

> KEYNOTES FROM JANUARY 2007 - BB104

What is your view of the Supplier/Customer relationship?

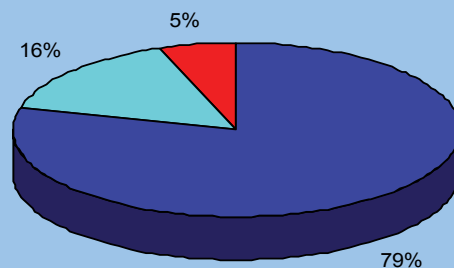
Relationships with suppliers can vary from simple and non-integrated to more elaborate types of competition and co-operation.

The balance between customer and supplier, when both are businesses, is affected by the relative size and market power of each but some regulation exists which is intended to protect smaller businesses from predatory behaviours by larger customers and suppliers.

A large amount of management advice focuses on building and sustaining successful relationships with both suppliers and customers.

This month saw a series of questions on the subject and, it emerged that 79% of respondents view their relationship with their suppliers as long term i.e. more than two years duration, and 56% place conditions other than just price and delivery dates, such as quality control, on their relationships with suppliers.

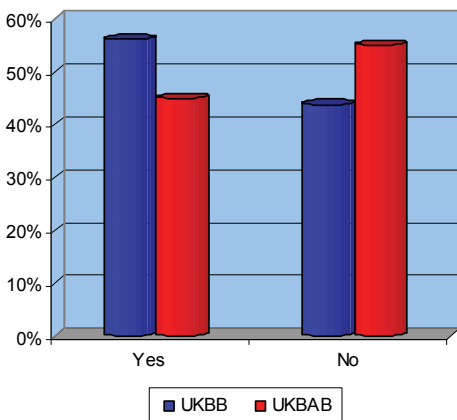
In general, when choosing and working with your suppliers, how long term is your view of the relationship with your business?



- Long term (2 years plus)
- Medium term (1 year plus)
- Short term (less than a year)

after adjusting for 'not applicable' responses: 2%

Over and above agreed delivery dates and terms and conditions of payment, are there other formal conditions placed upon that relationship (eg. quality control)?



after adjusting for UKBB 'not applicable' responses: 8% and UKBAB 'don't know' responses: 6%

How conditional is the relationship?

In the parallel survey of Business Advisers, the UKBAB, 58% of respondents said that their clients take a long term view of relationships with suppliers.

45% said that clients place conditions other than just price and delivery dates, such as quality control, on their relationships with suppliers.

Panellists' views

'Quality, warranty, and after sales support of the product or service is also necessary.'

'I look for the best value-for-money deal.'

'My contracts with my clients provide warranty and after sales support.'

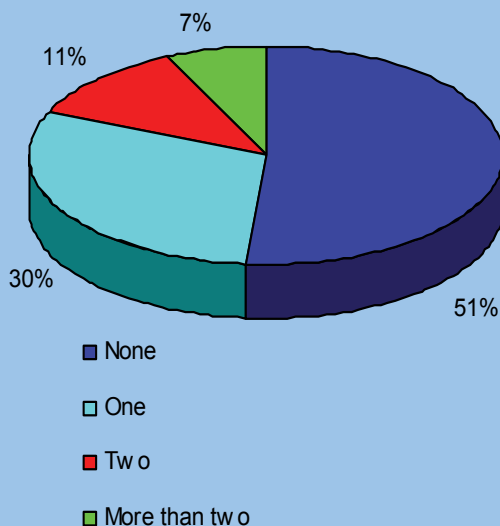
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Do you review suppliers' fulfilment of conditions?

74% of UKBB respondents (after adjusting for 'not applicable' responses) regularly review how their suppliers fulfil conditions of supply, and although over the last twelve months 51% of all respondents haven't left any suppliers because of failure to meet these conditions.

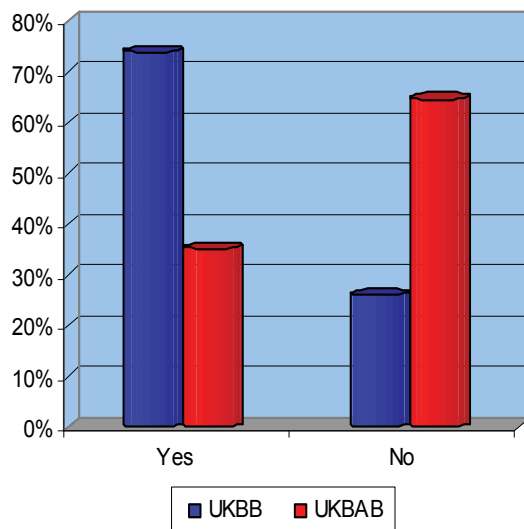
49% have had to change one or more suppliers, again after adjusting for 'not applicable' responses.

In the last twelve months, have you had to terminate your relationship with any suppliers due to failure to meet the required conditions?



after adjusting for 'not applicable' responses: 13%

Do you review your supplier's fulfilment of these conditions on a regular basis?



after adjusting for UKBB 'not applicable' responses: 27% and UKBAB 'don't know' responses 9%

The Business and Adviser panels reflect different experiences .

The percentage of smaller businesses responding to the UKBB who regularly review fulfilment of conditions of supply (74%) contrasts sharply with the 34% of Advisers responding to the UKBAB whose clients regularly review their suppliers' fulfilment of conditions of supply.

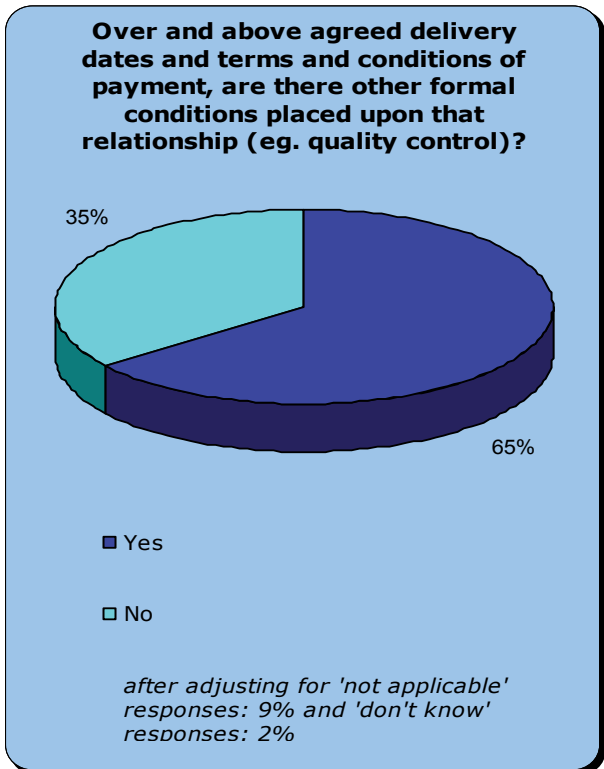
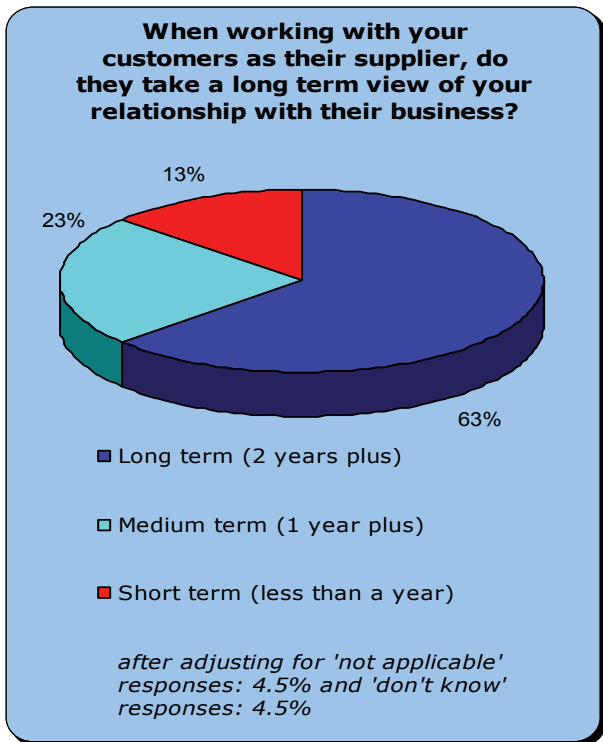
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When you are the supplier, do your customers require more of you?

When acting as suppliers themselves, 63% of respondents to the UKBB are in a long term (2 years plus) relationship with their customers, after adjusting for 'not applicable' and 'don't know' responses.

65% of all respondents have formal conditions, other than delivery dates and payment, placed upon their relationships.

In the parallel survey of Business Advisers, 33% of respondents say that clients' customers have conditions placed upon their relationships, beyond the basic requirement of delivery and payment.



The Advisers take a predictable view.

On the subject of long term relationships between clients and their customers, 91% of advisers responding to this month's UKBAB survey feel that their clients should take a long term view of customer relationships.

One respondent to the UKBAB filed this comment:

'We advise all clients to build relationships with suppliers/customers and to have quality/equal opportunities/health and safety and disability discrimination policies ready in case they are asked for them - however, they rarely are.'

> THE QUESTIONS - JANUARY 2007 - BB104

- Q1. In general, when choosing and working with your suppliers, how long term is your view of the relationship with your business?
- Q2. Over and above agreed delivery dates and terms and conditions of payment, are there other formal conditions placed upon that relationship (eg. quality control)?
- Q3. Do you review your supplier's fulfilment of these conditions on a regular basis?
- Q4. In the last twelve months, have you had to terminate your relationship with any suppliers due to failure to meet the required conditions?
- Q5. When working with your customers as their supplier, do they take a long term view of your relationship with their business?
- Q6. Over and above agreed delivery dates and terms and conditions of payment, are there other formal conditions placed upon that relationship (eg. quality control)?
- Q7. In your opinion, to what extent are current conditions more or less conducive to business start ups as compared to 5 years ago?
- Q8. If approached by someone wishing to start up a new business, which of the following would you suggest they turn to first for advice?
- Q9. When starting or considering starting a business, from your experience, which of the following would be the main motive?
- Q10. In your experience, when employing graduates, to what extent do you feel that their overall university education brings/adds value to your business?
- Q11. In your experience, when employing school leavers, to what extent do you feel that their education brings/ adds value to your business?
- Q12. Many see WiFi as having huge implications for the future. To what extent, do you feel sufficiently familiar with its capability and functionality to understand the (potential) benefits for your business?

Click here to view the complete set of results for this and for previous surveys: www.ukbb.ac/UI/surveys.aspx

About the respondents:

In the January 2007 survey 132 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
26.5%	9.1%	64.4%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
69.7%	18.9%	11.4%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
60.6%	25.8%	7.6%	2.3%	3.8%	100.0%



UKBB: Benchmarking key issues for smaller businesses

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