

Improving Performance Through Value Co-Creation with Key Customers and Suppliers

Overview

... businesses should be managed in a way that enables value co-creation with key customers and suppliers.

Central to the relationship view of supply chain management described in this book is the recognition that businesses should be managed in a way that enables value co-creation with key customers and suppliers. Opportunities for value co-creation arise when the capabilities and knowledge that exist within each firms' organizational functions are leveraged by implementing the cross-functional, cross-firm, supply chain management processes. In this chapter, we will show that: 1) more value is co-created in business-to-business relationships where cross-functional, cross-firm teams are implemented; 2) financial measurement of value changes both management perceptions and behaviors towards customers and suppliers; and 3) tools such as the Collaboration Framework and the Partnership Model can be used to develop PSAs and generate initiatives to enable value co-creation.

After reading this chapter, you should be able to:

- Explain what is meant by the term value co-creation and how value co-creation differs from a product-centered view of value.
- Understand the fundamental differences between value co-creation in business-to-consumer and business-to-business settings.
- Recognize why more value can be created in cross-functional relationships than in traditional buyer and seller relationships.
- Describe how organizational silos and the lack of cross-functional relationships with key customers and suppliers are roadblocks to value co-creation.
- Explain why it is important to measure the value that is co-created in financial terms.
- Recognize when management may find it appropriate to use the Collaboration Framework to structure a relationship that co-creates value.
- Identify potential value co-creation outcomes of a one-day collaboration meeting.
- Know how to successfully implement the action plan that results from the collaboration meeting.
- Describe the benefits of using the Collaboration Framework to co-create value.
- Understand why large cost reductions become harder to achieve as inefficiencies are identified and eliminated and thus the emphasis must eventually shift to growing the business.