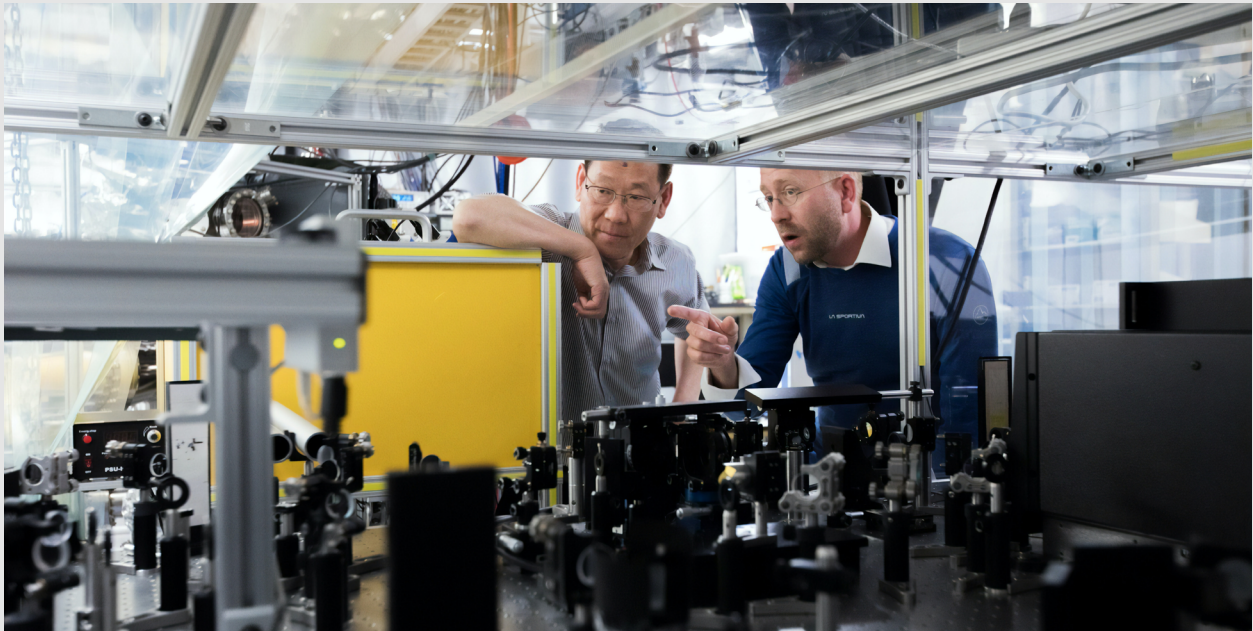




Supply Chain Magic

Using systematic problem analysis to stop finger pointing and enhance customer-supplier relationships



Who is to blame when a problem occurs? Is it the supplier who was contracted to produce a key component or supply materials, or is it the customer organization that created the specs and produced the final product? As more companies outsource parts of production and develop closer partnerships with key suppliers, finding blame can topple the delicate balance in even the best customer-supplier relationship.

While a strong customer relationship provides long-term stability for the customer and supplier, the customer's need for quick delivery, low cost, and high quality or safety can challenge a supplier's bottom line. When quality problems arise, supply chains and profits are threatened, and, too often, finger pointing begins.

In organizations worldwide, Kepner-Tregoe (KT) Problem Analysis is becoming the tool-of-choice for preserving customer-supplier partnerships. After a quality problem has surfaced, the systematic process provides a transparent, logical tool for finding cause and resolving issues. It can also be used proactively to prevent future problems and plan contingencies before problems arise. The following cases illustrate the value Problem Analysis delivers to customers and suppliers.

“It must be the supplier....They have so many other problems”

A manufacturer had a problem with a product that had only one supplier. This supplier was getting bad press due to issues with its administration system. The manufacturer understandably concluded that the supplier must be the cause of the problem, given the recent negative publicity.

Problem Analysis Application: Hoping to help the supplier solve the problem, the manufacturer invited a supplier team to work through the issue together using Problem Analysis. While the supplier team agreed to attend the session, team members worried that their company had already been tried and convicted as the cause of the problem.

Despite two very different viewpoints and a lot of apprehension from the supplier team, troubleshooters from both companies were able to work together using the systematic Problem Analysis process. They quickly developed a problem statement and began factually specifying the “IS”— facts that detail what, where, and when the problem occurred as well as the extent of the problem. These facts were paired with statements that described a fact about the deviation that could be, but “IS NOT.” The similar IS NOT facts helped narrow the search for causes significantly.



At this stage of the analysis, the group did not have all the required information. But they had learned something crucial about when the problem could have occurred. It was clear that the supplier could not possibly have caused the problem.

Result: The customer stopped blaming the supplier and focused on finding cause. Now off the hot seat, the supplier helped provide ideas about how to collect data and test ideas. The problem was quickly resolved.

Problem analysis helped foster a new sense of partnership and built shared confidence in both organizations' abilities to resolve any future problems.

“We need to be careful; there could be a fist fight”

A large consumer products company was having problems with its packaging. The company suspected the supplier had quality problems that it was not divulging. The difficulties the packaging problem created for the company's line operators almost resulted in grievances being filed by their union. This prompted the company to sponsor a joint meeting between the line operators and the supplier's production experts to address the problem. While planning the session, organizers actually worried that a fist fight would break out between the attendees.

Problem Analysis Application: The customer-supplier team worked together using KT Problem Analysis to address the problem. Unexpectedly, while developing the problem statement, the team identified that the problem actually consisted of three, unrelated deviations. The group used Problem Analysis

to identify possible causes. While considering the possible causes, the group realized that the supplier did have quality problems. And they identified that the customer did too.

Result: The customer and supplier worked together to develop ways to identify the most probable causes of the packing problem. The group scheduled meetings to report progress and keep the lines of communication open. The customer and supplier realized that they needed to work together to identify and resolve other problems.

“It must be us; they have Six Sigma”

A manufacturing company had a problem with a coating. When the customer reported the problem to its supplier, the supplier offered suggestions about what the customer might have done to cause the problem and how to investigate these causes. Given the supplier's long-standing, commitment to Six Sigma, the customer welcomed the advice and began to investigate the suggested causes. None of them proved to be the cause of the coating problem.

Problem Analysis Application: The customer decided to use KT Problem Analysis to find cause and invited the supplier to participate. The supplier declined, convinced that they could not be part of the cause. The customer's problem-solving team developed a problem specification and uncovered several possible causes. All of the possible causes indicated that the supplier's manufacturing process created the problem.

Result: The customer met with the supplier to present the data and identify ways to confirm the true cause. The data made it clear to the supplier that, despite their good methodology, their process was not 100% in control. Both the customer and supplier agreed that Problem Analysis had allowed the issue to be resolved despite preconceived ideas about who was responsible and without creating ill-will.

Conclusion: Avoid the Blame Game

Problem Analysis focuses on gathering and organizing data to find cause, and it eliminates the finger pointing that frequently occurs between customers and suppliers. Replacing the inefficient blame-game approach with the logical, systematic approach of KT Problem Analysis builds communication, strengthens the supply chain, and repairs—and often improves—customer-supplier relationships.

About Kepner-Tregoe

Founded in 1958, and based on ground-breaking research regarding how people think, solve problems, and make decisions, Kepner-Tregoe provides a unique combination of training and consulting services to improve quality and effectiveness while reducing overall costs. The KT methodology is used at every level of client organizations: to implement strategy, achieve continuous improvement, increase customer satisfaction, and drive effective issue resolution throughout the organization.

