

**NOT BY STRATEGIC PARTNERSHIPS ALONE:  
MANAGING A PORTFOLIO OF RELATIONSHIPS**

**by**

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**Managing a Portfolio of Relationships**

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## **NOT BY STRATEGIC PARTNERSHIPS ALONE:**

### **Managing a Portfolio of Relationships**

#### **Abstract:**

In this paper we want to call against taking too far the recent fad for 'strategic partnership and correct the myth that Japanese firms manage by 'strategic partnerships.' We empirically show that at the macro level, looking across a wide range of products and markets, their decisions and behaviors converge with those of their U.S. counterparts and follow rather a logic of 'managing a portfolio of relationships'. Using primary data we collected on a systematic cross-section of 447 buyer-supplier relationships in the U.S. and Japanese automobile industries we uncover four generic types of relationships (market exchange relations, buyer captive, strategic partnerships and supplier captive relations). Contrary to popular belief there is a high ratio of 'market exchange' relations in Japan and conversely a high ratio of 'strategic partnerships' in the U.S. market. We further conduct statistical analyses to extract best practices from our dataset, and identify their sources and mechanisms. We offer a 'contextual profile' for each type of relationship to help senior managers match the appropriate relational design to the environmental contingencies. We also propose a 'management profile' as a guide for how to manage each type of relationship differently and avoid the two traps of under-designing some relationships (the typical problem of the 1980s) and over-designing others (the risk for the future as the 'partnership fad' sweeps business circles).

## **Not by Strategic Partnerships Alone: Managing a Portfolio of Relationships**

*“Partnerships are the way for firms to do business - or  
so it seems when one reads today’s business press”*

Anderson and Narus, California Management Review, 1991

### **Introduction**

Over the last few years, the business press and academic literature have been exhorting managers to move away from arms’ length relationships and toward longer-term collaborative strategic partnerships with various external business partners. This is a natural reaction to the numerous empirical studies<sup>1</sup> conducted during the last decade comparing Japanese production and supply practices to those of the rest of the world. The now ‘mythical’ link between Toyota’s success and the effective management of *some* of its suppliers has led to a significant ‘leap of faith’ in Western management circles, where managers and business consultants only swear by ‘strategic partnerships’ as the next core competency and source of competitive advantage. In the automobile sector, for example, all three US manufacturers, but also most of their European competitors, e.g., Renault, Peugeot or Volkswagen, have recently launched major programs to decrease their level of vertical integration, reduce their total number of direct suppliers and move toward closer relationships, publicly declared ‘strategic partnerships’.

Is it really the case that Japanese firms ‘manage by partnerships’? Using empirical data we collected on supplier relations in the US and Japan across a representative set

of components and technologies, we would like to correct this unjustified myth. We want to warn against the recent ‘fad’ and emphasize that while ‘strategic partnerships’ create new value, they are also extremely costly relations to develop, nurture and maintain, in addition of being extremely dangerous and risky options given the specialized investments or ‘hostages’ tied in. We alternatively propose and empirically validate a *framework for managing a portfolio of relationships* to help managers answer two key important managerial questions. First, which governance structure or relational design to choose under different external contingencies? This is a strategic decision as it affects the definition of boundaries of the firm and its core activities. Second, what is the appropriate way to manage each different type of relationship? This is an organizational question.

### **The empirical evidence**

As part of a broader project on supplier relations<sup>2</sup> we administered a large survey questionnaire in English and Japanese to a total of 447 managers in all three US and eleven Japanese automotive companies. Each informant or boundary spanner (i.e., a purchasing agent or engineer) responded for only one product and one supplier he or she is responsible for. As a result, we have extensive data for a carefully controlled set of car components, including external as well as internal aspects of each relationship. For instance, for each of the 447 distinct relationships we have multiple data items about (i) the component and its technology, (ii) competition in the downstream market, (iii) the supplier itself, (iv) the characteristics of the boundary spanner’s job and (iv) the internal working of the buyer-supplier relationship, including its contractual conditions, the social climate, the extent and type of information exchange,

and the performance of the relationship. Unique to this study is the systematic control and selection of a representative cross-section of products, so as to avoid a dataset with mostly self-selected 'strategic partnerships'.

Do Japanese firms extensively practice 'strategic partnerships'? To answer this question we collapse our two national samples in a two-by-two matrix along two independent variables (derived from transaction costs theory of the firm) we use as surrogates to identify 'strategic partnerships' within the dataset (see table 1). To which extent does the buyer make investments specific to the relationship with the supplier (the vertical axis)? These are investments difficult or expensive to transfer to another relationship or which may lose their value when redeployed to another party. They can be tangible investments in buildings, tooling and equipment dedicated to the supplier or in products and processes customized to the components procured from the supplier. They can also be intangible investments in people or time and effort spend to learn the supplier's business practices and routines, or to exchange information, best practices and knowledge to further develop and nurture the relationship. The horizontal axis represents the level of reciprocated (or not) investments made by the supplier. These also include tangible investments, e.g., plant or warehouse location or layout, specialized facilities and dies, as well as intangible investments, e.g., sending guest engineers, developing information systems compatible with the buyer's proprietary databases or EDI (electronic data interchange) protocols.

In a 'strategic partnership' (cell 3) both parties have mutually posted highly idiosyncratic assets into the relationship, also referred to as 'credible commitments' or 'hostages', thereby 'tying their hands to each other'. Hence the label 'strategic

partnerships'. Cell 1 is the cluster of relationships where none of the parties has developed specialized assets to work with the other or can do so with general purpose assets. Each side can turn to the marketplace and shift to another business partner at low cost and minimal damage, hence the label 'market exchange' relationship. For the remaining diagonal in the matrix we define as 'buyer captive' (in cell 2) those asymmetric relations where the buyer is the one held hostage by a supplier free to switch to another customer. Finally, in the 'supplier captive' relationships of cell 4 it is the supplier who enters the trap of unilaterally making idiosyncratic investments to win and maintain the business with the customer.

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 Insert Table 1 here  
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### **Managing a Portfolio of Relationships**

Our first finding, summarized in table 1, contrasts with the popular belief that Japanese firms have a predisposition and propensity to manage by trust and 'strategic partnerships', while US firms manage by 'fear' and arms' length relations. Table 1 reveals that Japanese firms conduct their business with a smaller ratio of 'strategic partnerships' (a mere 19%) than believed and make a heavy use of the 'market exchange' type of relations (31%), a practice commonly associated with Western practice. Similarly we find that US relationships are not all about short term contracts and confrontation (25% of 'strategic partnerships') and have been aggressively streamlining their supply base and developing longer term relations with a select group of suppliers (25%). Surely, our empirical findings demonstrate that US and Japanese firms converge in the sense that they indeed manage a whole range of different types of relationships and do not rely on one pattern only. After all thousands of different

components enter into the assembly of contemporary vehicles, many of which would qualify as commodities or standard parts not necessarily directly integrated into a larger sub-system. No surprise then that both US and Japanese firms hold a large proportion of 'market exchange' relationships.

The most significant difference between US and Japanese firms lies in the relative importance of 'supplier captive' relations in Japan (35%) and 'buyer captive' ones (42%) in the US. In Japan buyers seem to face a market structure where they can hold suppliers hostage and demand they make specialized investments to get and keep their business. Suppliers may locate a plant or warehouse near the buyer's assembly plant or provide the customer with their internal cost structure data, put their own quality engineer on the buyer's assembly line, while on the other hand the buyer keeps his options open and split the required volume between multiple 'locked-in' suppliers (up to typically 3 or 4) even for the same component or technology. These are not strategic partnerships as the buyer does not commit specialized assets. In contrast, US automakers in spite of their efforts, face a supplier base reticent to tying its hands to any particular buyer and preferring to maintain substantial business with most key customers (42% of 'buyer captive' relations).

We in addition find no statistically significant difference in performance across the four patterns of relationship. No one type of relationship, *not even strategic partnerships*, is inherently superior to the others. In each cell we find low and high performing relationships which implies that each relational design can be efficiently or poorly managed. Successful supply chain management therefore requires the efficient management of a portfolio of relationship, i.e., first matching the optimal type of relationship to the various products, market and suppliers conditions and second

adopting the appropriate management approach for each type of relationship. *Namely, we argue that supply chain management failure or low performance is the result of a mismatched relational design or a poorly managed 'appropriate' design.*

This conclusion of course begs the following questions. How do US and Japanese firms balance their portfolio of relationships? What are some of the generic factors that managers can use to determine when a 'buyer captive' design is more appropriate than a 'strategic partnership'. Further, how differently should we manage a 'supplier captive' relationship from a 'market exchange' one. To answer the first strategic question we look for significant differences across the four clusters in table 1 along those variables in the dataset which capture the characteristics of the external environment surrounding each supplier relationship (see appendix for our analytical approach). Our statistical analysis extracts three generic factors: (1) the product exchanged and its underlying technology, (2) competition in the downstream market, and (3) the capabilities of the suppliers available in the marketplace. These collectively constitute the contextual profile for each type of relationship we uncovered. For instance, we can induce when a 'captive supplier' design is more desirable than a 'strategic partnership'. To answer the second organizational question, we conduct another set of analyses this time looking for statistically significant differences across the four clusters along those variables in the dataset which describe the internal workings of each relationship. Similarly, the analysis isolates three generic variables: (1) information sharing practices, (2) characteristics of boundary spanners' jobs and (3) the social climate within which the relationship is embedded. For instance, we can induce when a buyer over-designs a relationship with complex interpersonal coordinative mechanisms when a contractual approach with strict rules

and procedures for information exchange would suffice given the context of the relationship.

## CONTEXTUAL PROFILES

### *'Market exchange' relations*

As summarized in figure 1, 'market exchange' relations are typically used in the US *and* Japanese market to transact highly standardized products. According to our analysis these are products which require little or no customization to the buyer's final product. They are based on a simple and mature technology which requires little engineering effort and expertise from suppliers. Though we find a few technically complex components in this cluster, their design process is stable (i.e., few design changes) and well structured, and their manufacturing process is well established. 'Market exchange' relations also appears appropriate for products not subject to major technological innovation or frequent design changes. US as well as Japanese buyers treat these products as commodities and systematically outsource their manufacture.

Our data also indicates that buyers can easily find many suppliers capable of engineering, manufacturing and delivering this kind of product. This is a business which requires little capital investment and innovation capabilities. The downstream market is a highly competitive market, with many small independent 'mom-and-pop' shops competing for a stable, saturated and even declining market. These firms heavily rely on the automobile industry and do business with most, if not all, existing customers. Suppliers can easily and cheaply find and shift their production from one

customer to another, thus benefiting from low switching costs. They do not have any proprietary technology embedded in their product or manufacturing process.

### *'Captive buyer' relations*

The main difference between 'captive buyer' and 'market exchange' relationships lies more in the characteristics of the downstream market and the kind of suppliers available and less in the characteristics of the product. Relations within this pattern involve complex components which require some customization, but are still based on a well understood and stable technology. Engineers surveyed in both countries do not anticipate major product, process or even price/performance improvements in the next five years for this kind of products.

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Insert Figure 1 here  
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They report a stable demand and a limited market growth. The supply market is highly concentrated, with a few large, well-established players. Incumbents typically possess a proprietary technology and benefit from a strong bargaining power over the buyers. Should the assembler terminate the contract it would find it extremely difficult and costly to find and shift to another source of supply. Our data further reveals that both US and Japanese buyers usually keep some in-house manufacturing capability for such products as a way to compensate for their heavy economic and technological reliance on the supplier's business.

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Insert Figure 2 here  
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### *'Strategic partnerships'*

These relationships in cluster 3 involve highly customized components or integrated subsystems which require strong technology and engineering capabilities. Leading buyers usually maintain an internal design capability around this technology, they consider too close to their own core competency. The technical complexity of these subsystems affects and runs across the multiple stages of the value chain, from the concept design, to the development of tooling and manufacturing processes at both the buyer and the supplier, to the coordination of production and delivery between the two firms. The buyer, by definition has made important investments into the relationship tying critical internal assets to the supplier and thereby increasing the potential risk and damage if the supplier behave opportunistically.

The downstream market is high growth and munificent, but extremely competitive with great uncertainty about the choice of the right technology or standard, as innovation leaps and frequent technical changes tend to disturb the structure of the industry. Partners involved in a 'strategic partnership' therefore choose to tie 'each others hands' and develop a close relationship based on a long term view. Involved suppliers, mostly large supply houses with a broad range of product offerings, have developed design and production skills and capabilities specialized to the buyer's business. Our survey data reveals that the two partners perceive their economic fates as closely linked. In addition, to keep up with the fast pace of innovation and maintain their proprietary technology suppliers heavily invest in fundamental research (in some cases jointly with buyers) in addition to the usual joint investments in new product/process development. In both countries, we find buyers who select to keep

an in-house design, development, testing and sometimes manufacturing capability for these technologies.

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 Insert Figure 3 here  
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### ***'Supplier captive' relations***

These involve highly complex products based on a new technology typically developed and owned by the supplier. Usually integrated subsystems, these products require heavy capital investments from the supplier just to stay in the market, further maintain its strong design reputation and superior engineering and manufacturing capabilities. These products and their underlying technology are in high demand, but buyers seem to quickly shift suppliers as the technology evolves and other players offer improvements in functionality and product performance. Hence, in spite of their proprietary technology suppliers enjoy limited bargaining power. Other suppliers, among the few qualified ones, would readily make the specialized investments requested by the buyer to obtain a share of its business. The downstream market appears fiercely competitive and highly reliant on the automotive sector.

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 Insert Figure 4 here  
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## **MANAGEMENT PROFILES**

While these contextual profiles tell us when each type of relationship is more desirable, the following profiles tell us how to better manage each type. We obtain these profiles by looking for the 'management' variables which distinguish the four

generic clusters. Table 2 summarizes these findings and reflects our suggestions for how to better manage each type of relationship. Which variables among those describing the internal characteristics of a relationship display statistically significant differences across the four clusters of table 1? The analysis reveals three differentiating factors: (1) information sharing, (3) boundary spanners' job characteristics, and (2) the climate and social processes within the relationship. In the following sections we describe, for each of these variables, the pattern found for high performing relations in each cluster.

### *'Market exchange' relationships*

Highly performing 'market exchange' relations display the following management pattern. A great part of the information exchange between the two firms happens at the time of bidding and contract negotiations. Suppliers do not get involved in the design of the component and usually manufacture to the buyer's specifications, while the operational coordination of delivery and inventory as well as the monitoring of quality are executed following proven organizational routines. Boundary spanners, i.e., purchasing agents and engineers, report spending a limited amount of their total time with the supplier staff. They rarely pay visits to the supplier's premises, except when urgent and exceptional operational problems occur. These same boundary spanners perceive their tasks as highly routine and structured, with little interdependence with the supplier staff (i.e., their individual performance does not depend on the effective performance of a staff from the supplier). Though mutual trust is typically absent from these 'market exchange' relationships, we find a typically positive social climate. There is little cooperation and systematic joint effort, but buyers seem to treat these suppliers fairly i.e., reasonably sharing the

benefits, burden and risks in the relationship within the limits of the contracts. On the other hand suppliers seems to enjoy a good reputation for holding to their commitments and display a track record that satisfies the buyer.

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Insert Table 2 here  
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### ***'Buyer captive' relations***

In spite of the need for customization, operational coordination across the two firms' organizational boundaries is analyzed and broken down into manageable and well-understood steps and procedures. In addition, the complexity of the product requires the exchange of detailed information on a continuous basis and justifies the high level of operational communication we find in successful 'buyer captive' relations in both countries. Specifically, our data reveals a high rate of visits to each others' premises beyond the traditional purchasing-sales interface. Indeed, multiple functional areas such as design, manufacturing, quality and of course purchasing/sales work together across the two firms, thereby establishing a 'broad band' communication channel within the relationship we distinguish from the 'narrow band' channel in 'market exchange' relations. Boundary spanners perceive their tasks as structured and highly predictable, but acknowledge spending a large amount of their total time dealing with the supplier. The climate within which 'buyer captive' relations are embedded is typically tense, even for successful relations. Informants in both national settings report a lack of mutual trust combined with a low reputation and a negative track record in spite of the efforts made by the buyer to cooperate and provide the supplier with technical assistance, training and education.

### *'Strategic partnerships'*

These are very close relationships with rich methods of information exchange in terms of media used and frequency of exchange. The two partners heavily communicate via impersonal modes of communication (e.g., reports, routines, or electronic transfer of schedules) but also extensively engage in personal face-to-face contacts. Engineers from the supplier pay frequent visits to the assembler's engineering offices, purchasing headquarters and assembly plants. The practice of guest engineers residing on the manufacturer's premises or being an integral member of the team involved in the design of a major system is also a frequent practice in this cluster. In addition, we find that buyers exchange data with the supplier in a form directly readable by a computer either by exchanging magnetic tapes or discs (primarily in Japan), or by sending data from one computer to another via modem or telecommunication links (primarily in the US). Electronic data interchange (E.D.I.) is used across multiple functional areas: from purchasing (e.g., request for quotes, purchase orders), engineering (paper drawings, CAD/CAM file transfer or three-dimensional wireframes), quality and production control as well as transportation or payment through electronic fund transfer.

The high level of interdependence we highlighted at the technical but also economic level between the two firms, also reflects on the boundary spanners' jobs. Under the fast pace of change in the technology and product design, it is difficult to forecast and pre-plan, and in addition any decision can quickly become obsolete and irrelevant. Our data indicates that US and Japanese boundary spanners in 'strategic partnerships' find their job non-routine, highly ill-defined and ill-structured with frequent unexpected issues with require them to spend a great proportion of their time directly with the

supplier staff. Further, when we look at how they spend this time with the supplier we find them allocating a greater part of their time to coordinative tasks, such as exchanging ideas about future plans, coordination for continuous improvements and keeping in touch with the supplier (as opposed to control tasks, such as negotiating contracts, monitoring supplier performance).

The relational climate is reportedly trusting and collaborative. The buyer displays a high commitment to the relationship and is willing to engage into joint action with the supplier. For instance, auto assemblers frequently get the supplier involved in early stages of the component design and cooperate with them in long range planning, advanced research, product, process and tooling development as well as in technical assistance and training/education. This is not to suggest that there exists little disagreement between the manufacturer and its supplier. In fact, our data indicates the opposite, i.e., that component pricing, cost structure (and contribution to lowering cost over time), product design, quality levels, as well as inventory and delivery policies, all constitute causes for frequent disagreements and tensions between the two firms. But the important observation is that these frequent disagreements are usually resolved through collaborative processes based upon problem-solving and negotiation rather than upon confrontation. In these relationships we find a strong sense of fair sharing of the benefits, burden and risks (just as in 'market exchange' relations).

### ***'Supplier captive' relations***

When compared to the other three clusters 'supplier captive' relations display an overall lower level of information exchange, however oriented towards complex coordinative tasks rather than control activities, typically associated with 'market exchange' relations. For instance, boundary spanners spend comparatively less time

on tasks such as negotiating the contract, monitoring the supplier. Who pays more visits to the other? Clearly, the burden rests on the supplier side. The general climate of the relationship is one of high mutual trust, though it does not necessarily translate into active joint planning or development such as in 'strategic partnerships'.

These are descriptive profiles inductively derived from the best performers in our samples of 447 relationships in the US and Japanese industry. As such they provide a rich characterization of best practice, but add little value to management unless put together with the contextual profiles we found. One way we found useful to distinguish between the four contextual profiles is to consider their coordination, information and knowledge exchange requirements. While figures 1 to 4 establish the link between the external conditions and the appropriate choice of relationship, table 2 reflects the coordination, information and knowledge exchange requirements for each type of relationship. We therefore propose (see table 3) that managers can compare the coordination, information and knowledge exchange capabilities of their actual relationships (or future plans) against the 'optimal' relationship requirements determined by the product and its market.

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 Insert Table 3 here  
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As depicted in table 3 above, there are two kinds of successful relationships: high requirements-high capabilities and low requirements-low capabilities ones. There are also two generic ways to failure: under-designed relations and over-designed ones. For instance, firms which invest in building trust through complex, interpersonal and expensive mechanisms such as frequent visits, guest engineers, cross company teams

when the product and market context suggests that maintaining simple, impersonal control and data exchange mechanisms are over-designing the relationship. Designing or re-designing relationships therefore consists of three analytic steps: (1) the strategic selection of relational types to match the external conditions given by the product, the technology and the market, (2) the identification of the adequate 'management profile' for each type of relational design included in the portfolio of relationship, and (3) matching the existing relationship, which could be over- or under-designed, to the desired management profile.

## **Conclusion**

This paper has three objectives. First, we want to question the pervasive myth that Japanese firms 'manage by trust' or 'manage by partnerships' and empirically show that their decisions and behaviors converge with those of their US counterparts, quite consistent with a logic of 'managing a portfolio of relationships'. In particular we highlight the existence of a large proportion of 'market exchange' relations in Japan and conversely of 'strategic partnerships' in the US market. In other words, we find that good practice in both countries means first to properly balance a portfolio of relationships adjusted to the product and the surrounding market conditions, and second to appropriately manage each type of relationship. Table 3, in addition, warns against the dangers of under-designing relations (the problem of the 1980s) and over-designing (the risk of the 1990s and the dangerously sweeping fad for 'strategic partnerships'). To help managers avoid these traps we offer a contextual profile to help identify when is one type of relationship more desirable than another and propose three key environmental factors: (1) the product exchanged and its

technology, (2) the competitive conditions in the downstream market, and (3) the capabilities of the suppliers available. Finally, we suggest an 'optimal' management profile for each type of relationship along three mechanisms that contribute to coordination, information and knowledge exchange: (1) information sharing, (2) boundary spanners job characteristics and (3) climate of the relationship.

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US sample

<i>Buyer's Specific Investments</i>	High	42 % Buyer Captive 2	25 % Strategic Partnership 3
	Low	25 % Market Exchange 1	8 % Supplier Captive 4
		Low	High
		<i>Supplier's Specific Investments</i>	

Japanese sample

<i>Buyer's Specific Investments</i>	High	15% Buyer Captive 2	19 % Strategic Partnership 3
	Low	31 % Market Exchange 1	35 % Supplier Captive 4
		Low	High
		<i>Supplier's Specific Investments</i>	

Table 1: Managing a range of relationships - frequencies across cells

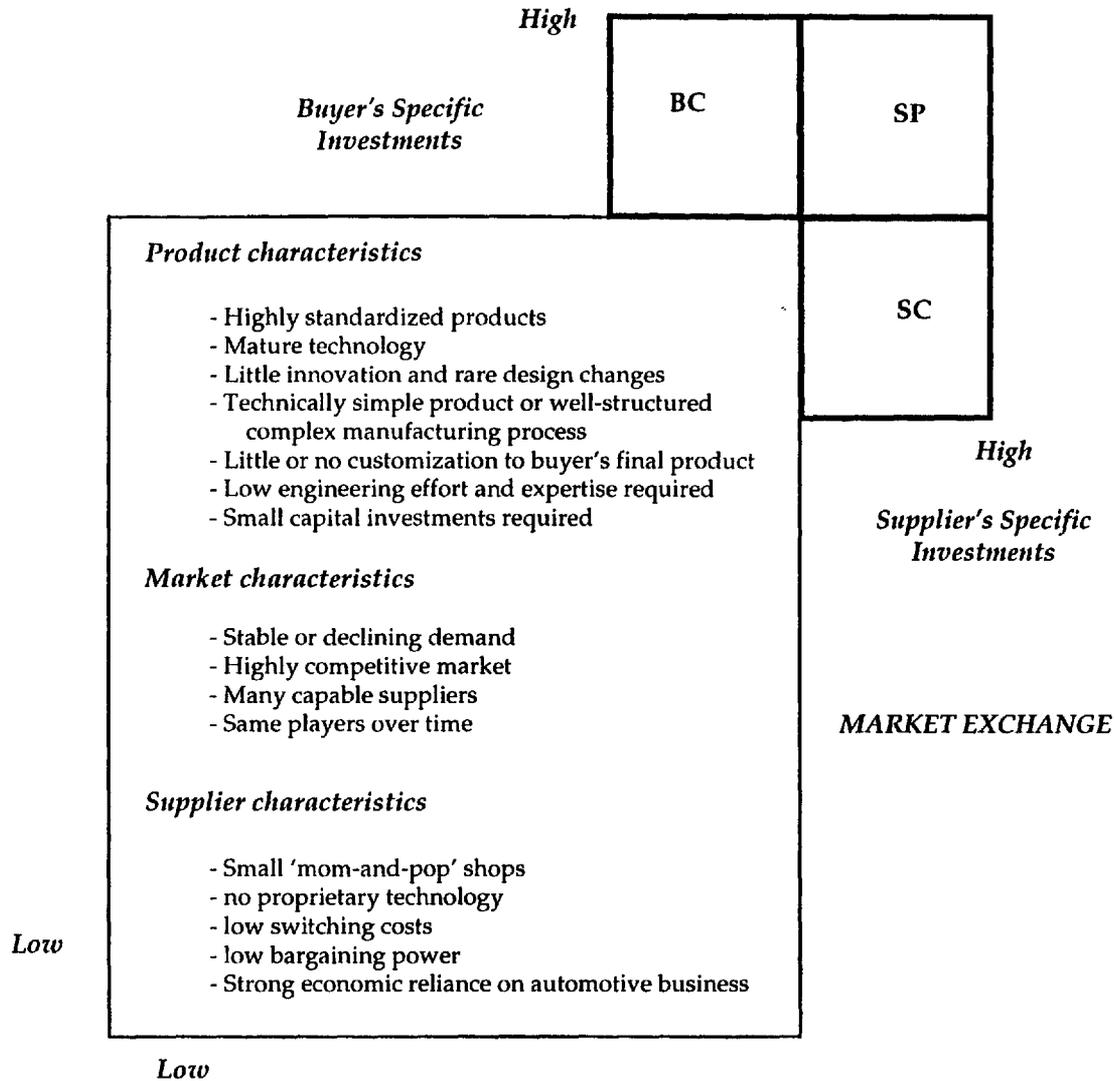


Figure 1: Contextual profile for 'market exchange' relations

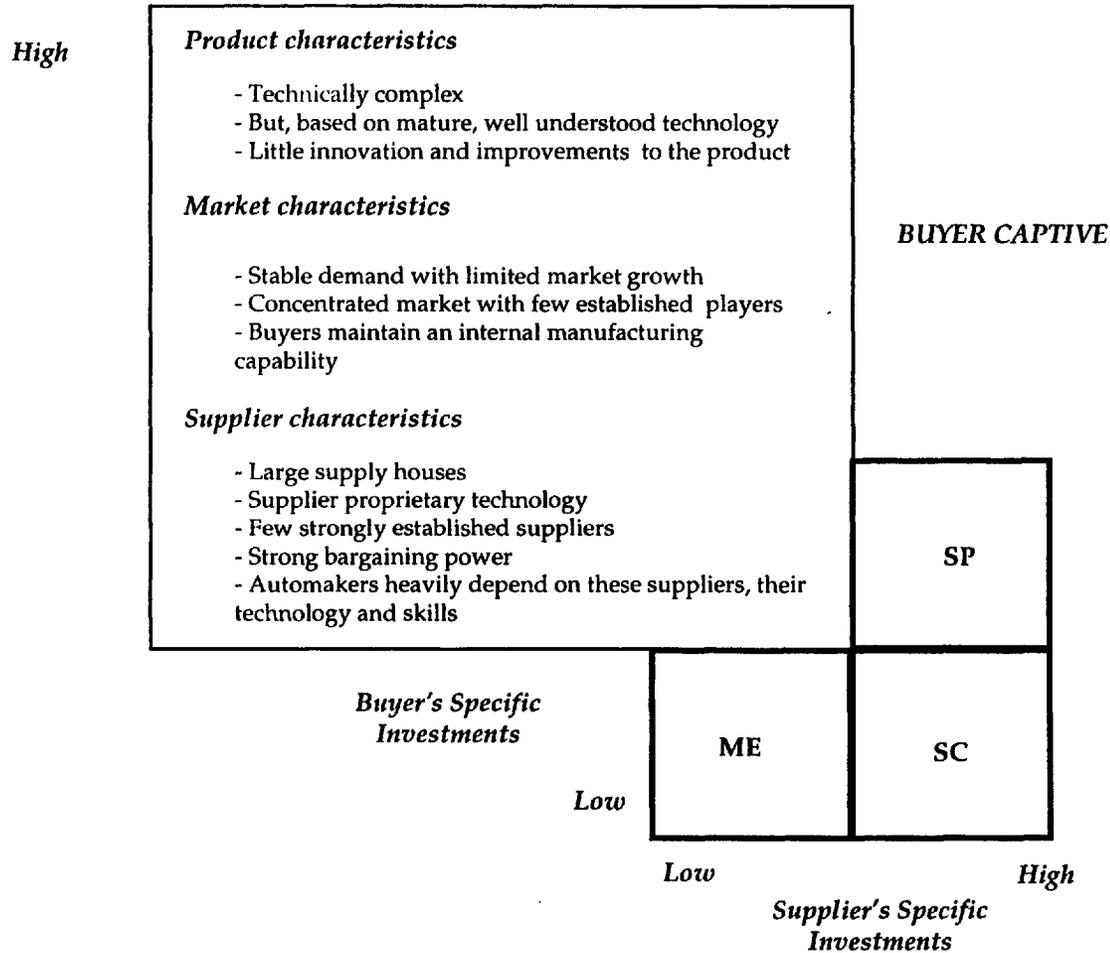


Figure 2: Contextual profile for 'buyer captive' relations

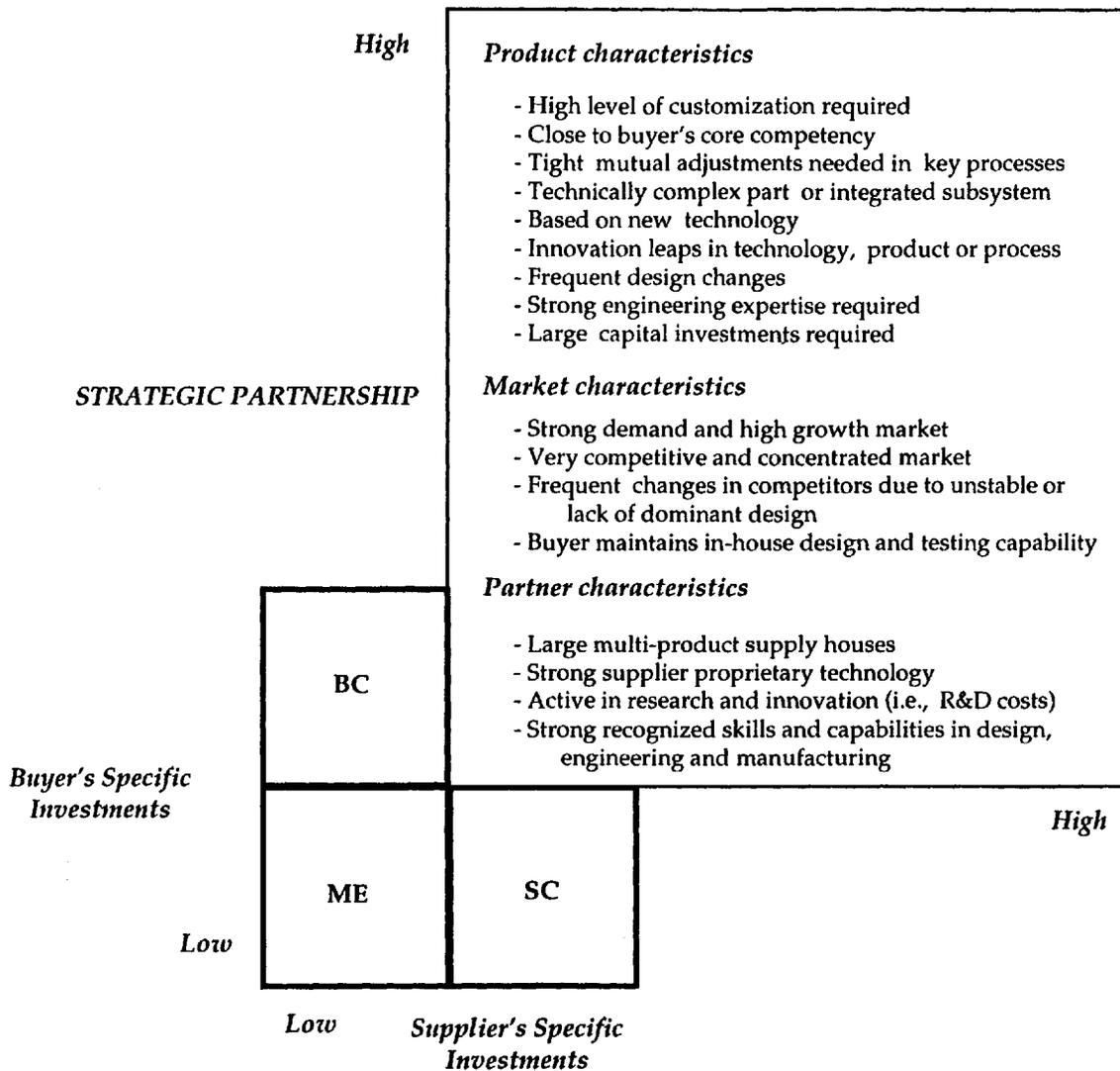


Figure 3: Contextual profile for 'strategic partnerships'

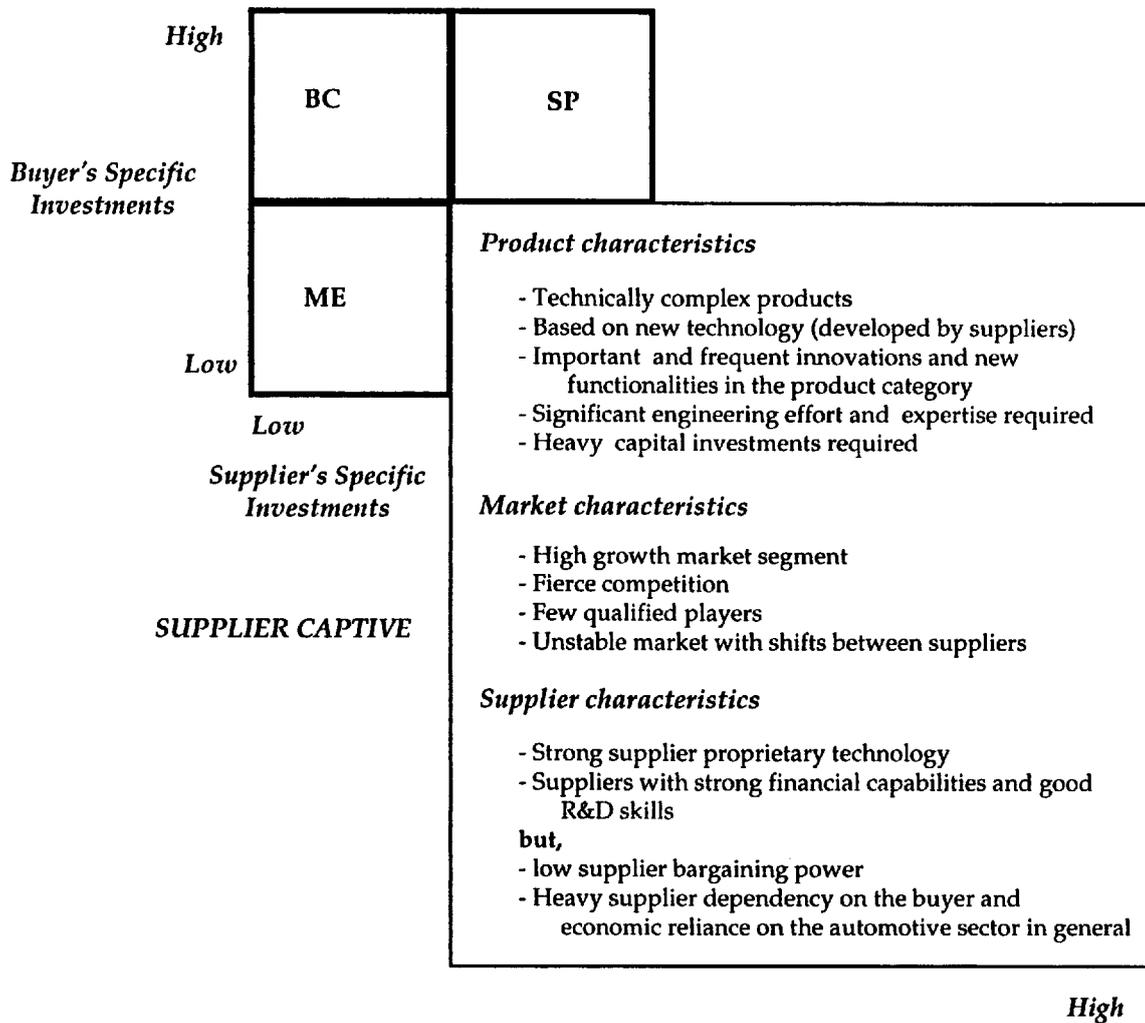


Figure 4 Contextual profile for 'supplier captive' relations

<p style="text-align: center;"><b>BUYER CAPTIVE</b></p> <p><i>Information Sharing Mechanisms</i></p> <ul style="list-style-type: none"> <li>- 'Broad-band' and important exchange of detailed information on a continuous basis</li> <li>- Frequent and regular mutual visits</li> </ul> <p><i>Boundary Spanners task characteristics</i></p> <ul style="list-style-type: none"> <li>- Structured task, highly predictable</li> <li>- Large amount of time spent by buyer's purchasing agents and engineers with supplier</li> </ul> <p><i>Climate and Process Characteristics</i></p> <ul style="list-style-type: none"> <li>- Tense climate, lack of mutual trust</li> <li>- No early supplier involvement in design</li> <li>- Strong effort by buyer toward cooperation</li> <li>- Supplier do not necessarily have a good reputation</li> </ul>	<p style="text-align: center;"><b>STRATEGIC PARTNERSHIP</b></p> <p><i>Information Sharing Mechanisms</i></p> <ul style="list-style-type: none"> <li>- 'Broad-band', frequent and 'rich media' exchange</li> <li>- Regular mutual visits, and practice of guest engineers</li> </ul> <p><i>Boundary Spanners Task Characteristics</i></p> <ul style="list-style-type: none"> <li>- Highly ill-defined, ill-structured</li> <li>- Non-routine, frequent unexpected events</li> <li>- Large amount of time spent with supplier's staff, mostly on coordinative issues</li> </ul> <p><i>Climate and Process Characteristics</i></p> <ul style="list-style-type: none"> <li>- High mutual trust and commitment to relationship</li> <li>- Strong sense of buyer fairness</li> <li>- Early supplier involvement in design</li> <li>- Extensive joint action and cooperation</li> <li>- Supplier has excellent reputation</li> </ul>
<p style="text-align: center;"><b>MARKET EXCHANGE</b></p> <p><i>Information Sharing Mechanisms</i></p> <ul style="list-style-type: none"> <li>- 'Narrow-band' and limited information exchange, heavy at time of contract negotiation</li> <li>- Operational coordination and monitoring along structured routines</li> </ul> <p><i>Boundary Spanners Task Characteristics</i></p> <ul style="list-style-type: none"> <li>- Limited time spent directly with supplier staff</li> <li>- Highly routine and structured task with little interdependence with the supplier's staff</li> </ul> <p><i>Climate and Process Characteristics</i></p> <ul style="list-style-type: none"> <li>- Positive social climate</li> <li>- No systematic joint effort and cooperation</li> <li>- No early supplier involvement in design</li> <li>- Supplier fairly treated by the buyer</li> <li>- Supplier has a good reputation and track record</li> </ul>	<p style="text-align: center;"><b>SUPPLIER CAPTIVE</b></p> <p><i>Information Sharing Mechanisms</i></p> <ul style="list-style-type: none"> <li>- Little exchange of information</li> <li>- Few mutual visits, mostly from supplier to buyer</li> </ul> <p><i>Boundary Spanners task characteristics</i></p> <ul style="list-style-type: none"> <li>- Limited time allocated by buyer's staff to the supplier</li> <li>- Mostly complex, coordinative tasks</li> </ul> <p><i>Climate and Process Characteristics</i></p> <ul style="list-style-type: none"> <li>- High mutual trust, but limited direct joint action and cooperation</li> <li>- Greater burden put on the supplier</li> </ul>

Table 2: Management profile for each contextual profile

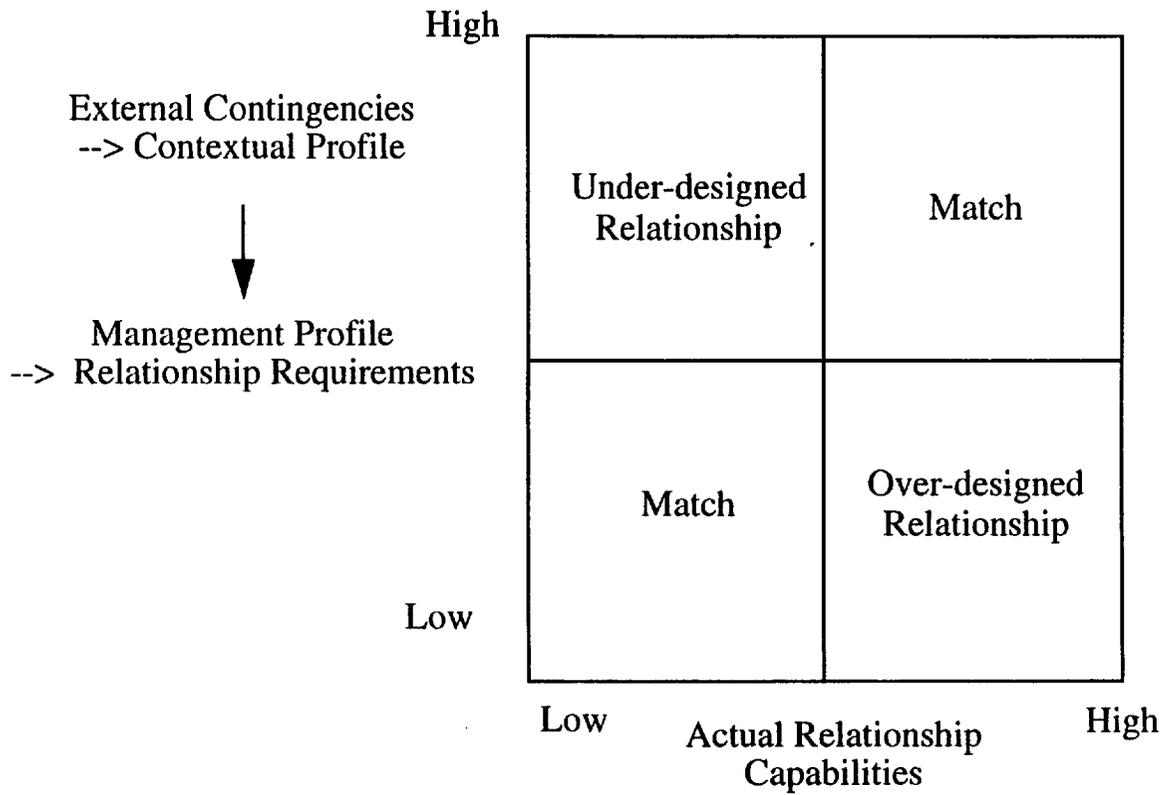


Table 3: Managing a portfolio of relationships

# Appendix: Our Analytic Approach

