The Relationship Between OEM:s and Suppliers in a Lean Agile World

LPPDE 4th May 2023

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Content

- Circles of impact

- Eco-systems

- Partnership and collaboration patterns

- Lean and Agile sourcing

- Agile contracts

Circles of impact

Partners, customers and suppliers

Company

Team of teams

Team

Individual

Circles of impact
- "Systems Thinking"

Everyone is part of a bigger Eco-system

Partners, customers and suppliers

Company

Team of teams

Team

Individual

Eco-systems

Different kind of Eco-systems:

- B2B (Business to Business)

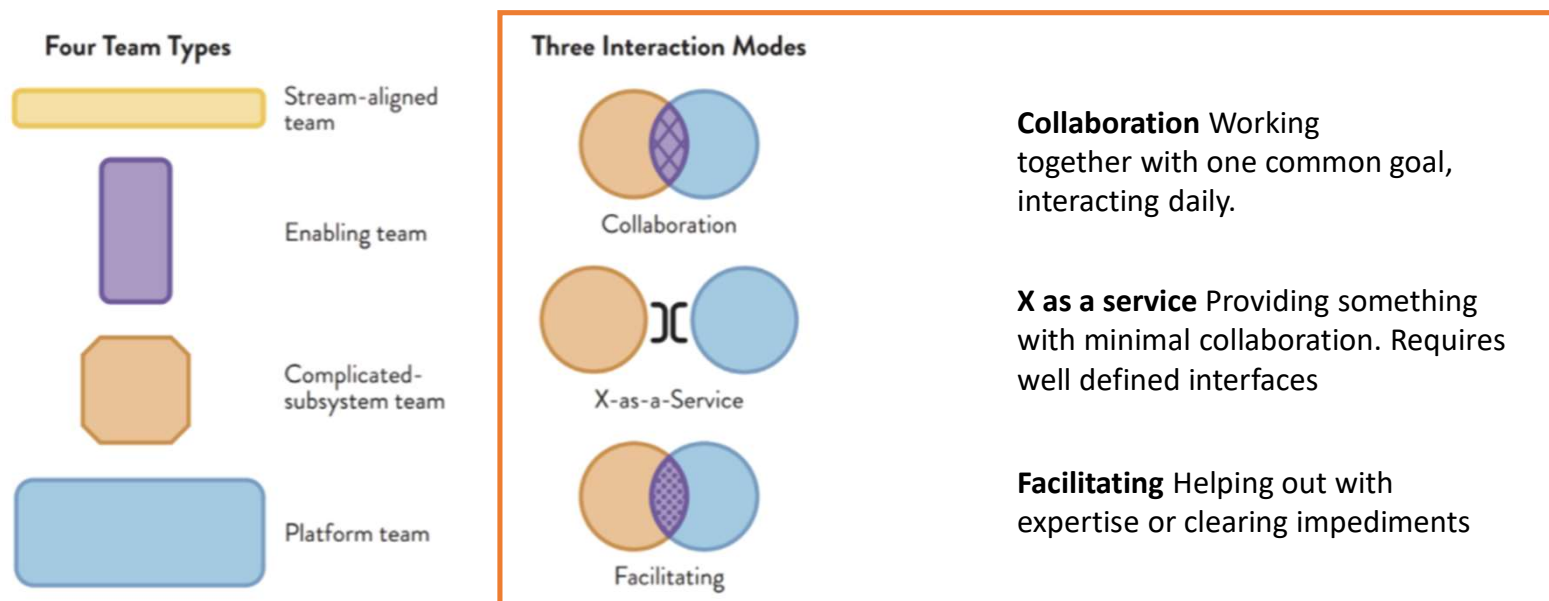- B2C (Business to Consumer)

- Partnership

- Open Source

Partnership interaction

Effective and optimized working methods with partners just do not happen by itself. We need to make active decisions.

We can use Interaction Modes from [Book: Team Topologies]

"Define the WHY and PURPOSE"

Four Team Types

- Stream-aligned team
- Enabling team
- Complicated-subsystem team
- Platform team

© Matthew Skelton and Manuel Pais from *Team Topologies*

Three Interaction Modes

Collaboration

X-as-a-Service

Facilitating

Collaboration Working together with one common goal, interacting daily.

X as a service Providing something with minimal collaboration. Requires well defined interfaces

Facilitating Helping out with expertise or clearing impediments

Partnership interaction

We can apply Team Types [Book: Team Topologies]

"Define the WHAT"
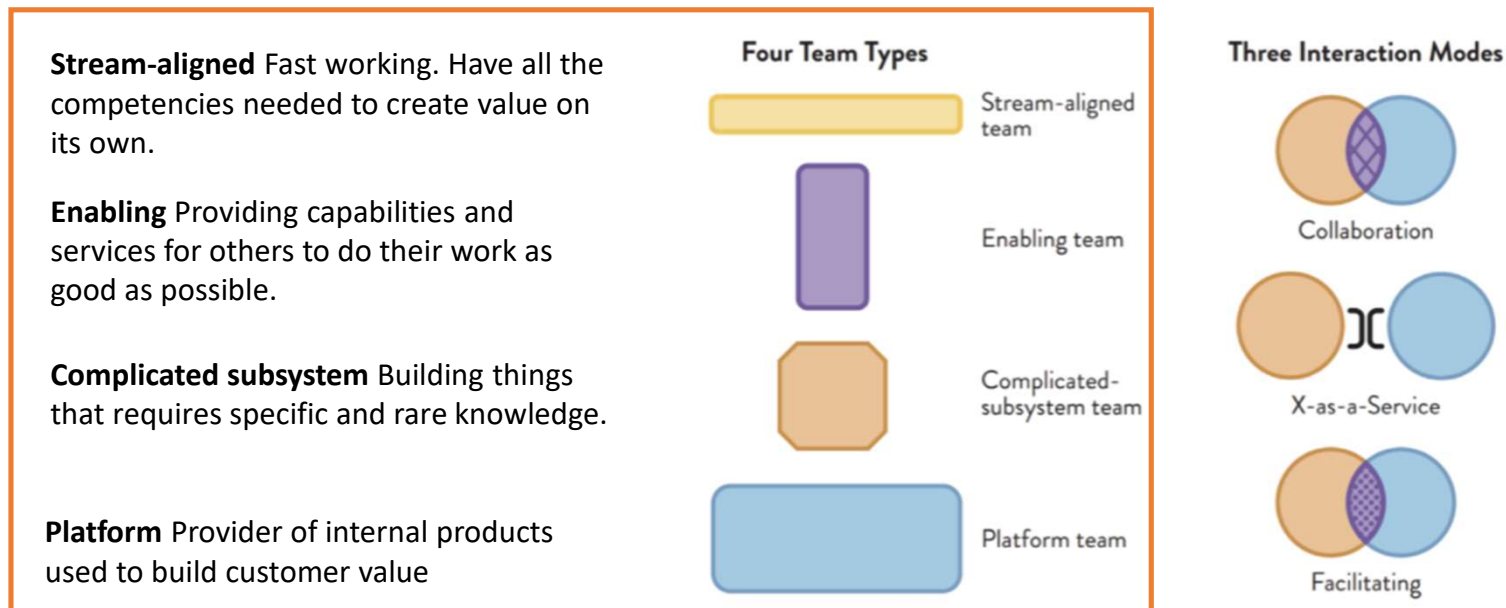
Four Team Types

Stream-aligned Fast working. Have all the competencies needed to create value on its own.

Stream-aligned team

Enabling Providing capabilities and services for others to do their work as good as possible.

Enabling team

Complicated subsystem Building things that requires specific and rare knowledge.

Complicated-subsystem team

Platform Provider of internal products used to build customer value

Platform team

© Matthew Skelton and Manuel Pais from *Team Topologies*

Three Interaction Modes

Collaboration

X-as-a-Service

Facilitating

Partnership interaction

We can model our part in an Eco-system combining Team types and Interaction modes

Current status

Wanted position

Customer value

Platform by Supplier

Transition

Open Arena Innovation Hub

Customer value (Expansion)
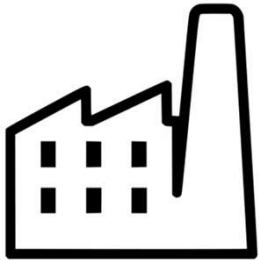
Customer value

CI / CD Services

Platform by Supplier
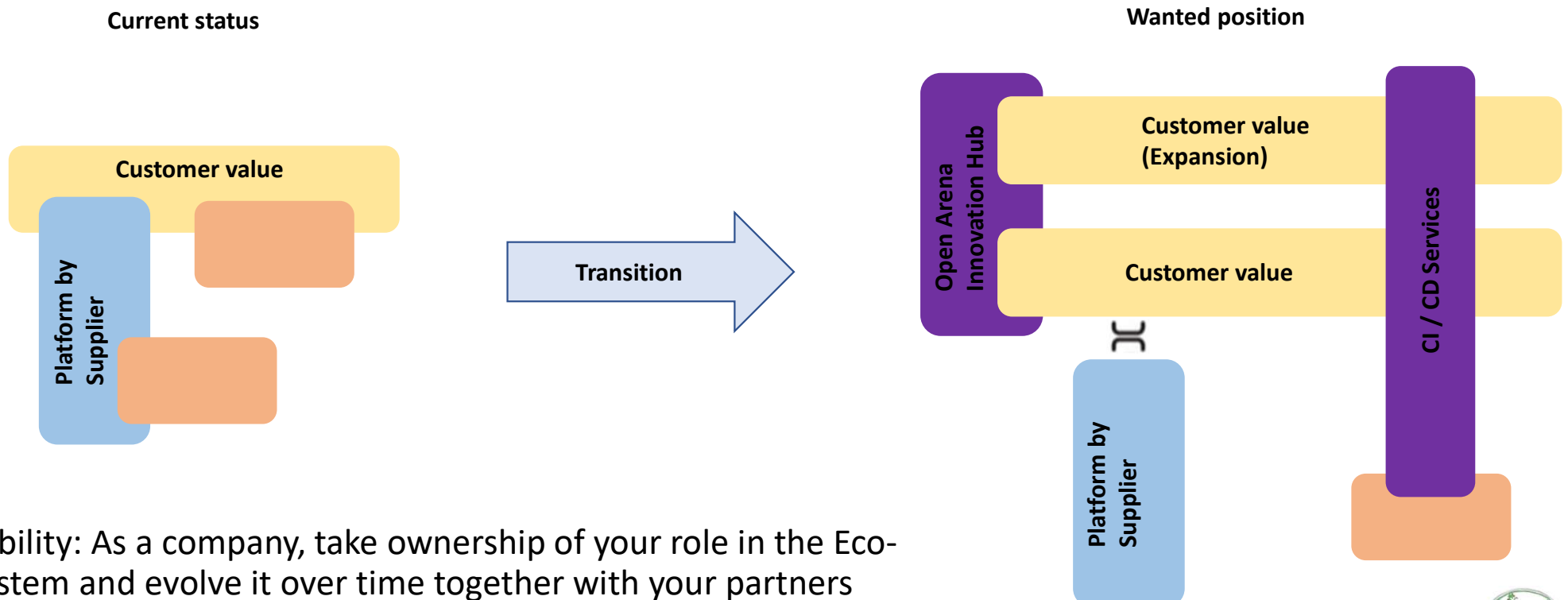
Possibility: As a company, take ownership of your role in the Eco-system and evolve it over time together with your partners

Buyer - Supplier
- Establish a common working model

"Dear Supplier, we apply Lean/Agile processes, we would like you to join us in this"

"Sure, we seem to share the same Lean/Agile values and it is our wish as well"

--- Alt ---
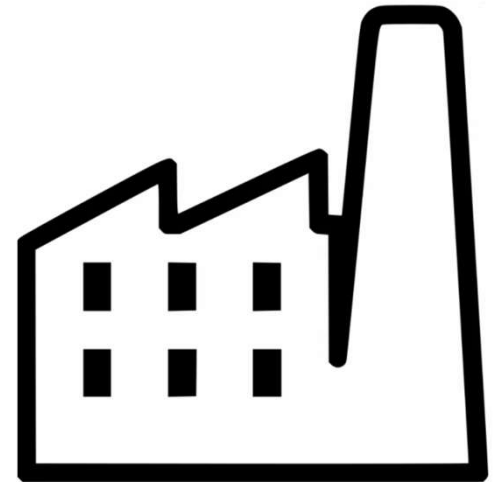
"Dear Supplier, we apply Lean/Agile processes, we would like you to join us in this"

"Sure, we would like to learn about Lean/Agile processes"

--- Alt ---

"Dear Supplier, we apply Lean/Agile processes, we would like you to join us in this"

"No, we have tried that and it is forbidden in our company nowadays"

"Dear Supplier, we apply Lean/Agile processes, we would like you to join us in this"

"Hmmm"

"We apply lean/Agile processes globally in all our parts of our company. Your product will be planned and developed by our Lean/Agile processes and we would like you to join our Lean/Agile events"

Buyer - Supplier
- Sourcing process

In most cases, the Buyer decides the process for sourcing and Supplier follows.

Suppliers with very strong (valuable) assets may decide the process and the conditions for sourcing.

At the end, mutual benefit needs to be establish for a succesful outcome in the long run.
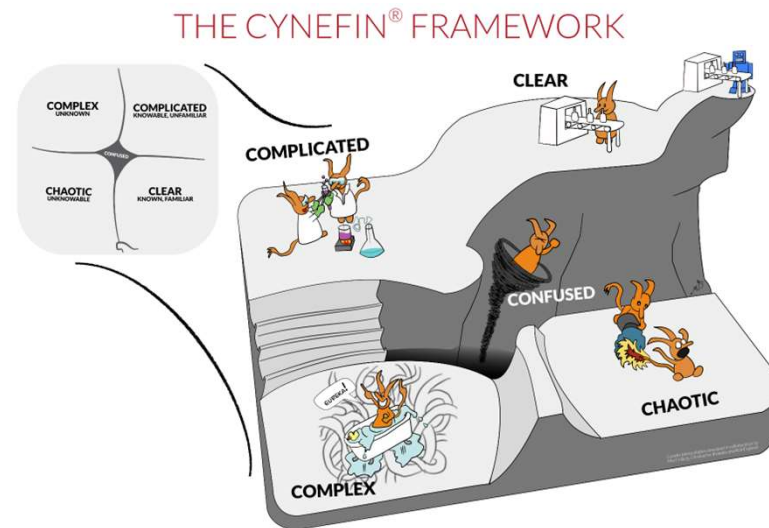
Buyer - Supplier
- Sourcing process

We apply Lean/Agile processes for a reason and to know when to apply a certain working method is key.

Cynefin framework provides a good view on different situations we end up in and need to manage.

The relationship between Buyer and Supplier is defined by contracts and deliverables and is the outcome of a sourcing process.

What kind of process do we apply to achieve this?

THE CYNEFIN® FRAMEWORK

CLEAR

COMPLEX
UNKNOWN

COMPLICATED
KNOWABLE, UNFAMILIAR

COMPLICATED

CHAOTIC
UNKNOWABLE

CLEAR
KNOWN, FAMILIAR

CONFUSED

CHAOTIC

COMPLEX

https://thecynefin.co/
Illustration by: Martin Berg, Rob England and Christopher Bramley
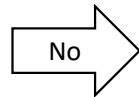
# Buyer - Supplier
- The pre-defined specification

...might be the worse sourcing preparation ever...

A pre-defined requirement specification, is made by the Buyer to describe what to source ("The thing").

Is "The thing" something simple and standard and sourced many times before?

No →

Is "The thing" something difficult to describe and understand, but still possible to descibe and understand by specification?
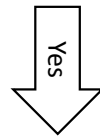
No →
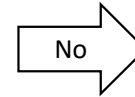
Is "The thing" something never done before and does it have many stakeholders that does not know yet what they want?
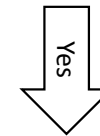
↓ **Yes**

↓ **Yes**

↓ **Yes**
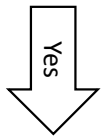
Categorized as "Simple" by Cynefin.

Hopefully the specification did not take too much time to write. Preferable it was re-used from before

Categorized as "Complicated" by Cynefin.

Hopefully the specification did not take too much time to write, addding too much lead-time

Categorized as "Complex" by Cynefin.

The specification is likely not correct, nor finished due to the unknowns.

We know that writing the specification added lead-time.

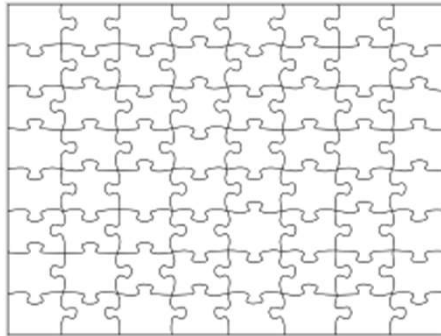← **What kind of sourcing process do we apply?** →

Buyer - Supplier
- System integration

Building large systems, includes sourcing many parts. Depending on the system architecture, customer value is distributed among many parts

-> Large interaction between different parts required.

Is system integration a simple, complicated or complex task?

*The interaction between parts might be reduced due to modular architecture, but the larger the system, the more interactions among parts.

Buyer - Supplier
- Lean or Agile sourcing

We need to judge what kind of sourcing process to apply, based on situation and context

Lean- Agile Procurement can help out, selecting and applying the best process to be used

https://www.lean-agile-procurement.com/

Buyer - Supplier
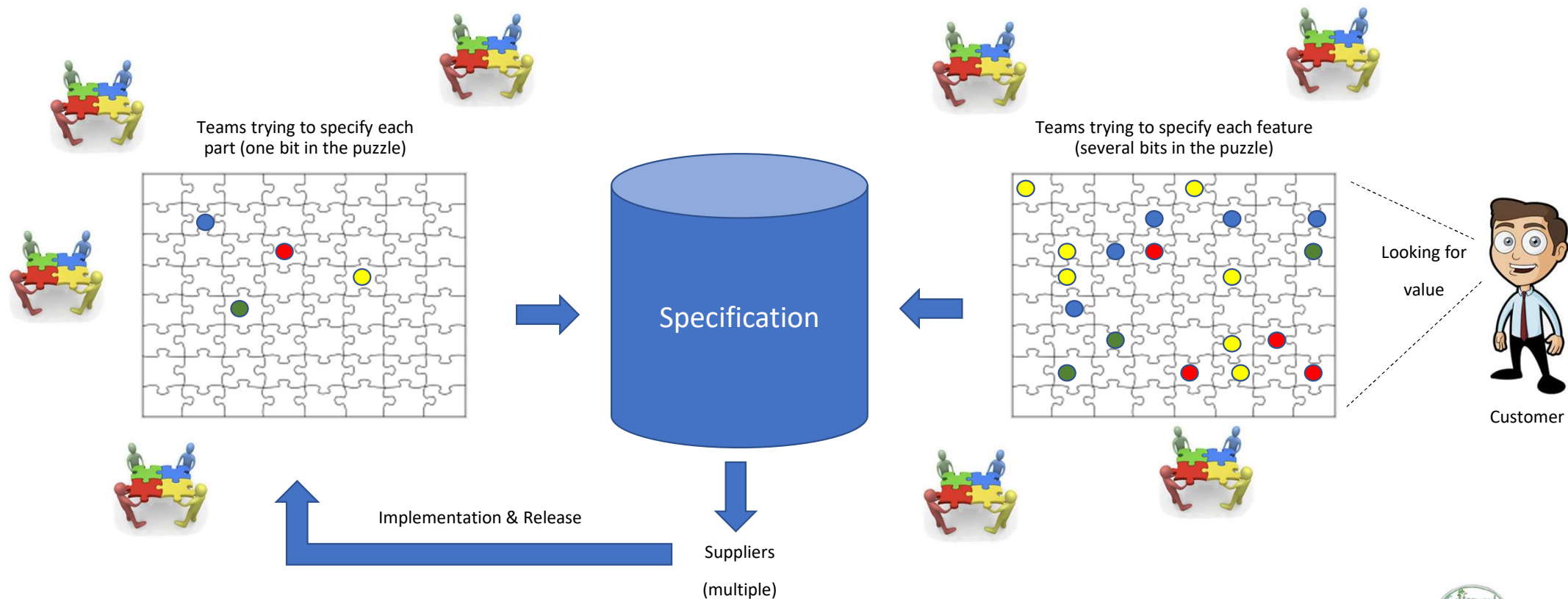# - Lean or Agile sourcing

Two cases of my own:

- "Large system specification"

- "Agile supplier response"

Case: "Large system specification"

Teams trying to specify each part (one bit in the puzzle)

Teams trying to specify each feature (several bits in the puzzle)

Specification

Looking for value

Customer

Implementation & Release

Suppliers

(multiple)

Case: "Agile supplier response"

Background:

- Existing, but vague specification in the sourcing documentation
- Known compliance and regulatory requirements
- Tight timeline

Outcome:

- Did not accept the specification as is
- Offered a competent team with the needed capabilities to manage the work to be done
- Provided a ramp up/down plan of the team based on the best knowledge for the moment
- Fixed cost per timebox of development + royalty fees for IP
- Defined agile working model including buyer and supplier roles and responsibilities

Focus on competence, flexibility and collaboration rather than locked in requirements and timeplanes
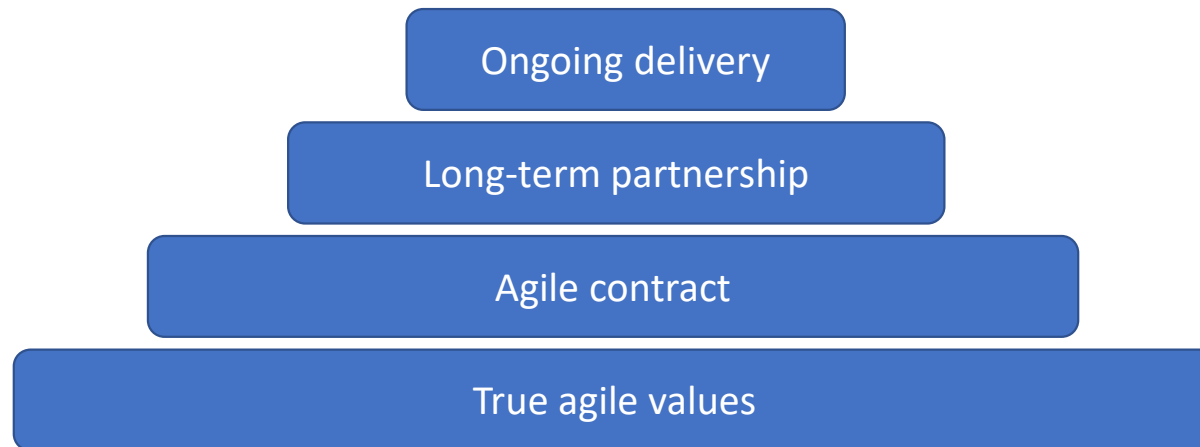
Agile contract

Agile contract is good, and must be based on true agile values (transparency, trust, flexibility and mutual benefit).

Source the competence, the capability, the agile maturity and the personalities, rather than deliverables and assumptions in a pre-defined specification

Plan for long-term partnership and not a one-time shop

Ongoing delivery

Long-term partnership

Agile contract

True agile values

Wrap up

- We are all part of an Eco-system, in some way
- Partnership
- Buyer – Supplier
- Define the collaborations of yours (Why and What)
- Lean or Agile sourcing
- Agile contracts need a base of core values

Thank you !

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BACKUP