Chapter IX

Towards Collaborative Customer-Supplier Relationships in Global Building Product Businesses

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ABSTRACT

Our aim is to enhance management of collaborative customer-supplier relationships among globally operating building product suppliers. Three key concerns are: (1) how best to manage achieving effective collaborative customer-supplier relationships in a global building product business (2) how best to create and manage a supplier’s relationships with its primary customers across the globe and (3) how best can suppliers and customers both advance collaboration in global building product businesses?

We apply aspects of Rappaport’s (1952) collaborative approach to the baseline strategic game of prisoner’s dilemma, as articulated by Axelrod (1984). Prisoner’s dilemma has long been used as a guide for formulating strategic collaboration positions. Herein it is used to help readers understand how a building product supplier can select between customers as: nonessential, essential but untrustworthy, and finally as essential and to be trusted. For management responsible for a supplier’s relations with customers, this...
implies a mental progression from dependence, through greater independence, to acceptance of the advantages of continuous interdependence between parties. We advocate the adoption, deepening and continuous renewal of such collaborative relationships among suppliers and customers across global building product businesses. We will focus on the context of a large Finland-based supplier who is setting business objectives for global operations. This discussion on customer-supplier collaboration, in terms of its conditions and benefits, may well be applicable to global business contexts involving building product suppliers based in the U.S., UK, other EU countries and Japan.

INTRODUCTION

How can a supplier create and sustain its competitive positions across global building product markets? Global competition has become more complex and has turned single-minded concentration on operational effectiveness, via mechanisms of core competence, towards ways to be multifaceted. This trend is especially so for firms involved in building products. Success now requires more from a supplier’s top management, who must find ways to guide its firm towards and through a future via various elements of strategic positioning such as:

- Sustaining a profitable building product business portfolio
- Renewing a range of core and applied building products
- Advancing a targeted building type mix
- Renewing the most attractive competitive Arena mix
- Balancing geographical market demand coverage
- **Renewing a profitable customer group base (this chapter’s focus)**
- Rebuilding global competence pool
- Leveraging production technologies
- Creating IT-enabled global advantages

The ultimate challenge is to conduct a supplier’s global operations more effectively than its competitors in given competitive Arenas and markets. In short, we propose that a supplier’s global effectiveness is enhanced via a context of collaborative relationships both with its customers and sub-suppliers. We believe that these potentially complex relations are best managed by emphasizing symmetry in relationships, i.e., interdependent decision-making processes between building product suppliers and their customers across the globe. Thus, our aim is to enhance management of collaborative customer-supplier relationships in terms of the following issues:

1. What does it take for top management to guide its firm towards collaborative
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