

# Developing and Implementing Partnerships in the Supply Chain

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## Overview

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An important aspect of implementing supply chain management is the formation of appropriate linkages between members of the supply chain.<sup>1</sup> While practitioners and academics have championed the value of partnerships for this purpose, the challenge is to find effective methods for developing the appropriate type of relationship. In this chapter, we describe a model that can be used to structure business relationships. Implementation issues are documented and direction is provided for managers interested in using this tool for tailoring key supply chain relationships.

## Introduction

In an environment characterized by scarce resources, increased competition, higher customer expectations, and faster rates of change, executives are turning to partnerships to strengthen supply chain integration and provide sustainable competitive advantage. Partnering provides a way to leverage the unique skills and expertise of each partner and may increase switching costs. According to Rosabeth Moss Kanter, "...being a good partner has become a key corporate asset...In the global economy, a well-developed ability to create and sustain fruitful collaborations gives companies a significant competitive leg up".<sup>2</sup> But exactly what is a partnership, and when is one appropriate? At first glance, the answers to these questions might appear straight-forward, but they are not.

<sup>1</sup> This chapter is based on Douglas M. Lambert, Margaret A. Emmelhainz and John T. Gardner, "Developing and Implementing Supply Chain Partnerships," *The International Journal of Logistics Management*, Vol. 7, No. 2 (1996), pp. 1-17; Douglas M. Lambert, A. Michael Knemeyer and John T. Gardner, "Supply Chain Partnerships: Model Validation and Implementation," *Journal of Business Logistics*, Vol. 25, No. 2 (2004), pp. 21-42; and Douglas M. Lambert and A. Michael Knemeyer, "We're in This Together," *Harvard Business Review*, Vol. 82, No. 12 (2004), pp. 114-122.

<sup>2</sup> Kanter, Rosabeth M., "Collaborative Advantage: The Art of Alliances", *Harvard Business Review*, Vol. 72, No. 4 (1994), pp. 96-108.