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YEARS AHEAD



# ACHIEVING SUCCESSFUL COLLABORATION

ESSENTIALS FOR THE HIGH-TECH INDUSTRY

AN EYEON WHITE PAPER  
February 2018

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# 1 EXECUTIVE SUMMARY

## The essence of successful collaboration

Trust and leadership are conditions sine qua non. Without having these at a very good level it's just impossible to make successful, meaning sustainable and future-proof, steps.

Next to this, the level of information sharing in the sense of it being relevant, reliable and in the right context combined with joint decision making and incentive alignment - implicitly or explicitly - are the major factors for sustainable success. It also became very clear in the discussions about successful collaboration that an isolated supply chain management approach does not lead to the holy grail of collaboration.

It's essential that the approach should contain multi disciplines, in the end it shouldn't be a SCM party or only related to primary processes, but a party of at least two partners with its counter functions as purchasing and sales, and functions in the other secondary processes, such as finance, marketing and (product) development. With the involvement of these functions, embedding a collaboration relationship is much more likely to be successful.

Not only the involvement of multiple disciplines but also speaking with one voice on both sides of the collaboration partners makes it more successful. A prerequisite for this is a good internal collaboration process with the multiple disciplines involved.

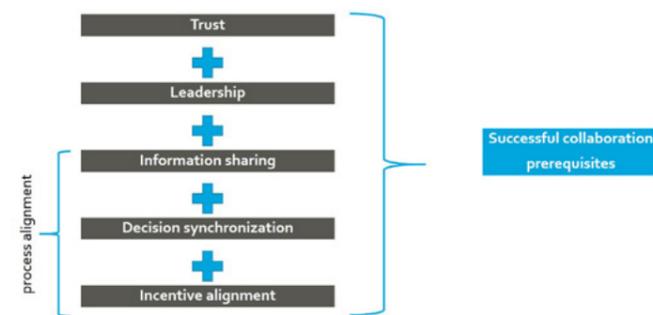


Figure 1: The essence of successful collaboration.

EyeOn is there to support you with its knowledge leadership, experience and commitment. In short, EyeOn is the right partner to make you successful.

# 2 DYNAMICS IN THE HIGH-TECH EQUIPMENT SUPPLY CHAIN



Equipment manufacturers in the high-tech industry face several planning challenges specific to the industry. The supply chains of equipment manufacturers, also referred to as "supply networks", are generally complex. For instance, there are several layers of suppliers. These suppliers sometimes supply products and services to one another, involving hundreds of suppliers. Often the suppliers are highly specialized and critical to the final product, either due to intellectual property (IP), specific expertise or years of experience. Additionally, what makes equipment supply chains challenging is the nature of the product: the equipment produced is highly specialized.

## Characteristics of the equipment supply chain:

The high-tech equipment supply chain is characterized by:

1. **Business-to-business sales**
2. **Life cycles**
  - Life cycles can be short due to new technologies
  - Significant price erosion due to new technologies
  - Demand can be very volatile
  - Strong demand growth when time-to-market is right
3. **Technology**
  - High rate of technological renewal
  - New products entering the market
  - Strong time to volume pressure to be the first with new technology

Two main approaches can be distinguished that influence the dynamics, namely, make-to-order and make-to-stock. Often hybrid forms are seen.

## The make-to-order and configure-to-order equipment supply chain

High-tech equipment is typically produced for a specific customer, i.e., products are produced make-to-order (MTO/CTO). Before production begins, a sale must be made to a customer. Products are often highly configurable and this brings additional complexity. This supply chain is generally low volume / high(er) value. Some examples are equipment for the semiconductor industry, MRI-scanners and high-volume industrial printers.

## The make-to-stock equipment supply chain

In the make-to-stock (MTS) supply chain, items are produced to a certain stock level and then sold from stock. The MTS supply chain has similarities with consumer electronics products. However, products with significant value are still sold business-to-business (b2b) and are technologically advanced. MTS supply chains suffer from several challenges, which also affect the MTO supply chain, mainly: managing life cycles and demanding customer orders. An MTS supply chain is commonly high volume / low(er) value. Some

examples are high-tech observation cameras, network equipment, high-tech fire and smoke detection systems, as well as access control systems.

## Companies in the equipment supply chain

In the equipment supply chain, companies can be divided into three subgroups: component suppliers, module suppliers and integrators. Of course, the customer (the equipment buyer) is also part of the supply chain, but this white paper is about the supply side.

## The integrator

The integrator customarily buys components and (sub-)assemblies and combines these into a product. The integrator typically assembles and sells the complete product, also called the system or equipment, often along with service contracts. The integrator owns the brand of the final product. It mainly develops new products and owns the majority of the intellectual property. The integrator launches new features and determines the production rate and mix.

## The module supplier

The module supplier assembles components into modules, which the integrator then assembles into a larger system. The module supplier can act as a contract manufacturer for more generic or even very specific modules, i.e., the supplier produces on a make-to-order basis according to the customer's specification. For new and innovative products, the module supplier often plays a key role in (co-) development. The module supplier then becomes an integral part of the equipment supply chain. Both the supplier and integrator (i.e. customer) highly depend on one another: the supplier can only sell the module to this specific integrator while the integrator can often only purchase the module at this specific supplier. A module supplier can also supply sub-modules to other module suppliers. In this white paper, sub-module and module suppliers are both called module supplier. This can become a complex network of suppliers in the high-tech supply chain where suppliers act as first, second and sometimes even as third tier supplier to the integrator.

## The component supplier

All the way upstream in the supply chain is the component supplier. The component supplier is the furthest away from the final product, and mainly sells large volumes of components to a vast number of customers and often sells via a specialized channel, the highly professional logistic service providers (distributors). In this part of the supply chain, Minimum Order Quantities (MOQ) play an important role as well as flexibility and buffer agreements.

# 3 INTRODUCTION TO COLLABORATION

Finding a more optimal supplier-customer relationship is always a major consideration in the equipment industry. The industry dynamics lead to many mutual dependencies. The industry understands very well that the supply chain, or the supply network, can have competitive advantages when working together is taken seriously.

## Introduction

Collaboration can be seen as an intense working relationship between partners in the industry. This can happen in various functional areas, such as, research & development, product-marketing, design and supply chain management, among others. In this white paper the scope of collaboration is limited to supply chain collaboration. Supply chain collaboration is related to the optimal goods flow control between partners. Typically this is in the field of inventories, production capacities, lead times, flexibility,

capabilities and response times, among others. The typical information flow is via committed purchase and sales orders, plus much of the context around it, such as expected purchases (supply forecasts), capacity expectations, product life cycle and product roadmap developments.

Looking at supply chain collaboration, there is a continuum from no collaboration at all or conventional supply chain control, up to fully integrated supply chain control or ultimate collaboration.

In conventional supply chain control, no additional coordination takes place other than transactional data exchange (purchase and sales orders) and physical goods flow. The supply chain control in this case occurs through single companies managing their own planning without interaction with outside companies.

### Conventional supply chain control

- From low to high level of
- Information sharing
  - Decision synchronization
  - Incentive alignment

Ultimate collaboration

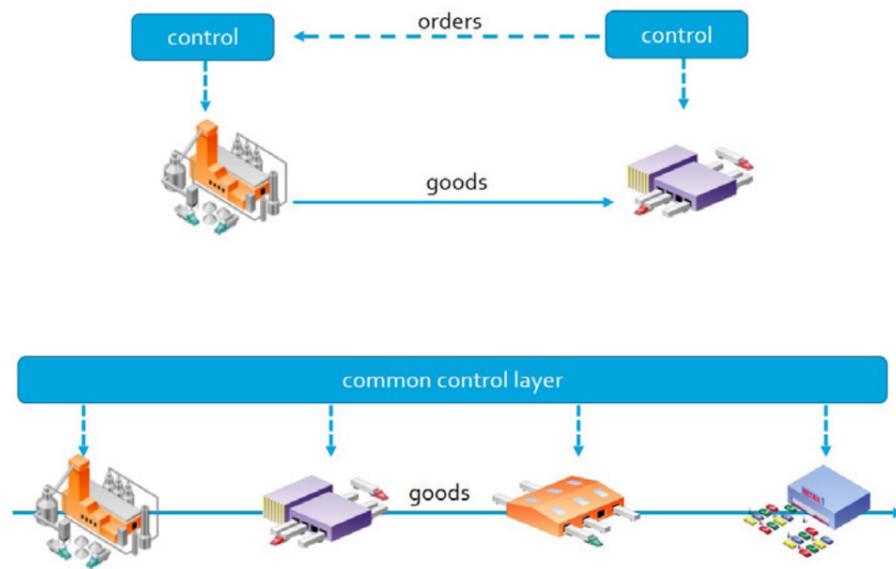


Figure 2: Representation of the supply chain collaboration continuum.

# 3 INTRODUCTION TO COLLABORATION



There are many small steps towards the ultimate form of supply chain collaboration. In this form the control is optimized over all the partners in the chain or network. This means, for example, that capacity and material availability constraints are taken into account throughout the chain or network when purchase or sales orders are generated. This ultimate form is, of course, a utopia and not at all meant as a target state. The continuum is made up of steps where coordination increases in various areas. This can be expressed as an increased form of information sharing, decision synchronization and incentive alignment between two or more partners.

Information sharing is related to the extent to which partners provide one another with relevant supply chain control information, such as forecasts, constraints and capacity utilization expectations.

Decision synchronization is related to the process around information sharing. Sharing information without it having an impact on decisions that are interdependently weighed and traded-off are not very useful as this kind of information sharing has no impact on actions. Decision synchronization is frequently not taken seriously enough and it ends up in uncoordinated actions and un-met expectations. Decisions that are made jointly make the collaboration relationship actionable in a controlled way and this is essential for the collaboration to progress.

Incentive alignment is the essential part of sharing benefits. It is very clear that when only one party benefits from additional work and collaboration there is no incentive to continue the additional coordination. Some kind of honestly shared benefit needs to be felt by all parties to make a success of collaboration. A win-win situation is often within reach, although it may be manifested in terms of 'feel-good factor' rather than hard financial benefits. Any feelings of inequality between partners may easily lead to difficulties in maintaining long-term relationships.

Other aspects like joint resource sharing or knowledge development are very important and could be part of a collaboration relationship. The scope of this white paper, however, is limited to supply chain management and planning.

## Benefits

Mutual benefits that can be expected for collaboration partners are in the area of increased flexibility, improved material availability, decreased response times, lower overall inventory investments, shorter lead times, more efficient execution - leading to lower costs, controlled bullwhip effects, lower excess and obsolescence costs, and improved overall performance leading towards a more competitive and sustainable supply chain.

From this perspective, supply chain collaboration is very much worth pursuing. This white paper demonstrates the bad and good experiences, the challenges, the potential areas for collaboration and the success factors involved, while providing a roadmap to start with supply chain collaboration. Finally, it shows where EyeOn can support in the journey towards successful implementation.

# 4 SURVEY APPROACH

The content for this white paper has been collected within the EyeOn high-tech equipment supply chain network. All companies that participated previously were invited to join the initiative, as well as new companies.

EyeOn consultants put together a questionnaire based on feedback and two pre-interviews with network partners. The final questionnaire was completed in a face-to-face interview, one of which was via a Skype-call.

### Interviewed companies and roles

13 companies have joined the survey and were visited in 2017 by EyeOn consultants: Emile van Geel, Alvaro Tudanca and Bram Verammen. The results are reported anonymously.

Companies that participated in the study: ASML, Bosch Security Systems, Frencken, Neways Industrial Systems, NTS Mechatronics, Océ, PANalytical, Philips, Schneider Electric, ThermoFisher (FEI), UTC Fire & Security, VDL ETG and Xycarb Ceramics.



### Feedback round

The outcome of the questionnaire was presented in a session to which all interviewees were invited. The outcomes were validated and discussed with the group. This white paper is the result of both the interviews, through the questionnaire, discussions held at the feedback round, experience gathered by EyeOn consultants, and desk research.

# 5 SURVEY RESULTS



### Positive and negative experiences

There are as many positive as there are negative experiences in collaboration.

Every interviewee of the questionnaire was asked for positive and negative experiences in supply chain collaboration. Every participant has undertaken initiatives in increasing the level of collaboration with suppliers or customers. Often the top suppliers or customers are involved in pilot projects, testing an approach with additional effort, i.e., people, processes and tools. When the initiative is considered successful it is applied with more or all relations.

Positive experiences are often typical topics for supply chain collaboration such as Vendor Managed Inventory (VMI). The basis of these collaboration efforts is often to share information across company boundaries, which is not shared in simple purchase/sell transactions. The most popular types of information are the sales forecast and the inventory status. In environments where new products are launched and the manufacturing rate is increased over time, usually a 'ramp-up-plan' is made between the collaborating companies.

When talking about negative experiences, a frequent reason given was not the supply chain collaboration concept as such, but mainly human factors. When collaboration initiatives fail to meet the expectations, it is because of lack of trust, lack of information sharing or lack of leadership commitment. Not all parties that work together trust each other enough to share valuable information that would make the initiative work. Collaboration is a long-term involvement to share information and to make better joint decisions on the overarching supply chain as a whole. It is therefore critical to have a commitment from a high management level in the organisation to drive the initiative, to make any effort credible and to make the collaboration sustainable.

### Satisfaction measured

In every collaboration initiative, there is an expectancy of improving to reach a certain outcome. The outcome on both the cost reduction as well as the service improvements was measured (Ref: Evelyne Vanpoucke and Ann Vereecke, 2010). Interviewees are only moderately satisfied with the current collaboration initiatives. They are more satisfied with service improvements versus cost reduction. The main takeaways from the interviews regarding this question are:

- For some companies costs reduction is the main driver for collaboration, for others it is service improvement.
- The average satisfaction is higher for service improvement than for cost reduction.
- All interviewees agree on one thing: there is further room for improvement in the overall process to get to a good level of collaboration.

### Successes

Examples of areas where successful collaboration steps were made:

- Planning with distributors
- Administration portals
- Portfolio rationalization
- Forecast x BOM
- Quarterly review
- Leadership agreement
- Engineering collaboration
- Flexibility agreements
- Inventory and planning interfaces
- Ramp-up readiness checks
- Vendor Managed (and owned) Inventory
- Early design involvement

### Failure factors

Reasons for failure:

- Lack of trust
- Information sharing without agreements
- Forecast accuracy focus instead of flexibility and honesty
- Lack of understanding by leaders
- Many alignment session without openness and trust
- Over complex IT
- Price and volume attitude
- No adherence to agreements

### Success factors of collaboration

We have measured eight important factors of collaboration (Ref: Evelyne Vanpoucke and Ann Vereecke, 2010). Each interviewee is asked to rank these factors from important to less important for successful collaboration. The three most important factors are: trust, leadership and decision synchronization.

During the interviews, the participants mentioned that performance measurement is useless if all of the other conditions are not met. Opinions regarding interdependence differ a lot. Some think that it is very important, but most consider it less important. In the high-tech equipment market it is not uncommon for companies to be interdependent of each other for a significant part of their turnover. Most participants, however, don't think this increases the success of collaboration.

### A special word on trust

Trust between partners came on top as the most important success factor for collaboration. But what is trust? Is it possible to break it down and find the more elementary aspects of trust? Is it possible

# 5 SURVEY RESULTS

to grasp the broad concept of trust and break it down into aspects that are important in the area of supply chain management? Let's give it a try and let's start with a well-known definition.

**Trust**

*"The belief that the other party will act in the firms best interest in circumstances where that other party could take advantage or act opportunistically to gain at the firm's expense"*

McCutcheon and Stuart

Trust comes on foot and leaves on horseback, a very well known saying and it's experienced as being very true. Trust is essential in any good long-term and strategic relationship. What elements move so slowly and arrive on foot from a supply chain management point of view?

Looking at the everyday high-tech business environment, the most important factors are elaborated upon below.

## Reliability

This aspect is related to everything that is promised and executed according to the promise. From a supply chain management perspective, reliability can easily be related to the delivery performance. Is the actual delivery in line with the promised delivery, or is the delivery performance simply very low? But reliability goes much further than delivery performance. Along the supply chain, planning and execution promises are made and to some extent achieved or broken. It's easy to extend the field of reliability to various areas, such as, price lists, call-center performance, invoice quality, return processes, product quality and personal performance, among others. Reliability plays a role in the every day life of everybody and is always related to and judged upon by doing what is promised. The combination of hard, measurable, and soft, interpersonal, reliability factors are combined in people's minds and finally find a place in the organizational thinking about supply chain partners. This also explains the difficulty in turning around the reliability metrics into the reliability feeling that are not necessarily in line.

## Believability

Believability is related to the extent to which promises are credible, plausible or likely to happen. It's about being in line with realistic expectations. People tend not to believe performance improvements that are promised. When delivery performance is very low it's very hard to believe that things will improve from one day to the other without having it underpinned. There should be

reasons why improvements will be realized and people do not to believe in sudden improvement without substantial underpinned actions and improvement roadmaps. This also shows there is a relationship between believability and historic performance. People tend to think that "if you do what you did you will get what you got" and that's why improvements are only believable when underpinned with roadmaps, timing and actions and reliable execution.

## Sincerity

Sincerity is related to the perceived level of honesty, respect, loyalty, genuineness available in a relationship. It's the absence of pretence, deceit or hypocrisy. It is a very powerful aspect of trust. Once a person is deceived, a relationship will be ruined for a long time or even forever. Sincerity is also about the extent to which a relationship can be discussed in all openness without being judged. Sincerity plays a role in interpersonal relations and finds it's way in organizational culture.

## Acting in the interest of both parties

Altruisms and selflessness as opposite to egoism are important factors of this aspect of trust. It's about goodwill, benevolence and the "What's in it for me?"-behaviour versus a "We're in it together so let's support each other"-attitude. It's clear that when the result of a relationship does not lead to a perceived honest share of benefits, the partnership will be difficult to become a successful strategic alliance. The so-called "win-win" perception is important and sometimes expressed in agreements and valued benefits. Often, however, it remains in the area of feelings of equality or inequality. The latter part contributes negatively to the overall perception of trust.

The above-mentioned aspects show the versatility of the concept of trust. It provides some grasp of the most important concept of building successful collaboration relationships. From discussions in the high-tech forum it became clear that the trust factor is even so important that when it's not already at a very high level it does not make sense to continue building a collaboration relationship. To be successful, the message is to focus on relationships that already have a high level of trust if collaboration is being explored, and to first start building up the level of trust in all other cases.

## Information sharing

**There is a desire to receive more information, and a willingness to share more at the same time.**

As information sharing is an important part of collaboration, the current and desired information flow in the supply chain was measured.

# 5 SURVEY RESULTS



Several supply chain related topics were provided to the interviewees with the request to score each topic on four areas:

- To what extent do you receive information (a)
- To what extent do you want to receive information (b)
- To what extent are you willing to share information (c)
- To what extent do you currently share information (d)

Similar questions were asked for upstream and for downstream information flows.

## Downstream information flow

The picture below shows a selection of the information flow downstream, i.e., from the supplier to the customer. It is the information from upstream partners to downstream partners. It also shows to what extent certain information that is received is also desired. It is really striking that there is a broad desire to get more and better information from upstream partners than currently is the case.

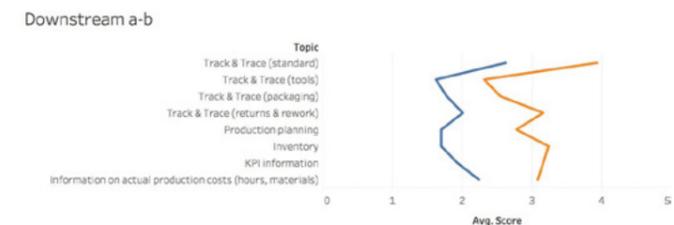


Figure 3: Downstream information flow: information receipt versus desire.

Next to the fact that companies do appreciate the sharing of information and have a desire to receive more, there should be a balance between receiving and providing information. The picture below shows to what extent the willingness to share is in line with the current level of sharing downstream. It is clear that companies are willing to share much more than they do currently.

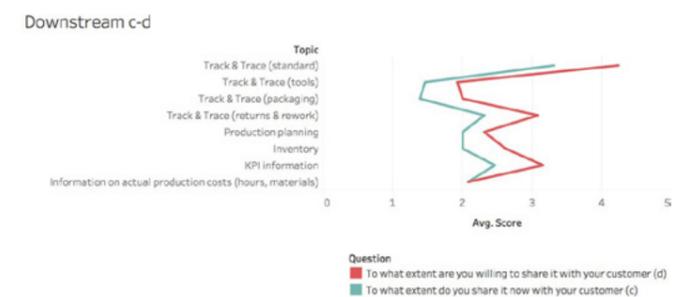


Figure 4: Downstream information flow: Provided information versus willingness to share.

## Upstream information flow

The upstream information flow reflects the course from customers towards the suppliers, the flow towards the source of the goods flow.

Looking at what is received from customers, it becomes clear that there is a desire to receive more and better information than currently is shared. This is a broad wish across the supply chain.

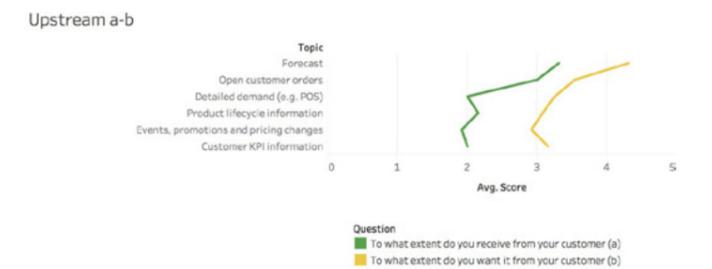


Figure 5: Upstream information flow: information receipt versus desire.

Looking at the upstream information flow to what extent companies are willing to share information versus the level of current sharing, it is clear that also in this area there is a preparedness to increase the level of sharing.

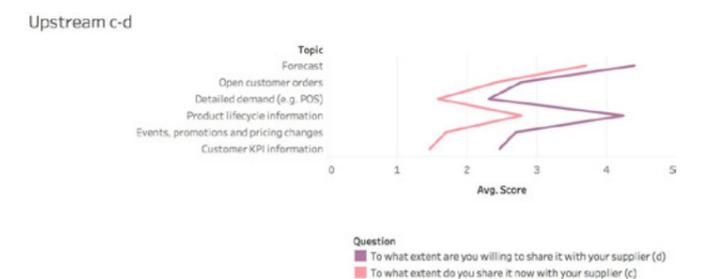


Figure 6: Upstream information flow: Provided information versus willingness to share.

## We want more!

This survey clearly shows that there is a desire to receive more information in both the upstream as well as the downstream direction. Luckily this desire is supported by a willingness in both upstream and downstream directions, to share more information. This combination in itself is a very good basis for further information sharing step, which is a very important in the supply chain collaboration journey. It might even be an opportunity for information sharing platforms where joint decision making itself is not yet arranged, but apparently the local optimization is already seen as a good step in the right direction.

# 6 SURVEY CONCLUSIONS

From the results of the survey, desk research and discussions with participants, conclusions have been derived on the status of the current collaboration landscape and the road towards successful collaboration. The survey gives us the following "as-is" situation:

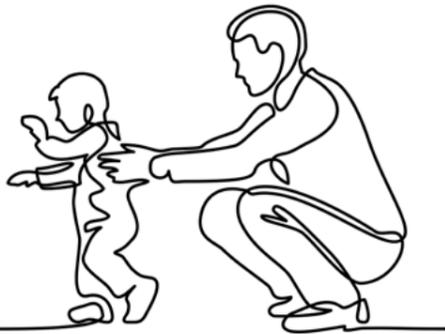
### Many initiatives

It's impressive to see the large number of collaboration initiatives in the broad sense taken on inter-company process improvements in the area of supply chain management. This is shown throughout the supply chain network.

Most initiatives are related to information sharing. Sometimes however it is only data sharing without alignment of corresponding processes which may lead to incorrect expectations.

### Small steps

It is clear that big initiatives are very rare and small ones are very dominant. Most initiatives do not go as far as joint decision making and stay mainly in the area of information sharing.



### Single-tier reach

The collaboration initiatives are predominantly between two companies, with one party reaching out to the customer or the supplier and always one tier deep. No initiatives with two or even more tiers deep were found.

### Manual process support

The majority of the processes are supported by manual information exchange and in some cases system interfaces were used. This means that in most cases files are sent across partners.

### Failures related to lack of leadership and trust

It's striking to see that most of the collaboration attempts that failed are related to a lack of leadership and trust. You could say that the minimum starting points to successfully begin with collaboration were not met and so it was inevitable that collaboration didn't take-off. This was seen, for example, with management changes when the new management wasn't convinced of the necessity and therefore remained uncommitted. Other kinds of failures were related to the lack of process alignment. The quality of the agreements made was just not good enough, or agreements weren't made at all.

### Type of collaboration

#### Information sharing

The majority of the collaboration is related to the exchange of data. Here explicitly data is mentioned because often there was a lack of reliability, aligned content, context and process alignment. In fact, the data wasn't transformed into relevant information. However, there were many good examples where information was shared in a proper way. Information sharing is the first step in starting up collaboration.

#### Decision synchronization

Decision synchronization, or joint decision making, is much less implemented than information sharing. But this step is where the most benefits can be achieved.

#### Incentive alignment

Explicit incentive alignment either rarely or never happens, despite it being implicitly everywhere! Stakeholders have very fine tuned antennas to experience unequal benefit or costs sharing. Although it's often hard to make the benefits and costs explicit, it's advised to review the level of equality that partners experience. When this gets skewed, a correction must be made otherwise the level of trust is reduced and that can have sudden consequences or repercussions.

# 6 SURVEY CONCLUSIONS



### Information is the path!

There is a hunger for information on various topics, both on the supplier as well as on the customer side of an organization. Luckily companies are willing to provide more information. This combination is a golden one! It can be the basis for information platforms where it's easy to link to and provide easy to get information. This might very well be a successful path for high-tech companies to take. This doesn't mean that decision making is aligned, but at least local decisions are better aligned with other local decisions and that on it's own is already a significant step forward.

In general supply chain partners...

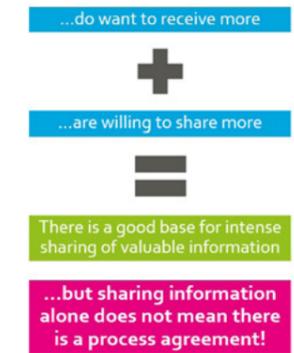


Figure 7: The foundation for collaboration: sharing information.

### The essence of successful collaboration.

Trust and leadership are conditions sine qua non. Without having these at a very good level it's just impossible to make successful, meaning sustainable and future-proof, steps.

Next to this, the level of information sharing in the sense of it being relevant, reliable and in the right context combined with joint decision making and incentive alignment - implicitly or explicitly - are the major factors for sustainable success. It also became very clear in the discussions about successful collaboration that an isolated supply chain management approach does not lead to the holy grail of collaboration.

It's also essential that the approach should contain multi disciplines, in the end it shouldn't be a SCM party or only related to primary processes, but a party of at least two partners with its counter functions as purchasing and sales, and functions in the other secondary processes, such as finance, marketing and (product) development. With the involvement of these functions, embedding a collaboration relationship is much more likely to be successful.

# 7 ROADMAP TO COLLABORATION

Being aware of and understanding the current collaboration challenges in the high-tech supply chain is just the beginning towards achieving collaborating supply chains or networks. The gains in successful collaboration could be very high or even essential for the survival of a high-tech company or supply chain partners.

The next step is to build a relationship of collaboration. This chapter provides guidelines for steps to take based on research, positive and negative real-life experiences and discussions on success factors with high-tech companies from the EyeOn network. It's a practical guideline to start up collaboration trajectories and start harvesting strategically competitive advantages. Learnings are taken into account so that pitfalls that are around the corner can be avoided.

## Step 1: Learn from existing experiences

### The good, the bad and the ugly

As found in the EyeOn questionnaire there are quite some examples where collaboration was very well intended but just didn't take off. Reasons have been discussed in previous chapters in detail. Also great examples of very successful collaboration journeys are available. Take notice of these practices, speak to companies with experience and learn. Do a websearch on the topic and find out about the developments and finally talk to experts you trust.

### Internal assessment

Collaboration requires internal maturity beforehand. Do not expect that collaboration itself will bring the maturity to your internal processes. If flaws in demand or supply planning or execution processes exist, solve these first before successful collaboration can be expected. The reason behind this is the all-important trust aspect. Existing flaws can rapidly break down high levels of trust and it takes a long time to repair them.

Before it's understood whether or not there are existing flaws or failing processes, these need to be assessed. Many companies choose to outsource this assessment or audit to an external company that can independently and expertly map out the attention areas, including the roadmap to take for improvement.

## Step 2: Find the suitable area for collaboration

### Strong foundation

It's very tempting to appoint collaboration areas because performance improvement is required based on a weakness. It turns out that this is not successful. Finding and focussing on areas the company is strong and where it can reach a competitive advantage by extending this strength is far more successful.

## Step 3: Select your partner

### Long term focus

Collaboration is done with strategic partners not with easily replaceable suppliers or customers. It's about the long-term strength. Find a partner where strategic alliances can be built.

### Strong capabilities

Both partners need to have a strong capability in planning and execution in the area to collaborate. When your company is strong, but your partner isn't, the partner first needs to increase it's maturity level before collaboration can take place.

### Competitive supply chain advantage

The selected partner(s) should fit in the supply chain as logical partners and should both see that collaboration leads to and is required for a stronger competitive advantage.

### Win-win and achievable mutual gains

Both partners should be convinced that the goals to be reached should be believable and obtainable and bring benefits for both parties. Make sure this topic is brought to the table and discussed thoroughly. Collaboration is a no-go area when this step is not sufficiently closed.

## Step 4: Agree on the direction to take together

### People, processes and supporting tools

Agree on the project structure, the people required and available. After the project is implemented, structural support is required. Agree on how to organize this and do not leave this subject untouched till the end of the project. Also agree on the engagement approach between the organizations during the journey. In this step the foundation for the way to get to the practicalities is agreed. How will processes be defined, who will be involved and who will be responsible for signing off on agreed processes? The same goes for the information infrastructure and solutions. Agree up front who will functionally and technically be responsible from both organizations and how the costs are dealt with.

### Allow for failures

The partner and the collaboration area are consciously chosen and a short-term failure will surely occur. Allow for these failures to happen and make sure to learn from them. The partner was chosen because the relationship was able to respectfully deal with failures too.

# 7 ROADMAP TO COLLABORATION



## Step 5: Planning and execution

### Information sharing

#### Data & information

Agree on the information to be shared. Be aware that data sharing is something completely different from information sharing. Data becomes information when it's validated, reliable and in the right context. Keep a watchful eye on master data. It is very logical that master data between organizations are not aligned. Investigate what information requires alignment and agree on a process to repair and clean up the master data and how to make sure it's structurally maintained at a high level.

#### Transactional information

Transactional information can be very important or even vital to share. Make sure both parties agree on the shared information and the level of quality, frequency and meaning. This is a very important step and documenting this is also very important.

#### Operating information

Operating information is, for example, about utilization or quality reports. It's about the status of, for example, production processes and not of the transactional information itself. Find out what of this information is required to share to allow for greater joint decision making.

#### Context information

Make sure that information itself is placed in a proper context. This context can be provided, for instance, by placing it in a long-term perspective, or to show the information is qualitatively of very high level by discussing the impact and meaning of it regularly.

### Joint decision making

Decisions are synchronized among the supply chain partners by jointly making the decisions. Agree and align on the decisions that require and benefit from joint decision making and which ones don't. Set up an organizational structure and supporting processes to execute the joint decision making.

### Benefits sharing

Discuss and agree how to deal with the benefits that collaboration will bring. Although these benefits do not always need to be expressed in value it is very important that the sense of equality is dealt with in an honest way. If one of the partners experiences an unequal or unfair benefit sharing it will lead to a decrease in the trust level and as it was shown earlier this can be quickly devastating for the overall relationship.

## Step 6: Maintain and invest in a sustainable relationship

### Keep investing in the partnership

Once successful collaboration processes have been implemented make sure that a structure is put in place that reviews its quality level. It's very easy to have unwatched processes deteriorate over time and that also goes for collaboration processes.

### Keep improving each other

Find a way of working that continuously improves the partners' performance. Reaching synergy was a main driver to start the collaboration process after all, so make sure synergy is reached all the time by installing a continuous improvement process.

### Evaluate

Evaluate, learn and adjust the overall course of actions regularly to make sure the right strategic directions are taken and supported over the years. There is no reason to keep doing what was done without knowing why, partners are in it for the longer term and there should be a place to review the longer-term strategic relationship.

By running the collaboration journey according to the above-mentioned steps the highest potential success rate is achievable. Although each step is a logical one, it requires time and experience to run them well. The next chapter shows where EyeOn's expertise can help in running collaboration processes and maintain them in the best possible state.

# 8 EYEON SUPPORTING COLLABORATION

EyeOn is a consultancy company with over 50 consultants having experience in a broad spectrum of planning and forecasting, supply chain management and sales & operations planning improvement journeys. These journeys require a flexible approach because every customer is unique and has its own specific attention areas. But not all challenges are unique and that's why EyeOn can exploit its experience and can fall back on the best experience together with the best consultants in the field with the best understanding of the industry dynamics. EyeOn is renowned for its knowledge leadership combined with its no-nonsense culture, drive to deliver, and passion for the planning and forecasting profession.

Some companies choose to run collaboration journeys all by themselves. This approach neglects the available expertise available. Using the EyeOn expertise provides higher chances for success and that enables companies to quickly and fully exploit all the benefits collaboration brings. This chapter elaborates on the collaboration journey and the area where the strengths of EyeOn can best support you.

The blue headers in this chapter refer to the roadmap in the previous chapter. EyeOn's support during the collaboration journey is illustrated here.

## Step 1: Learn from existing experiences

- The good, the bad and the ugly
- Internal assessment

### EyeOn's added value

EyeOn has a very broad network of companies, universities and domain experts. EyeOn keeps its knowledge up to date because of the broad range of projects it runs. Intensive internal knowledge sharing guarantees the best up to date background of each consultant. EyeOn carries out research in the form of benchmarks and surveys to fully understand the dynamics in the various industries and feeds this knowledge back to benefit the industry networks and customers.

By running assessment projects or scans on specific planning and forecasting areas, EyeOn is able to judge the maturity and to propose improvement areas and practical improvement roadmaps. EyeOn is completely independent from software suppliers and is therefore an unbiased and trustworthy partner to help judge the internal readiness regarding processes and information systems.

EyeOn delivers project management, content expertise and project capacity to support collaboration journeys.

## Step 2: Find the suitable area for collaboration

- Strong foundation

### EyeOn's added value

EyeOn understands the vital nature of collaboration in your specific industry and helps in assessing the strongest areas and helps in improving the weaker areas via improvement projects in various forms. EyeOn helps in implementing complex organizational changes and in embedding planning and forecasting process improvements.

## Step 3: Select your partner

- Long term focus
- Strong capabilities
- Competitive supply chain advantage
- Win-win and achievable mutual gains

### EyeOn's added value

EyeOn's independent view, content expertise, industry knowledge and broad experience in assessing process maturity guarantees the honest selection of potential partners.

## Step 4: Agree on the direction to take together

- People, processes and supporting tools
- Allow for failures

### EyeOn's added value

Improvement project success depends on people who deal with processes using tools. It's the eye for change management that makes EyeOn unique. EyeOn embraces a hands-on approach with a clear view on change management. EyeOn realizes that changing organizations depends on people making the change. It's not about being the front-runner, but being the one who provides guidance in a safe and prosperous journey. EyeOn will always jointly improve processes in a leading way. EyeOn will support you in making the difficult choices when selecting the best fitting information systems using its proven 10 steps software selection methodology.

Although EyeOn doesn't plan for failure, it's normal that not everything will always go precisely according to plan. Keeping everybody on board, picking up the pieces and continuing with a view forward mind-set guarantees the positive attitude required for running innovative projects.

# 8 EYEON SUPPORTING COLLABORATION



## Step 5: Planning and execution

- Information sharing
- Joint decision making
- Benefits sharing

### EyeOn's added value

Information definition, finding out what is essentially required and aligning people on requirements is a key area of expertise. Many projects have been executed successfully to collect information and process requirements and align these among the stakeholders. This ends up in user requirements documentation and function requirements. One of the key contributions is support in listing the important requirements and eliminating the unimportant ones. EyeOn has proven experience in setting up joint decision making processes across supply chain partners.

## Step 6: Maintain and invest in a sustainable relationship

- Keep investing in the partnership
- Keep improving each other
- Evaluate

### EyeOn's added value

As an external partner, EyeOn is in an excellent position to provide support in follow up and improvement programs. EyeOn has proven to be an excellent partner for regular follow up and enhancement. Through its independent attitude EyeOn is and excellent partner in guiding transitions, evaluations and bringing people and organizations together. One of the key capabilities is to quickly assess and evaluate process and relation maturity and this guarantees that the right topics are brought to the table at the right moment for resolution and closure.



Figure 8: EyeOn's experience towards successful planning improvements.



# ABOUT

## CONTACT

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## ABOUT EYEON

In striving for success, large companies have to continuously struggle against growing internal complexity. We help our clients manage this complexity by designing, implementing and executing excellent planning processes as a discriminating factor for this success. In order to achieve this, we develop and share knowledge about top level planning and forecasting, with constantly demonstrable return on investment for our clients.

## ABOUT INDUSTRY PLANNING AND FORECASTING KNOWLEDGE NETWORKS

EyeOn has many years of experience in setting up and improving planning processes at large multinational organizations in different industries. We actively share this knowledge. EyeOn has specific knowledge networks in High-Tech, FMCG, Process and Life Science. The networks allow you to share experiences and best practices concerning Planning and Forecasting with peer companies in your industry. Next to network events and benchmarking, EyeOn also organizes expert sessions and master classes in various specific domains of supply chain and financial planning

For more information: [www.eyeon.nl](http://www.eyeon.nl).

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