ARCADA

The contribution of supplier satisfaction surveys in a B2B context

Radu Stan

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Author:	Radu Stan
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Supervisor (Arcada):	Sveinn Eldon
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Abstract:

Suppliers are the backbone of the supply chain and in order to generate end customer satisfaction, companies must drive satisfaction across the supply chain. Supplier satisfaction surveys can enable companies to drive supplier satisfaction. The purpose of the study is to explore what is the role of supplier satisfaction surveys in the B2B context. The literature framework is mainly based on journals, books and includes also other online resources. The chosen research type is qualitative, performed through interviews organized in a leading international corporation.

The study shows that it is worth conducting supplier satisfaction surveys especially with key suppliers of significant importance. The advantages of conducting supplier satisfaction surveys are dependent on the amount of effort the company is willing to invest in executing the survey process with professionalism and discipline, otherwise it could produce more harm to the supplier relationship. It is the customer's responsibility to create a climate of trust where critical feedback and improvement ideas can be shared, by running a formal process – supplier satisfaction surveys. They can provide valuable input on the positive and negative aspects of the supplier relationship and help identify areas of improvement in terms of policies, processes and communication that would ultimately translate into added value to the end customer.

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1   INTRODUCTION

1.1   Introduction to the topic

Customer and supplier satisfaction are essential to the business prosperity. The best way to understand whether customers or suppliers are satisfied is to ask them. There are various ways to communicate and comprehend the customers and suppliers satisfaction and a common practice in business is the usage of surveys. The questions addressed in the surveys are an essential part of the whole survey process, but also matters such as how, when and how often questions are asked may influence the outcome of a survey. One of the most important parts of a survey is represented by what it is done with the answers. The paper aims at understanding the contribution of the supplier satisfaction surveys in a B2B context.

1.2   Statement of the problem

Nowadays companies tend to gather and produce a lot of data about the business performance, customers and suppliers management, but the usage of such data is not always used to the companies' benefits or misused either due to the poor input and effort towards generating the data or lack of time, will and resources to convert the data into meaningful actions which would result in value add to the companies.

1.3   Background and need

A simple search on the internet search engines relating to supplier satisfaction surveys doesn't give meaningful results, but it reveals significant data about customer satisfaction surveys. Surveys to customers are definitely an important part of the business, trying to identify customers' perception and address possible problems to ensure business continuity and success. But looking from a different perspective, such of a company trying to measure suppliers' satisfaction, it is definitely an interesting topic to be further researched, especially due to the different power position (the interviewee is not the customer, but it is on the other end of the supply chain). Hence, it is worth researching more about the supplier satisfaction surveys and their implications in the business.

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1.4 Purpose of the study

The purpose of the study is to explore what is the role of supplier satisfaction surveys in within a B2B context. That will be done by trying to answer ten research questions that are listed in the second chapter.

1.5 Research methodology

In order to understand the contribution of the supplier satisfaction surveys in a B2B context, the chosen research type is qualitative and the research is performed in a leading international corporation that will be kept anonymous due to confidentiality reasons. The investigation is done through interviews with key employees of the company that are either directly or indirectly involved with supplier relationships, having an impact and visibility over the cooperation with suppliers.

1.6 Thesis disposition

The first chapter presents the background for the research briefly introduces the topic of supplier satisfaction and its importance in business. Furthermore, it presents the research objective and the thesis disposition.

The second chapter describes the research method and it presents the sampling method used in performing the research. Additionally, the research strategy is presented also in the chapter.

The third chapter describes more in detail the concept of supplier satisfaction and its implications in the B2B context, from a theoretical perspective. The chapter introduces the audience into the supply chain management topic in order to give a high-level overview of the context and it describes the four main pillars that enable the whole ecosystem. It then links one of the pillars to the supplier satisfaction and then the concept is further described from various angles: definitions are given, dimensions and drivers of supplier satisfaction are presented, and a thorough analysis of previous research on the topic is

presented. Moreover, various models and frameworks of supplier satisfaction and the implication of surveys are detailed in order to give a comprehensive view of the topic and to set the foundation for the research.

The fourth chapter presents the empirical findings of the research.

The fifth chapter provides the analysis of the results and discusses the findings with analogy to previous research.

The sixth chapter presents the conclusions of the study and presents further possible research suggestions.

2 METHODS

Qualitative research uses qualitative data gathered by the researcher and that is information expressed differently than in numbers avoiding usage of statistics and quantification methods. (Tesch, 1990) A qualitative study has a broad and open-ended focus, allowing for important meanings to be discovered. (Maycut & Morehouse, 1994) This research focuses on gathering key employees' opinions on the supplier satisfaction surveys contribution in the B2B context and this area of study it is more qualitative in nature, and that is aligned with previous research performed on this topic. The best and chosen approach for the research was to setup a qualitative study avoiding statistical methods and expressing the analysis and results in numbers but rather presenting and commenting on different views over the researched topic assessing from various angles from within the studied company.

Quantitative research deals with observations that are converted in unit and by statistical means can be compared to other units. Statistical analysis is considered to be a key component when organizing quantitative research where as a qualitative study analyses people's words and actions in a narrative or descriptive ways revealing in a better way the situations as experienced by the participants. Philosophically speaking, quantitative research is based on a positivist position while qualitative type is constructed on a phenomenological position. Positivism in this context refers to objective examination built on measurable variables and provable propositions while phenomenological type's goal is the understanding of the events' meaning for the researched persons. (Maycut & Morehouse, 1994)

Quantitative surveys study the relationship between variables whereas qualitative surveys usually ask open-ended questions and do not normally produce quantitative or numerical data. (Punch, 2003)

2.1 Sampling

A short pre-study was initially organized by the author to determine who occupies a key position in the company in regards to supplier relationship management. A similar approach was used as to the maximum variation sampling strategy. This strategy highlights the importance of searching out for persons or settings that represent the greatest differences and also the range of experience on the researched phenomenon. (Maycut & Morehouse, 1994). The author has been working in the researched company for over eight years and mostly around the supply chain management area, hence has a good knowledge base of key people that work around the supplier relationship management who could valuably contribute to the research in question. Additionally, interviewees were also identified through recommendations after having discussions with supply chain management staff and searches in the intranet database. For a more objective approach, the author has considered to interview also persons who work in support functions, such as finance who are indirectly involved in the supplier relationships but have a significant contribution to the supply chain overall. Additionally, the author decided to interview people from various teams with distinct backgrounds, supporting the sample strategy. One interviewee showing with dotted line was only interviewed partially, in order to receive clarification on certain topics. The figure below presents the positions of the respondents in the researched company.
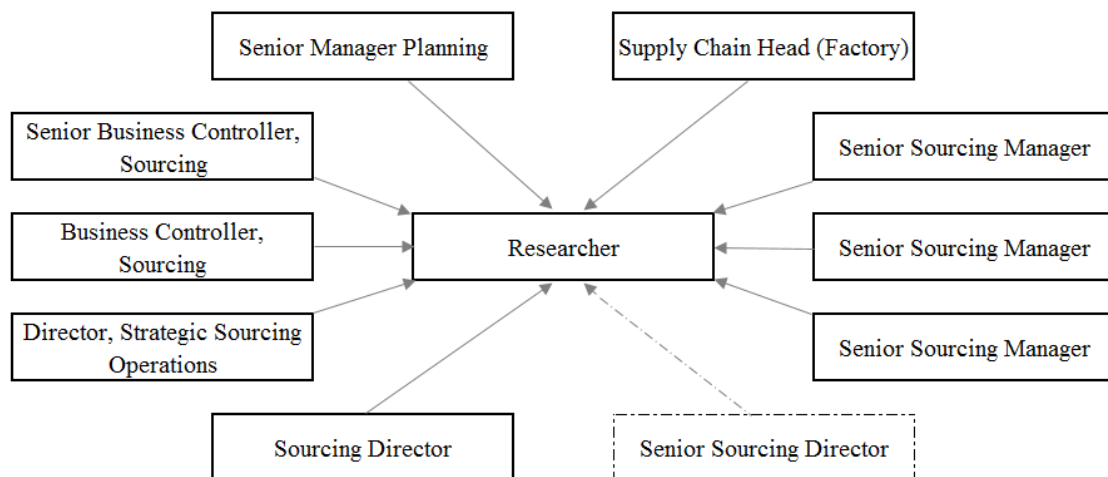
Figure 1. Interviewees - Researcher

2.2 Research strategy

Interviews were held with each of the interviewees separately. The structure of the interview was more of an interview guide type in which broad questions were addressed and explored with the interviewees. (Maycut & Morehouse, 1994) In order to prepare for the interview, the author organized several brainstorming sessions based on the main research questions enabling the visibility on what should be explored with the interviewees in order to understand the researched topic. The questions in the questionnaire are open-ended type, facilitating the interviewees to develop more on each question and foster the dialogue. The questions addressed to the interviewees covered all six types of questions that Patton identified:

- Experience/behaviour questions
- Opinion/value questions
- Feeling questions
- Knowledge questions
- Sensory questions
- Background/demographic questions

(Patton, 1990)

The interviews were scheduled and held with each of the respondents in different days, separately and did not last more than one hour. The majority of the interviews were held as face to face and one interview was organized through email followed by a phone conversation. The questionnaires were sent prior to the actual interviews attached in the calendar meeting invitations so that the respondents would have enough time in advance to think about the questions and get familiar with the researched topic. The author took notes during the interviews and at the end of each interviews, the notes were reviewed with the interviewees in order to eliminate any misunderstanding and to make sure that the messages that interviewees were trying to convey were adequately noted down. After the interviews were finalized, the author transcribed the interviews.

Following questions were asked during the interviews:

1. How do you define supplier satisfaction?
2. Why do companies use supplier satisfaction surveys?
3. Could you discuss about the advantages and disadvantages of conducting supplier satisfaction surveys?
4. Could you list the main challenges and difficulties the company was faced with in conducting supplier satisfaction surveys?
5. Can you describe few examples of good and bad experiences regarding the supplier satisfaction survey process?
6. How does a supplier satisfaction survey contribute to the company's relationship with the supplier?
7. Should the satisfaction surveys be aligned (complementary) in a customer - supplier relationship?
8. Do the benefits of a supplier satisfaction survey outweigh the costs associated with it?
9. Is it worth conducting supplier satisfaction surveys from customer/supplier perspective in a B2B context?
10. How is the dominance power of a company (customer) affecting/distorting the supplier surveys results?

3   SUPPLIER SATISFACTION

The aim of this chapter is to explain the meaning of the supplier satisfaction concept placing it in the context of the supply chain management.

3.1   Supply chain management

Firms and organizations perceive the Supply Chain Management (SCM) as an important focus of competitive advantage. If there is excellence achieved in this field, it leads to better use and deployment of resources across the entire enterprise. A supply chain comprises of a set of value-adding activities through which a firm's customers are connected to the firm's suppliers. (Harrison, Lee, & Neale, 2003)
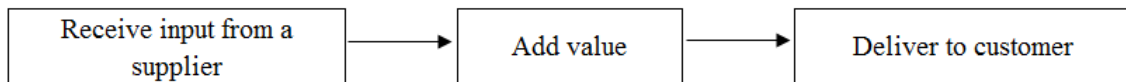
Figure 2. Basic unit of a supply chain (Harrison, Lee, & Neale, 2003)

3.2   Definitions of supply chain management

In the late 1980s, the term "supply chain management" arose and started to be more commonly used only in the 1990s. "Logistics" and "operations management" were the business terms used instead before that time. (Hugos, 2003)

Researchers have developed several definitions to define supply chains and supply chain management and irrespective of the definition or supply chain perspective used, each should endorse the fact that supply chains consist of interrelated activities that are both internal and external to a firm, are diverse in scope and the participants involved in the processes are often located across geographic boundaries and often come from diverse cultures. (Monczka, Trent, & Handfield, 2005)

3.2.1 Supply chain definitions

According to Chopra and Meindl (2001), a supply chain incorporates all stages involved in fulfilling a customer request, directly or indirectly. On top of the manufacturer and suppliers, a supply chain includes also transporters, warehouses, retailers and the customers themselves.

Christopher (1992) defines the term "supply chain" as a network of organisations that are involved through upstream and downstream linkages, in the various process and activities that produce value in the form of products and services in the hands of the ultimate consumer.

Lambert et al. (1998) portray the supply chain as the alignment of firms that bring products or services to the market.

Monczka et al. (2005) define a supply chain orientation as a higher level recognition of the strategic value of managing operational activities and flows within and across a supply chain. A supply chain is viewed as a set of three or more organizations connected by one or more of the upstream or downstream flows of products, services, finances, and information from a source to a customer.

3.2.2 Supply chain management definitions

The supply chain management is the coordination of production, inventory, location and transportation among the participants in a supply chain in order to achieve the best mix of responsiveness and efficiency for the market being served. (Hugos, 2003)

Metzer et al. (2001) define the supply chain management as the systemic, strategic coordination of the traditional business functions and tactics across these business functions within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole.

Monczka et al. (2005) portray the supply chain management as proactive management of a two-way movement and coordination of goods, services, information and funds from raw material through to the end user.

3.3 Supply chain management activities

Supply chain management (SCM) consists of various activities that have one thing in common: being part of a network that will outline how efficiently and effectively good and information flow across a supply chain. (Monczka, Trent, & Handfield, 2005) In order to understand what satisfaction is and what are its implications in the supply chain, it needs to be placed in one of the functions of SCM.

Purchasing is the one major supply chain activity. It aims at supporting operational requirements by providing an uninterrupted flow of high-quality goods and services that internal customers require. Its main operational requirements are to buy products and services at the right price, from the right source, at the right specification that meets users' needs, in the right quantity for the delivery at the right time to the right internal customer. Other core objectives of purchasing are:

- Managing the purchasing process efficiently and effectively
- Supply base management
- Development of strong relationships with other functional groups
- Support organizational goals and objectives
- Development of integrated purchasing strategies that support organizational strategies. (Monczka, Trent, & Handfield, 2005)

Inbound transportation refers to the specialized traffic and transportation function used in managing the physical and informational links between the supplier and the buyer. For some organizations this can be the single largest category of supply chain costs. (Monczka, Trent, & Handfield, 2005)

Quality control has become more important in the past 15 years as all organizations understand its implications when supplier quality is not what is should be and there has been a shift from a detective quality control to a preventive mode. Working with suppliers in

developing suitable quality control procedures and process is a core task of SCM. (Monczka, Trent, & Handfield, 2005)

Demand and Supply Planning includes the demand planning which consists of forecasts of anticipated demand, adjustments of inventory, unfulfilled orders and spare parts and after-market requirements. It also includes the process of supply planning which turns the demand data into supply, production and logistics network on order to meet the demand requirements. (Monczka, Trent, & Handfield, 2005)

Receiving, Materials Handling, and Storage it refers to the activities of physical receiving of the inbound materials when those are transferred from the supplier location to the buyer. When just-in-time (JIT) system is not implemented, materials require to be stored and handled. (Monczka, Trent, & Handfield, 2005)

Material or Inventory Control are terms used sometimes interchangeably. Material control group is usually responsible for managing material releases to supplier. The inventory control groups is normally responsible for the finished goods inventory levels required to satisfy customer requirements. (Monczka, Trent, & Handfield, 2005)

Order processing represents a link between the producer and the external customer and it ensures that customers receive material when and where they require. (Monczka, Trent, & Handfield, 2005)

Production planning, Scheduling and Control activities include determining a time-phased schedule of production, developing short-term production schedules and controlling work in progress production. (Monczka, Trent, & Handfield, 2005)

Warehousing/Distribution refer to the activities of storing the finished goods in a warehouse or a distribution centre before being shipped out to the final customer. This is more relevant in the make to stock processes. (Monczka, Trent, & Handfield, 2005)

Shipping is the activity including of packing (preventing the damage), special labelling, filling the required shipping documents and arranging transportation with an approved

carrier. All in all, it refers to getting a product ready for distribution. (Monczka, Trent, & Handfield, 2005)

Outbound transportation is the activity of physically delivering the required product to a customers. Nowadays, full-service transportation providers are designing and managing entire distribution networks for their clients. (Monczka, Trent, & Handfield, 2005)

Customer service consist of a range of activities meant to keep the customer satisfied with a product or service, including pre-transaction, transaction and post-transaction activities. (Monczka, Trent, & Handfield, 2005)

3.4 Four pillars of purchasing and supply chain management

Before diving into the supplier satisfaction topic, it is worth having a top-down view of the four enablers of the supply chain management (SCM) in order to be able to position the supplier satisfaction within the SCM context and better understand its implication throughout the whole process.

The commitment of the organizations towards the four pillars of the supply chain excellence is the one making the difference between organizations that succeed and achieve real benefits versus the companies that fail to secure any benefits. (Monczka, Trent, & Handfield, 2005) Figure 3 highlights that companies have certain guiding philosophies and business requirements that stand as the foundation of all supply chain activities (marked with "I."). The four enablers (marked with "II.") are the human resources, organizational design, information technology and measurement. These are the ones enabling capabilities to support the development of strategies and approaches (marked with "III.") that support the achievement of purchasing, supply chain and organizational objectives and strategies.

III.	**Proactive Purchasing and Supply Chain Management Strategies and Approaches** Global sourcing, Supplier quality management, Long-term contracting, Early suppliers design involvement, Joint improvement activities, Outsourcing, Alliances and partnership, On-site supplier managed inventory

	Human Resources	Organizational Design	Information Technology	Measurement
II. Enabling capabilities support the development of strategies and approaches	Supply chain professionals with ability to: - view the supply chain holistically - manage critical relationships - understand the business model - engage in fact based decision making - practice advanced cost management - understand electronic business systems	Organizational Designs that feature: - centrally led supply teams - responsibility for coordinating purchasing and supply chain activities - collocation of supply personnel with internal customers - cros-functional teams to manage supply chain processes - supply strategy coordination and review sessions between business units - executive buyer-supplier council to coodinate with suppliers	Real time and shared information technology systems/supply chain planning and execution systems that support: - demand planning - order commitment, scheduling, and production management - distribution and transportation planning - material replenishment - reverse auctions - electronic data interchange	Include supply chain meansures that: - use data from visible sources - quantity what creates value - use goals that change over time - rely on benchmarking to establish performance targets - link to business goals and objectives - feature efficiency and effectiveness measures - assign ownership and accountability

I.	**Business Requirements and Guiding Philosophies** Total quality management, Supply chain integration, Total cost management Globalization, Flexibility and responsiveness, Reduced cycle times

Figure 3. Four pillars of purchasing and supply chain excellence (Monczka, Trent, & Handfield, 2005)

3.4.1 Human resources

The figure 2 highlights the skills and knowledge requirements nowadays from a supply chain professional. These have drastically changed over time becoming more complex and more demanding. A tight collaboration and coordination with engineering, logistics, procurement, suppliers, customers, and marketing is required within current supply chains in order to be able to coordinate activities and material flows across the supply chain. (Monczka, Trent, & Handfield, 2005)

Cost management skills are of core importance nowadays since due to fierce competition in the market, there is a resistance in increasing prices towards the end customers, hence companies need to have the right set of skills within the SCM personnel in order to facilitate cost control, reduction and management. Companies must adopt solid human resource strategies that include internal development of individuals, recruiting talent from other functional groups (job rotation) or other companies and taking in fresh college graduates. The ultimate goal is to be able to support the purchasing and supply chain requirements. (Monczka, Trent, & Handfield, 2005)

3.4.2 Organizational design

The organizational design is the process of evaluating and selecting the structure and formal system of communication, division of labour, coordination, authority, control, and responsibility necessary to achieve organizational goals and objectives. Organizational design would contribute to the strategies and approaches of a supply chain if built with the mind-set of enabling centrally led supply teams, collocation of supply personnel with internal customers, cross-functional teams to manage supply chain processes, supply strategy coordination and review sessions between business units, executive buyer-supplier council to coordinate with suppliers and executive responsibility for coordinating purchasing and supply chain activities. (Monczka, Trent, & Handfield, 2005)

3.4.3 Information technology

During the past years there has been a tremendous development of information technology software and platforms supporting supply chain planning and execution management. Planning software aims at improving forecasting accuracy, production scheduling optimization, reduction of work capital and transportation costs and customer service improvement. Execution software helps in receiving materials from suppliers and managing physical flows from suppliers through downstream distribution targeting that end customers receive the desired products at the right location, time and costs. Information should be shared across functional groups and organizational boundaries, preferably in real time. (Monczka, Trent, & Handfield, 2005)

3.4.4 Measurement

Most supply chain managers' focus is on monitoring the performance of the internal supply chain activities and functions rather than aiming at tracking the end-to-end performance of a supply chain and logistics processes. Objective measurement of the processes is at the core of fact-based decision making rather than subjective decision making. Measurement would indicate the status quo of the business and give possibilities to measure against target state and is an ideal way to communicate requirements to other supply chain members and to promote continuous development and improvements. Measurement indicates also if new initiatives are producing the expected results. It is regarded as the

single best tool to control purchasing and supply chain activities and processes. (Monczka, Trent, & Handfield, 2005)

Supplier satisfaction surveys are strictly linked to measurement and are derived from one of the four pillars of the supply chain management. As Figure 2 shows, the measurement should be done using data from visible sources to ensure integrity and audit trail; it should only quantity what creates value; it should use goals that change over time as business is constantly changing; benchmarking should be used in the measurement process in order to enable an objective reference; measurement should link to business goals and objectives, so it should support the business development overall; the values of ownership and accountability should be part of the process to ensure that actions are taken accordingly.

3.5 Buyer-supplier feedback process

Companies should acknowledge the importance of communications regarding the evaluation of the management of supplier performance to both internal and external stakeholders. In order to achieve consistent results and improvement, a framework and a process for communication and feedback about performance expectations and requirements is needed. Companies should embed in their supply chain management processes a two-way flow of communication for performance feedback between buyer and supplier and not only one way flow from the buyer to supplier. Figure 4 illustrates the flow of goods and services from supplier to customer, the flow of performance expectations and requirements from customer to supplier and the performance feedback that flows both ways. The supplier's voice must be considered in the process as success relies on both parties to work as one integrated entity, since once party's actions will have repercussions on the other. (Gordon, 2008)

Customer satisfaction surveys represent a part of the buyer – supplier feedback process and it is worth examining the supplier performance feedback before looking at the customer performance feedback to have the full feedback context described.
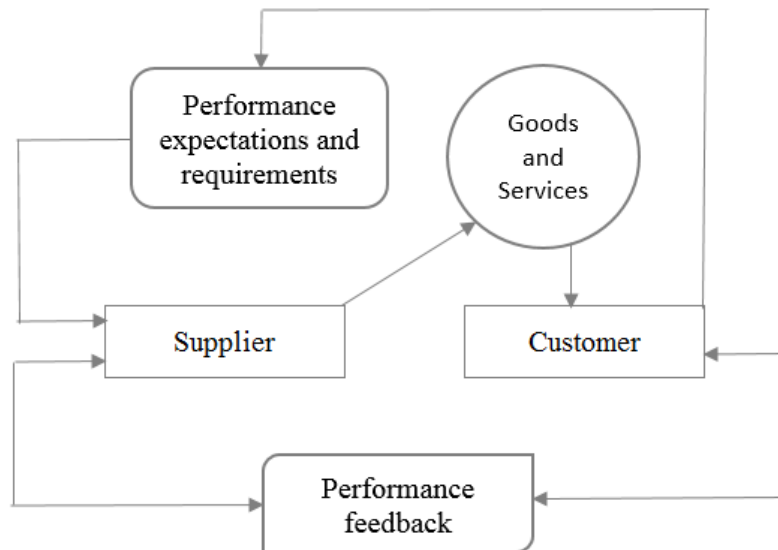
Figure 4. Customer – Supplier feedback process (Gordon, 2008)

3.5.1 Supplier performance feedback

The supplier performance feedback can be formal or informal. It is highly important that the information collected on suppliers' performance is shared regularly with suppliers and improvement actions are mutually agreed between the parties. (Gordon, 2008)

KPI and scorecard distribution are formal means of sharing information with suppliers. If scorecards are maintained for suppliers' performance, those need to be shared on a regular basis with suppliers. Key suppliers should be able to see their metrics at least once a month. One approach to share the data is electronically, by saving the scorecards in a location where suppliers have access to or if not possible, doing it by email. (Gordon, 2008)

Supplier performance or business review meetings are also formal means of reviewing information and should be held for the strategic key suppliers. A business review meeting would cover a broader context than just supplier performance and it would include sharing of information from both parties, aligning on business priorities, reviewing technological trends, sharing business opportunities, and discussing future business trends, goals and overall business strategies. Performance review meetings can be separated from business review meetings and provide the chance to review performance measurements, de-

fine goals, set the expectations in terms of performance, review the benefits of good performance and the consequences of unsatisfying performance, and discuss progress against targets. Goal setting should focus on areas that are important to both parties and the measurement of the performance areas should be done in a fair, accurate and understandable way. (Gordon, 2008)

There are also various informal ways of sharing feedback with suppliers. Calling a supplier to recognize an improvement or good service, would demonstrate that the buyer company values the efforts of a supplier. In a bad situation, rather than only focusing on the problem, the buyer can discuss with the supplier and work out a solution to prevent such cases from occurring in the future. Open, honest and timely communication about issues helps build trust, develop relationships, solve problems and improve performance. (Gordon, 2008)

3.5.2 Customer performance feedback

As part of the fourth pillar of the supply chain management, the measurement, it is as equally important to measure the customer (buyer) performance as it is to measure the supplier performance.

Supplier performance relies on supply management systems and capabilities of the customer and it is highly important that customer ask its suppliers about its own performance, aiming at finding out how is the customer perceived by the supplier and where improvement is needed to better enable the suppliers' performance. If feedback is received by the customer from the suppliers, the customer should act on it or otherwise it would have a negative impact on the relationship between the parties, affecting the credibility of the buyer. (Gordon, 2008)

Gordon (2008) states that satisfied suppliers can drive companies to achieve high end customer satisfaction and additionally it will impact positively companies' bottom line. He identified three main components affecting supplier satisfaction: a cooperative culture, commitment to supplier satisfaction, and constructive controversy. In a buyer's market, supplier satisfaction is treated with less importance, as the buyer company usually

profits on the leverage position over the suppliers. On the other hand, as the only constant in business is change, when market situations change and a seller's market will be predominant, those buyer that treated their suppliers less professionally and took advantage of them in past times, they would have more problems in having the required support from the suppliers to continue the business. (Gordon, 2008)

Gordon (2008) proposes a sample supplier satisfaction survey by showing examples and various possible questions that a buyer might ask the supplier regarding its performance as a customer.

Table 1. Sample supplier satisfaction survey (Gordon, 2008)

1.	To what extent are we meeting your expectation?
2.	To what extent do we communicate our performance expectations to you?
3.	To what extent do we treat you as a valued partner?
4.	To what extent do we provide you with the information that you need in order to give us a quote or pricing?
5.	To what extent do you want to participate in the product or service design process?
6.	Is there any type of technical assistance that you would like us to provide?
7.	Is there any training that you would like us to provide?
8.	Is the feedback we provide to you adequate?
9.	How frequently would you like us to provide you with feedback?
10.	To what extent do we provide you with clear technical information?
11.	To what extent do we provide you with adequate lead-time to provide us with products or services?
12.	How accurate are our forecasts to you?
13.	To what extent do we conduct our relationship with you in a professional manner?
14.	To what extent do you believe that we treat you fairly?
15.	To what extent are we responsive to your needs?
16.	How easy are we to deal with you as a customer?

3.6 Supplier satisfaction

Supplier satisfaction has not been a core element in the past within purchasing and industrial management. However, achieving success in the buyer – supplier relationships is difficult without properly considering the suppliers' satisfaction. (Essig & Amann, 2009) In order for a company to attain business excellence, its customers have to be satisfied with the performance of the company. That is only possible through the combined effort of the company and the support and resources of the company's suppliers. Nowadays more and more companies outsource many of their activities to their suppliers, hence it requires and very strong cooperation between buyers and suppliers in order to satisfy the end-customer. In order for the buyer-supplier partnerships to work, suppliers' needs have to be addressed and fulfilled in the process, thus companies should aim at achieving also supplier satisfaction. Research has shown that suppliers are more willing to contribute to the buyer's company's success in helping meet the end-customer needs, when supplier needs are satisfied. Thus, in order for companies to achieve business excellence, they have to integrate supplier satisfaction with customer satisfaction. (Wong, 2000)

3.6.1 Supplier satisfaction definition

Essig and Amann (2009) define supplier satisfaction as *"a supplier's feeling of fairness with regard to buyer's incentives and supplier's contributions within an industrial buyer – seller relationship as relates to the supplier's need fulfilment, such as the possibility of increased earnings or the realisation of cross-selling"*. The researchers continue by exemplifying that suppliers will become dissatisfied if a buyer acts wrongly and vice-versa. An un-satisfied supplier may less focused on the production quality, impacting the products quality directly influencing negatively the sales volumes of the buyer and profitability.

Benton and Maloni (2005) define supplier satisfaction as *"the feeling of equity with the relationship no matter what power imbalance exists"*.

Schiele et al. (2012) portrayed supplier satisfaction as *"a condition that is achieved if the quality of outcomes from a buyer – supplier relationship meets or exceeds the supplier's expectations"*.

Maunu (2003) states that *"supplier satisfaction is implementing the supply chain smoothly, without any consequences. In order to be able to make that happen both hard and soft-based supplier satisfaction dimensions need to be in place and performed on satisfactory level. These supplier satisfaction dimensions are: profitability, agreements, early supplier involvement, business continuity, forecasting/planning, roles & responsibilities, openness & trust, feedback and 'the company' values. In supplier satisfaction measurement all of the dimensions are measured against the business and process environment of the buyer company."*

3.6.2 Suppliers' role in achieving customer satisfaction

Suppliers have a vital role in within almost every industry and they are a key contributor to the success of any business. Suppliers have become a value-adding partner in industrial relationships and supplier services have a significant operational impact over a buyer's success representing a major proportion of the net sales, most of which exceed their own contribution to the creation of value. Manufacturers perceive suppliers as true partners of value creation in contrast to being just simple deliverers of parts. The role of suppliers is shaped by growth in competition leading to reduced product lifecycles, development of various types of variants of a product, and enhanced technical innovation. (Essig & Amann, 2009)

The process of improving the quality of products and services should involve suppliers. Companies should aim at building supply chain partnerships, keeping the suppliers motivated and making them supportive in order to meet the customer requirements. Company's performance is directly impacted by the supplier's performance and when competing with competitor companies, they do it with the entire supply chains and not the companies alone. Partnering with suppliers is the way to achieve the best performance from a supply chain. (Wong, 2000) Adding value to products and services will result in customer satisfaction. The benefits of higher product quality, lower costs, better inventory

management, and improved logistics should all be passed on to the end customer. Furthermore, customer satisfaction will result into increased business. (Genna, 1997)

Poirier and Houser (1993) defined the concept of partnering as "the creation of cooperative business alliances between constituencies within an organization and its suppliers and customers".

In order for companies to get the full commitment and support from suppliers, they need to make them satisfied with the relationships and operations with the companies. Co-operation and contribution from suppliers will be received if a relational and co-operative approach is used between parties. Having co-operative suppliers, it will facilitate companies' efforts in making end-customers satisfied and achieve better results. Companies need to help suppliers satisfy their needs if they want suppliers to be fully devoted in helping companies satisfy the needs of their customers. (Wong, 2000)

3.6.3 Integrating supplier satisfaction with customer satisfaction

Companies need to develop a co-operative culture with their suppliers, to empower satisfying their suppliers' needs and institute effective ways of supplier interaction in order to achieve supplier satisfaction. If a co-operative culture is created between companies and their suppliers, it will enable both parties to work closely together in achieving their goals and create synergies. Companies must satisfy their suppliers' needs in order to be able to get suppliers best support. Companies and their suppliers should aim at identifying mutually beneficial solutions, understand each other's perspective, openly discuss their opposing views and try to integrate them for the best solution. Consequently the co-operative culture, the commitment to supplier satisfaction and the constructive controversy should be the three main factors leading to supplier satisfaction, as shown in figure 5, and supplier satisfaction would ultimately have a positive impact on customer satisfaction. (Wong, 2000)
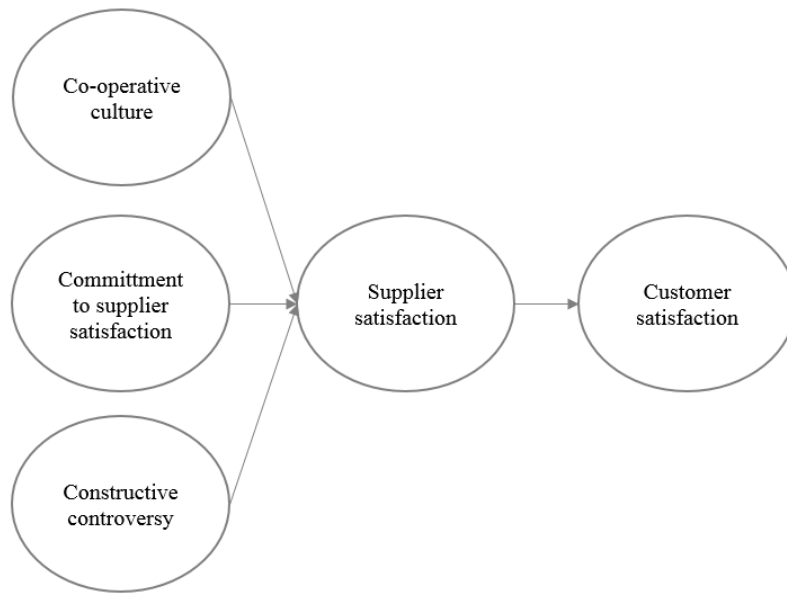
Figure 5. Model integrating supplier satisfaction with customer satisfaction (Wong, 2000)

By investigating its supplier satisfaction, the buying company sends a powerful signal of trust, obtains results that can be used in improving the relationship and strengthens the commitment within the relationship. (Essig & Amann, 2009)

3.6.4 Previous research on industrial satisfaction

Only in the second half of the 20th century, satisfaction topic started to be researched. The core focus of satisfaction research is the operationalization of two constructs: job satisfaction and customer satisfaction, yet studies have not provided scientific consensus regarding these constructs. Satisfaction measurement within management research is used to produce interpretations on the degree of need fulfilment of customers (in marketing research) or employees (human resources research). Sales, market share, brand development and customer loyalty are the means of assessing customer satisfaction, but due to lack of reliability, research has led to the development of customer indices, such as Swedish Customer Barometer, the American Customer Satisfaction Index and the German Satisfaction Barometer. These indices are meant to provide a customer-based measurement system in order to assess and develop the performance of firms, industries, economic sectors and national economies. (Essig & Amann, 2009)

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According to Schiele et al. (2012) the research on supplier satisfaction on supplier-buyer relationships is limited and is primarily conceptual in nature. Essig and Amann (2009) identified only ten broad studies concerning supplier satisfaction: Benton and Maloni, 2005; Carbone, 1999; Forker and Stannack, 2000; Gawantka, 2006; Leenders et al., 2006; Maunu, 2003; Soetanto and Proverbs, 2002; US Army Corps of Engineers, 2005; Van Weele and Rozemeijer, 1998 and Wong, 2000. Furthermore, the supplier satisfaction measurements has been even less researched, found only in the papers of Benton and Maloni (2005), Maunu (2003), Wong (2000), Soetanto and Proverbs (2002) and Gawantka (2006).

There is a significant limitation to the ten major studies on supplier satisfaction, as none of the studies research the topic from a neutral point of view, but studies were conducted only in big equipment manufacturer companies. Thus, there is no broader scale study with a comparison between different industry branches. Essig and Amann (2009) investigated further the Journal of Purchasing and Supply Management and found only ten surveys addressing the effect of satisfaction on supplier-buyer relationships, but studies were focused exclusively on customer satisfaction.

Wong (2000) addressed the supplier satisfaction topic by stating that supplier satisfaction should be taken into account within the partnering efforts, as if suppliers are unsatisfied in the process the efforts will not pay off. He also highlighted that in a cooperative culture, the commitment to supplier satisfaction and constructive controversy will ensure the full support of suppliers. Wong (2000) concluded that a relational and cooperative approach towards suppliers will enable the supplier satisfaction within the relationship.

In a study that compared the effects of contrasting competitive and cooperative exchange relationships on the satisfaction degree experienced by buyers and suppliers in the relationships, Forker and Stannack (2000) reached a similar conclusion like Wong (2000). Within cooperative relationships, buyers and suppliers encounter a higher degree of satisfaction than their counterparts in competitive relationships. In order to possibly increase the supplier satisfaction, buyers could enter into much closer relationships but maintaining interaction to a level that enhances suppliers' feelings of transparency and reciprocity.

Benton and Maloni (2005) in their research aimed at empirically testing the influences of supply chain power on supplier satisfaction, as it will permit understanding the power-satisfaction link in supply chain relationships. They had a threefold objective: establishing how different bases of power impact the satisfaction of selling firms, research how power driven relationships affect supplier satisfaction and measure the effect of power influences on supplier satisfaction in the automobile industry. They argued that "a supply chain is only as strong as its weakest link. Thus, a manufacturer cannot be responsive without satisfying its suppliers".

They demonstrated that the power – affected buyer – supplier relationship has a significant positive impact on both performance and satisfaction. The authors analysed three different power sources: coercive – mediated, reward – mediated and non – mediated power sources. Only the latter two sources were demonstrated to have a positive impact on supplier satisfaction, whereas coercive – mediated power source has a rather negative impact. Furthermore, it was found that performance does not drive satisfaction, so it is the nature of the buyer – supplier relationship that it rather driving supplier satisfaction than performance. If the power holder is aiming at driving supplier satisfaction, it should work on a relationship driven supply chain strategy rather than a performance based strategy. (Benton & Maloni, 2005)

Ghijsen et al. (2010) examined the supplier reactions to three different influence strategies and two types of supplier development efforts. Their study points out that supplier commitment is affected by the use of promises and both human and capital specific supplier development, while supplier satisfaction is impacted by indirect and other direct influence strategies and capital – specific supplier development.

Ghijsen et al. (2010) researched both indirect influence strategies (information exchange and recommendations) and direct strategies (requests, promises, threats and legalistic pleas). Request, threats and legalistic pleas were identified to have a negative effect on satisfaction. Furthermore, capital – specific supplier development influences satisfaction considerably. Suppliers appreciate manufacturers offering support capital for investment and additionally tools and equipment for process improvements as they consider this type

of development as a tangible long – term commitment by the manufacturers. Manufacturers should carefully consider the type of influence strategy when coordinating their supply base.

Nyaga et al. (2010) created a theoretical model of collaborative governance as shown in figure 6. through which they assessed the effects of collaborative activities such as information sharing, joint relationship effort and dedicated investment on satisfaction and performance from both supplier and buyer standpoints. They demonstrated that all three activities have a positive impact over satisfaction having as key mediating variables the commitment and trust individually or simultaneously.
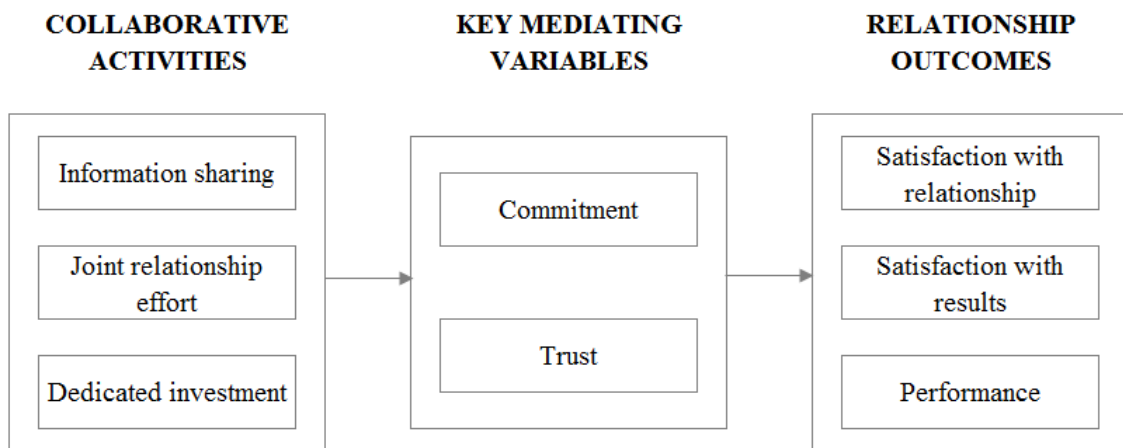
Figure 6. Theoretical model of collaborative governance (Nyaga, Whipple, & Lynch, 2010)

The efforts taken by both suppliers and buyers in improving trust and commitment will result in greater benefits from the relationship. Information sharing has a higher influence on supplier commitment than on buyer commitment. Furthermore, joint efforts (e.g. working on joint teams and conducting joint planning) influence trust and the impact is greater for suppliers than for buyers. Joint effort enables suppliers to have a greater access to the buyer's firm and there is a perception of joint improvement of the relationship. Joint effort gives the possibility to suppliers to share their concerns, seek relationship benefits, and safeguard their dedicated investments. Dedicated investment is a calculated way for each partner to achieve greater returns in a relationship or secure vital future resources or services by increasing their commitment to continuing the relationship. (Nyaga, Whipple, & Lynch, 2010)

Trust is a more important factor than commitment regarding its impact on the satisfaction of the relationship, satisfaction with results, and performance for both buyers and suppliers. Antecedents of trust, like information sharing, are more important to suppliers whereas outcomes of trust, such as satisfaction and performance, are more critical to buyers. Trust should be core focus of management. (Nyaga, Whipple, & Lynch, 2010)

3.6.5   Supplier satisfaction dimensions

Maunu (2003) introduced a conceptual framework presenting nine supplier satisfaction dimensions as shown in the table 2. Based on these dimensions, she was able to create a questionnaire that would enhance the buyer company's processes with suppliers and external partners through supplier satisfaction measurement.

Table 2. Supplier satisfaction dimensions (Maunu, 2003)

Business related dimensions	Communication Related Dimensions
Profitability	Roles & Responsibilities
Agreements	Openess & Trust
Early supplier involvement	Feedback
Business Continuity	'The Company' values
Forecasting/planning	

Business related dimensions are hard, fact based values whereas communication related dimensions are softer, human based values. (Maunu, 2003)

Profitability and agreements are core issues for business relations. Businesses require to be profitable in the long term for both parties in order to exist, hence pricing and payment terms have to fair. Agreements should be established and cover all contractual obligations and parties need to follow an agreed set of rules and procedures. (Maunu, 2003)

Early supplier involvement requires that suppliers are considered from early development phase to be involved in projects, including sharing of roadmaps and business information. (Maunu, 2003)

Business continuity and Forecasting/Planning are regarded as both short-term and long-term dimensions. These encompass the weekly-based demand visibility or hourly based inventory driven visibility but also monthly, quarterly and yearly forecasts. Short-term forecasts are easy to be shared with figures, but the reliability of numbers is reduced when the time horizon is expanded. Hence, business continuity is needed when supplier satisfaction is measured, highlighting future technological developments, projects, industry trends. (Maunu, 2003)

Communication related supplier satisfaction dimensions assess how comfortable it is to work with 'the Company'. (Maunu, 2003)

Roles and responsibilities describe the organizations and persons the suppliers have to interact with, and also specify the communication tools and their existence. (Maunu, 2003)

Hones and Trust dimension addresses people's professionalism in behaviour and how things are taken care of. (Maunu, 2003)

Feedback can be both hard and soft based. A continuous flow of information should exist between supplier and buyer companies by having feedback function in place. Hard based feedback can be numerical statistical feedback of quality performance, delivery accuracy, etc. The soft area is when comments are added on how the supplier would like to get the feedback and what kind of feedback it would like to get. (Maunu, 2003)

'The company' values are the most important structure for the entire company, its culture and behaviour. 'The Company' values are: customer satisfaction, respect for individual, achievement and continuous learning. 'The Company' that was surveyed in the study, should share fundamentally the same values with suppliers as that will result in higher supplier satisfaction level. (Maunu, 2003)

3.6.6 Supplier satisfaction index model

Essig and Amann (2009) proposed a supplier satisfaction index model as shown in figure 7 aimed at measuring supplier satisfaction and as a factor of buyer-supplier relationship quality. The construction is comprised of 36 indicators subsumed to three dimensions and six factors. Table 3 describes more in detail the model.
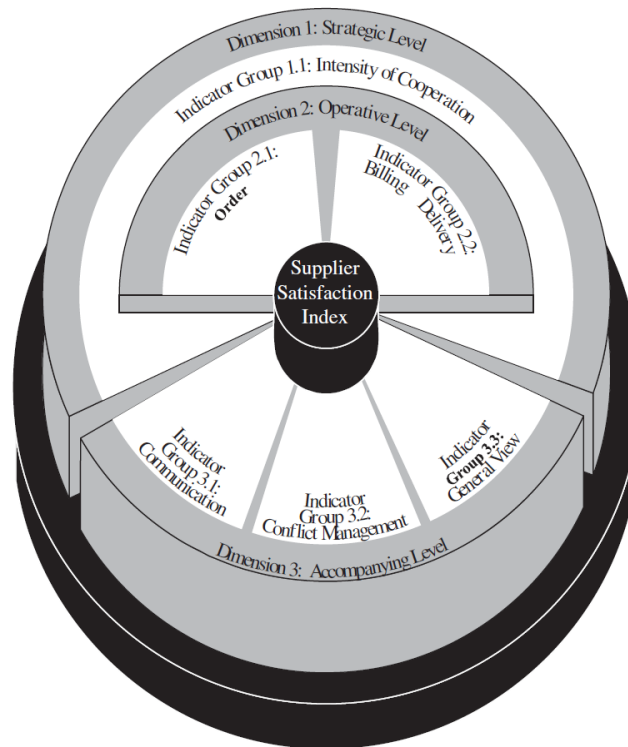
Figure 7. Supplier satisfaction index model (Essig & Amann, 2009)

a. The first dimension relates to the strategic level of a relationship containing indicators and offer the possibility to conclude on the intensity of the cooperation;

b. Supplier satisfaction is also is also influence by operational level factors. This level is split into questions about the order process and billing/delivery:

c. The third level is the accompanying level. Variables such as communication, conflict management and general view of the relationship influence the satisfaction and indicators of such variables are quality, frequency of information and reaction speed. (Essig & Amann, 2009)

Table 3. Structure of a supplier satisfaction index model (Essig & Amann, 2009)

Dimension	Factor	Indicator	
1			**Strategic level**
	1.1		***Intensity of cooperation***
		1.1.1	Strategic value
		1.1.2	Intensity of integration with R&D
		1.1.3	Number of strategic contracts
		1.1.4	Possibility of cross-selling
		1.1.5	Degree of earliness of integration in production processes
		1.1.6	Willingness to accept suggestions for improvement
2			**Operational level**
	2.1		***Order process***
		2.1.1	Ordering procedure
		2.1.2	Adherence to arrangements
		2.1.3	Adherence to long-term contracts
		2.1.4	Bargaining position
		2.1.5	Time schedule
	2.2		***Billing/delivery***
		2.2.1	Payment habits
		2.2.2	Payment procedures
		2.2.3	Delivery deadlines
		2.2.4	Required effort needed for delivery
		2.2.5	Receiving procedure
		2.2.6	Support during preparations for first time delivery
3			**Acompanying level**
	3.1		***Communications***
		3.1.1	General care
		3.1.2	Availability of direct contract
		3.1.3	Politeness of employees
		3.1.4	Image
		3.1.5	Technical competence
		3.1.6	Business competence
		3.1.7	Communication media used
		3.1.8	Quality of information
		3.1.9	Frequency of information
		3.1.10	Preciseness of communication
		3.1.11	Support by quality management
	3.2		***Conflict management***
		3.2.1	Quality of reaction
		3.2.2	Reaction speed
	3.3		***General view***
		3.3.1	Intensity of cooperation
		3.3.2	Order process
		3.3.3	Billing/delivery
		3.3.4	Communications
		3.3.5	Conflict management

This model offers buyers a steering tool to avoid possible negative consequences resulting from supplier's dissatisfaction. Unsatisfied suppliers would be less motivated in delivering great product output, thus lowering the quality of buyers' products impacting negatively the buyers' sales volume and profitability. Supplier satisfaction should be linked not only to value creation but also to the reciprocity between supplier satisfaction and supplier management. (Essig & Amann, 2009)

Essig and Amann (2009) also concluded that if companies consider supplier satisfaction in regard to supplier policies, it may contribute positively to the development of business relationships. Supplier satisfaction measurement should be performed at least once a year and any potential threats resulting from the process that might impact the buyer – supplier relationship should be dealt with accordingly.

Additionally, the continuous assessment of the supplier satisfaction can contribute in developing and running of a supplier based risk management system that will help facilitate the buyer – supplier relationships. (Essig & Amann, 2009)

3.6.7 The Purchaser – Supplier Satisfaction Matrix

A purchaser – supplier satisfaction matrix (figure 8) was developed to explain the purchaser – supplier relationship in terms regarding satisfaction and stability. The positions on the matrix can be improved by the following marketing and supply management tools:

a) Offering of substantial volumes, long-term commitments and exclusive agreements;
b) Respond rapidly to requests from suppliers;
c) Internal information and extensive communication sharing;
d) Display a willingness to change behaviour in the purchasing organization. (Leenders, 2006)

The diagonal in the matrix represents the fairness or the stability line. (0, 0) position is undesirable from either standpoint, (5, 5) position is minimal level of acceptance for both

parties and the (10, 10) position is rarely found in reality as it requires a solid degree of mutual trust, sharing and respect that is rather difficult to achieve nowadays.
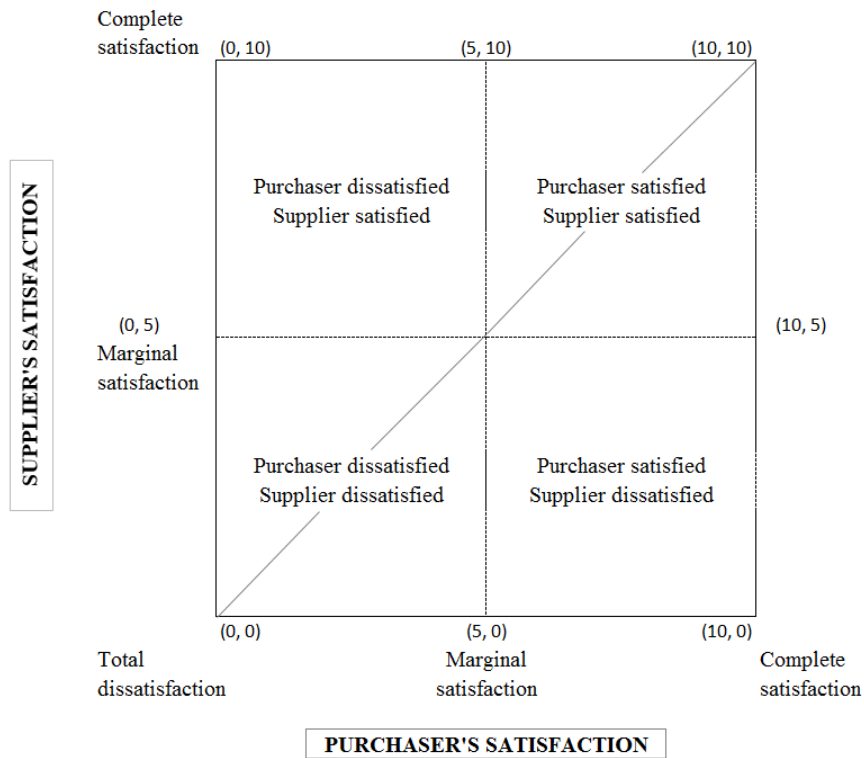
Figure 8.The Purchaser – Supplier Satisfaction Matrix (Leenders, 2006)

3.6.8 The drivers of supplier satisfaction

Huttinger et al. (2012) provided a state-of-the art analysis and overview of the drivers of supplier satisfaction. They demonstrate that at least three functions in a firm contribute to supplier satisfaction: purchasing, production and R&D. A cross – functional collaboration is required in order to achieve supplier satisfaction. This approach is perceived as a sign of organizational maturity, hence it can be indicated that supplier satisfaction will reflect the sophistication of the buying firm to a certain extent, thus mature firms would be expected to have more satisfied suppliers.

Table 4 summarizes all drivers impacting supplier satisfaction and lists all references to the studies that were built around the topic.

Table 4. Drivers of supplier satisfaction (Huttinger, Schiele, & Veldman, 2012)

Drivers of supplier satisfaction	Reference
Technical excellence (R&D)	
Early supplier involvement	Maunu (2003), Essig and Amann (2009)
Technical competence	Essig and Amann (2009)
Supplier development	Ghijsen et al. (2010)
Response to supplier requests and suggestions for improvement	Leenders et al. (2005), Essig and Amann (2009)
Joint relationship effort	Nyaga et al. (2010)
Supply value (purchasing)	
Profitability	Maunu (2003)
Bargaining position	Essig and Amann (2009)
Substantial volumes	Leenders et al. (2005)
Long-term horizons	Maunu (2003), Leenders et al. (2005)
Adherence to agreements	Maunu (2003), Essig and Amann (2009)
Cooperative relationships	Wong (2000), Forker and Stannack (2000), Benton and Maloni (2005), Leenders et al. (2005), Essig and Amann (2009)
Commitment to supplier satisfaction	Wong (2000)
Dedicated investments	Nyaga et al. (2010)
Reward mediated power sources	Benton and Maloni (2005)
Non-mediated power sources	Benton and Maloni (2005)
Recommendations	Ghijsen et al. (2010)
Mode of interaction	
Communication	Maunu (2003), Leenders et al. (2005) Essig and Amann (2009)
Structure (availability of direct contact in the buying firm, roles and responsibilities, communication media used	Maunu (2003), Essig and Amann (2009)
Reaction (politeness of employees, openess and trust, commitment, reciprocity, feedback, conflict management, constructive controversy, reaction speed, quality of reaction	Forker and Stannack (2000), Wong (2000) Maunu (2003), Essig and Amann (2009) Nyaga et al. (2010)
Information (level of information exchange, quality of information, accuracy and timeliness of information exchange	Whipple et al. (2002), Leenders et al. (2005), Essig and Amann (2009), Nyaga et al. (2010) Ghijsen et al. (2010)
Operational excellence (production)	
Forecasting/planning	Maunu (2003)
Order process	Essig and Amann (2009)
Time scheduling	Essig and Amann (2009)
Billing/delivery	Essig and Amann (2009)
Payment habits	Essig and Amann (2009)
Required effort needed for delivery	Essig and Amann (2009)
Support	Essig and Amann (2009)
Business competence	Essig and Amann (2009)

Various levels of supplier satisfaction are assessed through supplier surveys, such as overall satisfaction over a period of time; key drivers of satisfaction and operational activities in relation to each satisfaction driver. Figure 9. highlights the concept of supplier satisfaction on which the supplier surveys are developed and it facilitates insight into both organizational and strategic level of supplier relationships allowing for optimization in various areas such as: resource allocation, strategic initiatives, ownership of action plans and improvement initiatives, and long-term revenue and profit maximization through efficiency, supplier satisfaction and supplier relationship management. (http://www.smartprocurement.co.za; 02.10.2015)
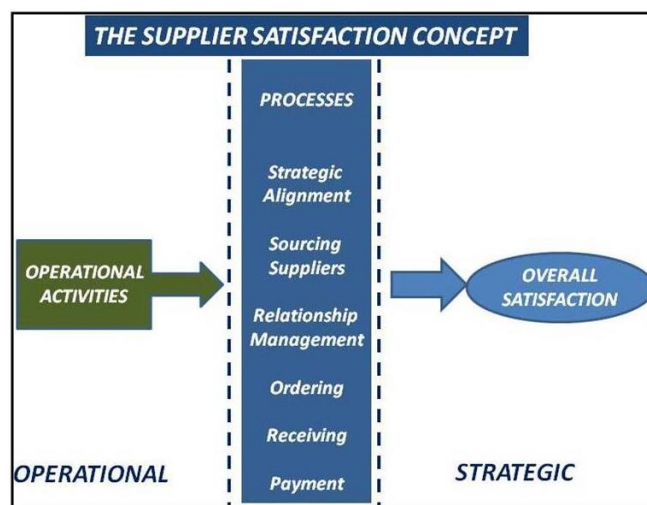

Figure 9. The supplier satisfaction concept

(http://www.smartprocurement.co.za; 02.10.2015)

3.6.9 Supplier surveys as a management tool

A supplier survey is a management tool used to enhance the internal and external processes with suppliers and partners in the supply chain network. Figure 10 is exemplifying how the supplier surveys can used as a management tool as survey results can be inputs in the organization's strategic planning where a strategic intent and wish state is formulated with precise goals. The supplier opinion survey should be an iterative process through which the company that is performing the survey gets valuable information from and it is supposed to turn that information into management actions to improve the results in a next survey round. A survey as a management tool is practical, flexible and easy to

change in order to get valuable input from suppliers that could be acted upon. It is recommended that questionnaires are kept in the same format for a longer period of time in order to be able to consistently measure and interpret the results. (http://www.smartprocurement.co.za; 02.10.2015)
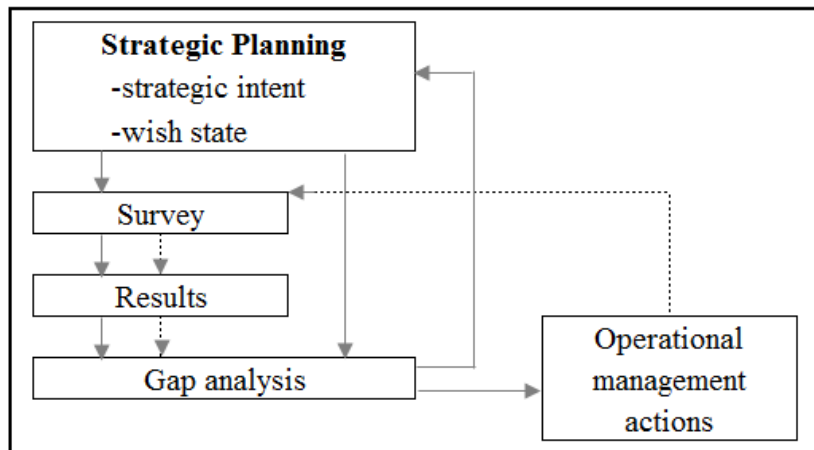
Figure 10. The supplier satisfaction survey – management tool (Maunu, 2003)

Figure 11. shows the analysis process of a typical survey result, identifying various steps that companies should follow in order to get the best outcome. Once the results are analysed and interpreted, actions should be formulated that are meant to address the findings of the surveys. Moreover, the results of the surveys should be communicated within the company and discussed over with the suppliers and as a last step of the process, a follow up mechanism should be created in order to make sure that the agreed actions getting closed. (http://www.smartprocurement.co.za; 02.10.2015)
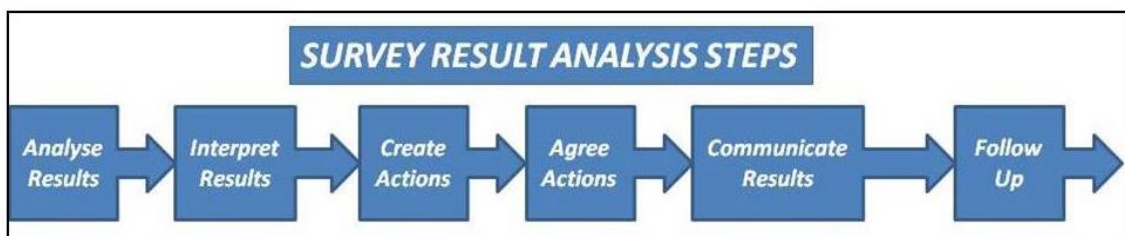
Figure 11. The supplier satisfaction survey result analysis process

(http://www.smartprocurement.co.za; 02.10.2015)

3.6.10 Supplier satisfaction framework

In her study, Maunu (2003) presented a theoretical supplier satisfaction framework as shown in figure 12 and regarded supplier satisfaction:

- as an element of supply chain management, including partnership, supply management and collaboration, quality management and reverse marketing;
- as an analogical element with customer satisfaction including marketing research;
- as analogical approach with 360 methodology

Figure 12. Supplier satisfaction framework (Maunu, 2003)

Maunu (2003) assessed the supplier satisfaction from all these angles in order to determine what supplier satisfaction stands for, as before her study, there was no official theoretical definition of the concept and there was also very limited research on the topic.

4   EMPIRICAL FINDINGS

As presented in the methods chapter of the paper, the interviews were held with various employees of the company who had a direct or indirect involvement in regards to supplier relationships and had a comprehensive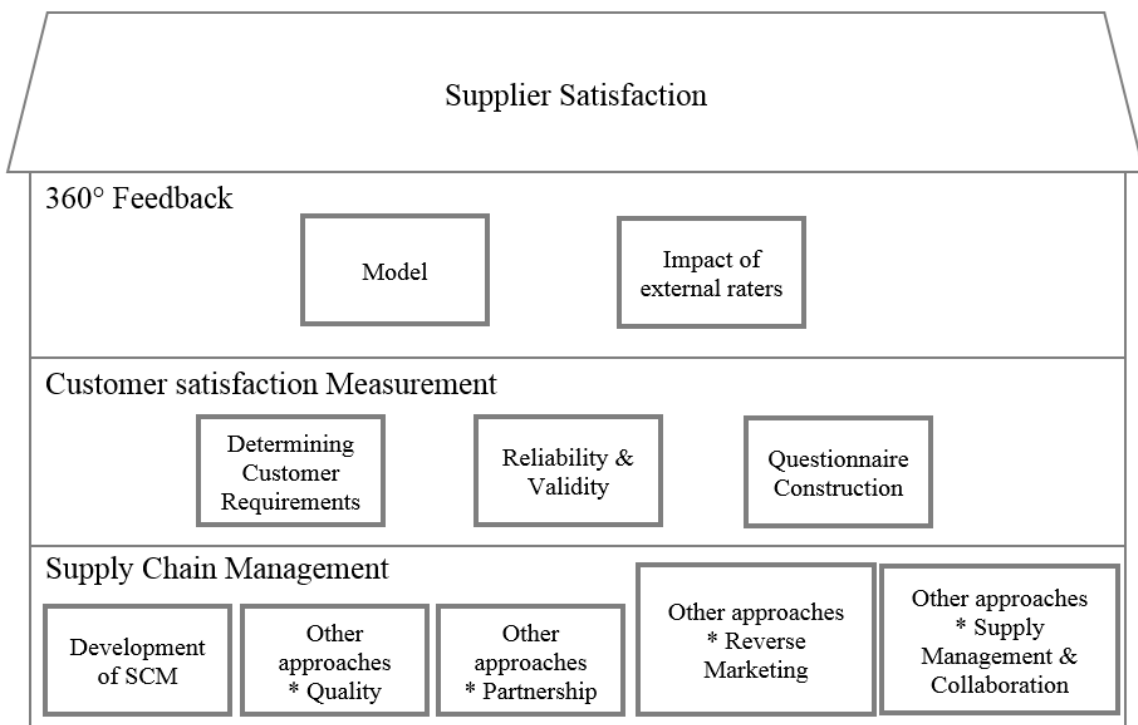 view over the supplier satisfaction survey process and its implications in the business. Those employees were part of the supply chain and had a solid experience in working with suppliers. Two of the interviewees worked for several years in sales and had an extensive experience also regarding the customer satisfaction surveys. The researched company is referred to as the "company" in the study due to confidentiality reasons. The empirical findings chapter presents the summarized results for each of the interview questions.

The supplier satisfaction survey process was held twice a year and the key account managers from the supplier companies were taking part in the surveys as well as the CEO's. The process seems to be quite a laborious one, as data collection included all suppliers of the company and the results of the surveys were reviewed with Sourcing management and cascaded down to lower levels, to the commodity teams who were given the task to assess and understand what the results mean in practice and try to convey the results into action points that would facilitate the improvement of the relationship with suppliers. The results of the surveys are also discussed with the suppliers in the business review meetings from which actions are derived that are meant to correct where things need to be fixed and to give suppliers the confidence that they voice is heard.

The supplier satisfaction survey has been structured around eight main areas of interest:
- Business with the company
- Planning and execution
- Quality
- Relationship management
- Collaboration
- Corporate responsibility
- Company benchmarking
- Overall review

4.1 How do you define supplier satisfaction?

It was very important to understand the viewpoint of the interviewees regarding the supplier satisfaction since that gave a perspective over the foundation of the researched topic. Prior the discussions concerning the supplier satisfaction surveys, the author discussed with the interviewees on the possible definitions of supplier satisfaction.

Supplier satisfaction can be defined as the measure to analyse how well a company, the customer, meets the expectations of its suppliers across various parameters of importance such as our planning, scheduling, order processing, contract management, supplier engagement at various stages of business, communication and overall supplier relationship management.

The respondents highlighted that supplier satisfaction is achieved when supplier's expectations are met in regards to the buyer-supplier relationship. Supplier satisfaction would arise if certain conditions are met. Ultimately, profitability and ensuring business continuity would represent key drivers in driving supplier satisfaction, but also other factors have a significant role. Growth potential is one of those factors but more importantly giving the suppliers the visibility towards the future and ensuring that they are part of the business roadmaps of the company and part of the future success. Suppliers would have to be integral part of the company and transparency and early involvement of the suppliers concerning the future in mutual business development and vision (e.g. business roadmaps, future technologies) are key factors contributing to supplier satisfaction.

Due to the nature of the business the company is running, having significantly volatile business volumes, it implies a great risk to suppliers. Hence, forecasting and planning accuracy are also core factors that define supplier satisfaction along with the contractual trading terms. Volatility in sales volumes have a significant impact on the suppliers' business especially if the trading terms are not in supplier's favour. So maintaining fair contractual terms is essential in driving supplier satisfaction.

Culture aspect plays an important role when discussing about the supplier satisfaction. Asian suppliers are more concentrated on the buyer-supplier relationship, whereas the US

suppliers are more business metrics focused, they need to achieve their sales target, which is their number one goal. So, trying to formulate one general view on supplier satisfaction may be possible but it would be incomplete if one does not take into account the cultural dimensions as suppliers from different parts of the world act differently in their processes towards achieving actually the same goal of running a profitable business. But due to the cultural difference that drives the behaviour, they might be incentivized by different things and perceive the satisfaction in different ways.

Interviewees also considered supplier satisfaction as a feeling of fairness that is achieved when it is easy to do business and there is an open and smooth relationship between the supplier and the buyer. Supplier satisfaction would more easily emerge where there is a partnership between the parties rather than in a strictly buy and sell relationship.

Transparency was also highlighted in the interviews to be a core element of supplier satisfaction, meaning that there are transparent processes and actions between the buyer and the suppliers, with clear business rules and there is a consistent engagement from the buyer company to ensure a predictable business that would offer the sense of stability.

One respondent stressed the fact that supplier satisfaction arise especially around the revenue aspect, as suppliers are considerably more interested in revenue growth than compared to profitability. Additionally, the feeling of satisfaction is also built on growth potential and how the company is making it clear to the supplier that there will be a long-term relationship built on mutual success.

Supplier satisfaction encompasses a supplier's general satisfaction with the quality of the commercial customer relationship, processes established between the companies, functionality of communication, and the outlook on the joint business. Supplier satisfaction could be classified along the lines of:
- Trust: how well does the supplier trust the intentions of the customer and the ability to overcome operational challenges in a win-win spirit;
- Predictability: how much does the supplier rely on the business forecasts (e.g. volume forecasts) provided by the customer. Do they plan their own operations

(e.g. capacity reservations and investments) accordingly or/and to which extent - do they apply their own estimates and mistrust the customer's forecasts.

- Fairness: how does the supplier assess the fairness of the commercial relationship; do they believe in competition with other suppliers on fair grounds, and are the 'rules of the game' between supplier and customer well understood and accepted. Also, in the supplier's view, if they able to earn a healthy margin in this business and are not squeezed thin by the customer.

- Communication: how well informed does the supplier feel about allocation of business, changes in demand forecasts, operational or process changes – do these things come as a surprise or are they well informed in time. Does the supplier believe that they have the right channels into the customer to provide their input effectively; are the right communication tools in use (e.g. regular steering meetings, supplier scorecards);

- Outlook: how positive is the supplier's outlook for the joint business. Do they believe that they can remain competitive to get allocated sufficient business, and that they sustain a profitable business they do not want to exit.

4.2 Why do companies use supplier satisfaction surveys?

A customer has certain expectations to a supplier – for instance, to operate and deliver at an agreed level of quality, supply flexibility, cost competitiveness, service level, product innovation and risk management. Typically, these customer requirements are made very clear and followed up strictly but the supplier's satisfaction with the business can easily be side-lined by the nature of the commercial relationship. It is important to install a more formal process – like supplier satisfaction surveys – as regular check point on the health of the supplier-customer relationship. These surveys can provide valuable input on what is going well in the relationship but more importantly, they can give signals to what is not going well, and can serve as a catalyst to quality discussions between the companies. Also, surveys can be structured so that there is an opportunity to provide comments anonymously – this way, criticism can be voiced that might otherwise be more difficult to communicate in the normal course of business. So, while companies may use supplier satisfaction surveys for a variety of reasons, they can only truly work effectively if there

is a climate of trust where critical feedback and improvement ideas are welcome and encouraged rather than penalized. It is the customer's responsibility to create such an environment.

Respondents suggested that one of the main reasons why companies use the supplier satisfaction surveys is enable suppliers to have their voice heard, officially. The sourcing managers have daily interaction with suppliers, so there is a direct and honest way of steering the supplier relationships through the normal course of the business, but the supplier satisfaction survey comes as one big exercise that mobilizes suppliers to share their thoughts in a more formal setup.

Another reasoning behind the usage of the supplier satisfaction survey is enabling the company to measure in a comprehensive suppliers' opinions and turn them into actions that would improve the processes where needed. So driving corrective action points but also used as a detective means of identifying where processes need development and mitigating possible risks. One issue highlighted was that the company did not necessarily act on all things where surveys clearly indicated that action was needed and that happened also because of intent but sometimes also due to lack of reaction as it was not considered a priority. In some situations of receiving negative feedback (e.g. liability terms were detrimental to suppliers), the company just acknowledged the feedback but there was no consequence to that. As discussed, the company's business was very volatile over the last years, thus suppliers' feedback shared the feeling of the business accordingly.

Suppliers are the backbone of the company's supply chain structure and their satisfaction or dissatisfaction with a company's policies, processes and strategies can have a big impact on the company's overall business and profitability. Supplier satisfaction surveys are mainly used as a tool to assess our own company from our most important partner (suppliers) point of view and identify the areas of improvement in terms of policies, processes and communication with the suppliers to make the whole supply chain more effective and efficient.

Another reason for conducting such surveys is to build the trust and show that the company cares about its suppliers also in a formal setting. Thus, the interviewees considered

that to suppliers it may have given a positive sign, but supplier surveys are worthless if supplier-relationships are not managed properly in the course of the business. The real sense of trust is built in the daily cooperation with suppliers, in the monthly business review meetings.

Supplier satisfaction surveys are conducted also when there is engagement from the buyer to business continuity. Furthermore, they are meant also to improve the transparency and offer the needed visibility to the buyer company to various aspects of the buyer-supplier relationship that would eventually result in an improved business output if necessary actions are taken where needed. They are also meant to support in the gap management processes and but ultimately they are done as part of the primary objective of both parties on how to achieve profit together.

The supplier satisfaction surveys represent a management tool and are one pillar in the business growth where there is a long-term commitment and vision and can be one management tool used in improving and developing the company's internal and external processes (i.e. business related transactions and communication) within the supply chain and to see engagement level of critical and valued suppliers.

The company had a solid drive on bringing value to suppliers by various means, one being quality improvement, which would result in increased competitiveness. The company's goals included increasing the end to end efficiencies in the supply chain and through supplier satisfaction surveys it was able to listen to all suppliers. The company was perceived as a demanding customer for the suppliers and the surveys were enabling it to understand the suppliers' challenges and constantly raise the bar of requirements to ensure future growth.

4.3 Could you discuss about the advantages and disadvantages of conducting supplier satisfaction surveys?

One of biggest advantages is that supplier satisfaction surveys provide a formalized trigger for both supplier and customer to stop for a moment to think about the relationship as

a whole. This may otherwise happen too rarely or not at all. Also, these surveys can provide the customer with 'weak signals' that they can follow up and fix before they become bigger challenges to the relationship. In addition, these surveys give a voice to suppliers who may otherwise be faced with a one-way communication and may not get the opportunity to voice constructive feedback.

The biggest disadvantages lie in execution. These surveys can backfire easily if not conducted with the appropriate care and seriousness. If suppliers do not provide honest critical feedback and customers do not review results thoroughly, follow up with suppliers and plan improvement actions together, it easily becomes a paper exercise with little business value.

There were more discussions over the disadvantages of the supplier satisfaction surveys than on the advantages side. That stems from the way of handling and positioning of the supplier satisfaction process within the sourcing processes. Some interviewees considered not so relevant the supplier satisfaction survey due to the fact that there was already a solid cooperation with the key account managers from the supplier companies who were anyway giving constant feedback on a daily basis and as part of the monthly management business review meetings. Usually, the supplier satisfaction surveys were not highlighting any surprises that the sourcing managers would not be aware of, since those were openly discussed in the normal course of the business.

The company was listening to the suppliers by conducting the surveys, but as discussed earlier, actions were not taken in all the cases where suppliers were flagging an issue. Additionally, interviewees agreed that the process was not done end to end properly across all commodity teams and they perceived this as some extra, maybe unnecessary work since the outcome was not something new nor something to necessarily act on.

Interviewees also considered that the advantages of conducting the supplier surveys are to understand how the key contributors of the supply chain – suppliers – think and feel about the company and what the perceived image is. This process was also meant to enable senior management visibility into this area as even though on a lower level, sourcing

managers were in direct and thorough contact with suppliers, the surveys gave the transparency towards management of the supplier-buyer relationship. Additionally, interviewees also noted that this was the formal way of expressing the feedback, but the true measurement of how the suppliers feel and perceive the company can be seen through the business (e.g. contract prices, terms, conditions, supply availability, quality, etc.). The supplier satisfaction surveys helped in optimizing the end to end process within supply chain.

One significant disadvantage of the supplier satisfaction surveys as with any other surveys is that they subjective and are biased especially by the business situation at the time when the surveys are conducted. They can reflect an inaccurate situation due to the business dynamics influence. It was highlighted that a more fair and objective result would be received if the company is resorting to an entirely third party supplier satisfaction study that is using benchmarking and measuring the industry overall and not the company alone, highlighting for example how other customers are rated against the company in an anonymous study. That could potentially reveal insights that would not normally be shared in the company supplier satisfaction process. It is also very difficult to avoid the human factor when conducting surveys (bad day in a stressful environment vs. good day in a pleasant environment).

Additionally, another disadvantage is from poor planning and execution of the surveys regarding the fact that they can be targeted to the wrong audience, wrong interviewees and that could lead to misleading results. Similarly, the topic of the interview can be unclear and the outcome of such surveys would not derive any actions as it is not relevant enough. So it is essential that there is a thorough preparation on how the supplier satisfaction survey is built, the objectives are very clear on what the company is trying to achieve and measure, and finally that the results are carefully assessed and issues are addressed and a follow-up mechanism is implemented to ensure that actions are taken where needed to facilitate improvement.

Another finding was that the company will normally have various approaches when receiving the feedback from the suppliers. In some situations it will try to improve based on the given feedback, in some cases it won't deliberately do anything about the results

since it would be to the its disadvantage and in some cases it cannot actually do anything, when there are external factors impacting.

Supplier satisfaction surveys promote healthy supplier relationship by giving them chance to give feedback and have an influence on the company's way of working in a positive way. They enable the company to identify areas of improvement to make the overall supply chain more effective and efficient by making the supplier an integral part of the supply chain network by getting a better understanding of the challenges and helping them to overcome challenges related to the company. Additionally, they help in learning and benchmarking best practices from across the industry through the suppliers. The company can leverage such benefits and bring more value to the end customer. They are one contributor in the overall improvement in product performance, quality, cost, optimal inventory levels, innovation, information sharing and technology development and efficiency in supply chain and enhanced collaboration by better supplier engagement.

Supplier satisfaction surveys require investment, so they are a cost to the company. One other disadvantage is that the surveys can be time consuming. They are a waste of time and resources if done merely for a formality and no action plan or changes are made based on these surveys. Additionally, they can bring bias in conducting business with the suppliers. They can also lead to added dissatisfaction level if no actions or measures taken in the areas that clearly needed improvement based on the survey conclusions.

Ideally, supplier satisfaction surveys would not be necessary because the supplier-customer relationship is so healthy and open that information flows freely. In reality though, this is rarely the case. A properly managed supplier satisfaction survey can help establish a healthy flow of information.

4.4 Could you list the main challenges and difficulties the company was faced with in conducting supplier satisfaction surveys?

The biggest risk is that at any point in time, conducting supplier satisfaction surveys and reviewing the results becomes a tick-in-the-box exercise. If suppliers' answers are aggregated and averaged too much and studied as e.g. a high-level trend over time, there is a risk that the true insight these surveys can provide is lost.

The main challenges in the process were around the way of conducting the surveys and regarding the disconnection of the results with the reality that was took place in some cases, meaning that it was challenging in receiving genuine feedback, which affected the credibility of the whole process. It is difficult in building the suppliers' trust that irrespective of the feedback they provide there are no repercussions that would have negative consequences over their businesses.

Suppliers might give biased feedback based on recent or one/two bad incidents that they remember the most. Conclusions from these surveys could be unreliable unless followed by the interview with the suppliers to understand their feedback better before making the action plans on improvement areas. Additionally, the lack of proper understanding of economic, social, political and industrial environment could lead to distorted conclusions and make the purpose of survey irrelevant.

The surveys were not anonymous in recent years thus it affected the outcome of the surveys. The other challenge was that the supplier feedback in some cases was totally opposite from what was discussed in the daily or monthly business review meetings with the sourcing team. There were situations when there was a lot of criticism from the supplier towards the company's mode of operation, but the supplier satisfaction survey only showed highest scores. That really lowered the confidence of the survey process for some of the sourcing teams.

Another challenge was that the supplier satisfaction surveys were seen only as a formal tool of collecting suppliers' opinions but it didn't have necessarily an operational implication, meaning that no actions were taken based on the outcome. It was also seen as a double effort due of the continuous review meetings with suppliers where they were able to share their concerns and get things done.

One highlighted difficulty was on the analysis and understanding of the survey results. In such surveys massive data is gathered and one big challenge is to be able to select the signal from noise, meaning that being able to filter what is important and relevant for the company and where it needs to take action. Also not receiving the results in a timely manner was considered a challenge.

Interviewees also considered that another challenge is selecting the right persons to be interviewed from the supplier companies. Senior management from the supplier companies is the one having the long term vision and ensuring the partnerships and close cooperation, so they are the best ones to respond in the corresponding areas, where as key account managers are more micro focused with short-term visibility and they are best to give feedback in operational issues. So having the right balance in interviewees' selection is very important as that enable a credible and useful feedback that could be turned into actions and used for improvement.

One respondent who was in charge in the company for both supplier and customer satisfaction over the years due to various roles held in the company, highlighted that the approach is very different when comparing these two concepts concerning the company's responsiveness in taking immediate improvement actions based on the feedback received. So one big challenge is getting everyone in the company to be fully committed to turn the results of the surveys into improvement actions and follow-up. There was much more attention to the customer satisfaction survey from the people involved in the process and a big focus from management as compared to the supplier satisfaction surveys.

Once considerable challenge was in getting the suppliers motivated to the respond and give qualitative feedback in the suppliers surveys. So the category/commodity teams often were susceptible to deprioritize the survey process as they didn't all understand the

potential benefits of properly utilizing the survey outcome. Respondents suggested that a strong discipline is needed in the company in order to run the process in such a way that it produce valuable results.

Another difficulty was in taking action based on the results when it required other department's involvement within the company. Suppliers' feedback can reveal issues that were actually having their roots in other parts of the company on which sourcing organization was not having a direct involvement. One example would be when suppliers complained about the poor planning accuracy and that process was not sourcing's responsibility.

Summing up, it has been a constant challenge to create the time and focus in management review meetings to review the survey results and go beyond the obvious, have a quality discussion about the weak signals provided by the data, and define tangible actions. There simply is a risk that operational firefighting overrides this exercise. Second, it has been a challenge to obtain quality responses from suppliers, due to these reasons:

- Potential bias of the respondent: in most cases, the account manager for the company's business would fill in the survey. In many cases, this person would be part of the European sales team, and they would feel very committed to the company as a customer – also because their own role depended on it to a relatively large degree, and they had grown with us. These persons can tend to have a positive bias in their responses. They may overlook some issues or have gotten used to them whereas these might be real issues which should be addressed.

- Selecting the right respondent: The account manager as part of the European sales team is not always the same person who truly owns the customer relationship and makes operational decisions such as allocation of limited supply capacity. As an example, many of the company suppliers were Asia-based, with a very centralized decision-making structure. To truly influence decisions on the supplier's side, one had to engage directly with "the headquarter" rather than the local sales team. From a supplier satisfaction survey perspective, it would have been critical to get these high-level decision-makers' responses. Instead, the surveys would often be filled in by the local sales team. This can be addressed though by establishing relationships with "the headquarter" and asking the right person to respond.

- Trust: the easy way for suppliers to respond can be to provide too positive responses – this way both the supplier's account manager and the customer's sourcing manager can look good in light of a healthy relationship. This is not helpful though. To get honest feedback, the supplier must know and understand that responses are provided in a safe environment (keeping the respondent's identity anonymous can be an option), that a critical voice is expected and encouraged, and that there will be no penalization but rather the opposite. This trust cannot be created overnight and not only for the sake of a survey but instead, the entire supplier relationship must be managed that way.

- Follow-up: surveys can easily be perceived as a one-way road by suppliers. If there is a lack of feedback and follow-up by the customer, suppliers will simply stop caring and either stop responding or take the easy way of just ticking some boxes. Customers need to take this input seriously and get back to suppliers.

4.5 Can you describe few examples of good and bad experiences regarding the supplier satisfaction survey process?

The bad experience were highlighted by sometimes poor responses by suppliers: in some cases, the input received from suppliers was not very helpful. It was visible that the main intention of the sales manager filling in the survey was to not rock the boat, and the feedback was way too rosy and positive – and useless. This happened occasionally. Additionally, the follow-up process was weak: in some cases, the responses would be knows before even reading them. In some of these cases, the company took a too passive role, taking the status quo as a fact and not making a true effort to fix these issues. This lack of follow-up is very destructive as the supplier actually made the effort to point out improvement ideas but they were not followed up.

One notable bad experience was the lack of interest of suppliers in the supplier surveys as compared to their contribution in the normal course of the business. Suppliers gave significantly more attention and perceived more important the supplier scorecard that was the means of the company to communicate its perception on the suppliers as that was

resulting in immediate and concrete actions. That method was considered to be more important even through the communication flow was from the company towards the suppliers, but it was a critical part in running the business and suppliers had a possibility to improve the metrics and improve the business relationship. In some cases, supplier scorecard was regarded more important as action was taken upon the results, but that was not the case necessarily with the supplier surveys, where it was more a formality.

One other negative situation presented was that some suppliers were conveying the exact message that Sourcing was expecting (positive) through the supplier surveys, telling the company what they wanted to hear, but in daily businesses acting totally different. That was also due to the lack of the company's involvement in challenging that feedback back to the suppliers. There was a lack of consistency in the process in some commodity areas, but that was also due to the fact that this activity was not having enough priority.

In some cases, sourcing managers got aware of situations where some suppliers were documenting their supplier satisfaction survey feedback to be able to remember and answer in a relatively similar manner in the following rounds, as they were well aware that the company will follow the trends in the results.

Due to supplier survey process change in switching the surveys from an anonymous mode to a non-anonymous approach, bad behaviour started to build within sourcing across various managers. The management had a good intent in focusing on each of the suppliers' feedback and addressing that with more focus, but as sourcing managers were given the chance to pinpoint the source of the feedback, it affected negatively their relationship with the suppliers. The lesson learnt from this was that the most reasonable approach is to conduct these surveys anonymously.

There were also many positive experiences. Most of them quite simple: the survey results – especially the free text comments – would be reviewed thoroughly and improvement ideas discussed, and we would get back to the supplier to try to fix the underlying problem. This is not rocket science – all it requires is some time and effort and the willingness to step into the shoes of the supplier for a while.

One other positive experience was that due to the structure of the surveys having a set of questions addressed to the CEO's of the supplier companies and another set meant for the key account managers, it enabled the company to measure and understand in a more comprehensive manner how the company was perceived both on an operational level but also on a more broad strategic level.

The company was also able to share and discuss the supplier satisfaction survey results in the annual supplier collaboration day with the suppliers, so represented a positive experience as besides the reviews of the results on a lower level, the management from both sides were jointly working on the outcome of the surveys.

4.6 How does a supplier satisfaction survey contribute to the company's relationship with the supplier?

The supplier satisfaction surveys have a positive impact over the business between the supplier and the buyer company if it is done properly, through strengthened relationship, improved service level and performance. It identifies the gaps in the processes, it gives the possibility to measure things and benchmark and enables the realisation of improvement in various areas of work. This is only possible through a follow-up mechanism where supplier satisfaction surveys results are carefully analysed, understood and acted upon.

Supplier satisfaction surveys promote healthy supplier relationship by giving them chance to give feedback and have an influence on the company's way of working in a positive way. The company can earn the privileges of suppliers' preferred customer if suppliers are highly satisfied. They enhance trust and better help in conflict management with suppliers. They overall contribute to mutual information sharing and problem solving to make the relationship more profitable for both the parties.

The responses to the surveys should not come as a total surprize and the interviewees stated the usually the outcome of the surveys was fairly aligned with the expected results.

Total surprizes in the surveys could mean that the company's sourcing managers are not knowing their business partners and have a poor cooperation.

Trying to understand how suppliers perceive the company and how the company can contribute to the improvement of the relationship with the suppliers add value and create synergies is one major reason behind the supplier satisfaction survey rationale. Companies have strategic suppliers and rely on suppliers to satisfy ultimately the end customer. Thus, companies often have a deeper relationship with suppliers than strictly a buying mechanism. For example they commit to invest in R&D jointly with suppliers and then suppliers can leverage such assets across their business and grow and on the other hand the company would benefit from better quality and enjoy other benefits from the suppliers. The supplier surveys can serve to express how the company's overall contribution help the suppliers to do business and indicate a trend in how the company is performing in the buyer-supplier relationship.

4.7 Should the satisfaction surveys be aligned (complementary) in a customer – supplier relationship?

Respondents considered that the satisfaction surveys should be complementary, so that the supplier and customer satisfaction are means of business improvement and relationship development between the parties. The output measurement would target the same, ultimately to make profit and ensure business continuity and growth, so satisfaction surveys from both sides at least should be aligned from the objectives expectancy point of view.

The satisfaction surveys should be an integral part of customer-supplier relationship they are effective in measuring the quality/status of the relationship the company has with the suppliers and if used wisely, they could prove to be the tool for highlighting the areas which needs improvement for more productive supplier relationship.

One respondent stated that the customer satisfaction surveys the company was receiving were from a different department in the supplier company than the ones where the company was sending the supplier satisfaction surveys to. But still, both surveys were built around the same principles and with a common goal of optimizing the end to end supply chain and making possible that companies achieve together.

There were cases when there were issues of confidentiality in replying to certain customer satisfaction surveys from the suppliers due to improper questions and that represented a barrier regarding surveys. Even if built to gain as much information as possible, confidentiality represents one challenge when considering getting to details when giving feedback and could lead to no useful survey results or lack of data that can be acted upon. So the level of granularity of the surveys needs to be set to a reasonable level that would give the possibility to obtain as meaningful as possible answers.

4.8 Do the benefits of a supplier satisfaction survey outweigh the costs associated with it?

Suppliers are glad to fill in the survey, given that they trust it can impact the relationship. All respondents regarded the supplier satisfaction surveys as an added value activity and benefits of such surveys definitely outweigh the associated costs. The overall impression was that the survey process is not really seen as a distinct activity and would carry a certain level of monetary investment to get it done. The actual costs of conducting the surveys are incurred when the surveys are not properly built and not conducted in a manner that would result in meaningful actions. Then it would simply be a waste of resources. But generally the respondents felt that this activity can have a significant return on investment but it all depends on the input from the company and that would reflect in the output in the survey.

The benefits of a supplier satisfaction survey outweighs the costs associated with it but only if the conclusions and results from the survey are used to identify improvement areas and action-plans are created and executed to enhance supplier satisfaction which would lead to better supplier relationship. That will in turn bring added business benefits such

as overall improvement in product performance, quality, cost, optimal inventory levels, innovation, information sharing and technology development and efficiency in supply chain which definitely will bring much higher returns on the relatively small costs invested in conducting these surveys.

As opposed to customer satisfaction surveys that are one core priority in sales and personnel incentives are dependent on the survey results, it appears that supplier satisfaction surveys are not perceived with the same importance and not seen as critical.

The company has been investing significant resources in running the supplier satisfaction surveys. Initially, the process of conducting the surveys was fully outsourced but over the recent years it was only partly outsourced and the result collection part and statistical analysis was performed in the company and embedded in a real-time reporting tool.

The management has put a great effort and has committed in listening to the suppliers even if the process turned to be expensive but it was worth having the investment according to the respondents. The most of the effort was in the beginning when the survey was constructed and when the process was setup in the initial phase but then there is a cost of maintenance and keeping the process running. When sourcing management was changed, also the surveys structure was altered slightly, became lighter and there was a different approach regarding the outsourcing of the process.

There has been always an interest from the senior management of the company regarding the survey results and what the company is doing to address whatever potential issues identified from the survey. Even if some commodity heads within sourcing complained and did not see the surveys as an essential activity, the sourcing leadership took action generally based on the survey results and in some occasions where there was resistance from lower level management, it added pressure on making this a priority. Furthermore, the participation rate in the surveys has been always above 75%, so that suggested that suppliers were interested in giving feedback.

4.9 Is it worth conducting supplier satisfaction survey from customer/supplier perspective?

One conclusion on the topic was that from both sides, supplier and the buyer company, it is definitely worth conducting supplier satisfaction surveys if there is a long-term partnership involved, if suppliers are of significant importance for the company. That would be requiring focusing on the more critical suppliers/buyers, the ones of strategic importance as those are the ones really relevant for the business. That means being able to differentiate between signal and noise and making possible to improve where it matters. It is like with Pareto's rule of 80-20 where 20% of the subjects are accounting for the 80% of the value, meaning that it is worth more on focusing on fewer interviewees that would have a more significant impact than trying to satisfy all parties as that would not be possible anyway. The company would have to take action based on the survey results and it needs to decide on the suppliers that would make a difference to the business, as just to receive feedback from non-important suppliers where the company anyway would not take any action on it is a waste of time and resources for both the company and those suppliers. Without a supplier satisfaction survey in place, the supplier's voice can easily be missed as information and feedback flows one-way only.

Another aspect that was discussed was that the customer could live without conducting supplier satisfaction surveys when having a close cooperation with the suppliers as there is feedback already given in the normal course of the business and generally the company can understand suppliers' attitude towards the company through the business results. These surveys were considered a formal activity, but still it gives suppliers the change to be listened and their voice reaches the senior management of the company.

The responses were mixed overall mainly based on the attitude of the staff stemming from the degree of discipline regarding the effort allocated to this process. Those sourcing commodity heads who understood truly the benefits the supplier surveys bring and invested time and effort in understanding the results of the surveys and acting upon accordingly and ensuring that a follow-up process exists, have really appreciated and been satisfied fully with the survey system. The other commodity heads who lacked the interest

in taking action based on the survey results and deprioritized this activity had a less positive response regarding the surveys seeing these as just another activity with little added value. The input from the people, the implication is a differentiator in terms of how people perceive the contribution of the satisfaction surveys.

One respondent highlighted that beside the supplier satisfaction surveys conducted by the company, research data could be purchased from third party companies that assess the overall industry supplier satisfaction by benchmarking how other company's competitors or other companies are perceived by suppliers and evaluate the company's ratings against those other customers the suppliers do business with. The results from that kind of research could be used in validating the company's own supplier satisfaction surveys.

4.10 How is the dominance power of a company (customer) affecting/distorting the supplier survey results?

Respondents agreed that the power dominance of a company has definitely an impact over the supplier survey results. This was highlighted to be a valid statement concerning both supplier satisfaction surveys as also customer satisfaction surveys. The power dominance as in any relationship would have a certain degree of influence of the outcome of an activity. Especially if a customer enjoys a very strong or dominant position in the supply chain, there is a risk that suppliers will provide too positive results in an effort to please the customer and improve their own standing in the supplier portfolio. The stronger the customer, the more the customer must try to be humble and open, and make effort to create an environment of trust and openness. Most importantly, they have to visibly take supplier's feedback into account in their actions.

Strong customers easily develop a certain arrogance towards suppliers and are at risk of ignoring their voice – yet the crux is that especially these customers will benefit from open constructive feedback provided by supplier satisfaction surveys.

Indifference can be one behavioural aspect that was highlighted, meaning that irrespective of the survey results, the company could disregard the survey results, which is then having no value add to the process. Respondents also reflected on the dominance of the company in certain years when due to its increased business expansion and significant market share in the market, sometimes the company did not treat its suppliers fairly and it was squeezing them from business point of view and that made suppliers unhappy. Still, the survey results were not sharing the same impressions that the sourcing managers were feeling in their daily cooperation with suppliers.

Suppliers do not want to offend through negative feedback the company as the supplier surveys were more formal and had the management attention, but rather preferred to complain in the operational daily interactions. So suppliers are careful in sharing their answers openly through the supplier satisfaction surveys due to possible consequences on their businesses. Also, suppliers might not give honest feedback due to lack of confidence of their own ability to influence or challenge the dominant company's policies and processes.

The dominance power was considered when constructing the surveys and questions were built in such a way that even low scores would not be regarded as offensive, but rather as constructive, so suppliers had the chance to give lower scores without being influenced by the company's dominant position and repercussions. So there was a certain degree of mitigation to address this topic. The surveys had in each of the main researched topics possibility for open feedback which could also give the chance to express openly the opinions.

Survey questions had also reference to other customers in the market and how the company was performing against those, so benchmarking was used as a mechanism to spot eventual misleading feedback when compared against the feedback for the company alone. When the responses from those were analysed together, it was possible to understand if the power dominance had an effect on the responses. An example would be that the company would be rated on a question with a high score but for the same question when benchmarking against other customers for the same question it would get a much lower score.

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One challenge was that at some point in time, with management change in sourcing, the surveys were not anymore anonymous, so suppliers became aware of that so that could have affected their responses. Still, it was confirmed that even with that change the response rate and results did not change significantly.

There were various ways to try understand if the dominance power played a role in the process. The surveys were analysed from various angles, trying to get the best understanding. There was a statistical analysis done but also a trend analysis and usually the trend results were offering very valuable insight into the company's ratings and performance. Additionally the survey was structured in two parts with a set of high – level questions targeted for the CEO of the supplier and another set of more detailed questions meant for the account manager. That was one tactical element in addressing the power dominance but also a way to capture a broader and more complete picture from the supplier.

Another angle to this topic is that the dominant position of a company would be pushing suppliers to respond to the supplier satisfaction surveys. It would represent a trigger point in responsiveness rate.

The dominance power has an implication over the business overall with suppliers. But in case the dominance power diminishes due to the business situation when the company is going through difficult time, the position of the company in the supplier's portfolio could shift in scope. During a dominance power situation, the company could be in the volume share portfolio of the supplier, if that reduces, the supplier could re-assess the company's contribution to the business where even though size of the business volume is reduced, there could be a profitability scope increase. Suppliers have volume customers that don't necessarily have a significant profitability contribution and also smaller customers that are mostly used in the accumulation of profit. So even with power dominance change, the supplier could still treat the customer with great importance and this analogy can be also done regarding the supplier surveys. Losing the dominance power, a supplier would not necessarily change its behaviour in the providing feedback as still the customer can be part of a pool of other customers from the a significant chunk of the profitability is built.

5 DISCUSSION

The aim of this study was to understand the contribution of the supplier satisfaction surveys within the B2B context. In order to do that, the paper first aimed at understanding the supplier satisfaction concept from the researched company's point of view. The supplier satisfaction survey is just a tool that facilitates the measurement of satisfaction, but it is important to understand what the supplier satisfaction connotations are.

Supplier satisfaction is regarded as a measure to assess the customer's success in meeting the expectations of its suppliers, across several business parameters such as forecasting, planning, scheduling, order processing, contract management, supplier engagement at various stages of the business, communication and overall supplier relationship management. Some critical drivers of satisfaction were identified such as profitability, revenue and the ability of the customer in ensuring business continuity with the suppliers. Business growth, process transparency and fair contractual terms were also perceived as drivers of supplier satisfaction. The findings are aligned with Schiele et al. (2012) who view supplier satisfaction as a result achieved if quality of the outcome from a buyer-supplier relationship meets or exceeds the expectations of a supplier. The satisfaction drivers mentioned in this research are also highlighted by Maunu (2003) in a conceptual framework including nine supplier satisfaction dimensions.

The study also shows that the culture plays an important role in supplier relationship management, suppliers' behaviour being influenced by this factor as due to cultural differences they are incentivized by different things, hence having an impact on the supplier satisfaction surveys.

Supplier satisfaction is regarded also as a feeling of fairness and it would emerge especially when a partnership exists rather than a strictly buy and sell relationship.

A company's reason in conducting supplier satisfaction surveys is to be able to measure in a comprehensive way suppliers' opinions and derive actions that would lead to overall process improvement. The surveys give the suppliers the chance to have their voice heard in a formal setup at multiple levels in a company's organization from senior management

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to operational level and that will facilitate the supplier satisfaction. Leenders (2006) who created the purchaser-supplier satisfaction matrix stated also that through internal information and extensive communication sharing, rapid responses to supplier requests and willingness to change the behaviour in the purchasing organization are tools that can enhance both supplier and customer satisfaction.

Suppliers are the backbone of a company's supply chain structure. They represent the foundation in building a successful business when a dependency relationship exists, thus the way the suppliers are treated it would eventually impact the end customer. Their degree of satisfaction on company's policies, processes and strategies will reflect on the company's overall business and profitability. Supplier satisfaction surveys are mainly used as an assessment tool that helps identify areas of improvement in terms of policies, processes and communication in order to optimize the end to end supply chain and add value to the end consumer. Essig & Amann (2009) also concluded on the supplier's vital role to the success of the business.

By conducting supplier satisfaction surveys, the company would build trust and it is a method of expressing the commitment towards suppliers, showing the care and willingness to receive constructive feedback and drive improvement. The process alone of conducting surveys will not have any contribution if there is not a solid follow-up mechanism in place that would translate the received feedback into improvement actions, followed by execution. These findings on trust and commitment are also shared by Nyaga et al. (2010) who demonstrated that through collaborative activities such as information sharing, joint relationship effort and dedicated investment the sentiments of commitment and trust will be enabled and those will contribute positively to the relationship outcomes. They will build satisfaction with relationship, with results and increase performance.

Other pragmatic finding shows that the supplier satisfaction surveys are meant to bring more added-value to both parties, the company and the supplier, by giving the possibility to identify how more cash can be generated from enhanced cooperation. The surveys are seen a one pillar for business growth where long-term commitment and vision exists and they enable the company to create efficiencies, by understanding the supplier's challenges

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and working together with suppliers to address those. Wong (2000) also stressed the importance of having cooperative suppliers and that situation will have a positive contribution in achieving better results and make end-customers satisfied.

The findings of the study reveal that the supplier satisfaction surveys have no contribution or even have a negative consequence (e.g. supplier frustration and dissatisfaction) if not done properly, so that there is discipline from the company in evaluating and understanding the results, following-up on the outcome with suppliers and then taking actions based on the feedback. This finding is also supported by Wong (2000) theory on constructive controversy that must be enabled with suppliers as that would eventually lead to end customer satisfaction.

The study revealed that there are numerous disadvantages in conducting supplier satisfaction surveys, but those can be diminished by the company's degree of involvement in running the process. The supplier satisfaction surveys as with any other surveys are prone to subjectivity and are biased by the business situation at the time when surveys are conducted. The structure of the survey, the scope and utilizing the wrong interviewees can produce misleading result if these factors are not properly aligned. Surveys come at a cost and it is the company's decision on how bit the return on investment will be. They will just represent a simple formality and a waste of time and resources if actions are not taken based on the received feedback. Additionally, they can bring bias in conducting business with the suppliers. In some situations the company can deliberately decide not to do anything about the received feedback regarding certain areas of the study as it would compromise its position in the business relationship, but that decision would still be valuable as the company is understanding and takes a stand on the topic rather than simply disregarding the feedback.

One way of validating the supplier satisfaction results for the company would be also utilizing a third party supplier satisfaction study that measures and benchmarks the degree of satisfaction of all other industry customers of the suppliers that the company operates with. That would reflect a more objective perception of the suppliers and could reveal insights to what supplier think about the company that would not usually be shared with in the specific company's supplier satisfaction surveys.

The supplier satisfaction surveys can promote a healthy supplier relationship by enabling suppliers to influence on the company's way of working in a positive way. They can help identify areas of improvement and help in learning and benchmarking of best practices from across the industry. They are one contributor in the overall improvement in product performance, quality, cost, optimal inventory levels, innovation, information sharing and technology development and efficiency in supply chain and enhanced collaboration by better supplier engagement.

The satisfaction surveys can be vulnerable to recent positive or negative business events. Suppliers might be hesitant in giving genuine feedback due to possible repercussions on the business relationship. The company's management should possess a solid understanding of the economic, social, political and industrial environment that could distort the survey results.

The findings of the study show that one great challenge with the supplier satisfaction surveys is for the company to be able to select the signal from noise. Massive amounts of data are gathered through the surveys and from all suppliers, so the company must be able to filter and concentrate on the suppliers that matter to the business the most and focus on them. The study also highlighted actually that supplier satisfaction surveys should be run only with those key suppliers of strategic importance as gathering feedback from those non-critical suppliers is not value add for the relationship with those suppliers as the company would not spend the necessary resources in satisfying all suppliers. These findings are supporting Ghijsen et al. (2010) studies who also concluded that manufacturers should carefully consider the type of influence strategy when coordinating their supply base.

One positive finding was that the supplier surveys should have a clear objective and they should target different layers of suppliers' staff (e.g. interview both the senior management and also the key account managers) as there are various viewpoints that should be measured from daily operational activities to strategic and vision perception.

Even through the supplier satisfaction surveys are conducted by the sourcing organization, the areas of interest measured in the study touch and have implications in other parts

of the company, such as materials management, finance, planning, thus sourcing organization must be ready transmit the feedback from the surveys further in the organization and be able to engage with all other functions within the company to take action based on the results.

The company has to demonstrate to suppliers that their feedback is understood and addressed and only this way they will gain the suppliers' commitment in sharing their sincere perceptions. One significant finding of the study was that the supplier satisfaction surveys should be entirely anonymous and preferably conducted by an external company. That would contribute positively to the overall process.

Supplier satisfaction would enable the company to earn or maintain the privileges of suppliers' preferred customers. They enhance trust and contribute in conflict management with suppliers. The survey outcome should not come as a total surprise to the company as that would reflect the existence of serious relationship gaps between the company and the suppliers. The company should be able to predict the outcome of the surveys in case there is a solid relationship with suppliers.

Satisfaction surveys from both the company and the suppliers are complementary as ultimately their goal is to add value to the relationship and increase cooperation which would lead to better business outcome. Bento and Maloni (2005) research shows that "a supply chain is only as strong as its weakest link". Satisfaction must be enabled across the supply chain.

The study also showed that the benefits of conducting supplier satisfaction surveys outweigh the associated costs. The survey process can be regarded as a contributor for an improved supplier relationship that would translate into overall improvement in product performance, quality, cost, optimal inventory levels, innovations, information sharing and technology development and efficiency in the supply chain. Though, it all depends if the company is able and willing to leverage the survey outcome.

The study also highlighted that supplier satisfaction surveys and not treated with the same degree of priority and importance as it would be with customer satisfaction surveys. This

is an interesting finding and it could be seen that the voice of the end customer is not challenged back whereas with suppliers, the company must have a constructive challenge approach and it can gain feedback through other channels than simply a survey, as for example in daily interactions.

The dominance power has an impact over the supplier satisfaction survey results. Indifference or treating the results with little importance can be results of power dominance. Suppliers refrain to offend through giving negative feedback through a formal setup like surveys that would have management attention and could have repercussions over the business. Additionally, in such a situation the suppliers might not give honest feedback as they consider their limited ability and position to influence or challenge the dominant company. Forker and Stannack (2000) highlighted that within cooperative relationships, buyers and suppliers will encounter a higher degree of satisfaction than their counterparts in competitive relationships. So even if there is a power dominance situation, the company must maintain close relationships with suppliers that will enhance suppliers' feelings of transparency and reciprocity.

If the company is in a dominant position in the market, it must consider this when conducting supplier satisfaction surveys and try to mitigate it in order to receive genuine feedback. The structure of the interview can be built in such a way that it would not give a too negative impression to suppliers that if their responses are not favourable, it would only be regarded as constructive feedback by the company. Also, having questions with reference to industry versus the company would enable the company to identify by comparison to other only company related questions if the power dominance is altering the results. Analysing the results from various angles (e.g. trend analysis) could determine whether the survey outcome is impacted by power dominance. Furthermore, the power dominance shift in a company, would not necessarily imply that the survey results would be altered, since the importance of the company in the suppliers' portfolio would not necessarily change. The company could move from a volume customer to a profitability focus customer.

6 CONCLUSIONS

Suppliers are the backbone of the supply chain and in order to generate end customer satisfaction, companies must drive satisfaction across the end to end supply chain. Ensuring supplier satisfaction, both the suppliers and the companies would benefit in the long-run.

Supplier satisfaction surveys can enable the customer companies to drive supplier satisfaction. The study shows that it is definitely worth conducting supplier satisfaction surveys especially with key suppliers of significant importance where a long-term cooperation exists.

In order to gain benefits from the supplier satisfaction surveys, companies must treat these with a great sense of discipline and the advantages of conducting surveys are proportional to the amount of the effort the company is willing to invest in running the process in such a manner that it would obtain the best outcome, from the initial phase of building the survey, to the actual process of conducting it, regarding the assessment of the outcome and taking action based on the results.

The supplier satisfaction surveys should be anonymous and preferably run by an external company. There are clearly more advantages than disadvantages with the process but with the condition of a proper follow-up mechanism that would facilitate companies' execution in regards to the received feedback.

Supplier satisfaction reflects in the customer company's financials sooner or later. The supplier satisfaction surveys would promote an enhanced supplier relationship and help the company to understand the business challenges that suppliers face and it allows the company to identify areas of improvement. They are a cost to the company and the reliability of the results can be a problem due to various factors of influence. It is up to the company though to leverage the usage of the surveys and that is a matter of choice.

6.1 Suggestions for further research

The number of studies concerning supplier satisfaction in general is very limited and the author did not identify any notable studies on the implications of the supplier satisfaction surveys in the business in contrast to the abundance of studies on the customer satisfaction surveys. That alone brings validity to this paper findings that supplier satisfaction surveys are not a priority in a company and has less interest versus the customer satisfaction surveys. While performing the study, the author identified other possible adjacent topics of interest that could be researched:

- The research could be expanded and a greater number of companies from different industries could be studied, in order to have a comparison if there is a different supplier behaviour in regards to the supplier satisfaction surveys.

- The research could be done also by involving suppliers in the studies in order to have a more comprehensive view.

- Research could be done on the cultural impact on the surveys. This paper identified that supplier satisfaction surveys are approached differently by suppliers also depending on the supplier culture. (E.g. a comparison across European - Asian - US suppliers' perception of the supplier satisfaction surveys).

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APPENDICES

APPENDIX 1

Interview questions:

1. How do you define supplier satisfaction?
2. Why do companies use supplier satisfaction surveys?
3. Could you discuss about the advantages and disadvantages of conducting supplier satisfaction surveys?
4. Could you list the main challenges and difficulties the company was faced with in conducting supplier satisfaction surveys?
5. Can you describe few examples of good and bad experiences regarding the supplier satisfaction survey process?
6. How does a supplier satisfaction survey contribute to the company's relationship with the supplier?
7. Should the satisfaction surveys be aligned (complementary) in a customer – supplier relationship?
8. Do the benefits of a supplier satisfaction survey outweigh the costs associated with it?
9. Is it worth conducting supplier satisfaction surveys from customer/supplier perspective in a B2B context?
10. How is the dominance power of a company (customer) affecting/distorting the supplier surveys results?