The trust factor

At some point, you’ve probably been on a company retreat and participated in a team-building exercise where you were urged to close your eyes and fall backward. While you may have had a knot in your stomach as you gave up on gravity, you trusted that your team mate would be there to catch you before you hit the ground. Indeed, trust in your co-workers is an essential element to moving a company’s goals forward.

Trust hasn’t always been an element in supplier relationships; all too often buyers have been encouraged to carry a big stick and get tough with suppliers to get the best price—no matter the cost.

That approach to procurement is beginning to change. Manufacturers like GM are learning that in today’s environment, developing a trusting, culturally-aligned relationship with suppliers is crucial to gaining access to the new technologies and innovations that win in the marketplace before the competition. Those close-knit relationships can also lead to better financial performance. In this issue of Supply Chain Management Review, GM describes how it launched a Strategic Supplier Engagement initiative that is delivering results on both fronts.

Trust is also a theme that runs through two other articles in the issue. Ryan Fernandes and Lisa M. Ellram explain how supply chain working capital finance can improve—or degrade—the relationship between a supplier and customer when it is not appropriately applied. Similarly Frank Mobus and Staples’ Brad Young write about the value of leverage as a tool to improve contracts and relationships.

We round out the issue with a look at how to collaborate with suppliers on innovation and why so many retail supply chain transformations fail to deliver—and how to do them right.

I’d like to finish this column by saying goodbye to special projects editor John Kerr and hello to Gary Forger. John edited articles for SCMR for 17 years—almost since its inception—and is one of the best editors I’ve had the pleasure of working with. Every writer who was lucky enough to work with John, including the co-authors of the supply chain finance article, will tell you that he enriched the writing. Gary Forger and I have been colleagues since 1984, when he was my editor on Modern Materials Handling magazine. Like John, Gary knows how to bring out the best in authors and their articles. I’m looking most forward to having him on board.

As always, I look forward to hearing from you with any comments or suggestions for future stories in SCMR.

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