



Published each month by:

PROCESS QUALITY ASSOCIATES INC.

690 King St., Suite 2, London, Ontario N5W-2X3 Phone (519)-667-1720 1-800-837-7046 Fax (519)-667-1722

"We engineer the quality of your success"

VOL. 96 No. P

Circulated to people interested in improving their products and processes

Supplier-Customer Relationships:

Build A Trusting Relationship

Today's complex business climate requires cooperation between customers and suppliers. This has to be a planned, continuing relationship based on mutual respect. Mutual respect comes from mutual understanding.

The supplier should be regarded as an extension of the customer's process. Suppliers will do their share in quality improvement when they realize that their customers take requirements seriously, and will reject nonconforming products.

Many supplier-customer relationships have not developed because of a lack of trust. Some suppliers consider their processes to be proprietary and see no need to involve their customers. Customers, likewise, have seen no need to explain to suppliers how their materials are used. Often suppliers are not trusted out of fear they might pass on proprietary information to competitors.

No company can operate effectively without an exchange of ideas. Sharing information on processes often is necessary if suppliers are to provide nonconformance-free materials. Likewise, a customer will not be able to understand a supplier's problem without some knowledge of the supplier's processes and procedures.

Trust must be the basis for exchange. As each conforms to mutually agreed-on requirements and learns to do it right the first time, they will eliminate the cost of having to do something over again. Quality improvement will result in cost reduction.

Management Responsible For 80% Of Errors

A common myth held by managers is that individuals, particularly production workers, are responsible for low quality work. In fact, most errors and nonconformances are the result of inadequate controls, poor correction work, and insufficient prevention work. It has been shown that management is accountable for about 80% of errors and nonconformances -- because management is responsible for the systems that allow them to occur.

A good quality management system continually reduces the probability of people making mistakes. Moreover, it will catch those mistakes that do occur before they have an adverse effect on costs, shipping or customer satisfaction.

Reward Loyal Customers

Loyal customers need and deserve acknowledgment and it is critical for companies to show respect for these customers. Loyal customers should be pampered, get price breaks, and get something in return for their continued loyalty.

Loyal customers are the ones responsible for generating higher profits for a company. In return, they should be rewarded and given the best value so they can also enjoy the benefits of the value they create for the company.

One way companies can reward loyal customers is to find ways to help make their lives easier and more enjoyable. Some companies get involved in their customers' lifestyles, organize events around their interests, and help them meet each other through clubs and newsletters.

Saturn is one such company that is reported to get involved with its customers. It provides them with car maintenance clinics, car clubs, a newsletter, and a toll-free phone number. It also sponsored a Saturn Homecoming in June, 1994 which was attended by 42,000 customers.

Another thing companies can do is give customers extra attention. People like individual attention and like to be remembered. Delta Airlines' employees, for example, say to frequent customers, "I notice that you fly with us a lot." This small effort shows respect and individual attention, and it leaves the customer with a good feeling.

Frequent buyer programs reward people for doing business with a company and show them they are valued customers. Frequent flyer miles, certificates, punch cards (e.g., buy 9 cups of coffee and the 10th one is free), are examples of frequent buyer programs.

Whatever reward system you choose, it should be easy to use and learn, and each purchase should increase the value of the previous one.