

**ANALYZING
SUPPLIERS
AND
CUSTOMERS
WORKBOOK**

A BASIC BUSINESS VICTORY GUIDE

This book was developed by James H. Saylor

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FOREWARD

This basic business workbook is part of the VICTORY Basic Business series. For over 30 years, the pursuit of a simple, easy-to-use, proven, inexpensive management system for any organization has been my focus. MANAGING FOR VICTORY™ is this system. The MANAGING FOR VICTORY™ system includes:

Visioning creates a common focus

Involving everyone establishes a superior organization

Continuously improving achieves excellence

Training, educating, coaching, facilitating, mentoring develops a learning culture

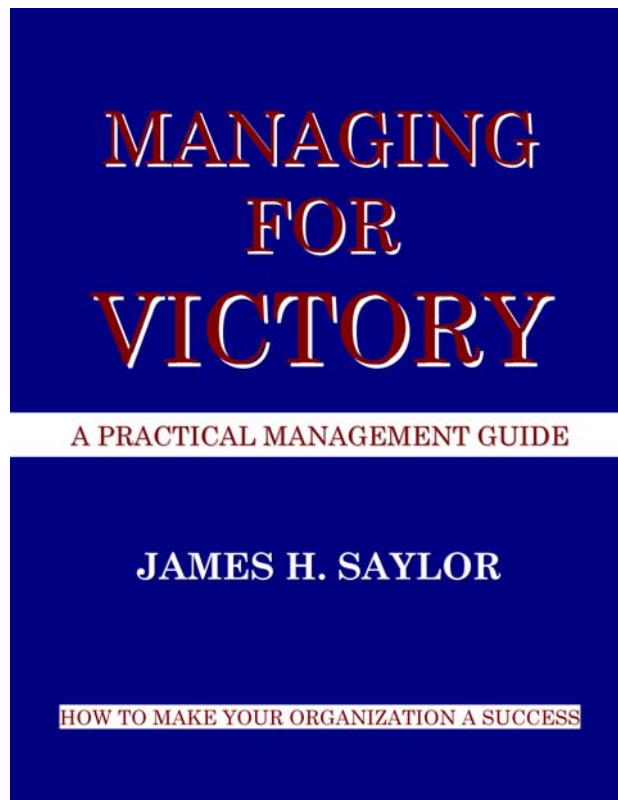
Owning the work fosters empowerment

Recognizing and rewarding builds high performance

Yearning ensures success

Customers drive VICTORY

Progressive Leaders guide VICTORY



ABOUT THE AUTHOR

James H. Saylor is the founder of The Business Coach, an organization focusing on helping other organizations achieve their specific VICTORY. He has assisted many organizations in discovering, designing, developing and doing successful management systems. In addition, he has led, managed, coached, trained and facilitated many individuals and organizations in achieving their specific VICTORY. Jim has over 30 years experience in operations, organizational development, sales, marketing, training, project management, quality and logistics. He has prepared and presented many highly proclaimed training seminars and workshops globally. Jim is a widely recognized leading champion of Total Quality Management in the 1980s and 1990s. Jim is the author of *TQM Simplified*, and co-author of *Customer-Driven Project Management* published by McGraw-Hill. Jim's latest book is *MANAGING FOR VICTORY™*. For further information about Jim's books, guides and workshops see websites: www.managingforvictory.com or www.thebusinesscoach.org or email coachjim@thebusinesscoach.org.

SUPPLIER/CUSTOMER ANALYSIS

Supplier/customer analysis helps obtain and exchange information for conveying your requirements to suppliers, and mutually determining the needs and expectations of your customers.

Supplier/customer analysis is a technique that involves suppliers in the development of your requirements and their conformance to them. In addition, it provides insight into your customer's needs and expectations and meeting those expectations. It is important to develop a partnership with your suppliers, and a relationship with the customers you want to keep or gain.

Supplier/Customer Considerations

Respect your suppliers and customers

Empathize with your suppliers and customers

Listen to suppliers and customers

Attend to requirements, needs and expectations

Trust each other

Involve suppliers and customers in your teams

Observe performance

Nurture long term relationships

Support supplier partnerships and customer relationships

Have “special” suppliers and customers

Integrate suppliers into your operations

Provide what you promise

When To Perform Supplier/Customer Analysis

A supplier/customer analysis should be performed for a new organization. This would help the organization align suppliers with customer expectations.

A supplier/customer analysis should be performed at least once a year in every organization. This would reevaluate the performance of the organization's suppliers. It would also assess customer's satisfaction with the organization. It could provide opportunities to keep current customers and gain new customers.

A supplier analysis should be considered when:

- ✎ Understanding a process
- ✎ Evaluating suppliers for ISO-9000
- ✎ Developing a supplier partnership
- ✎ Starting a new project

A customer analysis should be considered when:

- ✎ Understanding a process
- ✎ Conducting market analysis
- ✎ Considering a new product or service
- ✎ Improving a deliverable
- ✎ Starting a new project

When Would You Perform Supplier/Customer Analysis?



Instructions:

Brainstorm potential times when a supplier or customer analysis would be appropriate in your organization.

Getting Information from Suppliers/Customers

Getting information from suppliers and customers involves:

- ☞ Determining the information collection strategy
- ☞ Selecting an information collection method
- ☞ Developing an information collection plan
- ☞ Performing the information collection

Before starting to collect information from suppliers and/or customers answer the following questions:

- What do you hope to accomplish with the information?
- What information do you need to meet your purpose?
- Where should you collect the information?
- Who should you get the information from?
- When should you get the information?
- How will you get the information?

There are many methods available to get information from suppliers and/or customers. Some major methods are as follows:

Observation

This would involve actually looking at supplier sites or watching customers use your products or services.

Documentation

By reviewing written documentation you can assess supplier performance or customer satisfaction.

Inspection or test

You can inspect your suppliers product and services and your deliverables to ensure conformance to requirements.

Group discussion

A popular method today is to form focus groups of either suppliers and/or customers to gather information.

Two of the most widely used methods are surveys and interviews. These methods are described on the next two pages.

Surveys

Surveys involve the following:

Set a survey strategy. Develop a survey strategy that ensures expected results. In addition, set a survey strategy that focuses on providing information that is valid, consistent and free of bias.

Use simple, concise and clear questions. Each question must be easily understood by all respondents.

Run a pilot. This is one way to ensure an accurate survey. The pilot should be run on a representative sample of the true population for the survey.

Validate the most effective and efficient format. This involves deciding on the best type of questions, either open-end or closed-end. Use closed-end questions to get specific answers. For instance, if you want to know if the customer agrees or disagrees with a particular item, ask a closed-end question with a response scale of either agree or disagree. If you want to know how a customer feels about a particular feature, ask an open-end question. In addition, all questions should be limited to 12 to 15 words. Further, ask priority questions first. The respondent may become tired, bored or disinterested as the survey questions progress. Also, cluster related questions. This keeps the respondents mind on the subject and avoids confusion. In addition, provide a response scale with a thorough description. Finally, develop a scoring system. This allows for charting a detailed analysis.

Encourage comment by ensuring room for comments. Typically, respondents comments are valuable indicators.

Yield to comments. If a respondent takes the time to make comments, the surveyor must pay particular attention to this information. Often it is worthwhile to schedule an interview with a respondent who offers comments on a survey.

Interviews

Interviews involve the same considerations as surveys. In addition, the interviewer should do the following:

Instill an atmosphere of openness, honesty and trust. This builds the rapport for the interview.

Nurture the self-esteem of the interviewee. This is essential to allow the interviewee to freely communicate.

Trust the interviewing process. In order to maintain the consistency of the interview, the interviewer must stay within the strategy of the interviewing process.

Empathize with the interviewee. The interviewer needs to put themselves in the shoes of the interviewee during the interview.

Respond to the interviewee frequently. Show the interviewee that you are sincere by non-verbal gestures such as nodding approval, smiling, etc. In addition, show that you understand by paraphrasing and summarizing often.

Vacate time and wait for the interviewee to respond. Resist the temptation to fill in gaps of silence. Silence in an interview should not be viewed as wasting time. Allow the interviewee time to collect thoughts and formulate opinions.

Invide the interviewee to build on ideas. Ask open-end questions to get additional information. Use closed-end questions to get specific answers.

Ensure the interviewee gets feedback on the results of the interview. This makes the interviewee feel that they contributed to the outcome.

Write down all information. The documentation of the interview is the only means to analyze results. Ensure the information is accurate and thorough.

Supplier Analysis

The supplier analysis consists of answering the following questions:

Survey:

Did you survey the supplier(s) to ensure that requirements are known?

Understand:

Is there a mutual understanding of requirements?

Partnership:

Have you established a partnership with key suppliers?

Perceptions:

What are suppliers' perceptions of your requirements?

Listen:

Did you listen to supplier's concerns?

Did supplier listen to your concerns?

Interview:

Were interviews conducted to determine supplier perceptions?

Expectations:

Were customer expectations translated into supplier requirements?

Requirements:

Is your supplier satisfying your requirements?

Customer Analysis

Customer analysis seeks to answer the following questions:

Communication:

Are you communicating to ensure you are satisfying the customer(s)?

Understanding:

Do you understand customers' needs and expectations?

Survey:

Have you conducted a survey to determine if you are satisfying your customer(s)?

Thoroughness:

Has a thorough analysis been completed to ensure the entire process is focused on customers' needs and expectations?

Owner:

Does the owner understand process impacts on the customer?

Measurement:

Are process outputs measured in relation to customer expectations?

Expectations:

Are you satisfying mutually agreed upon customer expectations?

Relationship:

Have you developed a relationship with key customer(s)?

How To Perform Supplier/Customer Analysis

The supplier/customer analysis steps are:

1. Identify the customer(s) (both internal and external) of the process.
2. Determine the needs and expectations of your customer(s).
3. Identify the products or services you provide to meet these needs and expectations.
4. Develop measures of your output that reflect customer expectations.
5. Determine if customer expectations have or have not been met.
6. Determine who owns or influences the product or service.
7. Identify your principal inputs, and their suppliers.
8. Determine if suppliers know their requirements and their impact on your meeting customer expectations.
9. Involve your suppliers in the development of your requirements, and their conformance to them.
10. Identify suppliers that are not meeting requirements.
11. Document results on Supplier/Customer Analysis Worksheet.
12. Develop an action plan to use structured improvement methodology to improve supplier performance the process, and customer satisfaction.

Supplier/Customer Analysis Worksheet

1. Identify the customer(s) (both internal and external) of the process.

My “internal” customers are:	My “external” customers are:

2. Determine the needs and expectations of your customer(s).

Customer(s) (internal and external)	They depend on me for:

3. Identify the products or services you provide to meet these needs and expectations.

Customer needs and expectations	I meet customer needs and expectations by:

4. Develop measures of your output that reflect customer expectations.

My customer(s) are satisfied when:	I can measure this by:

- 5. Determine if customer expectations have or have not been met.

My current performance is:	I am or am not meeting customer expectations:

6. Determine who owns or influences the process, product or service.

Process, product or service:	The person who can take action to make improvements is:

7. Identify your principal inputs, and their suppliers.

I need the following inputs from suppliers:	I get these inputs from the following suppliers:

8. Determine if suppliers know their requirements, and their impact on your meeting customer expectations.

Supplier	This supplier must meet the following requirements:	These requirements impact the following customers expectations:

- Involvement of suppliers in the development of requirements and their conformance to them.

I am satisfied when:	I can measure this by:

10. Identify suppliers that are not meeting requirements.

Suppliers current performance is:	Supplier is or is not meeting my requirements:

11. Document results on Supplier/Customer Analysis Worksheet.

SUPPLIER ANALYSIS WORKSHEET

INPUT	SUPPLIER	REQUIREMENT	MET/NOT MET

CUSTOMER ANALYSIS WORKSHEET

OUTPUT	CUSTOMER	NEED/ EXPECTATION	MET/NOT MET

- 12. Develop an Action Plan to use structured improvement methodology to improve supplier performance, the process and customer satisfaction.

Supplier/Customer Analysis Action Plan

Action	Who	When	Status

Notes and Insights
