v0 June 22nd 2006

HC online

Blame it on suppliers!

Texte disponible en français

Hail Kafka!

It is a well known secret that car or aircraft makers depend largely on their suppliers, as the latter hold 70 to 80% of the value of final product.

It's also known that first tier suppliers match the performance standards of the makers, but the lean awareness decreases very fast as soon as this first tier level is crossed toward the lower levels.

As a result of this structural supplier chain, the overall performance is limited by the least performing suppliers, while makers and tier ones still struggle to save seconds in assembly operations.

It all looks like a bucket with a hole, but hurry to fill it nevertheless.

This strange behavior does not stop here. Instead of helping the least advanced suppliers, the powerful contractors urge them to make savings and lower their prices, regardless of the supplier's survival potential.

After trying to fill the leaking bucket, saw the branch you sit on…

Where is the logic?

Where is the logic in all this? The big contractors talk about partnership, but in reality, it is much more a one-way bullying technique, from the the strong to the weak.

Instead helping to develop their suppliers, secure their supply chain and ensure sustainable growth, the contractors keep pressing the suppliers.

Disregard the cure

When people like us, consultants and lean practitioners offer some help, the suppliers most often refuse, not willing to pay the fees as they struggle to save the required % for their clients.

Explaining that the ROI on a lean program is > 1 doesn't help.

The makers don't want to sponsor consultants on behalf of their suppliers. They want results, without investments.

In some rare cases the makers recommend consultants, the suppliers are lukewarm if not hostile to let the big brother's eye in.

Everybody admits the sickness, but disregards the cure.

Author **Chris HOHMANN**, is manager & consultant in an international consulting firm.

He deals with industrial and logistics performance.