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# Strengthening the F&B Purchaser–Supplier Partnership: Actions that Make a Difference:

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# Strengthening the F&B Purchaser–Supplier Partnership: Actions that Make a Difference:

## **Abstract**

[*Excerpt*] One of the more intriguing food-service-operation trends of the past few years is the focus on building partnerships between food-service operators (that is, purchasers) and vendors. At the organizational level, companies are shrinking the number of suppliers with which they work and are developing close ties with a few selected partners.<sup>1</sup> As we explain in this article, partnerships of this type are advantageous to both food-service operators and their vendors, because the long-term relationships create value and help the food-service operators maintain a competitive advantage.

## **Keywords**

vendors, purchasers, communication, partnership, purchaser–supplier relationship, trust

## **Disciplines**

Food and Beverage Management | Operations and Supply Chain Management

## **Comments**

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## Strengthening the F&B Purchaser–Supplier Partnership:

# Actions that Make a Difference

When vendors and purchasers work as partners, such key attributes as trust and communication will cement their relationship and provide a competitive advantage.

BY JUDI BROWNELL AND DENNIS REYNOLDS

One of the more intriguing food-service-operation trends of the past few years is the focus on building partnerships between food-service operators (that is, purchasers) and vendors. At the organizational level, companies are shrinking the number of suppliers with which they work and are developing close ties with a few selected partners.<sup>1</sup> As we explain in this article, partnerships of this type are advantageous to both food-service operators and their vendors, because the long-term relationships create value and help the food-service operators maintain a competitive advantage.

Purchasers today want more than just “a consistent quality product, delivered on time at a reasonable, competitive price.”<sup>2</sup> In addition, purchasers expect a supplier to be a business part-

ner, to understand their needs, and to help them solve their problems. In this article we examine the nature of the relationship between the companies—and individuals—involved in creating such partnerships. Furthermore, while the majority of recent studies addresses issues from the seller’s (i.e., the vendor’s) viewpoint, we have taken the purchaser’s perspective in exploring ways to strengthen this key business relationship.

**“Partnership” defined.** A partnership can be defined as a strategic relationship between independent parties who share “compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence.”<sup>3</sup> The value to purchasers of creating and maintaining an ongoing relationship

<sup>1</sup> D. McCutcheon and F.I. Stuart, “Issues in the Choice of Supplier-alliance Partners,” *Journal of Operations Management*, Vol. 18, No. 3 (2000), pp. 279–301.

<sup>2</sup> C. Reilly, “The Very Best Suppliers Go the Extra Mile,” *Purchasing*, Vol. 127, No. 8 (1999), p. 29.

<sup>3</sup> V. Herzog, “Trust Building on Corporate Collaborative-project Teams,” *Project Management Journal*, Vol. 32, No. 1 (2001), p. 30.

with suppliers is virtually indisputable. When the relationship is strong, individuals become advocates for one another and think of their partner as a personal associate, for instance, “my travel agent,” “my mechanic,” or “my supplier.”<sup>4</sup>

We believe that future success for F&B operators will come in part from focusing beyond short-term gain and recognizing the long-term advantages of partnerships. One reason for the rise in vendors as partners is the fact that organizational structures have been made so lean. On the one hand, as participative leaders design flatter organizational structures, purchasers within the organization acquire even greater discretion to act on behalf of their companies. On the other hand, purchasers may find themselves relying heavily on information and technical assistance from the vendor, whereas before that the purchaser's organization would have developed and held that knowledge. A partnership with a vendor helps the entire organization benefit from an extensive knowledge base (both the organization's and the vendor's), joint problem-solving opportunities, and the increased information sharing made possible through long-term associations.

### Trust Is Key

Recent research indicates that one key to effective partnerships is mutual trust. When a buyer makes a purchase decision, he or she will seek the supplier who is perceived as most trustworthy.<sup>5</sup> Establishing trust cements a partnership. As we'll discuss below, a solid partnership provides a sustainable competitive advantage for the purchaser's organization, particularly as the purchase transaction exists within an ongoing context of past and future interactions.

Expectations of trust, which is defined for our purposes as “a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviors of an-

other,” facilitates information sharing.<sup>6</sup> The process is cyclical; negotiators who trust each other share information more readily than do those who lack trust. As suppliers become more knowledgeable, they are in a better position to provide individualized service that speaks directly to their purchasers' needs. Indeed, relationships high in trust are characterized by the supplier's willingness to customize services and even share confidential information.

Increased information flow also allows both purchaser and supplier to discover ways to engage in collaborative activities and to align business goals. Problem-solving communication and the development of innovative solutions requires the non-routine interactions found in a partnership. By the same token, partners with a strong relationship make better decisions as high trust permits a greater variety of options to be explored.

In a study of the variables affecting trust and commitment in purchaser-supplier relationships, Zineldin and Jonsson examined the importance of such factors as relationship bonds, willingness of the supplier to adapt to the purchaser's needs, and communication effectiveness.<sup>7</sup> These researchers found statistically significant, positive relationships among these variables. That is, suppliers who were responsive to buyers' individual needs and who were effective communicators were also perceived to be highly trustworthy. The development of trust-based partnerships in supply-chain relationships is likely to become one of the most powerful purchasing strategies in the decades ahead. The study explained in this article extends this concept by exploring the effects of trust and related attributes in the purchaser-supplier relationship.

### Effects of Culture and Technology on Partnerships

Two additional dimensions have the potential to affect the purchaser-supplier relationship and the

<sup>4</sup> B. Gutek, B. Cherry, A. Bhappu, S. Schneider, and L. Woolf, “Features of Service Relationships and Encounters,” *Work and Occupations*, Vol. 27, No. 3 (2000), pp. 319–352.

<sup>5</sup> See: S.L. Srikonda, “Staying Power,” *Industrial Distribution*, Vol. 89, No. 6 (2000), pp. 104–108; and M. Maccoby, “Building Trust Is an Art,” *Research Technology Management*, Vol. 40, No. 5 (1997), pp. 56–60.

<sup>6</sup> D. Rousseau, S. Sitkin, R. Burt, and C. Camerer, “Not So Different after All: A Cross-discipline View of Trust,” *Academy of Management Review*, Vol. 23, No. 3 (1998), p. 395.

<sup>7</sup> M. Zineldin and P. Jonsson, “An Examination of the Main Factors Affecting Trust and Commitment in Supplier-Dealer Relationships: An Empirical Study of the Swedish Wood Industry,” *The TQM Magazine*, Vol. 12, No. 4 (2000), pp. 245–267.

development of mutual trust—namely, culture and technology. While little is known about the precise effects of these characteristics, researchers and practitioners alike believe that they have a dramatic influence on purchaser-supplier partnerships.

Cross-cultural communications are increasingly common as purchasers find themselves negotiating across international boundaries. Novel questions and issues are inevitable as representatives working under different legal systems strive to coordinate their efforts. Further, the social contract—the “spirit of the deal”—often governs expectations about the nature, extent, and duration of the venture. Such understandings of the negotiation process are largely culture bound.

Doing business with individuals from different parts of the world requires that purchasers recognize that it is not the legal contract alone that binds negotiators, but the strength of the business relationship.<sup>8</sup> When partners cannot rely on interpersonal similarity and a common background, trust becomes an even more critical success factor in building a relationship.

Facilitating the growth of global businesses are distance technologies, most notably the internet. In recent studies, buyers were found to place a high value on maintaining personal contact with suppliers and, one suspects, would find the use of distance technologies to have unanticipated challenges.<sup>9</sup> As Drolet and Morris remind us, face-to-face contact fosters the development of rapport and helps negotiators coordinate their responses.<sup>10</sup>

The effect of distance technologies in developing partnerships and building trust is a topic that remains largely unexplored. What we do know for certain is that trust is sustained by regular dialogue. In fact, a distinguishing feature of

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## Building Trust through Communication

Restaurant operators have long valued strong relationships with particular vendors. A chef who knows which fish monger will consistently supply quality seafood and which can be trusted to tell the truth about freshness and place of origin has an advantage over his or her competitors.

For example, let's say that Andrée, a restaurant operator for Canyon Kitchens, has an agreement with a local produce company for fresh vegetables. According to the contract, Pedro, the supplier, guarantees that deliveries will arrive on time and in the proper quantity. In the event the products are not on time, Andrée receives the goods at no charge. Thus, the impetus to perform is clearly on Pedro. Yet, this contractual guarantee does little to help Andrée build customer loyalty in the event that the produce delivery is late and it becomes impossible to serve a spinach salad to a guest. Everyone concerned understands this.

So, what happens when the weather is bad, and making deliveries to Canyon Kitchen is all but impossible? If Pedro has proved to be a trustworthy partner, the sales representative will notify Andrée when a delivery is going to be late. This allows Andrée to make contingency arrangements, such as menu-item substitutions, well before a guest places an order. Does Pedro have to make such a call? Not under the contract. But acting as a partner—going the extra mile—creates a win-win situation and allows both parties to succeed. Over time, this type of behavior results in increased trust and long-term benefit.—*J.B. and D.R.*

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<sup>8</sup> L. Michalski, “Don't Overlook Cultural Differences,” *Pharmaceutical Technology*, 2000, pp. 72–76.

<sup>9</sup> See: M. Vigoroso, “Buyers Still Prefer to Close Deals the Old-fashioned Way,” *Purchasing*, Vol. 126, No. 2 (1999), pp. 16–19; and P.D. Larson and J.D. Kulchitsky, “The Use and Impact of Communication Media in Purchasing and Supply Management,” *Journal of Supply Chain Management*, Vol. 36, No. 3 (2000), pp. 29–39.

<sup>10</sup> A. Drolet and M. Morris, “Rapport in Conflict Resolution: Accounting for How Face-to-face Contact Fosters Mutual Cooperation in Mixed-motive Conflicts,” *Journal of Experimental Social Psychology*, Vol. 36, No. 1 (2000), pp. 26–50.

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## Can Technology Replace Face Time?

Automated ordering streamlines the order process, allows buyers to check availability of items in real time, facilitates improved accuracy in order tracking, and optimizes billing procedures. Multiunit operators can even require that suppliers make available only those items that meet corporate specifications to the individual units, updating the available list of items as needed. The question is, does a predilection for such faceless exchange in a people-centered business alter the nature of the food-service supplier-buyer relationship? The answer is found by looking at current industry practice.

Leading food-service distributors still maintain considerable sales and service staffs to meet the ever-changing needs of their customers. Even multinational chemical companies, which distribute their goods (such as dish-machine detergent and sanitizer) through national distributors, still expect their representatives to call on valued customers regularly. As one large supplier said, "A chemical is nothing special to most restaurant guys—it's the personal touch that makes a difference."

Thus, it would seem that while technology is a vital part of making the restaurant business more efficient and streamlined, it is still important to remember the service part of food service, even when it pertains to the supplier.—*J.B. and D.R.*

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partnerships may well be a high frequency of interaction via a variety of communication channels. Given the nearly inevitable transition to dependence on electronic media, this issue will become increasingly important to purchasers. This study explores these topics, providing information for practitioners looking to strengthen partnerships that can endure as the effects of culture and technology continue to change the operating environment.

## Studying Partnerships

If we agree that long-term partnerships can create a competitive advantage for food and beverage purchasers, it would be useful to know more about the personal characteristics and the interpersonal behavior that facilitate the development of strong purchaser-supplier associations. As discussed above, research has suggested that it is the development of trust that distinguishes long-term partnerships in the purchaser-supplier context. Any information that can be gained regarding this relationship and how it is perceived and strengthened can help food and beverage purchasers increase the effectiveness of their efforts.

Specifically, this study addresses the following questions:

- (1) What types of supplier behavior contribute to a strong purchaser-supplier partnership?
- (2) What types of behavior do purchasers exhibit that indicate trustworthiness?
- (3) What individual items correlated with three or more of the five overarching dimensions?
- (4) What are the key challenges in maintaining strong purchaser-supplier partnerships?

In recognition of the global marketplace and the increased use of distance technologies, purchasers' perceptions regarding the influence of these dimensions on the purchaser-supplier partnership was also assessed.

## Survey Design

In collaboration with Richmond Events and Cornell University's Center for Hospitality Research, we created and sent a survey to all food and beverage purchasers listed on a database supplied by Richmond Events. Respondents were invited to return their surveys to the Center for Hospitality Research either in the pre-addressed,

postage-paid envelopes or by facsimile. Of the 86 purchasers surveyed, a total of 73 usable questionnaires were returned after an initial mailing and one follow-up. This provided a highly acceptable response rate of 85 percent.

The survey itself was divided into four sections. The first section requested demographic and background information from respondents. The second section solicited respondents' views on general aspects of the purchaser-supplier relationship. A list of statements was presented and respondents were asked to indicate the level of their agreement with each statement using five-point Likert-type scales that ranged from "strongly agree" to "strongly disagree."

The third section of the survey focused on a single supplier's representative and again asked respondents to indicate the extent of their agreement with a set of statements, again on five-point Likert-type scales. This section had 13 single-item statements that focused on the specific behavior of a particular representative, plus five statements that were clustered to assess a trust dimension. We then asked respondents more generally what they thought of (1) the perceived quality of the relationship, (2) the representative's performance, and (3) the likelihood that the relationship with the supplier would be continued.

In part four, respondents were invited to answer an open-ended question that asked for the personal characteristics and behavior that they believed described a highly effective supplier representative. As will be discussed, a content analysis of those responses revealed four distinct categories.

## Findings and Analysis

Approximately 20 percent of the purchasers surveyed were women. Nearly half of all respondents (48.6 percent) were between 36 and 45 years of age. Just over a quarter (26.4 percent) were between 46 and 55 years old, while the remaining group was divided equally between the youngest category (26–35 years) and the oldest group (over 55). Just under one-third of the respondents had been in their positions from three to six years, and another third had been in their positions more than ten years. Twenty-five percent had been in their positions less than three years, and the remaining 12.3 percent had worked in their current jobs between 7 and 10 years.

The respondents represented five F&B segments. Of the 73 respondents, 26 percent (19) were in quick service, 27.4 percent (20) identified themselves as being with family or midscale restaurants, and 16.4 percent (12) with theme or moderate upscale. Just over 12 percent of respondents (9) were associated with upscale operations, and 17.8 percent (13) indicated that they were affiliated with onsite, non-commercial food service. Eighty-two percent (60) of those responding had group or corporate responsibilities. Only 6.8 percent (5) worked at the unit level, while 11 percent (8) were responsible for a division or brand.

**High-level respondents.** A large percentage of the respondents (78 percent,  $n = 57$ ) authorized purchases for their operation or division. Over half (53.4 percent,  $n = 39$ ) set their

The development of trust seems to be the key factor in creating successful partnerships between purchasers and vendors.

company's annual food-service budget, and 71.2 percent (52) negotiated directly with suppliers' representatives. Approximately 83 percent (61) of the responding purchasers indicated that they "identify new trends and products," and 17.8 percent (13) are involved in formulating the company's purchasing strategy.

In terms of annual purchasing budgets, just over one-third of the purchasers surveyed reported annual budgets of less than \$10 million, while approximately the same number spent between \$10 million and \$50 million each year. Seven percent (5) managed budgets of between \$50 million and \$100 million, and another 11 percent (8) indicated that they spent between \$100 million and \$200 million annually. The remaining 8.4 percent (6) were responsible for annual budgets of over \$200 million.

## Frequency and Nature of Communication

A two-part question in the background section focused on the frequency of purchasers' commu-

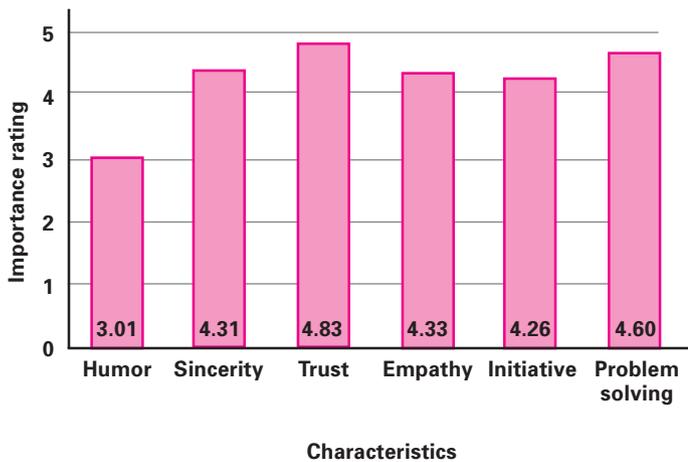
EXHIBIT 1

Frequency-of-communication comparison

Frequency	Communicate in person	Communicate using distance technologies
Daily	1.4%	13.7%
2-3 times per week	4.1%	13.7%
Weekly	12.3%	20.5%
2-3 times per month	17.8%	16.4%
Monthly	20.5%	23.3%
Less often	43.8%	11.0%

EXHIBIT 2

Mean importance ratings of personal characteristics



Note: Range is 1 = extremely unimportant to 5 = extremely important.

nication with suppliers. Part one asked how frequently purchasers communicated in person with suppliers, and part two asked how often purchasers used distance technologies to carry out their business transactions.

As can be seen in Exhibit 1, over 38 percent of respondents (28) indicated that they communicated in person with suppliers one to three times each month. Approximately 18 percent (13) communicated more frequently than that, and 43.8 percent (32) less frequently. Communication via distance technologies was more frequent than personal exchanges. Nearly half of all purchasers communicated with suppliers one or more times each week, and approximately 40 percent (29) communicate with suppliers one to three times each month.

General Views of Partnership

General partnership questions focused on the extent to which respondents perceived each of a number of variables as affecting their relationship with suppliers. Purchasers were first asked to indicate the importance of each of six of a supplier’s personal characteristics in building a strong relationship. Those characteristics were empathy, initiative, problem-solving ability, sense of humor, sincerity, and trustworthiness. We selected those traits according to the frequency with which they appeared in the literature on interpersonal relationships in business.<sup>11</sup>

**Trust is tops.** Trustworthiness was rated as the most critical trait, with slightly less than 84 percent of respondents (61) judging trust to be “extremely important” and the remainder indicating that it was “very important.” The mean for this item was 4.83 on a five-point scale (see Exhibit 2).

Problem-solving ability was the next-most-important characteristic to purchasers, receiving 61.1 percent (45) of ratings in the “extremely important” category and producing a mean score

<sup>11</sup> See: K. Ruyter and M. Wetzels, “Determinants of a Relational-exchange Orientation in the Marketing-Manufacturing Interface: An Empirical Investigation,” *Journal of Management Studies*, Vol. 37, No. 2 (2000), pp. 257-276; and V. Di Salvo and J. Larsen, “A Contingency Approach to Communication-skill Importance: The Impact of Occupation, Direction, and Position,” *Journal of Business Communication*, Vol. 24, No. 3 (1987), pp. 3-23.

of 4.60. Empathy and sincerity were clustered together with mean scores of approximately 4.32. Initiative was perceived as only slightly less essential, with a mean of 3.26. Purchasers placed a sense of humor lowest on the list, with 25 percent of respondents (18) indicating that this characteristic was “not very important.”

A second question solicited purchasers' judgments regarding the relative importance of each of three factors (i.e., service, price, and brand) in the decision to maintain a partnership with a particular supplier. As shown in Exhibit 3, purchasers rated service higher than the other two items, with nearly three-quarters of all respondents judging service to be “extremely important” and the rest rating it as “very important.” Price, with a mean score of 4.39, was the next most important factor in purchasers' decisions to continue their relationship with a particular supplier. Brand was a poor third, with half of all respondents averring that brand was only “somewhat” important and about 10 percent stating it was “not very important.”

**The turnover barrier.** In addressing barriers to maintaining strong partnerships, purchasers indicated that turnover in supplier representatives was their primary concern. While over three quarters of respondents either agreed or strongly agreed that maintaining strong partnerships was made more difficult by supplier turnover, relatively few—just slightly more than one-quarter (19)—believed that either distance communication or the global nature of business was a problem (Exhibit 4). In fact, over a quarter of respondents disagreed or strongly disagreed that either the use of distance technologies or the global nature of business were obstacles to maintaining strong supplier partnerships.

Pursuing the issue of technology further, respondents were divided on the question of whether they believed distance communication (phone, internet, and so forth) could replace face-to-face interaction. The mean of all ratings was 3.53. Fifty-three percent of the purchasers (39) indicated that distance communication “almost always” or “usually” could replace personal contact, while all the others believed this was true “sometimes,” “seldom,” or “almost never.” Given this response, it is interesting to note that 67 percent of respondents (49) also believe that

EXHIBIT 3

Percentage of respondents who valued service, price, and brand as “important” or “extremely important”

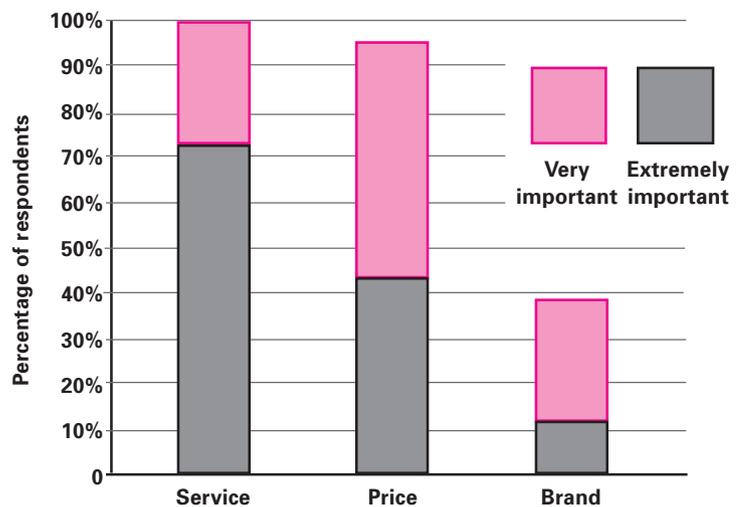


EXHIBIT 4

Extent to which turnover, distance communication, and globalization are perceived as obstacles to strong supplier partnerships

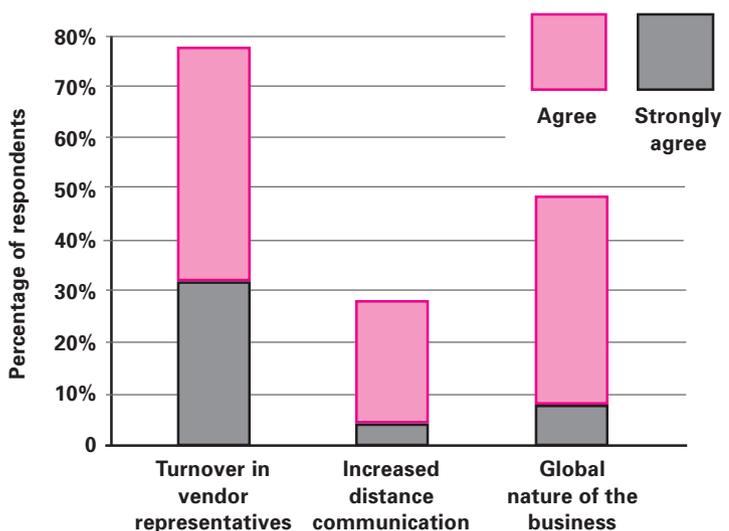
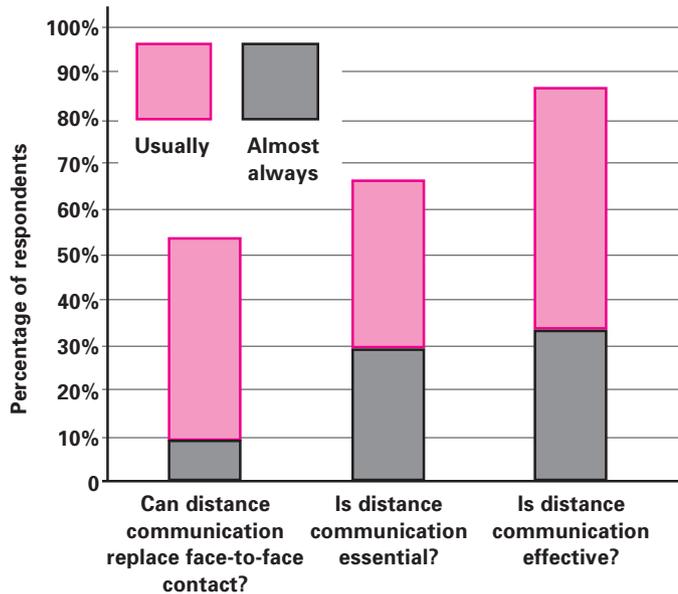


EXHIBIT 5

Issues associated with distance communication



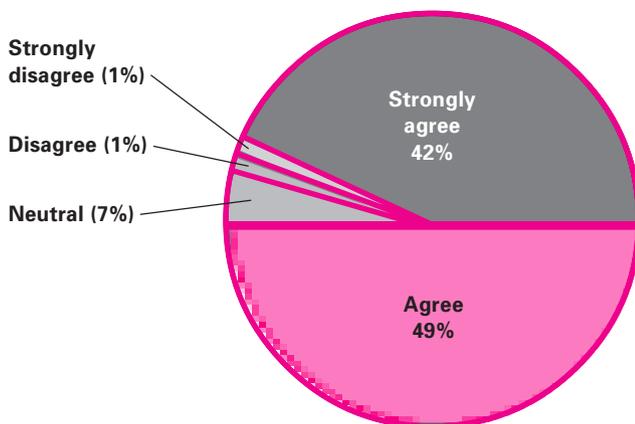
the use of distance technology in communicating with suppliers is essential to achieving their business goals.

Respondents were then asked how effective they believed they were in conducting business through channels other than face-to-face meetings. Approximately one-third (32 percent) indicated that they were “almost always” effective conducting business through distance communication, and another 54 percent felt that they were “usually” effective doing so. (See Exhibit 5 for a summary of responses to the questions regarding distance technology and purchaser-supplier communication.)

**Key to success.** Finally, several questions in this section addressed purchasers’ perceptions of how important their relationship with the supplier was to their business’s success. Respondents were asked how critical “a positive relationship” and “maintaining a long-term relationship” with the supplier were to effective business practice. The combined mean for those two questions was 4.30, with over 90 percent of respondents either agreeing or strongly agreeing that their relationship with a supplier was a critical success factor (Exhibit 6). Nearly 85 percent of respondents agreed (43.8 percent) or strongly agreed (41.1 percent) that creating supplier partnerships was part of their long-term strategy.

EXHIBIT 6

Response to importance of a positive, long-term partnership



Specific Partnership

This section of the survey asked purchasers to respond to a number of questions regarding their relationship with a specific supplier’s representative. Responses to each item in the series were then correlated with the five-item trust dimension, with a two-item communication dimension, and with the three general questions that we call “overarching dimensions.” As a reminder, those three overarching items were (1) the perceived quality of their personal relationship, (2) the respondents’ assessment of the supplier’s overall performance, and (3) respondents’ estimate of the likelihood that a relationship with this particular supplier would be continued. We present those correlations below.

As explained earlier, since trust within the purchaser-supplier relationship was of particular interest in this study, we measured this dimension through a cluster of five items that pre-

vious research has shown to be reliable indicators of the trust factor.<sup>12</sup> The communication dimension was assessed similarly using a two-item scaled set, which assessed degrees of (1) clear and direct communication and (2) effective listening. For our research purposes, correlations at a  $p < .01$  level of significance are of interest. Note that these are correlations only; further analysis would be required to determine whether one behavior causes the other.

### Identifying Key Items

A number of individual items had significant correlations with the overarching dimensions, as shown in Exhibit 7. Communication-related attributes carried significant correlations in several cases. For instance, clear communication returned the strongest correlation with trust and performance, while good listening skills correlated strongly with trust, performance, and the likelihood of continuing the relationship. One other attribute, straightforwardness, was strongly correlated with several dimensions, including trust, the quality of the relationship, and communication. Those findings indicate the importance to a purchaser-vendor partnership of open, frank, and responsive communication.

**Overarching correlations.** Examining the five overarching dimensions, we found that the trust factor correlated significantly with each of the other four (see Exhibit 8). The strikingly strong and positive relationship between the trust and communication dimensions, in particular, suggests that trusted suppliers are viewed as listening well and speaking clearly. As one would expect, the correlation between performance and the likelihood of continuing the relationship was also strong, as was the relationship between communication and performance.

### Perfect Purveyor Profile

A content analysis of the survey's open-ended question allowed us to develop a profile of an

<sup>12</sup> See: T. Simons and R. Peterson, "Task Conflict and Relationship Conflict in Top-management Teams: The Pivotal Role of Intragroup Trust," *Journal of Applied Psychology*, Vol. 85, No. 1 (2000), pp. 102-111; and J.K. Butler, Jr., "Trust Expectations, Information Sharing, Climate of Trust, and Negotiation Effectiveness and Efficiency," *Group & Organization Management*, Vol. 24, No. 2 (1999), pp. 217-238.

#### EXHIBIT 7

### Dimensions and items with strongest correlations

Trust	r
• Clear communication	.661
• Good listening skills	.602
• Straightforwardness	.589
• Enjoyable interactions	.499
Relationship Quality	r
• Ability to discuss non-business matters	.373
• Problem-solving ability	.340
• Straightforwardness	.330
• Enjoyable interactions	.323
Performance	r
• Clear communication	.437
• Problem-solving ability	.435
• Good listening skills	.355
• Enjoyable interactions	.342
Relationship Continuation	r
• Understands my needs	.336
• Ability to discuss non-business matters	.293
• Good listening skills	.254
• Enjoyable interactions	.295
Communication	r
• Straightforwardness	.464
• Problem-solving ability	.429
• Enjoyable interactions	.406
• Shared values	.344

Correlations are significant at  $p < .01$ .

#### EXHIBIT 8

### Correlations for overarching dimensions

	Trust	Communication	Relationship	Performance
Trust	1			
Communication	.683*	1		
Relationship	.470*	.350*	1	
Performance	.396*	.429*	.412*	1
Continuation	.257*	.263*	.321*	.426*

Notes:  $N = 73$ ; correlations are significant at  $p < .01$ ; all factors have a correlation of 1 with themselves, so the final correlation of continuation is not shown.

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## Effective-supplier Characteristics ( $N = 73^*$ )

### Personal: 37.0 percent of total response

- Good problem solving, takes initiative to solve problems 11.0%
- Research-oriented, finds answers 4.1%
- Knowledgeable about purchaser's business and product 12.3%
- Win-win approach, can-do attitude, goes the extra mile 9.6%

### Trust: 19.2 percent of total response

- Honest, trustworthy 15.1%
- Ethical 2.7%
- Fair 1.4%

### Communication: 21.9 percent of total response

- Approachable, personable, easy to talk with, concerned 5.5%
- Well spoken, articulate, professional 8.2%
- Listens well, sensitive to purchaser needs 4.1%
- Straightforward, direct 2.7%

### Business Related: 22 percent of total response

- Follows through, delivers on promises 8.2%
- Service oriented, follows up to ensure satisfaction 6.8%
- Provides high-quality product 4.1%
- Readily accessible 2.7%

\* Responses are based on open-ended questions. In many instances multiple answers were recorded, generating more than 165 units for analysis.

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effective supplier's representative. The question was, How would you describe a highly effective supplier representative in terms of personal characteristics and specific behavior?

Three independent coders conducted the content analysis using single words as the unit of analysis. The 73 respondents generated 168 usable units of analysis. Classification was guided by grounded theory; that is, the categories emerged from the data provided. An inter-rater reliability coefficient of .92 indicated a high level of agreement among raters, who identified the following four main categories of response: personal characteristics, trust, communication, and business characteristics. Exhibit 9 illustrates the percentage of responses in each category, and the accompanying boxes provide a breakdown for each of the major responses. Based on some of the attributes that appeared most frequently in the respondents' descriptions, we can say generally that an effective purveyor's representative is knowledgeable about her company's products, has good problem-solving abilities, and takes initiatives to solve problems. In addition, this person is trustworthy, articulate, and follows through on promises. The representative's can-do attitude is complemented by a service orientation.

The personal-characteristics category received the largest number of responses (40 percent). Within that dimension, a majority of statements related to the importance of the supplier's gaining knowledge through his or her initiatives to solve specific problems for the purchaser. Nearly 30 percent of all responses addressed the need for suppliers to make themselves knowledgeable about the purchaser's business and to take initiative in solving problems. Another frequent response in this category had to do with valuing suppliers who took a "win-win" approach and who were ready to go the "extra mile."

The most frequent single response, constituting over 15 percent of all responses, related specifically to the importance of honesty and trustworthiness. In this second category, approximately another 4 percent focused on ethical behavior or issues of fairness.

Over 20 percent of all responses mentioned some aspect of the suppliers' communication ability as being important to effectiveness. Four dimensions emerged from an analysis of responses

in the communication category. The first dimension can be described as a “professional style.” Purchasers commented that their suppliers should be “articulate,” “clear,” and “well spoken.” The second dimension related to judgments of being “personable.” Respondents indicated that they preferred suppliers who were “approachable” and who were “easy to talk to.”

Somewhat related, respondents also valued suppliers who listened effectively and who were sensitive to their needs. As expected, purchasers valued the extra effort suppliers took to accurately understand their situation. Last, a number of purchasers mentioned that they wanted suppliers to be “straightforward” and “direct” in their communication.

Approximately 22 percent of all responses related to the fourth category, business characteristics. At the top of this list and constituting nearly half of all responses in this category was follow through; purchasers valued suppliers who “deliver on their promise.” Other characteristics that were valued included following up on tasks, demonstrating a service orientation, providing a high-quality product, and being readily accessible.

### The Importance of Being Earnest

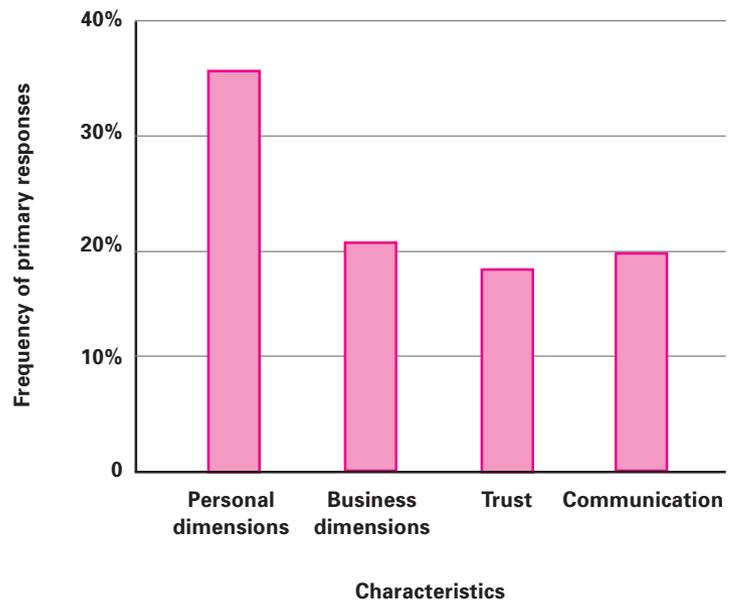
The results of this survey confirm findings from previous research and add to the growing body of literature documenting the importance of trust in the purchaser-supplier relationship. Supplier partnerships were viewed by purchasers as critical to their success. A majority of respondents indicated that establishing supplier partnerships was part of their long-term business strategy. In the following section, we examine the questions that we raised at the beginning of this article.

- (1) What types of supplier behavior contribute to a strong purchaser-supplier partnership?

It was not surprising that trustworthiness emerged as the most important of the six characteristics presented in building a strong supplier partnership. Both trust and problem-solving ability, rated second of the six options, were also mentioned frequently in the open-ended question regarding critical supplier traits and behavior. The importance purchasers placed on service over price and brand again reinforced the fact that perceptions of the supplier’s discretionary

#### EXHIBIT 9

Frequency of response to the question, “what makes an effective supplier?”



Note: Tally of responses is based on a content analysis guided by grounded theory, in which the major categories above emerged from the response data.

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## About Richmond Events

In 1990 Richmond Events identified a niche in the conference-services marketplace. The market need was for executives in hospitality-related industries to be able to attend conferences dedicated to issues salient to their industry segment. The specific feature of Richmond's market niche was that each conference was held aboard a cruise ship.

The shipboard cruises are a combination of conference sessions, think tanks, and workshops that allows delegates to share in the latest industry thinking and exchange ideas about current practices. Based in London with an office in New York City, Richmond Events now offers more than 115 conferences, which it calls "Richmond Experiences." These include a human-resources forum, corporate travel and meeting-planner forum, and e-supply-chain forum.—*J.B. and D.R.*

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behavior and initiative appear to have a significant influence on the relationship.

The specific supplier characteristics and behavior most critical to forming an effective partnership were associated with accomplishing business-specific goals. Characteristics like a sense of humor were perceived as less important, while personal traits related to providing quality service, problem solving, and initiative were valued highly. This finding is consistent with earlier research that concluded only task-based communication was related to perceptions of trust.<sup>13</sup> The message for organizations attempting to strengthen current and future partnerships, then, is to focus on these attributes. Thus, topics for training and development might include active listening and creative problem-solving techniques. In addition, hiring practices might be reviewed to ensure that emphasis is placed on recruiting individuals who have a strong customer-service mindset.

(2) What types of behavior do purchasers exhibit that indicate trustworthiness?

Part 3 of the study examined relationships among a number of variables. Individual items were correlated with a five-item trust factor, the strength of the purchaser-supplier relationship,

<sup>13</sup> J.K. Butler, Jr., and R.S. Cantrell, "Communication Factors and Trust: An Exploratory Study," *Psychological Reports*, Vol. 74, pp. 33-34.

perceptions of the supplier's performance, and the likelihood that the purchaser would continue a relationship with the supplier.

Correlations between the five-item trust factor and "clear and direct communication" and "listening" were the highest by far of any individual items. There is little question that communication effectiveness influences perceptions of trustworthiness. Suppliers who demonstrate clear and direct communication and who listen well to purchasers are perceived as being more trustworthy than their counterparts. The accurate and open communication required to build trust allows for greater exchange of information and, subsequently, the development of individualized knowledge that further strengthens the relationship.

Communication was also frequently mentioned in response to the open-ended question regarding effective supplier traits. Respondents placed value on suppliers who were "clear," "articulate," and "well-spoken." Not surprisingly, listening effectiveness was also mentioned repeatedly as a significant characteristic. Thus, if there is any one dimension that suppliers can address to improve their chances of developing a strong partnership, it is their communication effectiveness.

(3) What individual items correlated with three or more of the five overarching dimensions?

The individual item, "I enjoy my interactions with this person," demonstrated one of the four highest correlations with each of the five dimensions examined. It may be that when trust is high when communication is effective, and when other dimensions are positive, purchasers are more optimistic about their negotiations. This translates into "enjoying" the relationship more than when these broad qualities are lacking or when, for other reasons, purchasers are anxious or frustrated in their interactions.

Three other independent items placed among the four highest correlations for three of the five dimensions. These were: (1) taking initiative to solve problems, (2) listening, and (3) the purchaser's comfort with communicating in a direct and straightforward manner.

Suppliers who "take initiative to help solve my business problems" facilitated stronger relation-

ships were seen as performing better and were viewed as more effective communicators. Listening effectiveness was found to have among the strongest correlations with perceptions of performance and trust as well as the likelihood of continuing a relationship with the supplier.

Finally, purchasers revealed that when the relationship was strong, when communication was effective, and when a high level of trust was established, they then felt that they could “be straightforward and open” with the supplier even when they disagreed with him or her. In other words, these dimensions contributed to an environment where purchasers felt they could speak candidly about the issues at hand. Keep in mind that partnerships, unlike contractual relationships, are characterized by open and informal communication that provides for the exploration of a broad range of options and opportunities.<sup>14</sup>

In sum, effective communication is likely to facilitate the information sharing that purchasers believe is essential to suppliers’ ability to help them solve their specific problems. Suppliers who take initiative and become a knowledgeable partner in the relationship are seen to be more effective than their more-passive peers.

- (4) What are the key challenges in maintaining strong purchaser–supplier partnerships?

While it was assumed that purchasers would be highly concerned about the potentially detrimental effects of globalization and distance tech-

nologies on their relationships, such was not the case. To the contrary, respondents saw turnover of supplier representatives as the most troublesome issue in maintaining strong partnerships.

Even as purchasers embrace technological applications for at least some of their interaction with suppliers, it is clear that our respondents are not ready to have distance relationships exclusively. As noted earlier, the frequent communication required to sustain strong partnerships will undoubtedly necessitate increasing the variety of communication channels. In spite of the inevitable and growing dependence on technology, many respondents admitted that they feel less effective in the virtual environment than face to face. The results of our study provide a starting point for further exploration of technology in the purchaser–supplier partnership.

### Looking to the Future

The purchaser–supplier dynamic appears to be the key to developing and maintaining strong partnerships. The good news is that by understanding and demonstrating the specific behavior that contributes to a strong purchaser–supplier relationship, both parties can cement their partnership and gain competitive advantage. This study confirms the importance of trust and its link to perceptions of performance, relationship quality, and the likelihood of continuing the relationship. It seems apparent that clear and direct communication, accompanied by effective listening, can substantially increase the chances of a successful and long-term purchaser–supplier relationship. ■

<sup>14</sup> McCutcheon and Stewart, *op. cit.*



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