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All's Well that Starts Well

What do your *suppliers* think of you? Now that's a question that can give one pause.

In this competitive day of pandering to, er, delighting the customer to ensure that one still has that customer tomorrow, we often forget the beginning of the supply chain—our strategic supplier partners.

At Technology Forecasters, Inc.'s (Alameda, CA) latest *Quarterly Forum for Electronics Manufacturing Outsourcing and Supply Chain*, held at the Cisco facilities in San Jose, CA, this question was posed by Don McLaughlin, VP manufacturing supply chain at Cisco. McLaughlin talked candidly in his presentation, "Managing Outsourced Supply Chain," about Cisco's supply chain transformation over the past few years.

As McLaughlin outlined, in its manufacturing taxonomy, Cisco has established the need for implementing three-to-five-year goals, which, if you think about it, is a huge cultural shift for a U.S.-based company. These goals are specific milestones and outcomes that will allow Cisco to fulfill its larger mission and vision ideals. What a concept. Unfortunately, though, it's a concept that goes unpracticed in many a U.S. boardroom and elsewhere, where board members are concerned mostly with the shorter term goal of satisfying shareholders every quarter.

Developing specific strategies that will allow Cisco to accomplish its larger three-to-five-year goals has led to, McLaughlin reports, employees understanding company initiatives much better and to managers having to explain goals less often. The transformation hasn't been an easy one, but it's been worthwhile.

Part of that transformation has included truly engaging with their supplier partners. "We don't need a Cisco badge touching every single thing," stated McLaughlin. What Cisco found that it did need, according to McLaughlin, was honest information to figure out if the company was causing their suppliers "undue pain." Cisco's larger goal is a virtual, closed-loop supply chain, and unhappy, malcontent suppliers would doubtfully buy into the hard work and systems management required to build such a 21st century womb-to-tomb manufacturing flow.

To get started, Cisco outlined several virtual supply chain strategic drivers, among them the mantras:

- Supply chain management starts with the product design phase.
- Our supply chain partners are a virtual extension of Cisco.
- Supplier leverage and collaboration are major drivers of the business strategy, acting as an integrator throughout the supply chain.

- Supplier relationship management forms the basis of virtual integration.

And then Cisco got busy. It developed *supplier* surveys. That's right. Cisco invested time and money in developing forms that, once filled out, would give them valuable, honest feedback from their *suppliers*. I know many of you survey your customers religiously. But how many of you take the time to survey your suppliers?

Here's how Cisco's circle of "supplier interaction improvement" works. The supplier is surveyed; feedback is given; an action plan is developed; an "all-hands" meeting is called with the parties involved; and the survey's questions and answers are reviewed. The process is repeated every six months.

And here's how Cisco implements change. In one situation, after a survey was returned from one supplier giving Cisco low scores in communication, those involved at Cisco were spurred into a discussion on how to improve.

The supplier's specific need was for "increased executive representation and two-way discussion during supplier performance reviews." Upon learning this need, Cisco then developed an action plan to get their executives more involved in quarterly supplier performance reviews. Cisco now has a new executive sponsorship program, in which one contact is designated to facilitate with strategic suppliers.

Cisco came, they surveyed and they improved. As McLaughlin wrapped up, if you tell your suppliers what's coming at them, they can anticipate your needs. And the ultimate result? Happier suppliers, happier Cisco. And, oh yeah, happier Cisco customers.



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