of success. We have already discussed the surprising result that the unsuccessful companies were more likely to have taken a participative approach in the initial planning stages than the successful ones.

The inference we draw from this, given that the successful companies had created a clear structure for managing the change, is that a barrier to a complex change of this sort is to rely on personal contact and relationships to make it happen. Given the pressures on those involved, unless the change is backed and monitored by a formal structure, it is likely to fail.

7.5. Cost, benefit and value adding models not defined

A move to collaborative partnering should be motivated by the need to impact on business performance above all else. However, unless both parties agree up front what these are and in what proportions each will share, then again the fine words may not translate into the kind of performance numbers that will convince the sceptics in both organizations, especially those saboteurs!

Without clarity here it will be difficult to evaluate improvements and demonstrate the impact on competitiveness. When this happens it becomes easy for opponents to open attacks on the programme for being too soft and cosy.

To overcome this barrier requires a lot of detailed work to understand cost drivers in the sets of processes involved with both organizations and to build a comprehensive model of total acquisition cost or value add. This is definitely not a trivial task and yet could be the foundation for even more improvement activities.

7.6. Insufficient focus on the long term

It is certainly important to create some early success and often this can be done relatively simply and at low cost by improving communication about and understanding of needs and improving quality and delivery performance. It is also important that implementation teams have concrete and finite tasks on which to build their capability and experience but such operational issues are about incremental improvement which can in aggregate amount to a great deal. The big wins come from more drastic re-engineering of systems to really remove waste from the chain or do things in radically new ways. This might involve more wide ranging stakeholder issues but less direct control by the interacting management in the relationship. For example: product redesign suggestions needing to be referred to technical experts in corporate HQ on a different continent; or information about real customer requirements from sources closer to final consumers but in a different division or group company.

What is required is the vision to see these opportunities and to resource the change programme to allow for this increased scope. In effect the barrier is one of failing to invest sufficiently in the innovative potential in the relationship by focusing on the local link level instead of the integrated supply chain.

The barriers discussed here have been incorporated in the subsequent research activities which are generating a more comprehensive dynamic model of change in the supply chain. It incorporates approaches to avoid the barriers becoming major obstacles and allows managers to navigate their way to a more successful implementation.

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