

**CUSTOMER RELATIONSHIP MANAGEMENT
FROM MODENAS AS A BUYER'S PERSPECTIVE
IN A B2B RELATIONSHIP**

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UNIVERSITI UTARA MALAYSIA

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IN A B2B RELATIONSHIP**

By

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ABSTRACT

The company needs an achievement for business continuously in order to sure the satisfaction of customer every day. This is targeting refer to the group whether individual or organizations. One approach to implement this called Customer Relationship (CRM). The focus in relationship between sellers and buyers is focusing on revenue of benefits to each other and the result is in long-term connection for creating the value. The purpose of this research is to gain the knowledge on how CRM used in B2B situation. In order to gain the purpose, the research question focusing on supplier selection process and benefit from using the development of CRM. The use of research question as a guide, the literature review will look into result in framework concept as followed by collected data. While, in qualitative collected data, the large manufacturer national motorcycle was conduct by interview with high employee and documentation. The observation from this buyer of company overall gives change to look how they look at protruding current supplier by using CRM. The finding in this research shows that through CRM it will bring benefits to both supplier and buyers and not enough also to sure and make lasting the health relationship. This research also shows that when large size global company starting the relation, the complicated process will follow.

ABSTRAK

Setiap hari syarikat memerlukan pencapaian yang terus-menerus bagi memastikan kepuasan pelanggan samada kumpulan sasaran yang merupakan individu atau sesebuah organisasi. Kaedah untuk melaksanakannya dipanggil Pengurusan Perhubungan Pelanggan atau *Customer Relationship Management* (CRM). CRM melibatkan penjual dan pembeli yang memfokuskan terhadap penghasilan manfaat kepada kedua-dua belah pihak dan keputusannya dalam jangka panjang untuk penggabungan yang bernilai. Tujuan kajian ini adalah untuk menghasilkan kefahaman tentang bagaimana CRM digunakan di sekitar B2B. Soalan penyelidikan memfokuskan terhadap proses pemilihan pembekal dan manfaat dari penggunaan pembangunan CRM. Panduan soalan digunakan dan literatur yang jitu dalam konsep rangka kerja dilihat serta keputusannya adalah berpandukan kepada data yang telah dikumpul. Pengumpulan data secara kualitatif melibatkan kajian kes terhadap salah satu pengeluar motorsikal nasional terbesar. Pengumpulan data ini dilakukan melalui temuduga dengan dua orang pegawai dan melalui dokumentasi. Pemerhatian keseluruhan daripada pembeli telah memberi peluang untuk melihat bagaimana mereka memilih pembekal serta memulakan hubungan, dan bagaimana mereka melihat pembekal semasa serta penonjolan daripada CRM. Hasil kajian menunjukkan CRM dapat menghasilkan beberapa manfaat kepada kedua-dua pembeli dan pembekal serta memastikan perhubungan yang sihat berkekalan. Kajian ini juga menunjukkan apabila syarikat bersaiz besar dan global memulakan hubungan, proses yang rumit akan dilalui.

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DEDICATION

This project is especially dedicated to only my lovely mother, Mahyum binti Ismail. Thank you for encouraging, caring, and daring me to dreams. You are the source of my soul power. I will not succeed through all of the journeys of my life without your support. Further than words, I will not be able to mention how much your sacrifice that you had so far and maybe more. Thanks Mom... I love you, very much. This one is for you...

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LIST OF ABBREVIATIONS

CRM	Customer Relationship Management
QC	Quality and Cost
4M	Manpower, Machine, Material and Method
MC	Measureable Cost
DQCM	Design Quality Conforming Meeting
PPCM	Production Preparation Conformation Meeting
PQCM	Production Quality Confirmation Meeting
LOI	Letter of Intent
LOA	Letter of Agreement or Appointment
PPA	Principle Failure Agreement
QCD	Quality Control Division

CHAPTER 1: THE INTRODUCTION

1.0 Introduction

This chapter will introduce the idea of customer relationship management and how it has evolved during the past years. It will further discuss how the concept has and is used by organizations in business to business environments. The chapter will end with the purpose and research questions, and finally the limitations of the thesis.

1.1 Background

According to Payne and Frow (2006) Customer Relationship Management (CRM) has become more and more important over the last decade due to the emerging global markets. Even if the term CRM is relatively new it has its roots in relationship marketing which has been used as a tool for improving long run profitability by focusing on managing current customer relationships rather than winning new ones (Popovich & Injazz, 2003). Publications on the significance of relationship marketing can be traced back to the 1970s while its origin can be seen in ancient times, but it was not until the 1990s relationship marketing became a topic of great interest (Payne & Frow, 2006). Today, it is a necessity for organizations to bring high value to its customers by improved communication and personalized products and services (Popovich & Injazz, 2003). This can be accomplished by CRM strategies which seek to give quality service delivered with passion rather than exclusively focusing on price (Steward, 2005).

The concept CRM used widely and many authors define the term differently, therefore SCN Education (2001) has divided the concept into six main parts presented below:

- customer needs
- partnership
- increasing profits
- loyalty

- value
- satisfaction

Combined these part gives overall view of CRM from both the buyers and the sellers perspective. All the part can be seen as goals for organizations when performing CRM strategies meeting customer needs, creating satisfaction, increasing profits etc.

By creating loyal customers a company can save the switching costs according to SCN education (2001) are five times the cost as retaining an existing customer. Having a loyal B2B customer is not only about the maintenance of the relationship overtime, it is also about nurturing the relationship to encourage re-buys and a level of support (Rauyruen & Miller, 2005).

Millions of dollars spent each year by organizations that sell to customers trying to observe what customers think of their products and services and what will motivate them to buy more (Stewart, 2005). In contrary, evidence shows that Business-to-Business (B2B) organizations do not put as much effort in to their customer relationships (Stewart, 2005). A B2B contacts are often of high value and due to the fact that in a standard B2B organization about 80 percent of the revenue comes from 20 percent of the customer makes this research area about CRM in B2B organizations even more interesting (Stewart, 2005).

1.1.1 Buyer-Seller Relationships

Motorcycle manufacturers do not perceive suppliers as a homogenous group. There are different categories among a company's suppliers, which determined by variables such as the degree of supplier involvement or the transfer of information. The different buyer supplier relationships presented in table 1.1, which is based on the buyers and suppliers specific investment. These are investment in for example buildings, people, equipment or other investment that are difficult or expensive to transfer to another relationship and therefore they will probably loose value when redeployed to another supplier or customer. Each of the different cells in the framework contains low and high-performing relationship, saying that each type of

relationship can be well or poorly managed depending on how well they maintained (Perez & Sanchez, 2001).

Table 1.1: Buyer-seller relationships

High	Captive buyer	Strategic partnership
<i>Buyer's specific investments</i>		
Low	Market exchange	Captive supplier

Low *Supplier's specific investments* High

Source: Adapted from Perez and Sanchez, 2001

Both buyer and supplier are has committed highly specific assets into the relationship when a *strategic partnership* occurs. The products highly customized, require technology and engineering capabilities. The market characterized by high-growth and competitiveness. The difficulty of the relationship requires close connections between the parties and results in a disadvantage when it comes to redeploying investments (Perez and Sanchez, 2001).

In a *market exchange* relationship, the products are highly standardized that requires little or no customization to the final product, and it requires little engineering effort and support from the suppliers. The market is highly competitive and many available alternatives at low switching cost, this makes it easy for either the buyer or supplier to shift to another business at any time (Perez and Sanchez, 2001).

In the *captive buyer*, the buyer makes high levels of investments and the supplier's investments are low involves complex products that require some customization. The market consists of a few large, well-established suppliers, which gives them the bargaining power and a large level of control. It is vital for the buyer to maintain the relationship due to the few numbers of suppliers and high switching costs making it hard for the buyer to shift to others. In malice of the common need for information exchange, the relationships are fragile due to high levels of distrust (Perez and Sanchez, 2001).

The *captive supplier* relationships involve complex products typically developed and owned by the supplier. The supplier making the investments because maintains the relationship by putting more effort in the relationship than the buyer. The buyer has no difficulties switching to another business partner. Although, there is a high level of trust in this type of relationship while the information exchange less compared to the other three types (Perez and Sanchez, 2001).

Perez and Sanchez (2001) further argues that all of these four different relationships have one thing in common; selection criteria. The study shows that quality, delivery and price are most important when conducting a transaction especially in the automotive industry and no matter what kind of relationship there is.

1.2 Background MODENAS

MODENAS or Motorsikal dan Enjin Nasional Sdn Bhd is a national motorcycle company producing various small motorcycles below 200cc for local markets and export. The company's factory are located at small town of Gurun, Kedah with spearheads the technology transfer and development of motorcycle manufacturing. Although the vision will not realized within a short time distance, it is a strongly held confident that Malaysia will one day become one of the formidable manufacturers of motorcycle for worldwide distribution.

The history of the MODENAS began at the early 1990's. MODENAS was formed in 1995 and Kawasaki Heavy Industries, Sojitz Corporation, Khazanah Nasional Berhad and DRB-HICOM held majority of its share after the success of Malaysia automotive manufacturer PROTON. The government looked forward to launch a national motorcycle project in 1995 with the authorized capital of RM200 million and the paid-up capital of RM400 million with the maximum plant production capacity of 200,000 unit bikes in three shifts per year.

The MODENAS project was one of the fastest completed projects in the DRB-HICOM stable of companies with an investment of RM600 million. Building construction and infrastructure completed in May 1996, the groundbreaking ceremony in August 1995 celebrated within 9 months.

MODENAS paraded the first 100 units of motorcycles in the 1996 on Merdeka Day celebrations and the sales of MODENAS Kriss, the 4-stroke, 110cc moped began in November 1996. MODENAS achieved its 1,000,000th unit production in June 2007 one year after sales commenced in the domestic market. Presently MODENAS is exporting its products to 13 countries international with Greece being largest importer. MODENAS is also the current market leader (110cc and below class) in Greece beating the more established top Japanese motorcycle brands. From the first day, the idea mooted until the day the first model introduced to the local market and then to the international market, MODENAS achieved through the sheer dedication and hard work of the management team and all the staff of MODENAS.

1.3 Problem Discussion

Zahay and Griffin (2004) defines CRM as “the process of segmenting customers and tailoring relevant offerings to them to create value for the firm”. This process included to manage relationships by focusing on customer maintenance and relationship development (Popovich & Injazz, 2003). Company used to be able to satisfy their customers’ need with standardized products and mass marketing, but nowadays the needs and preferences of customers are under constant change, which requires firms to define smaller and smaller segments (Popovich & Injazz, 2003).

CRM can be used as a tool to identify the right customer groups in order to help deciding which customer to retain (Bull, 2003). To be able to accomplish this, firms have to distinguish between transaction and relationship customers. A transaction customer described as one with little loyalty with its focus on getting the best deal possible. Relationship customers are often more loyal and prepared to pay a higher price in exchange for a range of reliable goods or services. Many people argue that it would be beneficial to organizations if they could distinguish between these two types and focus on relationship customers.

The aim of CRM is being used differently by different companies and some of them use CRM to gain short-term revenue or to reduce costs through the automation of sale or service processes ultimately putting more responsibility on the customer for self-service. These aims do not build any long lasting relationships and given the large investments CRM often requires these goals can not be justified based on productivity or short-term profit improvements. The aims of a company should according to Lawrence (2002) consist of cementing a long-term, collaborative relationship based on shared trust (Lawrence, 2002).

Companies are spending billions of dollars on CRM technologies and databases collecting all kinds of information about its customers while the human resources which are a crucial element of CRM sometimes forgotten. Other companies view CRM as a one time related effort and therefore outsource to consultants while in reality successful CRM will need both technical and human resources working together for a long period of time (Gentle, 2002). According to Lawrence, (2002) there are many instances when employees are the last to be consulted about the possible uses, features and benefits of CRM and when the systems are installed employees improperly use the systems capabilities.

If CRM is performed correctly and in the steps your marketing staff should be able to reach the right people with the right message at the right time (Gentle, 2002). In B2B, organizations many of the factors discussed above are overlooked which can result in organizations awareness about an unhappy customer not being discovered until the business is lost to a competitor (Stewart, 2005). It should not be considered as an add-on for a supplier to find out its customers most wanted needs; it should be continuously conducted by the firm, “the secret of keeping your customers happy is to continue paying them attention” (Stewart, 2005).

Research has aimed to show the benefits for the seller when performing successful CRM but the buyer benefits just as much especially in B2B industries. The buyer gains benefits from the sellers attempt to satisfy the needs of the buyer by becoming a dependable and high quality supplier; this is especially true for larger well known companies where becoming a supplier brings many benefits (Wilson, 2006). The buyers selection process thereby becomes a very important part in CRM, a seller should by constant CRM try to affect the buyers’ supplier selection process in terms of meeting their needs and satisfying their demand (Wilson, 2006).

1.4 Research Questions

Based on the problem discussion presented above, the purpose of this study is to create a better understanding of how B2B relationships are developed and how companies use CRM. In order to reach this purpose the following research questions are stated below:

RQ1 – How can the process of selecting suppliers be described?

RQ2 – How can the benefits of CRM be described?

1.5 Limitations

This study will focus on Customer Relationship Management (CRM) from a Business-to-Business perspective. Since most studies reviewed about this subject have focused on the sellers' perspective, the research questions will be answered from the buyer's point of view. I will closely look into strategic issues connected to CRM within a large multi-national enterprise.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

In this chapter gives an overall presentation and review previous scientific studies related to customer relationship management from a business-to-business perspective. Firstly, studies connected with the process of selecting suppliers will present. Secondly, studies related to values and benefit created from a business-to-business relationship will describe. In the last section of this chapter, the conceptual framework will present.

2.1 Selection process in a B2B relationship

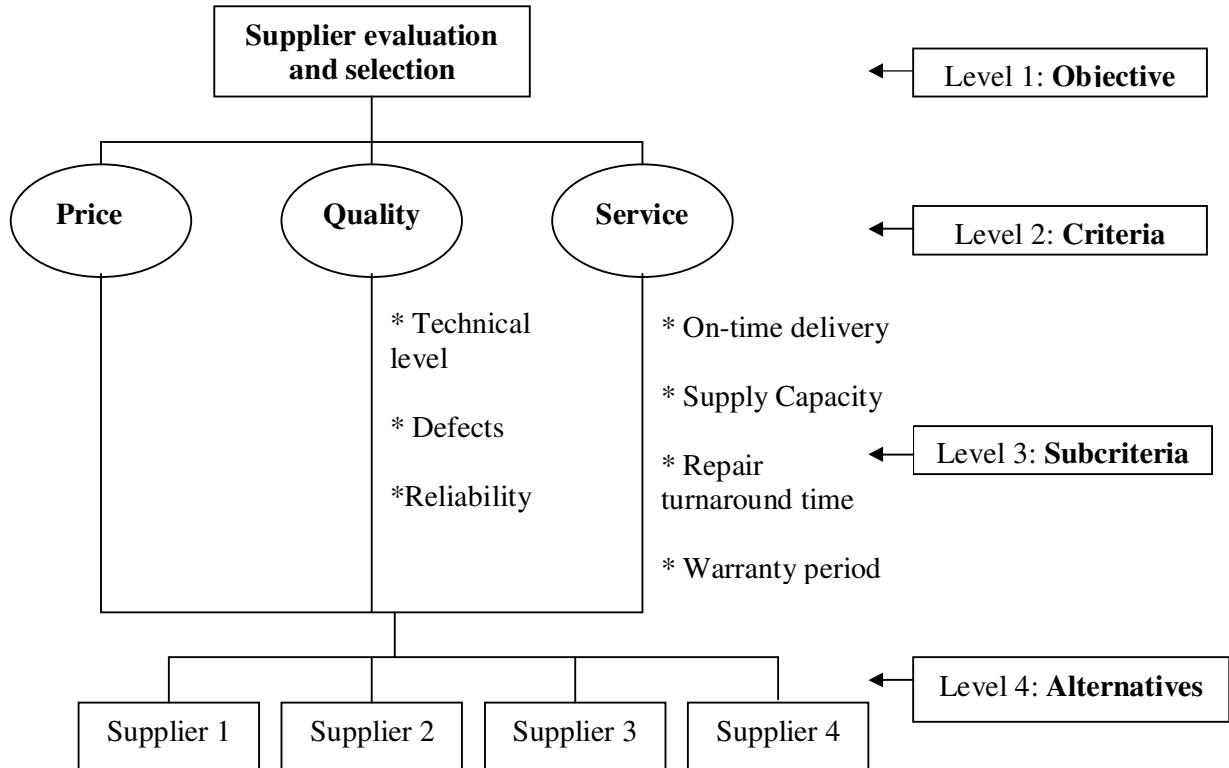
The selection of what relationships to join in other words the selection of suppliers is becoming more and more important for many organizations. The selection process determines the quantitative and the qualitative factors in order to select the best-suited supplier (Chan, 2003). The supplier who gives the buyer the most overall value which is a function of factors such as price, delivery, and quality, will have the highest chances being selected as a partner. The increased competition and shorter life cycles of products has made it important for companies always to have the right suppliers who constantly deliver on their promises (Chan, 2003).

2.1.1 Criteria's for selection

Making the right choices in supplier selection significantly reduces the material purchasing cost and improves corporate competitiveness, which is why experts believe that the supplier selection is the most important activity of a purchasing department. Supplier selection is complicated by the fact that suppliers may have different performance characteristics for different criteria. For example, the supplier who can supply an item for the lowest per unit price may not have the best quality or service performance among the competing suppliers. Supplier selection should be seen as “inherent multi-objective decision that seeks to minimize procurement cost, maximize quality and service performance concurrently”. The decision of selecting

a supplier should be made on an orderly sequence of steps. They have therefore broken down the problem into more manageable sub-problems through a multi-level decision hierarchy presented below (see figure 2.1) (Weijun and Zhiming, 2007).

Figure 2.1: Supplier selection hierarchy



Adapted from: Weijun and Zhiming, 2007, p.4

In the above hierarchy, the top level in hierarchy above represents goals of the problem while the last level consists of alternative suppliers. The common criteria's which are usually considered when selecting suppliers are presented in level two, which are the price, quality and service. In the third level, these factors divided into sub-criteria's, which could affect the supplier selections.

Once the hierarchy has been prepared the criteria's should be evaluated and weighted, where the sub-criteria's combined gives an overall score of the Level 2 criteria's,

ultimately finding for the best suited supplier. The sub-criteria on-time delivery in this model made for using just in-time delivery to reduce the storage and handling costs.

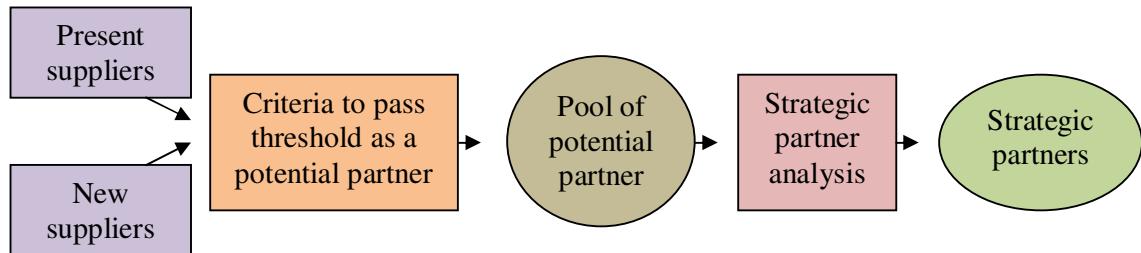
By putting more weight on on-time deliveries, it is especially important in manufacturing industries since the competition is high and just in-time deliveries seen more in this industry than any other. Spekmans (2001) uses a stricter model when selecting a supplier the first step in the figure follows traditional forms of supplier evaluation.

2.1.2 Spekmans models

Both present and new suppliers are evaluated and have to pass threshold criteria to enter the next stage (see figure 2.2). The second stage contains a reduced set of potential suppliers and in selecting strategic partners among them. An effect of this kind of screening is that the threshold will limit the second stage of the process so it only contains potential suppliers who meet certain criteria's.

The standard criteria such as quality, price, and delivery are described as “necessary-but-not-sufficient” conditions when considering potential suppliers compared to Weijun and Zhiming who consider these factors vital when choosing a supplier. Finally, the organization conducting this two stages approach will have left those suppliers who complied the most with the evaluating criteria's and are therefore best suited as business partners (Spekmans, 2001) .

Figure 2.2: Selecting a strategic partner



Adapted from: Spekman, 2001, p.79

2.1.3 The use of scorecards

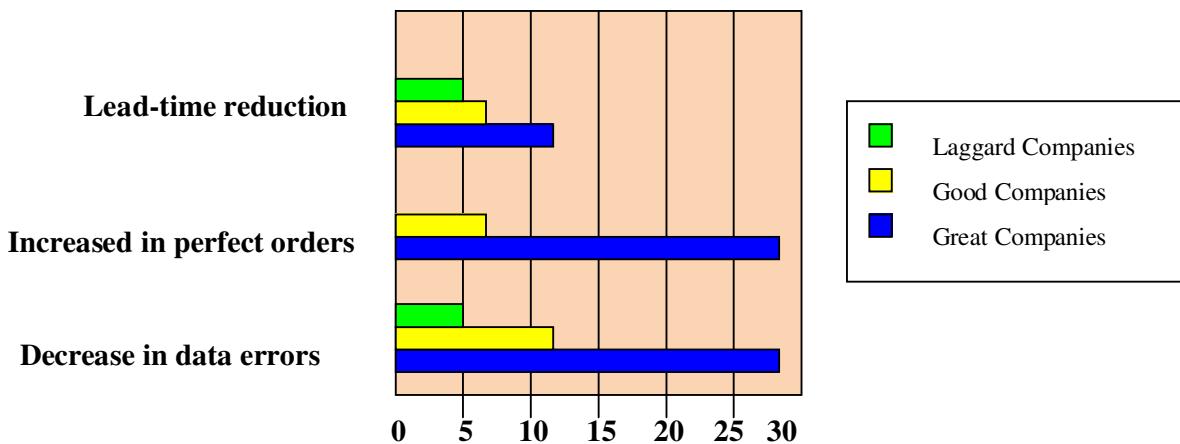
One way of evaluating current suppliers is by using scorecards, it is an acknowledged method of measuring the effectiveness of companies' supplier. A typical scorecard measures factors such as product quality, on-time delivery and payment terms, and the goal is to achieve continuous improvement among suppliers. Each factor ranked by its importance and receives a percentage depending on how critical factor to the organization.

Each head category consists of several sub-categories which receives grades according to the suppliers' performance. The head category then receives a total rating depending on the mean score of the sub-categories. The final score of the supplier is determined through a function of the head-categories where the percentage of importance is taken in consideration. Each company has different demands on their suppliers but in most cases a company will have the lowest allowed score on their scorecards. A supplier who falls below this score will be included in an action plan, where they together will try to improve the performance of the supplier. If the plan fails and the supplier keeps falling below the target scores the company will start looking for alternative relationships (Kay, 2005).

Scorecards are used differently by different companies some companies put more weight on monitoring and measuring strategic suppliers and partners. These companies are most likely not industry leaders in their line of business, you can focus on what is most important but if you do not have screws you will not be able to ship a product and customer satisfaction will not be reached (Kay, 2005).

The outcome of the scorecard is dependent on how it is used, the more supplier events monitored, the higher the odds of extreme performance improvement (See figure 2.3)

Figure 2.3: Performance improvements



Adapted from: Kay, 2005, p.41

The figure above shows three different groups of organizations. Each company placed depending on how well they handle their international and domestic supplier. Companies with well working methods of monitoring a large part of their supplier placed in the Great companies' category. By becoming better at monitoring domestic and international supplier events, a company can improve its odds of achieving extreme improvements in supplier performance. Figure 2.4 shows that by having large control over the performance delivered by a supplier the perfect orders will increase with a substantially more amount compared to companies that do not. The option of determining whether to search for new suppliers or continue current relationships becomes easier and the possibility of making a correct decision will increase.

2.1.4 Analytic hierarchy process (AHP)

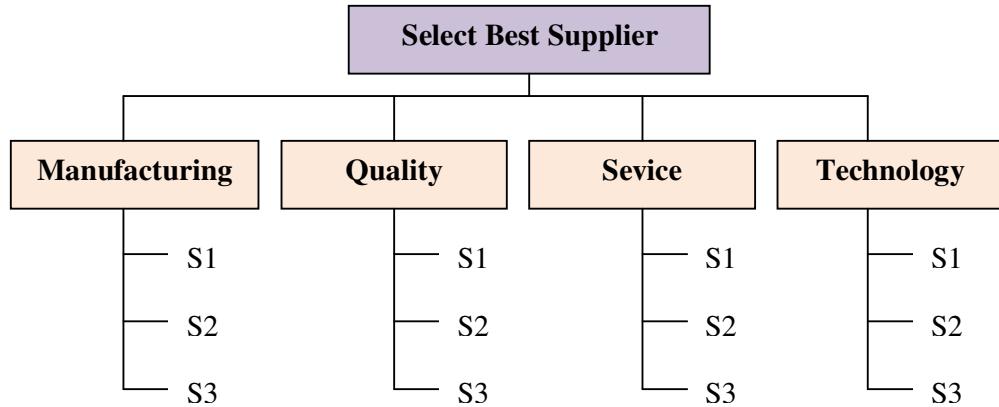
AHP described by Bhutta and Huq (2002) as an approach used in multifactor decision-making environments, and structured for managers to determine scores and weights for different criteria's when comparing with different suppliers. It is a method developed for prioritizing alternatives, driving managers to assess weights and to various criteria. The alternative with the highest total weighted score selected as the supplier of choice.

In Buttha and Huq (2002) illustration of the AHP approach, they assume that there are four criteria used when a company evaluates suppliers, which stated below:

- Quality
- Manufacturing costs
- Service
- Technology

These factors are used in the hierarchy of decision when selecting a supplier (see figure 2.4), figure 2.4 assumes that there are three suppliers who are appealing for the company using the AHP approach to evaluate their suppliers and ultimately choosing the most suitable supplier.

Figure 2.4: Hierarchy of decision



Source: Bhutta and Huq, 2002, p.132

The first step in the AHP procedure is to expand a matrix that will compare each criterion under the consideration of another criterion shown in table 2.1.

Table 2.1: Criterion comparison

	Manufacturing	Quality	Service	
Technology				
Manufacturing	1	3	9	7
Quality	1/3	1	5	7
Service	1/9	1/5	1	5
Technology	1/7	1/7	1/5	1
Column totals	1 3/5	4 1/3	15 1/5	20

Source: Bhutta and Huq, 2002, p.132

In this comparison, the number one placed diagonally from the upper left-hand corner down to the lower right-hand corner. In this table the scores range from number one up to number nine where number one considered as equally preferred and number nine considered as extremely preferred. Using this scale, table 2.1 shows that manufacturing is extremely preferred to the service hence the number nine printed in intersection of manufacturing and services in row one. The figure which stay in row one the figure also shows that manufacturing is moderately preferred to quality consequently the number three can be seen in the intersection of manufacturing and quality consequently the number three can be seen in the intersection of

manufacturing and quality in row one. This gives the scores in column one where quality is 1/3 of the importance compared to manufacturing and where service receives the score 1/9 when compared to manufacturing. The other cells filled in an identical manner (Buttha and Huq, 2002).

Then, these scores used to calculate new row averages where the most important criteria receive the highest score and when comparing with each supplier the buyer will have an easier job of selecting the most suited vendor for the part or parts. The most important benefit with this process of selecting suppliers is that it forces the buyers to develop the hierarchy themselves actually. Buyers forced to seriously consider the different factors and compare them to one another to justify the relevance of each criterion (Buttha and Huq, 2002).

2.2 Values and benefits from CRM

The importance of customer satisfaction is becoming more and more noticed in B2B firms, where some companies are taking customer feedback more seriously by measuring satisfaction to improve loyalty, advocacy and profits. It is important for companies to find out what kind of relationships they are and in what pros and cons created from each relationship. If it is important for the seller is to evaluate their customers, it is even more important for the buyer to evaluate their suppliers. Is the CRM performed by the supplier are at a desirable level from the buyer's point of view? An increasing trend shows that companies are becoming more aware of the use of supplier to create competitive advantages (Hosford, 2007).

2.2.1 Successful-problematic matrix

Leek and Turnbull (2006) propose process and outcome dimensions can examine whether relationships are successful or problematic. The ease or difficulty of dealing with suppliers or customers refers to the process of the relationship (see table 2.2).

The outcome dimension in the table below correlates to a number of variables such as sales value, value creation or competitive advantage, the two dimensions of outcome

and process integrated to yield four different typologies, which further defined below (Leek and Turnbull, 2006).

Table 2.2: The successful-problematic matrix of relationships

Process	Outcomes	Problematic	Successful
Problematic	Problem Child	Rough Ride	
Successful	Easy Under Performer	Smooth Achiever	

Source: Leek and Turnbull, 2006, p.3

Problem Child

In managing this kind of relationship where the process of dealing with the relationship is problematic and the outcome expected or sought not achieved is complex. The relationship offers small benefit in terms of value or competitive advantage and the interactions between the parties are complicated and taken as a whole. It appears that there is little to gain from this relationship. Taking those factors in consideration as it may be wiser for the company to end such relationship (Leek and Turnbull, 2006).

Easy Under Performer

The result of this relationship does not offer any significant competitive advantages or value but the management compared to a relationship of problem child smooth. According to Leek and Turnbull an easy under performer relationship may be using resources that could be deployed more usefully elsewhere but such relationships can be maintained and endured because of anticipated future returns on the investment (Leek and Turnbull, 2006).

Rough Ride

This is a stormy relationship, where both parties challenging each other to be innovative and creative which means that the process of this relationship is difficult. The outcomes is still successful and these kinds of relationships are very positive (Leek and Turnbull, 2006). Large and influential supporting industries often lead to compleptive advantage (Kotler, 2006).

Smooth Achiever

This type of relationship perceived to be a top performer, the result is positive and the process is easy to manage. Just because a relationship placed in a specific category such as smooth achiever or rough ride does not means that it will remain there. Due to this, challenging relationships can turned into successful ones and on the other successful can turn into problematic relationships. Moreover, successful relationships often overlooked by companies and if they remain, unchallenged or if there is not enough resources invested into a relationship it can deteriorate (Kotler, 2006).

2.2.2 Value through Dependence

Through relationship marketing theory and practice, it has proven that dependence between partners is a crucial issue in determining the value creating for both partners in a business relationship (Roemer, 2006). According to Roemer (2006) dependences is low when a partner has valuable outside alternatives. Roemer (2006) discusses four different types of relationships (see table 2.3), which is determined depending on whether the dependence is low or high on the buyer side of the relationship or on the seller side of the relationship.

Table 2.3: Distribution of dependence in buyer-seller relationships

High	1) Symmetric Dependence	2) Buyer's Dependence
Buyer's Dependence	3) Supplier's Dependence	4) Symmetric Dependence
Low	Low	Supplier's Dependence

Adapted from: Roemer, 2006, p.93

In the above table, the relationship is symmetric if the dependence is equally distributed between the partners (Types 1 and 4) and if the dependence differs, it resulted in the relationships are symmetric (Types 2 and 3). Type one relationships has high dependence since both parties do not have any valuable outside alternatives, hence conflicts are unlikely to occur. In this case, we can expect a collaborative and long-term relationship. Type four relationships also shows there are lack of the likelihood of conflicts arising since neither party is dependent on each other and a partner could easily switch to another if a conflict would occur. In the two remaining relationships management problems are more likely to occur, the less dependent partner might exploit the other business partner. In type three relationships where the supplier is dependent on the buyer, CRM is especially important to create value for continuous cooperation (Roemer, 2006)

Wilson (2006) writes that suppliers are putting a lot of effort into satisfying buyers by exceeding expectations and delivering high quality products and services. It could therefore said that the type two and type three relationships where the supplier is dependence differ the most that value can be created. In type three relationships where the supplier is dependent, the buyer will gain value through on time deliveries and high quality while the supplier will gain increased in sales. In type two relationships, the supplier can most likely increase the price and through higher margins will gain

value. Moreover, the supplier is flexible in choosing alternative strategies and the likelihood of ending the relationship and switching partners is high.

2.2.3 Value through successful relationships

Galbreath (2002) describe the best relationships as interdependent. It means that both parties involved will gain the most value if they rely and trust each other to do what is necessary to benefit the relationship. Suppliers need to gain trust through successful CRM, where communication and collaboration can be used as tools. In order, further to maximize the value, the relationship has to be effectively understood, organized and leveraged throughout the business. This will result in a win-win situation for a business.

In most industries today, partners and suppliers are playing a major role in business's ability to generate revenue and profit. This is because organization's affiliates are becoming more and more integrated in firm's core process, which include everything from product development to planning and managing the enterprise. One way to understand these relationships, and their interdependencies, is through three primary attributes defined and described as: the goal of the relationship; the resulting key value outcome of the relationship; and the key ingredient for its success. Table 2.4 summarizes these attributes for maximizing value in B2B relationship.

Table 2.4: Relationship interdependencies

Goal	Outcome	Key ingredients for success
<ul style="list-style-type: none"> - Speed to market - Improved innovation - Accelerated business velocity - Maximum quality - Efficient inventory management 	<ul style="list-style-type: none"> - Quality revenue growth - Profit improvements - Increased customer share - Fewer returns - Decreased costs - Higher customer satisfaction 	<ul style="list-style-type: none"> - Electronic integration - Collaboration - Continuous communication

Adapted from: Galbreath, 2002, p.11

Being a “high-velocity” company described as the essence of what supplier relationships is all about; it enables organization to do more and therefore create more value to the relationship where is done by focusing on its core competencies. Since there is no longer possible as a single business to be all things to all people, letting other to do the things they can do better is a necessity. The integration of an organization’s people, processes and technology with their key suppliers is essential for the relationships and result in further value creation. By integrating effectively, the supply chain is becoming one of the most important points of competitive differentiation for any business, and competing on their supply chains is becoming more important for companies rather than competing on their products (Galbreath, 2002).

“Without close partner and supplier integration, business cannot achieve their desired business velocity; and maintaining velocity is essential to long-term growth and success” (Galbreath, 2002).

2.3 Conceptual Framework

The conceptual framework will describe the main points that will be studied in this thesis (Miles and Huberman, 1994). The theories presented above in chapter two has been review and analyzed, and the theories believed to be the most suited and relevant to answer the research questions are presented below. The theories regarding the process of selecting a supplier are the first to be outlined followed by the theories that explain how values and benefits created from a relationship.

2.3.1 Conceptualization of RQI – The process of selecting a supplier

It is just as important for companies to make the right choices when selecting a new supplier as it is to constantly evaluate its current suppliers. This research question will therefore rely on two theories. The first theory by Weijun and Zhiming (2007) explains how companies should evaluate and select its suppliers; this theory will use since it is recent and covers the whole selection process. Weijun and

Zhiming's (2007) model of supplier selection consists of four levels, which show in table 2.5 below:

Table 2.5: Summary of selection process

1. Objective - find a supplier	2. Criteria - Quality, Price, Service
3. Sub-Criteria's - Delivery, Warranty, Capacity, Turnaround, Reliability, Technical level, Defects	4. Alternative - Suppliers considered

Adapted from: Weijun and Zhiming, 2007, p.132

The second theory by Kay (2005) describes how current suppliers are evaluated and whether companies should search for alternative suppliers this study will be used since it is recent and uses an acknowledged method in evaluating current suppliers. Kay (2005) uses scorecards as a method of evaluating the current suppliers. The following issues will be taken in consideration when studying supplier evaluation and the use of scorecards.

- **Categories**
 - E.g. Product quality etc.
- **Sub Categories**
 - E.g. Shipping Damage etc.
- **Suppliers monitored**
 - E.g. Amount, Types, Evaluation
- **Action plan for bad performance**
 - Length, Actions etc.

The study by Kay consists of categories and sub-categories individually chosen by companies using the scorecards. Next, Kay further describes that the performance of companies conducting the evaluation depends on how well and how many of the

suppliers being monitored. Kay states that companies putting more weight on strategic partners and suppliers are most likely not an industry leaders.

2.3.2 Conceptualization of RQ2: Value created from B2B relationship

In order to examine what values and benefits created from a successful B2B relationship, and to gain a wider understanding of this topic, there are two different theories will use. The first one is Galbreath's (2002) study where he uses three different attributes for describing the interdependence within a relationship and what values that created. This theory will use since it is broad and will give a solid foundation for the interview guide. Overview of the theory given below in table 2.6:

Table 2.6: Relationship interdependencies

<i>Outcome</i>	<i>Key ingredients for success</i>
<ul style="list-style-type: none"> - Quality revenue growth - Profit improvements - Increased customer share - Fewer returns - Decreased costs - Higher customer satisfaction 	<ul style="list-style-type: none"> - Electronic integration - Collaboration - Continuous communication

Adapted from: Galbreath, 2002, p.11

From the table, the study lists several goals, outcomes and key ingredients for success in a relationship. This thesis will put more emphasis on the value outcomes of a relationship and the key ingredients for success since it directly connected to the research question.

Secondly is Roemer's (2006) study and his framework which discusses on used of relationship interdependencies will be used. This study used since it is very recently developed and it gives a qualitative description of several relationships and the different possibilities for value creation. The four relationships described by Roemer are:

- **Symmetric dependence** (Both parties have high dependence)
- **Buyer's dependence**
- **Supplier's dependence**
- **Symmetric dependence** (Both parties have low dependence)

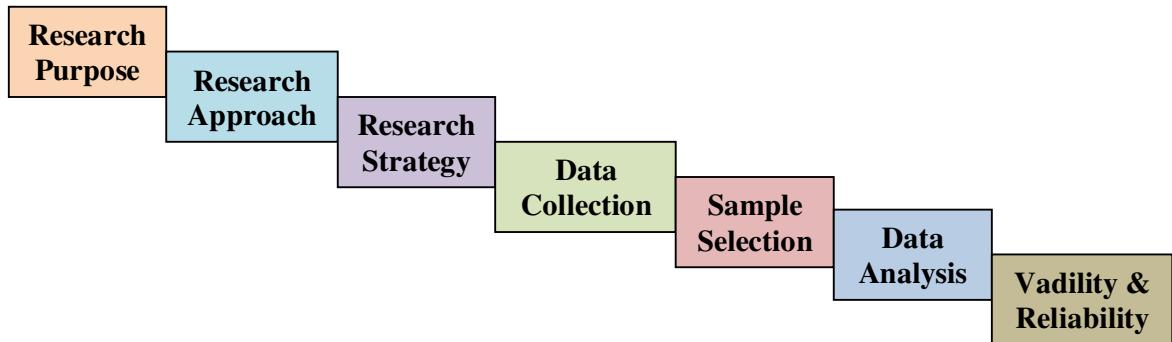
The theory will use to investigate where CRM needed to create benefits in a relationship and the benefits that can create in doing so.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

The earlier chapter discussed the theories, which used in the study. This chapter will present how to we compared theories with reality. The methodology approach of the chapter is shown in figure 3.1, where the chapter will start on by describing the research purpose and ending with the reliability and validity which is as presented in the figure as function of all the parts in the methodological approach.

Figure 3.1: Methodological approach



Adapted from: Foster, 2006, p.61

3.1 Research Purpose

The purpose of a research is most likely explanatory, exploratory, descriptive or a combination of any the three (Eriksson and Widersheim-Paul 2003). This study will include all three purposes to a smaller or greater extent; the purposes described below followed by a detailed explanation of the purpose selected in this study.

- Explanatory: These studies are useful to establish informal relationships between variables. Researchers study a situation or a problem in order to explain the relationship between the variables. (Saunders, 2003).
- Explanatory: These studies clarify the understanding of a problem and is used to formulate an exact problem and give the researcher the knowledge of what is previously known in the area (Eriksson and Widersheim-Paul, 2003).
- Descriptive: Used to describe a research problem where information already exists and when the problem is clearly structured or a concept needs to be described (Eriksson and Widersheim-Paul, 2003).

This study is mainly descriptive as it aims to describe a process and concept. Furthermore, the study is also rather explanatory and exploratory. It is explanatory since the study is attempting to illustrate conclusions by answering the research questions. The study is exploring the benefits created from CRM from a buyer's approach in order to achieve a better understanding of the concept. The study describes the process of selecting suppliers and the benefits created from CRM were summarized, but it also begins to explain the connections between relationships and it explores the process and concept to achieve a better understanding.

3.2 Research Approach: Qualitative

Holme and Solvang (1997) states that within qualitative methods it is the researchers' understanding or interpretation that stands in the center. Qualitative methods can be seen as gathered concept for a procedure that to a greater or smaller extent combines the following five techniques; direct observation, participating observation, informant and respondent interviews and analysis of sources (Holme and Solvang, 1997).

In qualitative analysis, the researcher has to be able to change the planning of the study because qualitative approaches are also characterized by flexibility. There are two issues that characterize this flexibility. Firstly, they will add or correct if during the study any questions at issue are left out or formulated incorrectly. Secondly, the planning is flexible in relation to how the approach in research strategy or strategies. Both the questions used and in what order they are applied (Holme and Solvang, 1997).

This thesis has used a qualitative approach based on the discussion above and the fact that the reason of qualitative approaches is to interpret and understand phenomenon. Since the research questions demands description and explanation, this approach has been well suited to answer the research questions a qualitative approach aims to measure and explain it (Holme and Solvang, 1997).

3.3 Research Strategy: Case Study

The purpose of a case study is to take small part of a large course of events and with the help of the case describe the reality and state that the current case will have to be the reality. One of the advantages with a case study is that studying an organization does not have to include every business unit. The study will still give the reader and understanding of how something performed or works in an organization from the study of one exacting business unit within an organization (Ejvegard, 2003). For example, the selection of organization is MODENAS that produced business unit in motorcycles.

A case study has also been used due to the fact that case studies should be used when answering “how” questions and is compatible for qualitative studies (Yin, 2003). Yin further stated that case studies should be used when investigators have little control over behavioral events and are investigating existing events (Yin, 2003).

3.4 Data Collection: Interviews and Documentation

When considering the choice of data collection method the researcher should be well aware of the fact that it is a question of determining what method is best suited in practice (Denscombe, 1998). The researchers should ask themselves what methods is the most appropriate for the task and not only focus on trying to use methods as advanced as possible, instead, they should focus on the most relevant (Denscombe, 1998).

Interviews have been used in this study as a way to obtain profound insights in the topic of CRM (Denscombe, 1998). This study is in need of detailed information but at the same time the study does not require information from a large amount of sources, an interview was justified as a tool for data collection in this thesis (Denscombe, 1998). This study used a semi-structured interview where the interviewer had a prepared protocol of what questions were discussed and answered (Denscombe, 1998). In semi-structured interviews, the investigator is open for changes in the protocol in terms of in what order the questions will be asked and letting the interviewee develop his answers and speak more detailed about the topic in consideration (Denscombe, 1998).

In addition to interviews data will be collected through documentation, which has been used to compare with the theory and to confirm and provide details on the respondent's answers. Documentation used in this study is organizational reports and plans. The documents were obtained through the respondents and are not official documents available to the public. The document will increase the validity of the thesis and combined with the interviews it will increase the accuracy of the study and increase the possibility of convincing the reader (Yin, 1994). The reasons for selecting documents and interviews as tools for data collection were based on a number of facts described by Yin (1994) and Denscombe (1998) which are stated below:

- Perceived to give the most relevant information on the topic
- high accessibility to documents and interviews
- documents can be reviewed numerous of times
- both tools focus directly on the case study topic
- documents are exact and unobtrusive, and
- both methods give insightful information.

3.5 Sample Selection

When conducting a case study, one or few samples are used in order to receive as much deep-going information as possible. The sample is chosen from several different aspects such as people, organization, circumstances etc. Once chosen as sample, the researcher has to motivate the choice (Denscombe, 1998).

The goal of this case study was to examine a company's relationship with its suppliers and to how they are affected by customer relationship management (CRM). The best-suited company would have been a large-sized enterprise with a lot of different suppliers and which could result in a lot of qualitative data.

The company chosen as sample for this thesis was MODENAS, which is a large-sized national company in the motorcycle manufacturing industry in Malaysia. MODENAS was selected because of the company is the biggest national company in Malaysia within its industry in producing the national motorcycle. Such a large national motorcycle company in this nation it continuously affected by CRM from their suppliers with a desire to become a MODENAS supplier. To be able to collect qualitative data this study has performed on the MODENAS plant in Gurun, Kedah, which is the only one manufacturing plant in Malaysia where entire national motorcycles built.

The motorcycle manufacturing industry characterized by high competition among some amount of competitors compared to the other industry. The barriers of entry can therefore considered high, which results in suppliers challenging with each other over the manufacturing firms. Suppliers' potential relationship with companies such as MODENAS, a company with a large market share, could result in long-term profitable contracts. It is relationships like these, which make it interesting conducting a research covering this area.

During a study three interviews conducted, the first interview with the plant manager of MODENAS in small town, Gurun. The remaining respondents chosen in collaboration with the plant manager, who provided contact information to reach the staff he believed, had the best knowledge to answer the research questions. The plant manager recommended an interview with the purchasing or procurement manager, who he believed to be the best-suited man to answer the interview questions.

3.6 Data Analysis

According to Yin (1994) a common analytical strategy should use in a case study to help the researcher in the process of selecting techniques and in the conclusion of the analysis. This study has used a common analytical strategy, which relies on previous theories and studies. The collection of data, analysis of data and the comparison of data will rely on those studies and theories together with the research questions (Yin, 1997). The analysis of data collected in this study will also follow Miles and Huberman's (1994). The three flows of activities, which started below:

- *Data reduction:* The process is including of selecting, simplifying, focusing, transforming and abstracting the data. The data will organize so that the conclusions can be drawn and verified.
- *Data display:* Taking the reduced data and displaying it in an organized and compressed way, this to make it easier for conclusions to be drawn.
- *Conclusion drawing and verification:* The study will decide what things means, note regularities, configurations, patterns and explanation.

The theories presented in the conceptual framework thus works as a basis for analysis and analyzed with the empirical data collected in this study. Since this study based on qualitative data gathered from one case study by Miles and Huberman (1994) suggests that, a pattern-matching way of presenting data should used.

3.7 Validity and Reliability

The research methods must be both reliable and valid in order to generate usable and appropriate research data that states by Ejvengard (2003). If these conditions not fulfilled, means the information collected lacks scientific value. Reliability described as stating the trustworthiness and value of a measure instrument. The author further explains validity as a researcher measuring what planned to measured.

Yin (2003) presents four specific tests that can conduct in order to find out the quality of an empirical research. Internal validity excluded since Yin (2003) describes it as more necessary when conducting an explanatory research. Seeing this thesis as mainly expressive, only the three relevant tests will present. They defined as followed:

- *Construct validity*: establishing correct operational measures for the concepts studied.
- *External validity*: establishing the domain to which a study's findings can generalize.
- *Reliability*: It is to demonstrating that the operations of a study can repeat with the same outcome.

Construct validity

According to Yin (2003), there are three different tactics can be used to increase the construct validity. The first one is the use of multiple sources of evidence. In this thesis, primary data is gathered through two different interviews, secondary data and evidence of the answers given in the interviews collected from the company in form of documentation. By using different sources of data collection, the build validity of this research increases. The second tactic is to set up a chain of data, which done by allowing an external viewer to follow the study from research questions to conclusions. A supervisor has given feedback to the researcher after the completion of chapter in this study. The last tactic is having a key informant reviewing a draft of the case study report, done by the plant manager, who reviewed the material from the interviews to get rid of misinterpretations or misunderstandings.

The external validity

External validity connected to generalizing that means external validity also refers to the estimated truth of conclusions that involves generalizations. Therefore, the external validity is the level to which the conclusions in the study would hold for other persons in other places and at other times (Yin, 2003).

Reliability

To add to the reliability of this research, more than one interviewee used to gain as much reliable and suitable information as possible. Yin (2003) has mentioned the use of case study protocol as one of the tactics to increase reliability, which in this thesis was the interview guide. It used as a basis for the interview guide in advance. Further, it is important to contact as applicable people as possible within the organization. Therefore, the first get in touch with made by interviewing the plant manager who described the company and provided an overview. Secondly, to achieve more detail information to answer the stated research questions, an interview with the purchasing or procurement manager done. A tape recorder and jot down a notes used to avoid any loss of information during both interviews.

To extra in increase the reliability of this study, internal documentation collected from the sample company. The documents gathered a highly relevant to the research questions and contains through model, which can compared to the theory. Due to confidentiality, some of these documents are too sensitive for public reviewing, and therefore it will partly censor.

CHAPTER 4: EMPIRICAL DATA

4.0 Introduction

The empirical data collected from the interviews conducted with Azizi bin Abdullah, Engineer, Procurement Department and Mohd Akhir bin Ahmad, Assistant Manager, and Quality Management Department at MODENAS in Gurun will present in this chapter. The others will describe and use as complementary information to the interviews with additional data in form of documentation. The chapter begins with a brief introduction of the company chosen and follows the order of the conceptual framework.

MODENAS is the company selected for this study, which is the most important part of DRB-HICOM as the business increased its volume from the previous year's 46,978 units to 60,651 units in 2008, recording a growth of 29%, well ahead of the overall market growth of 12%. Contributing positively towards MODENAS's volume and market share were the introduction of new models, the Kriss 120 Sport and a facelift for the Passion. The latest GT128 model, launched into the market in late March 2009, offers improved safety feature and engine efficiency, coupled with a reasonable price. MODENAS has four service centers in Gurun, Shah Alam, Johor Bharu and Kuantan, and with its network of 200 dealers nationwide is able to facilitate the after-sales service needs of its customers. Despite the current economic climate, MODENAS is looking at volume of 60,000 units to capture a 15% share of the market in 2009. MODENAS received a Gold Medal for "Malaysia Manufacturing Excellence Award" from Frost Sullivan.

MODENAS plant in Gurun where exports motorcycles increased from RM 9.7 million in 1996 to RM 117.7 million in 2005 to show the selected sample in this study,. However, exports volume comprised on 2.4 per cent of the total domestic production of motorcycles. In 2005, 76.6 percent of the total exports of motorcycles comprised completely knocked-down units (CKDs). Among major export, destinations in 2005 were in Sri Lanka, Greece and Singapore.

Figure 4.1: Export of motorcycle products

Segments	1996 – 2005 (Average Annual Growth)
CBUs	18.3
CKDs	n.a
*n.a = not applicable	

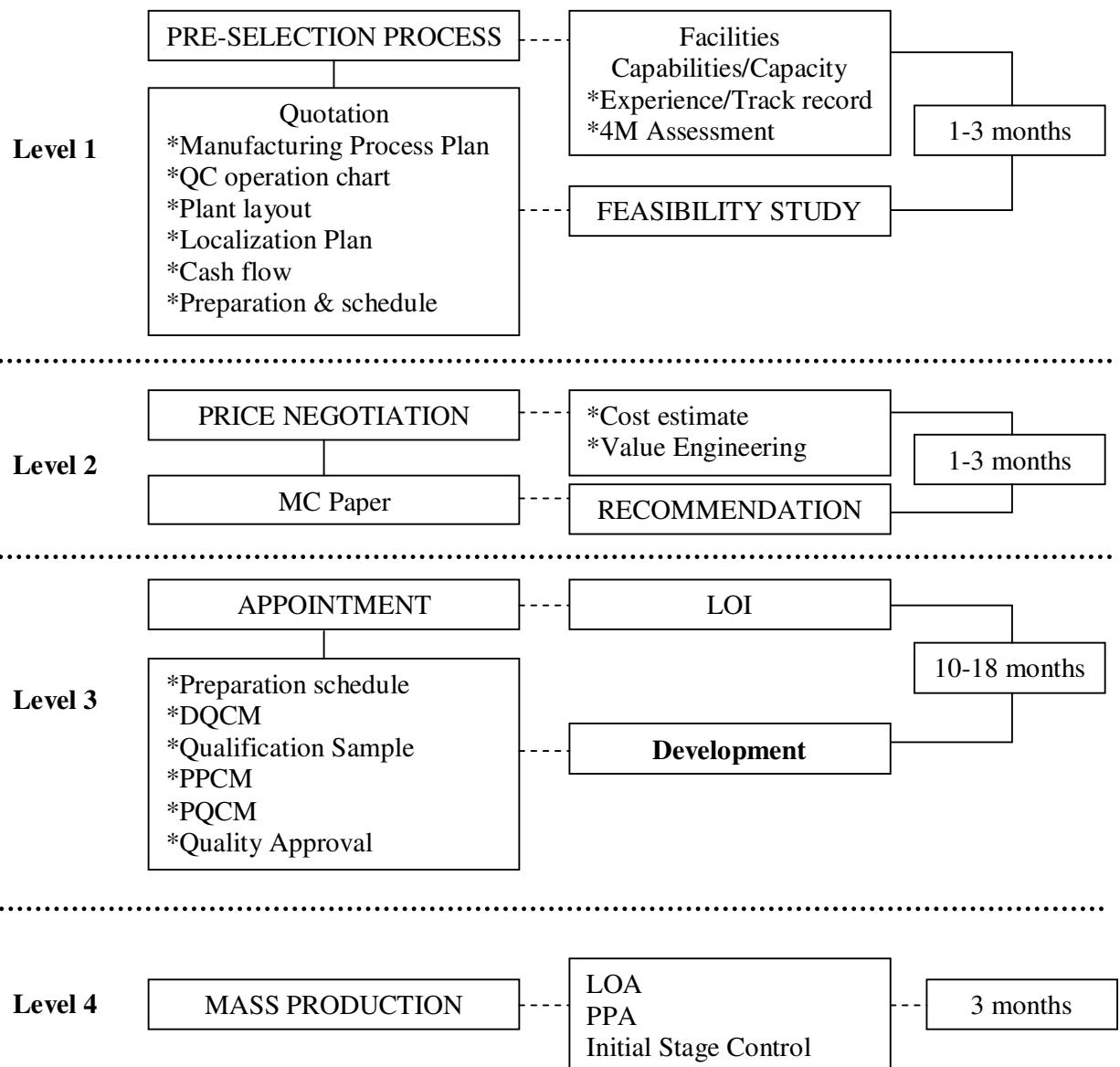
Source: MODENAS

MODENAS in Gurun have about 97 different suppliers. 55 of them are motorcycle related suppliers. The other 42 supplier are company, which provides MODENAS with products like furniture, computers, shoes, clothes and different kinds of equipment. These suppliers have divided the plant into two different purchasing departments, automotive purchasing (AP), which handles all purchasing components to the motorcycle, and non-automotive purchasing (NAP). These procurement departments handles the supplier relationships; in terms of monitoring and selection. The procurement departments are MODENAS face towards suppliers and are those departments, which will recognize suppliers CRM performance.

4.1 Empirical Data RQ1: Supplier Selection Process

The data collected for this research question divided into three different sections, selection process, evaluation and supplier monitoring. Supplier evaluation is a large part of the supplier selection process, and due to this factor, it has its own section in this chapter. Supplier monitoring of present suppliers is indirectly affecting and supplier selection process since if had performance is monitored a process may have to be started selecting a new supplier.

Figure 4.2: Supplier Selection



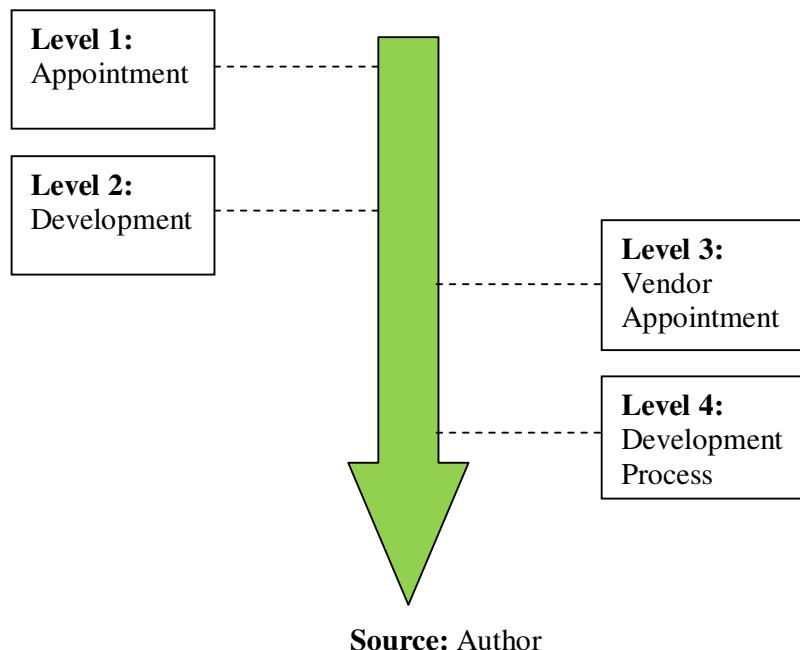
Source: Author

4.1.1 Supplier Selection

Both respondents stated that supplier selection and supplier monitoring is of great importance for MODENAS, there is a lot of time and money spent on these processes. It is not just important to make the right choice when selecting a supplier, but also to constantly monitor the suppliers and demand improvement plans from those that do not meet the standards.

Figures 4.1 show the process that the procurement department goes through when selecting a supplier for a new component or replacing a previous supplier.

Figure 4.3: Supplier selection process



Source: Author

Level 1: Appointment of suppliers

The supplier invited to answer to a request for information for collecting general data about his company and its products or services. This first step introduces all potential suppliers to MODENAS and provides necessary information on whether the suppliers fulfill basic needs. The gathered information works as a basis for evaluation in the next level. This stage also have the pre-selection which include quotation in order to look at the manufacturing process plan, QC (Quality and Cost) operation chart, plant layout, localization plan, P&L analysis or cash flow, and preparation & schedule. The related facilities capabilities or capacity like experience or record of accomplishment, and 4M assessment (Manpower, Machine, Material, and Method). Time 1 to 3 month to feasibility study in this stage is including for accurately.

Level 2: Development

Described as a large part of the selection process, MODENAS has its own evaluation model that presented in its own section. The price negotiation in MC (Measureable Costs) paper was look to the cost estimate and value engineering with 1 to 3 month before recommendation.

Level 3: Vendor appointments

Suppliers invited to quote on MODENAS parts based on a package of specifications and drawings. Here the suppliers will present how the component will be produced, delivered and other practical issues. This level becomes more or less important depending on the technical level of the product. I.e. high technical level equals high importance. In this appointment regarding the preparation schedule, DQCM (Design Quality Conforming Meeting), qualification sample, PPCM (Production Preparation Conformation Meeting), PQCM (Production Quality Confirmation Meeting), and quality approval through LOI (Letter of Intent) within 10 to 18 months before developing it.

Level 4: Development process

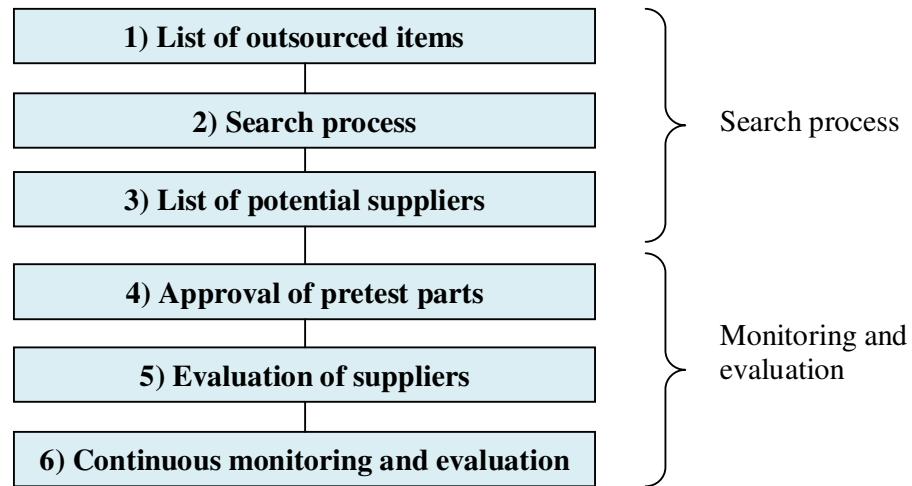
In this last level, every supplier has to sign a purchase agreement if there are selected as a MODENAS supplier. In MODENAS's purchase agreement, there are different objectives and goals a supplier have to agree to when becoming supplier. MODENAS is a national and global company that is the main parts of MODENAS's products exported. It is MODENAS's short-term and long-term objectives to be an excellent company, especially in terms of quality, safety and the environment. Therefore, the supplier should be a company with expressed ambitions of being an excellent component manufacturer. This level is the mass production where LOA (Letter of Agreement / Appointment), PPA (Principle Failure Agreement), and initial stage control.

Azizi is further describing the motorcycle market as an industry undergoing constant development. The customers are constantly raising their requirements with respect to function, quality and safety, and environmental concern is becoming an increasingly important aspect of customer choice. The supplier and MODENAS should agree that constant change and improvement is necessary in order to be competitive. The supplier and MODENAS should also agree that every single component must comply with the requirements of the customers and the greater customer satisfaction is the only way for both MODENAS and the supplier to achieve long-term increased volume and good profitability.

4.1.2 Supplier Evaluation

The supplier evaluation within MODENAS is used throughout the whole DRB-HICOM. This model is MODENAS's own creation and can be applied for every different supplier having a relationship with a MODENAS (see figure 4.2).

Figure 4.4: Supplier evaluation



Source: Author

When a decision made that a supplier needed for a new business, such as components to a new motorcycle, the choice stands between a current and a new supplier. If a current supplier is to be considered the first step is to examine results older not than three years. If there are no evaluations within the time limit is to be performed, which is a shorter version of the full. If the component requires a new supplier with no previous business with MODENAS a full of the supplier is required.

The *objective* with the supplier evaluation is to achieve a good basis for selection of suppliers, structuring the supplier base and for the continuous development of competence and communication as well as result and progress. Furthermore, the supplier evaluation use in all cases where the standard of a supplier for production material needs to be defined. It can use for selecting new suppliers as well as existing ones. Existing suppliers are “coached” by the supplier evaluation where it is used as a monitoring and corrective action tool. The purpose of the model stated below:

- Make available a basis for evaluation of potential and existing suppliers.
- Provide a unified procedure for all MODENAS companies to allow full exploitation of the result within MODENAS.

- Provide a supplier data set within various components, functional and technological areas.
- Deepen the knowledge about each supplier.
- Act as an improvement tool for developing suppliers and the supplier structure.
- Assist in fact-based decision-making.
- Give basic data for running supplier award programs.
- Share information about a supplier to the MODENAS organizations.

For summarize the monitoring and evaluation process that necessary step to ensure that outsource can appropriate supply firms. MODENAS must evaluate all the candidates from the ranks of potential suppliers in order to screen them, and match their needs with all the supplying firms. All the potential suppliers sent a drawing or specification, and the estimation of the amount of subcontracted parts required in order for the supplier firms to submit a cost estimate and quote a price. Then, the automaker will order pretest parts to verify the quality and specification of the parts produced to ascertain if it has attained the required standards. Generally, the automaker is strict about deadlines because this is an indication of the suppliers' sense of responsibility and their capability to submit shipments on time. Thus, if the supplier does not submit the pretest parts by the given deadlines, their chance of becoming a supplier is slim or nil. Even if the suppliers can submit pretest part to the automaker on time, it does not necessarily mean that the automaker will accept them as a supplier firm, because these parts need to approve by the automaker. The reason is because these items are very important and to make sure that good quality parts are incorporate into the final product (the motorcycle).

During the interviews, the author asked the respondents to describe how they evaluate the suppliers. Even though the answers disclosed by the managers were not exactly the same, the overall details were quite similar. MODENAS has stated that the objective for evaluation mainly focuses on QCD. In addition, the remaining requirements will evaluate along with the three major QCD standards, i.e. uninterrupted supply, proximity and technology.

After the pretest parts have approved, MODENAS will then compare the quality and the cost estimates. If they think the cost is not suitable or too high, they will negotiate further. When all the requirements are satisfied, MODENAS will inform the chosen supplier of the approval. The audit of the supplier firm defined as the evaluation process for the parts, which now approved. After audit, the next step running a trial before mass production, which can define as quality and production validity. Some might ask why the automaker would still evaluate and monitor the suppliers' plant even if the parts produced have already approved. This is because MODENAS wants to inspect the production process as the supplier's firm in order to ensure the good quality of the parts produced as well as the performance of the supplier's firm. This production known as the plant and production audit.

In general, the monitoring and evaluation processes are the responsibility of two divisions, the Quality Control Division (QCD) and the Purchasing Division. Evaluation and monitoring focused on QCD in order to ensure good quality of the subcontracted parts, punctually of delivery and reasonable prices. The purchasing division is responsible for evaluating the cost competitiveness and purchasing plan of suppliers, which refers to the capability of the suppliers to submit the shipment punctually. In more detail, the duty of the QC division is to evaluate and ensure their continued capability to produce good quality parts. The factors that the QC division will monitor are the QC section, the production processes and the machinery and equipment of the suppliers' firm. MODENAS wishes the suppliers to have QC standards not only in sampling procedure to test the quality of raw materials before they enter the production line in order to ensure the quality of final parts produced. The cause of defects might derive from low quality raw materials. In short, the evaluation procedure involved the hardware-machinery, tools and equipment and the software (number and qualifications of the people in the suppliers' firm). MODENAS often chooses to deal with suppliers who have a formal QC section, good quality testing equipment, experienced staff, good maintenance of equipment and moulds.

The *criteria's* and the *sub-criteria* that used when selecting and evaluating suppliers presented in table 4.1. The respondents were asked to rate the importance of each criteria from a scale of 1 to 3, where one is of average importance, two is considerably important, and three is considered extremely important.

Table 4.1: Evaluation criteria

Criteria	Sub-criteria	R1	R2
*Company profile	Ownership, Global ability, Dependency	2	3
*Management	Customer satisfaction, TQM, Risk management	2	3
*Environment	Environment management system, Environmental assessment – company level, Environmental assessment – product and services	2	3
*Quality	Quality system, Quality planning and Part quality assurance, Quality performance of deliveries, Reliability, Problem solving	3	3
*Logistics	Logistics system, Delivery precision/service level	3	3
After-market	Documentation, Service literature, Co-operation and support, warranty		
*Competence	Product and industrial technology, Industrial engineering, Customer support and communication, Electronic communication	2	3
Product development	Product development processes and project support, Engineering experience, Product engineering technology, Prototypes, Research and development, Design changes	2	2
*Economy	Price, Financial evaluation, Payment terms	3	3
Productivity	Process of internal cost reduction, Cost targets	1	2
Purchasing	Sourcing process, Subcontractor performance	1	2

* = Stopping parameters

As potential suppliers, some a “stopping parameters” must evaluated as approved in order to select as a MODENAS supplier. These parameters are to found in the *criteria's* Company Profile, Management, Environment, Quality, Logistics, Competence, and Economy. These *criteria's* and their *sub-criteria's* see as very important to the organization, therefore these parameters have to fulfill and no exceptions made. From the respondent answers the only three criteria's that scored a number 3 from both respondents were; quality, economy, and logistics. When the respondents where asked to mention the three they believed to be the most important the previously mentioned criteria's were also chosen. The reasons for these being the most important were according to both respondents that these criteria's are essential for meeting customers' expectation and keeping a reasonable price.

4.1.3 Scorecards

As shown in figure 4.2, that supplier evaluation used when selecting a new supplier, but when it comes to current suppliers and current products scorecards used for monitoring the performance.

MODENAS is *monitoring* all suppliers but put more focus those suppliers that considered critical to the core operation. The motorcycle is divided into different parts which are; chassis purchasing, motorcycle dynamics, electrical purchasing, part purchasing and power train purchasing all these different parts has one or a few important suppliers which are carefully reviewed in this system. After every week the suppliers graded on their performance, (see figure 4.5)

Figure 4.5: Supplier performance

Red	Actually disturbs the production. Score Ratio: Quality – Delivery Score: Below 59
Yellow	With big risk to disturb and where actions needed. Score Ratio: Overall Score: 60 ~ 79
Green	Reduced critical level and need monitor improvement. Score Ratio: Ratio Score: 80 ~ 100
White	Not to considered as critical anymore. Score Ratio: 60:40 Score: No Rating

Source: MODENAS

If a supplier given a red level, it means that they are disturbing the production and an *actions-plan* has to be developed. First, they determined the status or problem; it can be anything from late deliveries or problems with sub suppliers. After this an action-plan is determined, this can for example be daily follow ups, face to face meetings, or telephone meeting 3 times per week. The purchaser often carries out these actions.

Since MODENAS relies on on-time deliveries, the suppliers monitored, as the motorcycle built. If any parts are missing or damaged they logged into a system, and after every week, the statistics reviewed. The most important *categories* in the scorecard are those parts that needed the motorcycle to built, such as gearboxes, or engines, sub-categories are parts that can added on an already built motorcycle, such as seats, or headlights.

MODENAS believes that good relationships are most of the time related with good quality and delivery times, but on the other hand good quality and delivery times often related to good relationships. From our answer, the relationship between MODENAS and its suppliers can have an impact on the selection of supplier, but it is by far more important when keeping a supplier.

4.2 Empirical Data RQ2: Benefits from CRM

These relationships often formed depending on what importance the suppliers have to the production. MODENAS has stronger and more active relationships with important suppliers, which means formal communication often discussing performances and improvements. This means that active CRM from key suppliers is important for MODENAS.

For value to create from a relationship, the supplying company needs to conduct continuous successful customer relationship management (CRM). Azizi Abdullah is describing MODENAS suppliers performed CRM as very insufficient, and according to Azizi this is something that many buying companies are suffering from. More efforts need to be put in by the suppliers in order to satisfy its buyers, which results in a win-win situation. Azizi describe MODENAS situation with its suppliers by saying that “the problematic shows that supplier are not proactive enough, some of them are but the majority lacks this quality”. He is explaining that the purpose or *good* of CRM should be that a supplying company wants to prepare and organize itself in order to meet expectations from the buying firm.

The six possible outcomes of value and benefits through successfully performed CRM (*quality revenue growth, profits improvements, increased customer share, fewer returns, decreased costs, higher customer satisfaction*) presented in the theory chapter was shown to both respondents. They agreed that all of these different outcomes are highly linked well to perform CRM, in either a direct or an indirect way. It is of great importance for the organization as a whole to reach these outcomes in order to be as competitive as possible, and in order to do so it is much more complex than just have suppliers which perform CRM successfully, but it is one step on the way. Azizi adds

to the discussion that a good relationship with suppliers will result in the possibility of understanding the market better and gain a lead against competitors. When choosing which outcomes is the most probable. Azizi picked customer satisfactions. This was due to the chain reaction successful CRM will start; a healthy relationship between two firms will result in products and prices satisfying the end customer.

When it comes to *key ingredients* for CRM, as Azizi mentioned earlier proactive behavior is a must for the supplying firm and can be added to the theory's other three (*electronic, integration, collaboration, continuous communication*). The supplier should strive to keep the buyer satisfied at all times instead of acting when the buyer is unsatisfied. Both respondents agree that when conducting business emphasis should put on the communication between the parties, not because the others are not relevant but because good and working communications makes the foundation of a functioning relationship.

Dependence within MODENAS's relationships with its suppliers discussed with Azizi Abdullah and described as something that avoided as much as possible. *Buyer's dependence* can result in serious consequences if for example a supplying company with great importance to MODENAS whole production ends the partnership. However, Azizi quickly assure that MODENAS does not have any of these kinds of relationships, due to their size as an enterprise it is often the other way around. According to engineer, Azizi Abdullah relationships where the buyer is dependent on the supplier gives the buyer weak negotiation power, which can lead to lower quality products from the supplier, higher purchasing costs, and late deliveries.

Suppliers's dependence is more likely to occur with MODENAS and its business partners, but it is not something that MODENAS is striving to achieve. Azizi further described it as something negative that MODENAS can take advantage of in the short run but in the end, it will not be beneficial for either party. The business with MODENAS should be important for the supplier but they should but not become too dependent on the relationship. According to Mohd Akhir when the supplier is too dependent and MODENAS has to decrease, its production volumes the supplier can declared bankrupt and MODENAS will have to search for new suppliers. However,

out of the four different relationships supplier dependence is according to Azizi the most beneficial relationship for MODENAS as a buying firm.

Symmetric dependence when both MODENAS and its supplier either have a low or high dependence of each other described as the rarest kind of relationship within MODENAS. According to Azizi these kinds of relationships should be avoided and only causes negative outcomes for both parties. When the dependence is low from both sides the incentive constantly to perform is low, and when the dependence is high from both sides, the incentive to look for alternative business partners is dangerously high.

CHAPTER 5: DATA ANALYSIS

5.0 Introduction

The empirical data through comparisons with the theories in the conceptual framework and the data collected in the previous chapter will analyze. The chapter has used the pattern-matching technique to analyze the data collected in the empirical chapter. The chapter begins with an analysis of research question one, and ends with research question two.

5.1 Analysis RQ1: Selection Process

According to Weijun and Zhiming's (2007) the process of selecting a supplier divided into four different stages and managers should follow these steps in an arranged sequence. The study of the case company found a similar process consisting of four steps also followed in an orderly sequence. The two processes compared and presented below (see table 5.1)

Table 5.1: Selection process comparison

Stage	Weijun and Zhiming's (2007) theory	MODENAS
1	Objective	Appointment
2	Criteria	Development
3	Sub-criteria's	Vendor appointment
4	Alternatives	Development process

The theory's first stage is the company objective of finding a supplier. MODENAS sees the objective of finding a supplier as obvious and takes this stage one-step further. They are requesting information from potential suppliers to make a basis for evaluation. Weijun and Zhiming's are stating different criteria's used for evaluating potential suppliers, while in MODENAS's case the Supplier Selection-model is used and can be described as an additional selection process with its own objective, criteria's and ranking.

Due to MODENAS's complex products, suppliers invited to quote on MODENAS parts based on a package of specifications and drawings. Weijun and Zhiming's theory is not as deep going and has more similarities with the supplier selection-model, where the elements criteria and sub-criteria's are used. The theory and the Supplier Selection-model show a comparison that presented in table 5.2.

Table 5.2: Comparison; theory and the supplier selection-model

Weijun and Zhiming's	Supplier selection-model	Degree of equality
1. A company is stating an objective that should be to evaluate and select a supplier.	The objective with the Supplier Selection is to achieve a good basis for selection of suppliers, structuring the supplier base and the continuous development of competence and communication as well as result and progress.	*
2. There are three main criteria is which should be used when evaluating a potential supplier, price, quality and service.	There are eleven main criteria is which should be used when evaluating a potential supplier. Where the three most important are economy, logistics, and quality.	*
3. Price has no sub-criteria while quality and service consists of seven sub-criteria's altogether.	The eleven main criteria's consist on 37 sub-criteria's, which makes the Supplier Selection-model a very complex and thorough evaluation tool.	-

	All the criteria's has three or more sub-criteria's.	
4. After evaluation, different alternative business partners presented where the supplier with the highest score should chosen.	If a supplier has fulfilled the criteria, it will be Supplier Selection approved and therefore considered as a potential supplier.	+
Codes	+agrees	-disagree

*agrees to some extent

With only one disagreement, point in the table the Supplier Selection-model can consider to some extent support the theory. The objective with the Supplier Selection-model is of more importance, since it aims to use for future developments rather than just a basis for supplier selection. The theory seems to simplify the second and third stage used for supplier evaluation by using only three main criteria and a few sub-criteria's. in opposite, the data shows that data MODENAS is using far more criteria's and combined with the stopping parameters which has to be fulfilled it makes it a far more comprehensive model. The final stage is the most similar, resulting in a number of potential suppliers in both theory and practice.

The used of scorecards has also been studied in the case company and compared with the theory presented by Kay (2005), who describes how current suppliers are evaluated and whether companies should search for alternative suppliers. The study by Kay consists of categories individually chosen by companies using the scorecards. Kay further describes that the performance of companies conducting the evaluations depends on how well and how many of the suppliers mentioned Kay suggests that a scorecards should include the features in figure 5.3. Kay's scorecard has compared with a scorecard from MODENAS, the differences and similarities presented in table 5.1.

Table 5.3: Comparison of scorecards

Scorecard – Kay (2005)	Scorecard - MODENAS	Degree of equality
According to Kay (2005) a company should monitor their suppliers with the help of scorecard.	MODENAS are monitoring their suppliers with the use of scorecards.	+
According to Kay a scorecard should include several head categories, where the supplier is graded each week or during a determined time limit. Categories could be product quality or delivery time, but individually chosen by company.	MODENAS relies on just in-time deliveries and the suppliers monitored as the motorcycle built. Parts that are missing or damaged logged into a system, and reviewed after every week. The most important categories in the scorecard are those parts that needed the motorcycle to built, such as gear, boxes, or engines.	*
Each head category consists of several sub-categories, which receives grades according to the supplier's performance.	Sub-categories are parts that can add on an already built motorcycle, such as handles, seats or headlights. Suppliers are graded.	-
A company should monitor all suppliers both domestic and international. There should be equal focus on all suppliers.	MODENAS is monitoring all suppliers but put more focus on those suppliers that considered critical to the core operation.	+
A company will have a lowest allowed score on	MODENAS grades their suppliers depending on	

their scorecards. A supplier who fall below this score will be included in an action plan, where they together will try to improve the performance of the supplier.	whether they disturb the production or not. Those that disturb the production are included in an action plan, where the performance is improved.	
Codes	+agrees	-disagree

*agrees to some extent

The main difference between theory and the case company was that the theory is focusing on the suppliers while MODENAS starting point and focus are on the final product. The theory suggests that companies should look at the supplier's product quality, delivery time etc but investigation showed that MODENAS are looking at the final motorcycle as product. If anything is missing from the motorcycle or damaged they log that into a system which shows who delivered that particular part. Compared to the theory which log every suppliers delivery times and quality.

5.2 Analysis RQ2: Benefits of CRM

Galbreath's (2002) theory identifies six common outcomes of value and benefits when performing successful CRM. These presented and compared to the empirical data in table 5.4.

Table 5.4: Value outcomes

<i>Galbreath's (2002) value outcomes</i>	<i>Empirical data agree/disagree with theory</i>
Quality revenue growth	+
Profit improvements	+
Increased customer share	+
Fewer returns	+
Decreased costs	+
Higher customer satisfaction	+
Codes: +agree -disagree *agree to some extent	The empirical data shows an additional value outcome; better market understanding which leads to competitive advantages

The empirical data collected from the interview with Azizi bin Abdullah verifies Galbreath's (2002) theory on positive outcomes from well performed CRM. Despite these results, the data is critical and is describing the process of reaching these outcomes as more complex than having suppliers that successfully performs CRM. The most probable outcome of CRM selected by the interviewee was increased customer share. Further, the analysis of the empirical data shows that another outcome not included in the theory, is that if a supplier managers its relationship well, the buyer will receive greater knowledge about their current market and gain a competitive advantage.

Galbreath's (2002) theory is additionally listing three key ingredients that are to use in order to reach the six different outcomes. These presented and compared with the empirical data in table 5.5.

Table 5.5: Key ingredients

<i>Galbreath's (2002) key ingredients</i>	<i>Empirical data agree/disagree with theory</i>
Electric integration	+
Collaboration	+
Continuous communications	+
Codes: +agree -disagree *agree to some extent	The empirical data shows an additional key ingredient; proactive behavior

The data collected in the empirical chapter confirms Galbreath's (2002) theory that the three ingredients presented above is necessary to for gaining as much benefits as possible in a B2B relationship. The theory does not rank the factors and can therefore be seen as equally important, this contradicts the data collected from Azizi who stated that continuous communications should be seen as a more vital factor compared to the other two. Further, Azizi provided an additional key ingredient, proactive behavior. According to Azizi for a relationship to work and create advantages for both the buyer and the seller, it is essential that the supplier is showing proactive behavior.

Galbreath's theory describes the ingredients and outcomes of successfully performed CRM, while Roemer (2006) describes when values created from relationships

depending on the parties' dependence of each other. Roemer also gives suggestions on where CRM can be used to create value. Roemer's theory is presented and compared to the data collected in the table below (see table 5.6).

Table 5.6: Relationship dependency

<i>Relationship dependency</i>	<i>Roemer (2006)</i>	<i>Empirical data agree/disagree with theory</i>
Symmetries dependence	<p>When both parties are highly dependent of each other they do not have valuable outside alternatives and conflicts are unlikely to occur. We can expect a collaborative, long-term relationship without the use of CRM.</p> <p>When there is low dependency between parties, relationship also lack the likelihood of conflicts arising since neither party is dependent on each other, these relationships lack the incentive to perform CRM actively.</p>	<p>* These kinds of relationships avoid and cause negative outcomes for both parties. When the dependence is low from both sides the incentive constantly to perform is low, and when the dependence is high from both sides, the incentive to look for alternative business partners is dangerously high.</p>
Buyer' dependence	<p>The supplier can most likely increase the price and through higher margins gain value.</p> <p>Moreover, the supplier is flexible in choosing</p>	<p>* The result can in serious consequences if for example a supplying company with great importance to the buying</p>

	alternative strategies and the likelihood of the relationship and switching partners is high.	firm's whole production ends the partnership. When the buyer is dependent on the supplier it gives the buyer weak negotiation power, which can lead to lower quality products from the supplier, higher purchasing costs, and late deliveries.
Supplier's dependence	When the supplier is dependent on the buyer, CRM is especially important to create value for continuous cooperation. The buyer will gain value through on time deliveries and high quality while the supplier will gain increased sales.	* The buying firm can take advantage of this relationship in the short run but in the end, it will not be beneficial for either party. The business should be important for the supplier but they should not become too dependent on the relationship. Supplier dependence is the most beneficial relationship for a buying firm.
Codes	+agrees	-disagree

Both theory and collected data agrees that CRM becomes especially important when suppliers are dependent on the buyers, it is important for the supplying company to have constant communications with the buying company. According to the theory, it is desirable for the buying firm to join these kinds of relationships but the data shows that a moderate dependency is more beneficial. Theory and data agrees that buyer dependency is undesirable for the buying firm since the likelihood of the relationship ending is high. The theory stated that symmetric dependency leads to long lasting relationships, which confirmed to some extent by the collected data, but according to the respondent, such a relationship should always avoided.

CHAPTER 6: FINDINGS AND CONCLUSIONS

6.0 Introduction

A comparison between theory and empirical data is present previously. So in this chapter will present the findings and conclusions of this thesis by answering the research questions that stated in chapter one. This chapter will also show that the thesis has created a better understanding of how B2B relationships are developed and how companies exposed to CRM. Each question will be answered in separate sections followed by implications for management, theory and future research.

6.1 RQ1: How can the process of selecting suppliers be described?

The empirical data of this research question indicate that every supplier conducting business with the sample company has gone through a thorough systematic selection process. The process is a four-step procedure developed within the sample company and used by the whole enterprise. The first step in the process is to collect information about the possible supplier or suppliers. The suppliers asked to provide the buyer with material for evaluation such as necessary information and statistics. Suppliers that are far away from fulfilling the buying company's needs and expectations eliminated in this stage and do not move on to the second stage.

The second stage is to evaluate the supplier on set of predetermined criteria and sub-criteria's. Therefore, this stage is the most complex and time consuming stage, and described as the most important. The sample company uses their own supplier evaluation model, which consists of 11 criteria's and 37 sub-criteria's. Seven of these main criteria's are stopping parameters, which means that they do not only have to fulfill but the suppliers also have to exceed certain thresholds. If the supplier is a current supplier or has been a supplier during the previous three years, previous evaluation scores viewed and shorter version of the Supplier Selection performed to the depth and length of the evaluation process is dependent on whether the buying companies has any previous experience of the potential supplier.

If a potential supplier process the evaluation it will move on to stage three, where the supplier asked to quote on the component or part demanded by the buying firm. Here they will present how the component will be produced, delivered and other practical issues. The fourth stage is to determine which supplier to select in this stage the grades scored in the evaluation and the performance shown during the quotation are taken in consideration and weighed together ultimately selecting the best suited supplier. The supplier and the buying company should also agree that every single component must comply with the requirements of the customers and that greater customer satisfaction is the only way for both the buyer and the supplier to achieve long-term increased volume and good profitability.

After investigating how the process of selecting a supplier can be described the following conclusion can drawn:

- Stopping parameters when selecting a potential company are; company profile, management, environment, quality, logistics, competence, and economy.
- The most important criteria's among the stopping parameters are; economy, quality and logistics.
- The selection process becomes more important depending on the technological level or the product.
- The process not only used as a selection tool but also for structuring the supplier base and for the continuous development of competence and communications as well as result and progress.
- The study found that scorecards are used to monitor present suppliers, the scorecards help improve current suppliers and their performance through the whole supplier selection process.

6.2 RQ2: How can the benefits of CRM be described?

This research found that the sample company experienced the following benefits from relationships with suppliers and their performed CRM; quality revenue growth, profits improvements, increased customer share, fewer returns, decreased costs, higher customer satisfaction, and better market understanding. The last benefit, better market understanding, was not included in the theory, the respondents saying that if a supplier managers added it its relationship well, the buyer will receive greater knowledge about their current market and will gain a competitive advantage.

To be able to reach these benefit the study found that the following key ingredients are to be used, continuous communication electronic integration, collaboration, and proactive behavior. The sample company provided an additional factor, proactive behavior that was not including in the theory. The sample company believes that the supplier shall strive to keep the buyer satisfied at all times instead of acting when the buyer is unsatisfied.

The study found that dependence is also a factor affecting what kind of benefits that created in B2B relationship. When the parties are moderately dependent on each other the sample company argues that the relationship will be most beneficial, since relationships where the parties are too dependent on each other one can damage from the others decreased production volume, the supplier can forced to file bankruptcy and the buyer will have to search for a new supplier. This contradicts the theory that argues that when the supplier is highly dependent on the relationship the buyer will gain the most benefits, such as fewer, returns, decreased costs, and higher customer satisfaction. Although the sample company does not fully agree, they believe this to be true in the short run.

Based on these findings the following conclusions are stated:

- Higher customer satisfaction is the one benefit most likely to occur as an effect of CRM.

- Continuous communication is the most important ingredient to reach the benefits of CRM.
- Short-term benefits (the long-term benefits, but for a shorter period) for the buyer company are most likely to occur when the supplier is dependent on the relationship.
- The ultimate relationship for benefit creation consists of a buyer and a supplier moderately dependent on each other. (*i.e to benefit the most, supplier and buyer should not be too dependent on each other*)

6.3 Implications and Recommendation

This final section consists of recommendations for management, theory and future research within the area of CRM and supplier selection.

6.3.1 Implications for Management

The empirical data shows that the sample company's suppliers performed CRM is alleged to be insufficient, the fact that the sample company believed it to be insufficient leads to a suggestion for an action-plan.

The thesis believes that a buying company experiencing a low performed CRM from any seller is missing potential benefits. Since the sample, company is experiencing this from at least a few suppliers the study suggests an action-plan where the sample company should initiate contact with the supplier and in that way improve the communication and relationship between the parties.

Since the sample company is a part of a global enterprise, they have great knowledge in the area of CRM and benefits gain. This might not be the case with their suppliers; this is why they could therefore inform their supplier of the benefits, which stands to gain from well-performed CRM. That it is beneficial for both parties. The way the supplier that requires improvement in this matter can gain the incentive to try to improve.

The supplier selection process in the sample company is more detailed and structured compared to the theory. This study can only suggest that the sample company keeps on developing their evaluation and selection process to be able to meet future demands from customers and governments.

6.3.2 Implications for Theory

In terms of supplier selection the empirical data somewhat contradicts the theory. This study suggests that the theory should explain that the process of supplier selection might differ depending on the technological level of the component in question. Although consisting of the same amount of stages, MODENAS supplier selection process appeared to be much more complex and advanced compared to the theory. The theory includes three main criteria's, but the amount of criteria's used may also differ, another important conclusion that should taken in consideration is that the criteria's may also differ in importance. This study suggests that stopping parameters (criteria's that have to fulfill) should be included in the theory further to emphasize importance of a criterion.

In relation to the benefits created from CRM, the theory needs to clarify what benefit are the most common and benefit that should sought. The empirical data also suggest that an additional benefit should add to the theory; better market understanding. In terms of the key ingredients needed for reaching, the benefits more explanations of how these factors may be used could add. Even in this case the empirical data has an additional factor that should add to the theory, proactive behavior.

Thus, it can conclude that the following topics should overlook by the theory:

- If better market understand should added as a benefit in the theory.
- If proactive behavior can see as an additional ingredient for, reach value outcomes.
- If the supplier selection process should be different, depend on the technological level of the product.

- If companies should use stopping parameters when evaluating suppliers, and how many criteria's should be used for the best evaluation result.

6.3.3 Implications for Future Research

This study has covered the buyer's process of selecting what relationships to join, in other word the supplier selection process, but it has also described the benefits created from CRM. CRM is a large topic of research, and this thesis only look at the phenomenon from the buyer's point of view and in B2B relationships.

Most research within the area of CRM is concerning B2C relationships; therefore, this thesis suggests that more research should be done within B2B relationships. Not only because there is a shortage of research but also because B2B organizations that do not put as much effort into their customer relationships. A B2B contract is often of high value and about 80 percent of the revenue comes from 20 percent of the customers, and the fact that the second largest motorcycle manufacturing company in the world acknowledges that their suppliers CRM is sometimes unnoticeable requires future research.

Other interesting topics could be studied in the future:

- The aims of CRM if differ between different kinds of companies.
- To look deeper into CRM if it is performed differently in different kinds of B2B industries and relationships.
- Researcher could look deeper into how or if the supplier selection process differs from industry to industry.
- Look deeper into following factors and their connections to CRM: partnership increasing profits, loyalty, value satisfaction, customer needs.

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2009, September 15th, 9 am.

Interviews

Azizi Abdullah, Engineer, Procurement Department, MODENAS, Gurun,
2009, October 12th, 10.30 am.

Mohd Akhir Ahmad, Assistant Manager, Quality and Management Department,
MODENAS, Gurun, 2009, October 12th, 11.30 am.

APPENDICES

APPENDIX 1: INTERVIEW GUIDE

Some questions in this guide will be followed by a why or why not question depending on the answer given by the interviewee.

RQ1: How can the process of selecting supplier be described?

1. Can you describe the process of selecting a new supplier?
2. As a global company, do you have any policies or programs that are followed when selecting new suppliers?
3. What criteria's are used for selecting a new supplier?
 - Quality
 - Price
 - Service
4. What sub-criteria's are included in the main criteria's mentioned above?
 - Delivery
 - Warranty
 - Capacity
 - Turnaround
 - Reliability
 - Technical level
 - Defects
5. How do you rank the different criteria, what makes one more important over another?
6. What would you say are the three or more most important criteria's?
7. How do you evaluating current and existing suppliers?
8. Are scorecards used as a method?
9. If yes, what categories do you use to evaluate and keep score of suppliers?
10. How do you rank these categories?
11. Are the categories divided into sub-categories?
12. Are suppliers evaluated in different ways? (due to their importance)
13. Is there a plan of action for bad performing suppliers?
14. If yes, what kind of plan?
15. What does it takes for you to start the process of selecting a new supplier over a current?

16. Is there anything you would like to add to this topic?

RQ2: How can the benefits of CRM be described?

1. How would you describe your supplies CRM?
2. What values are created?
3. Can you see any relations between successful CRM and the following outcomes?
 - Quality revenue growth
 - Profit improvements
 - Increased customer share
 - Fewer returns
 - Decreased costs
 - Customer satisfaction
4. Is there any of the points above you consider having no relations to CRM?
5. Which of the point above would you say is the most likely outcome of successful CRM?
6. What would say are the most important reasons for performing CRM?
7. What role do you think dependence plays in a business relationship?
8. Having dependence in you mind, when do you believe benefits will be created to the buyer?
9. When do you think the seller gains the most benefits?
10. Will a relationship benefits from the dependence being equally high in a business relationship?
11. Will a relationship benefit from being equally low?
12. Is there anything you would like to add to this topic?

APPENDIX 2: PANDUAN TEMUDUGA

Beberapa soalan di dalam panduan interview ini akan menuruti dengan soalan kenapa dan soalan kenapa tidak, bergantung kepada jawapan yang diberikan oleh orang yang ditemuduga.

RQ1: Bagaimanakan proses memilih pembekal dapat dijelaskan?

1. Bolehkan encik menerangkan proses dalam memilih pembekal yang baru?
2. Sebagai sebuah syarikat yang *global*, adakah encik mempunyai sebarang polisi atau program yang diikuti semasa memilih pembekal yang baru?
3. Apakah criteria-kriteria yang digunakan untuk memilih pembekal yang baru?
 - Kualiti
 - Harga
 - Perkhidmatan
4. Apakah criteria-kriteria kecil yang termasuk dalam criteria utama seperti yang dinyatakan di atas?
 - Penghantaran
 - Waranti
 - Muatan
 - Pusing ganti
 - Keandalan (Kepercayaan)
 - Tahap teknikal
 - Kesan Kerosakan / kecacatan
5. Bagaimanakan kamu menempatkan criteria yang berbeza, apakah yang membuatkan salah satu tersebut penting dari yang lain?
6. Apakah yang hendak encik katakan tentang 3 atau lebih criteria yang paling penting?
7. Bagaimanakah encik menilai pembekal sekarang dengan pembekal yang sedia ada?
8. Adakah *scorecards* digunakan sebagai kaedah untuk menilai pembekal?
9. Jika ya, apakah kategori-kategori yang encik gunakan untuk menilai dan memastikan pembekal terus berjaya?
10. Bagaimanakah encik menempatkan kategori-kategori tersebut?

11. Adakah kategori-kategori tersebut dibahagi-bahagikan kepada kategori yang lebih ecil?
12. Adakah penilaian terhadap pembekal dinilai dengan cara yang berbeza? (mengikut keutamaan)
13. Adakah terdapat plan tindakan untuk pembekal yang mempuayai pencapaian yang teruk?
14. Jika ya, apakah pelan tindakan tersebut?
15. Apakah lankah permulaan yang diambil dalam proses pemilihan pembekal baru selain pembekal semasa?
16. Ada tak sebarang kata-kata atau maklumat tambahan yang ingin ditambah ke dalam topic ini?

RQ2: Bagaimakah manfaat dari CRM ini dapat dijelaskan?

1. Bagaimakah encik dapat jelaskan tentang sesuatu keperluan CRM?
2. Apakah nilai yang tercipta?
3. Adakah encik dapat melihat sebarang perhubungan di antara kejayaan CRM dan sebarang kesan?
 - Pertumbuhan kualiti pendapatan
 - Peningkatkatan keuntungan
 - peningkatan saham pelanggan
 - Sedikit pulangan
 - Pengurangan kos
 - Kepuasan pelanggan
4. Adakah sebarang perkara di atas yang encik rasakan tidak ada perhubungan dengan CRM?
5. Yang mana satukah perkara di atas merupakan kesan terhadap kejayaan CRM?
6. Apakan yang encik dapat katakan tentang alasan yang sangat penting untuk menunjukkan CRM?
7. Apakah peranan yang encik fikirkan tentang permainan kebergantungan dalam perhubungan perniagaan ini?
8. Mempunyai kebergantungan di dalam fikiran encik, bilakah encik percaya manfaat yang akan diciptkan oleh pembeli?
9. Bilakah encik memikirkan penjual memperolehi manfaat yang lebih?

10. Dapatkan manfaat perhubungan daripada kebergantungan menjadi sama tinggi dalam perhubungan perniagaan?
11. Dapatkan manfaat perhubungan daripada menjadi sama rendah?
12. Ada tak sebarang kata-kata atau maklumat tambahan yang ingin ditambah ke dalam topic ini?