



SCHOOL OF BUSINESS
THE UNIVERSITY OF HONG KONG

Benchmarking Report of Supplier Management Study

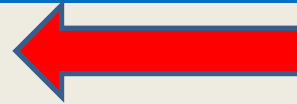
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Speaker: Prof. Neale G. O'Connor
School of Business, The University of Hong Kong

How Chinese Suppliers manage the big contracts?

1. Introduction and background

- China-supplier project and pilot studies
- Buyer perspective – risks



2. What Chinese suppliers did we interview?

1. **Country of customer** - Seek out US customers for the opportunity to learn more about technology
2. **Size of customer** - % sales to largest customer - Don't become too dependent on one customer
3. **Investment** - Be prepared to invest more in the process

3. What do Chinese Suppliers care about?

- Their greatest challenge
- What are they doing?

4. Interview-Survey study

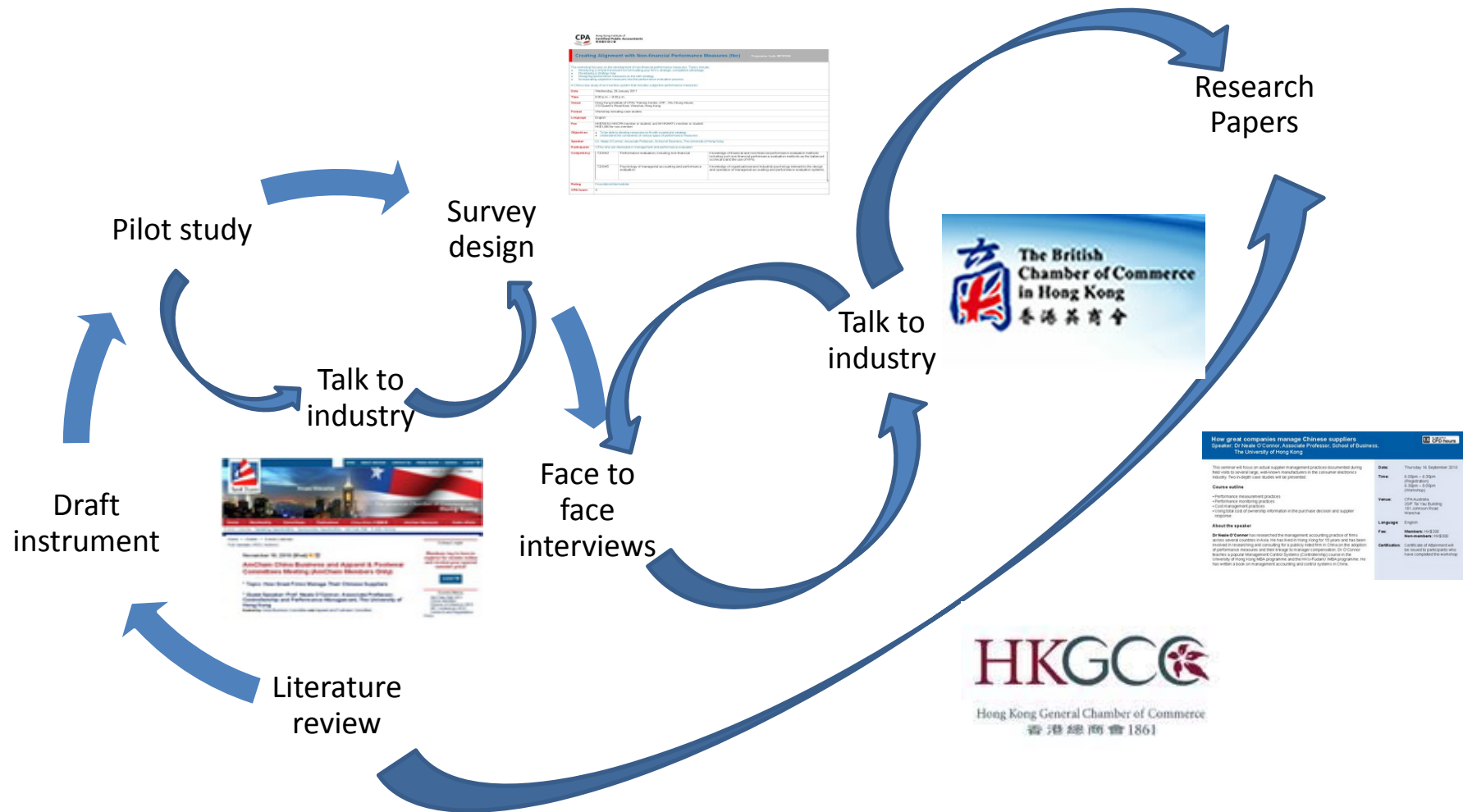
1. **Qualification process** - Get your quality in order (first), demonstrate technological capability
 1. Be prepared for the buyer to view the manufacturing process of making the sample,
 2. Get management system in order.
2. **Performance measurement**
 1. Sharing performance - Proactively seek out formal feedback from your customer
 2. Information system - Develop a system to manage and control quality –
3. **Communicating**
 1. Getting accurate forecasts - Product roadmap, Demand forecasts
 2. Expectations about performance and orders received
4. **Developing trust** – Why change in trust? - Dealing with missed expectations – Fairness of orders received

5. Research models

China Supplier 1000 Project

- Largest ever face to face interview study of Chinese Suppliers
- Exploring how Chinese suppliers win contracts and manage their large customers.
- Questions/Challenges?
 - What emphasis do Chinese suppliers place on the use of different performance measures?
 - Do suppliers that align their measures with the largest customer perform better?
 - Do suppliers with customers for a longer period use different performance measures?
 - Do Chinese suppliers manage customers from different countries differently?
 - Do Chinese suppliers that have specific strategy for their largest customer have different performance measures?
 - With regard to risk assessment – how Chinese suppliers are managing the key challenges associated with rising material and labour costs?

China Supplier 1000 Project



Pilot Study

1. 20+ Interviews with managers (Feb – June 2010)

- 13 Chinese firms, 8 International firms in China



2. Visits to (October 2009 – April 2010)

- Taiwan
 - HTC – plus suppliers → LiteOn, Unimicron
 - PQI – plus suppliers → Foretech
- Hong Kong
 - Phillips – plus one supplier → Dain Electronics
 - Motorola – plus one supplier → Solomon Systec
- China
 - Apple – plus two suppliers → Sony, 3LCoils
 - Shanghai Lucent Alcatel Bell – plus supplier → Source Photonics
 - Toshiba
- Singapore
 - UTAC

