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Barriers to the “key supplierization” of the firm

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ABSTRACT

The phenomenon of key supply management (KSM) in business companies is far less investigated than the phenomenon of key account management (KAM) which beneficiates, both in practice and in an academic context, from a growing interest. This article is based on the empirical analysis of a sample of 10 international companies which have recently launched KSM programmes or are currently working on launching such programs. It examines the difficulties these companies come up against when implementing such programmes and proposes to organize these difficulties around three dimensions: 1) the difficulties in implementing real supplier portfolio approaches; 2) the narrow view of value co-creation with suppliers, and 3) the persistent lack of integration of the purchasing function with other internal functions within the company. The conclusion of the article is that KSM is far from being a mere symmetric phenomenon of KAM. Several implications are then discussed in relation to the implementation of KSM programmes within companies.

1. Introduction

There is now an important set of works promoting the idea of stability and partnerships between companies and their suppliers. Exchanges between buying firms and suppliers have largely been presented through their evolution from adversarial/transactional/competitive exchanges to collaborative/relational/cooperative ones (Carr & Pearson, 1999; Corsten & Felde, 2005; Gadde & Håkansson, 1994; Spekman & Carraway, 2006). Also, many are the authors who have described the advantages of this evolution (Corsten & Felde, 2005; Dyer, 1996; Harland, Lamming, & Cousins, 1999; Hartmann, Ritter, & Gemuenden, 2004; Matthyssens & van den Bulte, 1994). Among these advantages let's quote: better quality, cost, and improved cooperation, reduction of risk, knowledge acquisition, new product development, and also different kinds of financial performances. (For an interesting review of buyer-supplier collaborative relationships see for instance Terpend, Tyler, Krause, Daniel, & Handfield, 2008).

Different works have nevertheless insisted on the idea that *not all exchanges* with suppliers should evolve towards relationships (Corsten & Felde, 2005; Gadde & Snehota, 2000) and have underlined that a “*company can be highly involved with only a limited number of suppliers and needs a variety of relationships—each providing its different benefits*” (Gadde & Snehota, 2000, p. 305). Furthermore, authors have underlined that this general trend to relational exchanges with suppliers beneficiates from a very limited knowledge about its “organizational feasibility”. As Bresnen puts it “*complex internal organizational processes and management action tend to be ignored*” (Bresnen, 1996, quoted by Emberson & Storey, 2006, p. 237). Emberson and Storey (2006) have more recently evoked a similar concern relative to the implementation of buyer-supplier “cooperation” and “collaboration” relationships. Though they are “*technically feasible*” (Emberson & Storey, 2006, p. 243) they remain “*susceptible to failure due to wider organizational and behavioural issues*” (Emberson & Storey, 2006, p. 236).

This issue of how to *support organizationally* these collaborative relationships - that are generally described as a means of achieving better performance - is not limited to customer-supplier relationships. Ivens, Pardo, Salle, and Cova (2009) have used the term “*keyness*” to describe these relationships (whatever they are with suppliers or customers or partners) which are highly contributive to a company position within a network. The authors underline the role of organizational support for the management of such relationships: *“in the case of key relationships, part of this organization relies on the creation of a specific role – whether it is a key account manager, a key supplier manager or an alliance partner manager”* (Ivens, Pardo, & Salle 2009, p. 518). Among the practices described by the authors, KAM – i.e. dedicated activities, actors and resources for an identified set of customers – is certainly the most widespread (Homburg, Workman, & Jensen, 2002; Pardo, Salle, & Spencer, 1995; Workman, Homburg, & Jensen, 2003). From the mid 60' in the USA, and beginning of the 80' in Europe, KAM has been expanding and the position of key account manager is now common in many business companies (Wengler, Ehret, & Saab, 2006; Zupancic, 2008). Similar practices to KAM exist

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under the generic KSM label (for Key Supplier Management) (Andersen & Rask, 2003; Missirilian & Calvi, 2004; Wagner & Johnson, 2004) but they are far from being widespread, unlike the KAM practices. As Hardt, Reinecke, and Spiller (2007) underline: "*for many companies* […] purchasing *hasn't grown beyond its transactional origins*" (Hardt et al., 2007, p. 116).

Along with Emberson and Storey (2006) a hypothesis can then be formulated that "organizational barriers" hinder the process of "key supplierization", a term that - as an echo of Pardo et al.'s (1995) paper - could describe the implementation of key supplier management. Such a hypothesis is then in line with the Andersen and Rask (2003) comment that "*up to now, limited attention has been given to the internal organizational challenges within the buying firm in the light of changing sourcing practices*" (Andersen & Rask, 2003, p. 83). On the basis of an empirical survey the objective of this paper is to enlarge our understanding of those possible KSM organizational barriers. This article is organized as follows. We first situate the topic of key supplier management by referring to the very few works dedicated to this specific issue. The research design is then described. We go on with the main results of our study and, finally, we conclude with a discussion of results and some implications for managerial and academic debates, before indicating the principal limits of our work and openings to avenues for further research.

2. KSM in theory and in practice

2.1. KSM: an academic view

As a first approach, we define KSM in a symmetric way relative to usual KAM definitions (Homburg et al., 2002; Ivens & Pardo, 2007; Pardo et al., 1995). In a similar way, Andersen and Rask (2003) also base their KSP (Key Supply Purchasers) definition on symmetry with the KAM function*: "analogous to a KAM at the selling end of the marketing dyad, the KSP will be the access point of single or selected groups of suppliers to other departments in the buying situation*" (Andersen & Rask, 2003, p. 93). We thus propose that KSM could be defined as a set of practices, put in place by certain companies, that allow certain suppliers (here called key suppliers) to receive a specific, adapted treatment (i.e. different from the one usually used for other suppliers). More specifically, this means the creation of a new mission (thus the creation of new practices) and its integration into the existing structure. This mission involves coordinating the company's information and action in time and space in relation to an identified supplier in its entirety. The whole objective of KSM is to enable a company to generate an increased relational value (Henneberg, Pardo, Mouzas, & Naudé, 2009; Pardo, Henneberg, Mouzas, & Naudé, 2006) compared with the one that could be forecast with a "traditional management of suppliers". What is traditional management of suppliers could be precisely approached through what Dubois and Pedersen (2002) describe as a focus on "*how to exploit the firm's purchasing power vis-a-vis suppliers and reduce risk to an acceptable minimum*" (p. 37). Such a "traditional management of suppliers" thereby totally ignores the potential of interaction and networking for companies managing their supplier portfolio.

On a more general level, one cannot help but notice that although the KSM phenomenon has been identified and described by a few authors (Andersen & Rask, 2003; Ivens, Pardo, Salle et al., 2009; Missirilian & Calvi, 2004; Wagner & Johnson, 2004) it remains a widely overlooked topic in the academic literature. Missirilian and Calvi (2004) state that they "*have not found literature that describes this function specifically*" (Missirilian & Calvi, 2004, p. 3). Andersen and Rask (2003) share a similar point of view and express their surprise that such an issue is so totally overlooked by the literature*: "there is nothing (at least to our knowledge) in the SCM or procurement management literature about* [this] *role in the buying organization"* (Andersen & Rask, 2003, p. 86).

2.2. KSM as a managerial phenomenon

If KSM is far from being on the top of scholars' agendas, in companies, the phenomenon has been observed and described by a few authors. On the basis of an empirical study carried out within 15 Danish manufacturers, Andersen and Rask (2003) report the existence of KSP (key supply purchasers) practices. Wagner and Johnson (2004) reporting on BPS (a multinational OEMs headquartered in Europe and specialized in high-technology and IT-production equipment) explain that "*key supplier management is used* [at BPS] *in the case of very carefully selected and important suppliers that are subject to extremely high demands in terms of management of core skills, market and technological leadership. In effect, this means absolute single sourcing from key suppliers and very close supplier relationships*" (Wagner & Johnson, 2004, p. 723). On a different perspective, different companies communicating on their KSM practices can be identified. For instance AKZO-Nobel started KSM in 2008 with 20 suppliers explaining that: "*globally working together with suppliers in Key Supplier Management contributes to risk mitigation, global winning partnerships for the future, cutting-edge technology & innovation, competitive advantage versus our competitors and of course, increased leverage possibilities*".[1] The same with Motorola arguing that: "*the key to* [its] *success has been the establishment of a corporate purchasing structure and use of key supplier management and cost cutting initiatives*".[2] For Tyco: "*key suppliers* [are] *influencing the suppliers' growth and strategic planning*".[3] Tropicana (one of the leaders of the juice and beverages market) manages 14 strategic suppliers (for its MRO supplies) which are considered as "*'subject matter experts' that work closely with maintenance on interchange ability of MRO parts, new product training and recommendations for longer component life*" .[4] Numerous other examples could be found in the professional and consulting literature. Without claiming any homogeneity of the practices reported here, it is possible at least to conclude on the existence of a managerial phenomenon identified under the general label of key supplier management.

In spite of these noticeable and various experiments, and as was recently highlighted by Carter et al. (2007) in a CAPS report, it seems that "*supply management has been largely dedicated to setting up a competitive environment for purchasing* […]. *In the future there will be an increased need for setting up and operating collaborative environment to manage strategic suppliers*" (Carter, Carter, Monczka, Blascovich, Slaight & Markham, p. 80). This idea was also one of the outcomes of a recent McKinsey report underlining that: "*for many companies* […] *purchasing hasn't grown beyond its transactional origins*" p. 116). KSM as the organizational translation of this "supplier relational orientation" still appears more as an emerging practice than as a well established one.

3. Theoretical backgrounds

3.1. KSM and supplier portfolio

KSM is associated with the idea of a *limited* number of suppliers receiving specific treatment. The identification of specific suppliers is the purpose of all approaches gathered under the generic label of "supplier portfolio approaches" which can then appear – at least at first sight - as particularly related to the topic of KSM. Supplier portfolio approaches aim at classifying purchases, and for some of them, panels of suppliers (Bensaou, 1999; Kraljic, 1983; Olsen & Ellram, 1997; van Weele, 2002). Kraljic's portfolio approach, for instance, aims at classifying purchased items (products or services) using two dimensions:

[1] http://www.akzonobel.com/system/images/AkzoNobel_Key_Supplier_Management.

[2] http://www.purchasing.com/article/230109Motorola_leverages_its_way_to_lower_cost.php.

[3] http://www.purchasing.com/article/340124IT_sourcing_efforts_drive_value_for_Tyco_and_suppliers.

[4] In Purchasing, November 2, 2000, (p. 52).

profit impact and supply risk. This analysis results then in a 2 × 2 matrix identifying four categories of purchases: bottleneck, noncritical, leverage and strategic. Each of the four categories is then associated to a specific supply strategy. Other portfolio approaches, though introducing some variations, remain globally quite similar to that of Kraljic. Hartmann et al. (2004) provide a detailed analysis of the dimensions used (product, market, supplier and relationship characteristics) by different portfolio approaches to provide classifications. Though subject to criticism (see for instance Gelderman & van Weele, 2005), these works remain a good first approach to the KSM issue. For instance, Gelderman and Semeijn (2006) show how the purchasing portfolio tool is used for the implementation of organizational mechanisms of knowledge transfer to local units in the purchasing side of a company (Gelderman & Semeijn, 2006, p. 215). But, if purchasing portfolio models and KSM can be seen as two connected topics (similar to what happens in marketing with customer portfolio approaches and KAM), they cannot be considered as the same phenomenon. Purchasing portfolio models are about identifying specific sets of purchases (Kraljic, 1983) or supplier relationships (Olsen & Ellram, 1997), while KSM is about the organizational changes (by new actors, resources and activities) to support new kinds of exchanges (relational ones) with suppliers. More than that, as is clearly highlighted by Dubois and Pedersen (2002) the "*strategic advice resulting from purchasing portfolio models is, in essence, a recommendation either to exploit power (if customer is in power), or avoid risks associated with the supplier exercising power*" (p. 40), which is far from being the perspective of KSM. The bias in supplier portfolio as described by Dubois and Pedersen is all the more problematic in that "*by limiting the analysis to concern only 'given' products in a purely dyadic context, purchasing portfolio models may obscure great potential for increasing productivity and innovativeness*" (p. 40).

3.2. Usual barriers in implementing relational exchanges with suppliers

Based on a multi-sector case study research Emberson and Storey (2006) discuss the difficulty of buyer-supplier collaborative relationship practices. As the authors put it "*the collaborative buyer–supplier relationship which* [is] *so elegantly described in the normative literature is thus found in practice to be prone to a number of critical organizational and behavioural barriers*" (Emberson & Storey, 2006, p. 244). What are these barriers? Boddy, Cahill, Charles, Fraser-Kraus, and Macbeth (1998) suggest different barriers to partnering that can be easily adapted to the KSM situation. By following the authors we could then hypothesize that KSM fails to emerge (or encounters difficulties in emerging) because: 1) it is considered as a "bounded" change and implications for instance in "*reward systems, and generally the provision of adequate resources to do the job are not managed*" (Boddy et al., 1998, p. 149); 2) there is no monitoring and control system; 3) some people think that their role or status is being diminished by the KSM implementation; 4) the KSM project is not backed by a formal structure; 5) there is no clear model to demonstrate the impact of the KSM programme; 6) there is an insufficient focus in the long-term (Boddy et al., 1998, p. 149 & 150). Ellram and Edis (1996) describing the implementation of a buyer-supplier partnership at the Eastman Kodak Company, underline the key "*characteristics of successful partnering ventures*" (p. 20). One can be legitimate in bringing the idea that the absence of such characteristics may be considered as a barrier to partnership and as a consequence to KSM. Thus, adapting Ellram and Edis's results, we could present two potentially important barriers to KSM: 1) a too high number of suppliers to be treated as key suppliers, and 2) the absence of team work, with the full support and cooperation of top management.

3.3. Intra-organizational dimension of supplier relationships

Internal organizational issues within the buying firm linked to the evolution of sourcing are seriously overlooked (Andersen & Rask, 2003; Ivens, Pardo, & Tunisini, 2009; Piercy, 2009; Sheth & Sharma, 1997; Sheth, Sharma, & Iyer, 2009) and we can easily notice that just a "*little research has entered into specific organizational issues, similar to what occurs on the marketing side*" (Ivens, Pardo, & Tunisini, 2009). Main purchasing organizational issues worked out by scholars deal with centralization/decentralization (Johnson & Leenders, 2001; Johnson, Leenders, & Fearon, 2006; Leenders & Johnson, 2000; Rozemeijer, van Weele, & Weggeman, 2003). Fewer are the works focusing on the Corporate Purchasing Officer (CPO) position (Johnson, Leenders, & Fearon, 1999) and the integration of the purchasing department with other departments (Cousins & Spekman, 2003; Williams, Giunipero, & Henthorne, 1994).

4. Is KSM only a purchasing department issue?

KSM raises the question of which function in the company is going to take on these new practices towards suppliers. Or, in other words, is KSM to be necessarily placed in the hands of the purchasing function? If KSM is about managing relationships with suppliers with the purpose of value co-creation, one must admit that functions other than purchasing are involved in those relationships. As Dubois and Pedersen (2002) put it, there are companies where "*the technical, logistics or other departments absorb most of the interaction, leaving purchasing to negotiate less important contracts and conditions for 'given' products*" (p. 41). In such cases, part of the supplier management relationship tasks may take place outside of the purchasing department. Thus, the current statement made of a limited occurrence of these KSM practices may potentially be explained by a focus on the purchasing department as the focal place where such practices should emerge and develop. This, of course, entails one important methodological consequence insofar as we have to choose where to look in the company to testify the presence (or not) of KSM practices. Nonetheless, in most of the cases observed, it appears that these practices are anchored in the purchasing department. For instance, at Tropicana the strategic supplier programme is under the responsibility of the purchasing manager. It is nevertheless noticeable that these buyers have become more involved in cross-functional teams. The survey conducted by Andersen and Rask (2003) also clearly reveals practices emerging within the purchasing department.

5. Method

The research presented here is part of a more general research programme, the purpose of which is to explore how the phenomenon of KSM (as we described it in the introduction) was managed in companies and to identify specific issues connected to this KSM topic. The present paper only focuses on one of these issues: the issue of internal (i.e. within the buying company) barriers to KSM implementation.

5.1. An exploratory study

Due to the emerging character of the observed phenomenon, an exploratory study was chosen as a suitable research method. Of course, as we mentioned previously, the issue of different barriers to partnering - though not at the top of the research agenda - has already been identified by a few authors. Nevertheless, those partnering situations were never explicitly identified as KSM situations. It then appeared difficult to use those works to hypothesize a set of barriers that could be proposed to our key informants so as to be "tested". Then, the exploratory nature of our research was supported by semi-structured interviews, with a limited list of questions around which a discussion could take place. As far as this paper is concerned, the questions where formulated so as to collect data about barriers and obstacles in the implementation of KSM programs.

5.2. Choosing companies for exploratory research

The current stage of this study is at interviews conducted with 33 respondents of 10 multinational companies during the autumn of 2009 (Table 1). These companies were chosen as respecting several criteria: 1st) The companies chosen display a supplier portfolio where a limited number of suppliers impacts significantly on their activity and competitiveness; 2nd) These ten companies were chosen after discussion with their purchasing managers so as to identify the ones that indicated they were "*doing - or wanted to do - something specific with some of their suppliers*" thus using the concept of "activity intensity" as proposed by Homburg et al. (2002). This formulation aimed at identifying practices that were in line with the definition of KSM we had in mind, but that were not specifically labelled "KSM"; 3rd), given the exploratory nature of the study it was decided to focus on different business settings so as to limit contingency phenomena. Thus the sample covers both "consumer and industrial goods" (all in BtoB settings), private and public companies and different activity sectors; and 4th) we also paid attention to the KSM maturity of the companies contacted. Although KSM is an emerging phenomenon, we could distinguish between "KSM work in progress" (characterized by a formalized reflection on the topic but the absence of already appointed key supplier managers or equivalent positions) and "recently implemented KSM". To sum up, in F, G, H, I and J companies, specific activities have been implemented in the last 2 to 3 years with key suppliers. Moreover, people in charge of managing such relationships are clearly identified. By contrast, A, B, C, D and E companies wish to move towards a more intensive supplier relationship with some key suppliers. Nevertheless, nobody (at least at the beginning of our observation work) had the title of "key supplier manager" or any equivalent label (for instance Company C created the position for 2 key account managers several months after our observation started).

5.3. Choosing informants within companies (Table 1)

Our 33 interviewees are considered to be key informants. They have been chosen because "*they are supposedly knowledgeable about the issues being researched and able and willing to communicate about them*" (Kumar, Stern, & Anderson, 1993, p. 1634). These key informants were chosen within the purchasing functions of the companies because we consider that those functions have or will have the leadership in the implementation of KSM programmes. Nevertheless, we were aware of a bias possibly induced by such a choice, as we developed the idea before in the "*Is KSM only a purchasing department issue?*" part of this paper. This is why we were careful about to having key informants in sufficiently important hierarchical positions, hypothesizing that they could – because of these positions – report on KSM practices (or assimilated practices) that could have emerged within other functions (apart from the purchasing ones). By doing this we are still in line with Seidler (1974), quoted by Philips, 1981) definition of a key informant as someone who has "*special qualifications such as particular status, specialized knowledge" and* [is] *thus able "to provide information by reporting on group or organizational properties rather that personal attitudes and behaviors*" (Philips, 1981, p. 396).

5.4. Interviews

The duration of interviews varied from 60 to 90 min. All the interviews were recorded (with permission of respondents) so as to allow different scholars to get access to data and share their analyses. Internal memos, articles and archival data were also collected. For the present article we specifically focus on data reporting on the difficulties the companies of our sample encountered – or are encountering – in implementing KSM.

Table 1
Sample.

Companies and activities	Turnover 2008	Number of Key informants	Key informant positions
Company A *Corrective lenses*	3 billion euros	5	• Chief Sourcing Officer • International Sourcing VP • Raw Material Sourcing Manager • Purchaser • Utility Sourcing Manager
Company B *Industrial vehicles*	4.3 billion euros	7	• Senior Vice President Purchasing • Purchasing Management coordination director • Global Purchasing Development • Vice President Vehicle Dynamics Purchasing • Global Purchasing Manager (2) • Continental Buyer
Company C *Manufacturing of industrial goods*	6.8 billion euros	4	• Key supplier manager (2) • Senior Corporate Purchasing Manager • Chief Procurement Officer
Company D *Energy*	13 billion euros	4	• Purchasing Director • Supply chain manager • Corporate Purchaser (2)
Company E *Public administration*		7	• Purchasing Director • Outsourcing Manager • Purchasing Information & Communication Manager • Global Purchasing Manager (4)
Company F *Telecommunications*	13 billion euros	1	• Director of Strategic Suppliers
Company G *Cosmetics and beauty*	13 billion euros	2	• Director of Strategic Suppliers Relationships. • Director Purchasing Raw Materials
Company H *Internet and communication*	50 billion euros	1	• Sourcing Director
Company I *Pharmaceuticals*	32 billion euros	1	• Head of Procurement Intelligence
Company J *Chemicals*	4 billion euros	1	• Global Procurement Director

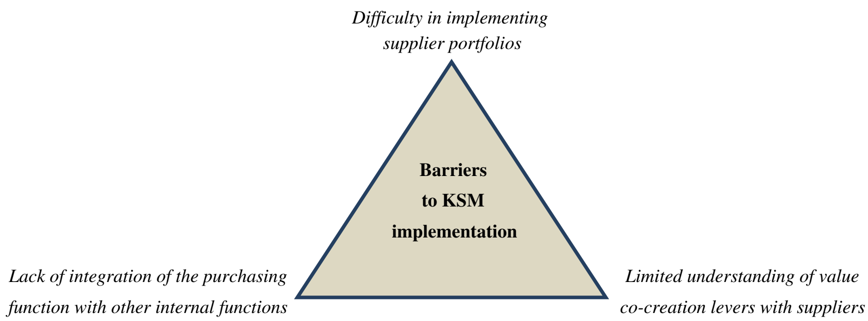

Fig. 1. Main barriers to KSM implementation.

6. Findings (Fig. 1)

Given the characteristics of our sample (limited in size) and the nature of the interviews carried out (exploratory one based on very open questions) the purpose of our data analysis was not to provide any kind of statistical evidence of such or such explanatory factor. The purpose was rather to highlight the variety of obstacles and difficulties encountered by companies. Thus, verbatim texts used in the following paragraphs must only be considered as illustrations. Only further research with a specifically constituted sample could work on different kinds of mediator and/or moderator variables.

By focusing on obstacles and difficulties encountered by respondents in the implementation and development of KSM, three main barriers to KSM implementation emerge (Table 2). We develop these three barriers hereafter.

6.1. 1st barrier to KSM: difficulty in implementing supplier portfolios

Because of: (1) the very high heterogeneity of products and services bought by a company (e.g. from steel to rubber including textile and painting, a truck consists of about seven tons of different materials that have to be sourced from suppliers) and (2), the fact that all these components have to be available simultaneously in the same place to allow the company to produce and deliver its products and services (*e.g. Japan's earthquake in March 2011 has forced hundreds of Japanese factories to shut down with consequences for their customers. This is the case with Japanese Hitachi providing a flow meter for diesel engines manufactured by PSA (the French automaker), because of just this one missing component, the diesel engine production has to be interrupted at the automaker assembly plants*) the relevancy of supplier portfolio approaches is considered as being limited at the level of managerial action by the purchasing managers we met. This difficulty to enter into any kind of "hierarchy" of purchases and suppliers hampers companies from thinking about organizational means to manage selected suppliers – which is the essence of KSM – insofar as the identification of such suppliers is too difficult to manage.

To provide a useful suppliers' hierarchy, supplier portfolio approaches should capture a multiplicity of situations, which implies manipulating important sets of selection criteria. This is often mentioned as a limitation for a KSM implementation:

> "*Criteria depend deeply on the nature of business. One of our company businesses produces commodities and it is looking for stability with suppliers, the objective being: "never stop the plant"! But, on the other hand, if you are in innovation, your key suppliers are going to be defined in a different way*" (Senior Corporate Purchasing Manager - Company C).

In certain cases, the difficulty in managing without a hierarchy of suppliers is largely dependent on the difficulty for the purchasing function to think out the relevant criteria for such a hierarchy, which is due, in turn, to the limited knowledge they have about their suppliers.

> "*We do lack data on our suppliers. Purchasing is far from being centralized and there is no kind of information system allowing an analysis of our supplier portfolio*" (Purchasing Director – Company E).

In other cases, where criteria exist, they are very often limited to the unavoidable "spend" and "criticality" ones. Not only do these criteria display their usual limits (for instance only a situation can be considered as critical, not a supplier) but most of the time they are reduced to just the "spend" one:

> "*We could have critical suppliers characterized by other criteria than "spend". But, as everybody focuses on savings, the "spend" criterion is the only one everybody looks at!"* (Utility Sourcing Manager – Company A).

If "criticality" is kept as an important criterion to classify suppliers, it sometimes falls short of establishing any kind of useful discrimination between suppliers: all suppliers are then considered as important ones…

> "*We need each of our suppliers*" (Purchasing Director – Company A).

Other respondents mention that KSM imposes prerequisites that are not already present in their companies. This is particularly the case when they refer to the lack of strategic intents associated with already existing types of purchases:

> "*Most companies lack a clear purchasing strategy per category which makes the identification of key suppliers difficult. A category strategy provides what the company has as objectives in that category, how the company will meet the objectives, in other words the activities required, and also which suppliers will be used to do what. Only that can decide if a KSM approach is adapted to the objectives fixed*" (Senior Vice President Purchasing – Company B).

One can find similarities between these comments and the discussion on supplier portfolio put forward by Gelderman and van Weele (2005). The authors clearly establish that "*purchasing portfolio usage is associated with purchasing sophistication*" and this is the main result of their empirical study. They also largely discuss the fact that these portfolio approaches need a set of prerequisites to be implemented: "*application of purchasing portfolio techniques requires skills extending beyond traditional administrative competences. In addition, the purchasing needs to have a clear presence and position within the organizational hierarchy*" (p. 25). Thus, supplier portfolios are methods relying on certain capabilities and conditions, which, we can guess, are not automatically gathered within a firm. Another interesting parallel can be made between our respondents' comments and the work from Caniëls and Gelderman (2007). The authors acknowledge the widespread use of suppliers' matrices by practitioners: "*Currently, Kraljic's matrix is widely used by purchasing professionals* [and] *has received large-scale recognition and has attained an increasing degree of adoption*" (Caniëls & Gelderman, 2007, p. 220). But at the same time the authors criticize the limited use of the power/dependence analysis these portfolio approaches make possible. Yet, such an analysis could provide good insights so as to define the nature of "links" (Hartmann et al., 2004) to establish with suppliers. Thus, whether it is because supplier portfolio approaches lack appropriate context of implementation (because of a lack of skills or a weak organizational position of the purchasing function) or because the approaches *per se* cannot provide all the information about how to think out the different kinds of links to be established with suppliers, it results in the hierarchy of suppliers either not always being easy to establish or not always being fully satisfactory when established. As KSM needs a portfolio approach as a prerequisite, this can explain why KSM appears so difficult to implement within the companies of our sample.

6.2. 2nd barrier to KSM: limited understanding of value co-creation levers with suppliers

The vision of a supplier relationship as a possible source of value is questioned by the purchasing managers from our sample. More precisely, the means to be used in order to implement such value creation with suppliers are largely ignored by these purchasing managers. This does not favour a KSM orientation, the prime objective of which is to make new types of value creation possible between buyer and seller (Henneberg et al., 2009; Pardo et al., 2006). Our study reveals different reasons for such a position. Purchasing managers in their majority state that they already create value insofar as they manage to maintain a certain level of competition between their different suppliers. Thus, managing a certain distance between a company and its suppliers appears to be the most suitable type of governance. Furthermore, purchasing managers display a high sensitivity to the risk of dependence and consider it to be much more determining than for the marketing side. In-depth relationships are primarily seen as risky relationships:

> "*In case of dependency (for example sole sources) the first lever which would come to the mind of Purchasing Managers would be to create a competition rather than manage the relationship in a different way*" (Senior Corporate Purchasing Manager – Company C).

> "*There are clear limits to an integration of the supplier within our value chain. First it might be dangerous as we could be locked in for three years with a supplier. Furthermore, it could lead us to a loss of certain internal abilities*" (Global Purchasing Manager – Company B).

> "*We do not really want to develop our relationships with our suppliers, in the sense of making these relationships grow: we want to optimize these relationships. Otherwise the risk of dependency is too high…*" (Chief Sourcing Officer – Company A).

Even when collaboration is "theoretically" considered as a possible alternative to managing relationships with suppliers, companies do lack the ability (or do not want?) to change their practices. For instance, company D, experiences difficulties in attracting certain suppliers that do not want to enter the energy industry (constraints are too high). This company should develop its attractiveness, but all the four respondents we met continue with discourses definitely based on a "call for tender" logic, and are thus unable to imagine another way of looking at the supply market …

The traditional and long history of constant focus on savings (most of the time on price, rather than on TCO) has created purchasing organizations in line with this dominant criterion. Even if some buyers are interested in closer relationships with suppliers they rarely have the skills or incentive to develop them:

> *"KS Manager needs relational skills. Most buyers are "hammers" by nature, excellent negotiators but poor relationship managers. They look after the last "half cent". A KS Manager is a facilitator for mutual business development"* (Global Procurement Director - Company J).

> *"We are not a major company on the market as a customer. We mainly buy commodities. So we know that we should do something different with suppliers, and not use traditional buying levers. But this is my vision, and our buyers still behave like traders or brokers more than relationship managers…."*(Global Procurement Director - Company J).

> "*I've had to persuade people of the advantages of a relational approach to suppliers, and the most difficult to convince were the buyers. People from the BU were much more receptive and saw more clearly the benefits of a collaborative approach to suppliers. They were interested in a sustainable business with suppliers. Buyers were too focused on their objectives, ignoring the BU's objectives*" (Head of Procurement Intelligence - Company I)."*People could understand the added value to manage suppliers differently but they were not rewarded for that! Only savings took top priority"* (Head of Procurement Intelligence - Company I).

For those organizations that were convinced of the benefits of having a closer collaboration with suppliers, they lacked ideas on how to manage the transition to different relationship governance. Three companies (F, H & I) selected specific champions to set up the process and train and guide the teams on the implementation.

> "*My role was to facilitate and be sure that the programme is running. I would be a support to the KSM process in case of internal or external difficulties*" (Global Procurement Director - Company J).

These results are in line with the recent survey conducted by McKinsey that we have already quoted (see Hardt et al., 2007). The study states that: "*for many companies, purchasing hasn't gone beyond its transactional origins*" (p. 116). Cousins and Spekman (2003) do share a similar scepticism relative to a possible value-orientation of the purchasing function when they write: "*one cannot expect innovation or other value adding skills to be applied if the supplier is being forced to focus on price*" (p. 24). Corsten and Felde (2005) also raise the problem of indicators and metrics used for purchasing that inevitably focus on savings and are then detrimental to any long-term collaborative orientation. The authors call for a modification of these measures: "*innovation and overall financial performance are rarely used to evaluate the purchasing department. In order to overcome potential obstacles en route to collaboration with key-suppliers the performance measures used to evaluate purchasing need to be changed*" (p. 458). Another interesting parallel can be made with the work from Caniëls and Gelderman (2007) where the author shows that even in the Kraljic's strategic quadrant where partnerships are recommended as a strategy), buyers from their sample "*perceive an asymmetric power balance: from the buyer's perspective the supplier dominates the relationship*" (p. 226). Such a result leads the authors to recommend that "*even in satisfactory relationships, buyers should explore the market by scouting for alternative suppliers and determining their competencies*" (p. 227). Value is looked for in the supply market as a whole, not only in specific relationships with specific suppliers.

6.3. 3rd barrier to KSM: lack of integration of the purchasing function with other internal functions

Finally, for the purchasing managers from our sample, the purchasing function still has difficulty positioning itself as a real boundary-spanning function which would legitimate their role in analysing signals from the supply network and to take over these signals internally. This is seriously hampering any attempt for KSM to emerge as a coordination function not only internally but also externally:

> "*We could observe the difficulty of integration due to the lack of purchasing sensitivity to the business*" (Global Procurement Director - Company J).

Different comments on the "status" of purchasing relative to a KSM mission have been formulated:

> "*I do not have the status to go and speak with the Head of R&D. The R&D department works directly with suppliers with no participation of the purchasing department*" (Raw Material Sourcing Manager – Company A)."*We have the feeling that R&D is the boss, and that we are not buying for the company*" (Global Purchasing Manager - Company B)

This insulation of purchasing within its own company may also appear as a consequence of a function which has for too long been living on its own, or in other words the autonomy claimed by purchasing is reaching its limits:

> "*We've got a sort of tradition of autonomy in purchasing, and this may explain our limited influence within the firm*" (Raw Material Sourcing Manager – Company A)

On the other hand, Company H, has reached a high level of integration to business since the launch of their KSM program in 2006. The following comment then shows how things have changed in this company:

> "*Today we have a deep understanding of the business strategy. We can share it with our Key Suppliers, which is essential for KSM. Purchasing, R&D and the Business work together in the same direction. We decide together about the future and the suppliers we want to have. Decisions are made for the long term with a global vision. It was not the case in the past. It took us several years to reach this point. In the past R&D would drive supplier portfolio decisions, today we are responsible for it*".

These results may appear as relatively consistent with several works. For instance, if Monczka, Trent, and Handfield (1998) define the purchasing function as a *"boundary-spanning function"* (p. 133) between suppliers and different internal functions (Manufacturing, Quality, R&D, Finance, Marketing) they nevertheless stress that other departments take part in the buying process by managing direct contacts with suppliers thus altering the efficiency of the purchasing department. As a conclusion they qualify the relationships between purchasing and other internal functions as being critical. The same with Leenders, Johnson, Flynn, and Fearon (2006) for whom one important challenge for the purchasing function is to extend its influence within the firm. Leenders, Nollet, and Ellram (1994) underline that "*purchasing will have to become a regular player on the team, rather than a provider of support*" (p. 42). Very recently, Bals, Hartmann, and Ritter (2009) – working on the specific case of services purchasing – highlighted the fact that "*Often, major decisions* [...] *are made* [...] *with hardly any integration of the purchasing department*" (p. 898). Spekman (1979) clearly referred to such a situation more than 30 years ago: "*traditionally, purchasing agents were viewed as order takers/expeditors and, as a consequence, much of their boundary spanning activity was preempted by other departments*" (Spekman, 1979, p. 106). Does this mean that things have not changed since these times?

Table 2
Barriers to KSM.

Barrier	Barriers details
Difficulty in implementing supplier portfolios	• Multiplicity of purchasing situations • Difficulty in establishing suppliers' hierarchy • Focus on "spend" and "criticality" criteria only • Difficulty in finding out other hierarchy criteria • Lack of strategic intent
Limited understanding of value co-creation levers with suppliers	• Focus on competition • Focus on savings • Lack of specific relational skills • Absence of change management; lack of support
Lack of integration of the purchasing function with other internal functions	• Difficulty of purchasing to position as a real boundary-spanning function • "Status" of purchasing • Insulation of purchasing within the organization • Weak integration of purchasing within the company strategy

7. Discussion and managerial implications

Our qualitative findings provide some material that can serve as a basis to discuss different aspects of KSM and of connected topics.

First, by focusing on key suppliers, our work contributes to the general topic of "key relationships" that was in a way set up with Håkansson and Snehota's (1995) argument that only a limited number of relationships have an important impact on a company's performance. When introducing the "keyness" concept, Ivens, Pardo, Salle et al. (2009) define it in relation both to the complementary resources that can be combined within a key relationship and with the specific adjustments a company must make to manage those key relationships. Our results clearly show that these two aspects of « keyness » are not so obvious in the case of key relationships between a company and its suppliers. Combining resources with suppliers doesn't appear as evident for the purchasing function within companies because of their lack of understanding of how value co-creation with suppliers could be implemented. And the adjustments a company is ready to make to support relationships with key suppliers are rather limited by the difficult integration of internal stakeholders.

Second, the importance of "barriers" revealed in the implementation of such relationships with suppliers can also be considered relative to the existence of a real "supplier orientation" within companies. Langerak (2001) defines supplier orientation as "*the intelligence generation and dissemination activities that are necessary to understand how the know-how and skills of suppliers can be used to create superior customer value*" (p. 223). Langerak's work shows that if "supplier orientation" is likely to improve financial performance its adoption is far from being widespread (Langerak, 2001). The three barriers in implementing KSM that we bring to the fore in this article are totally in line with Langerak's results and support the idea of a limited "supplier orientation" within companies.

Finally, from a network perspective, our results can also be seen as questioning the nature of interconnectedness between companies. The interaction model (Håkansson, 1982) and the network model (Håkansson & Snehota, 1995) as developed by the IMP Group and some other scholars have promoted a unified perspective to observe and explain customers' relationships and suppliers' relationships. However, these two kinds of relationships do not have the same substance (Håkansson & Snehota, 1995, p. 28). This is particularly the case when dealing with key relationships. Through the relationships developed with key customers, key account managers are typically manipulating "resource ties" (Håkansson & Johanson, 1992). Indeed, the *raison d'être* of a key account manager is to do things that are not done by a traditional sales force (what Homburg et al. (2002) define as "activity intensity"). The key account manager is "inventing the possibility of new things" based on new resource combinations between his firm and the key customer. The key account manager is in a position to do that because he coordinates what happens in space and time between his company and its key customer. On the other hand, the three difficulties we observed in the implementation of KSM programmes enable us to see the relationships between the purchasing function of a company and its suppliers more as a manipulation of "activity links". Indeed, the purchasing function appears as mainly focusing on problems of connection between the suppliers' activities (providing products and services) and the company's activities. It is a matter of how «to synchronize and match the activities so as to make them more productive» (Håkansson & Snehota, 1995, p. 120) rather than a matter of «a continuous process of knowledge exchange» (Håkansson & Snehota, 1995, p. 190) which characterizes an investment on the resources' layer of a relationship. In the end, from a network perspective, it gives a picture of an unbalanced networked world where for a focal company its customer relationships rely on both activity and resource links, while its suppliers' relationships, for the part managed by the purchasing function, only rely on activity links. From a perspective of network performance this unbalanced situation could be problematic.

Adopting a managerial point of view, we suggest a KSM position within the company that should be distinguished from the purchasing position. Just as "key accountization" as described by Pardo et al. (1995) promoted a KAM structure as an «interdivisional coordinator at corporate level» (p. 132) we invite managers to think about KSM as "an additional layer" in the organization, thus providing the company with a new organizational device to manage "relationships" with suppliers. This means that we clearly make it a hypothesis that current purchasing functions within companies are not going to transform into KSM structures. It could be because they do not display the ad-hoc capabilities (they *can't* evolve towards KSM) or because strategically their mission is different (they do not have to evolve towards KAM). If the focus of purchasers' activities remains categories of products or services bought, the focus of key supplier managers should be the relationship, and their purpose should be the combination of resources between their company and one or several key supplier(s). In a word, key supplier managers are not going to represent purchasing managers: they are two complementary devices to manage suppliers. This would inevitably raise the fundamental question of the integration between both functions and the possible danger of creating a hierarchy between them.

8. Limits and future research

The first limit is linked to the fact that our survey only yields a limited number of cases. Though there is a strong commonality of views when obstacles in KSM implementation are tackled, there is no guarantee whatever that all the difficulties (possibly hampering a KSM implementation process) have been captured though our interviews.

The second limit is about the definition of the KSM phenomenon in itself. When can a company be considered as implementing KSM? The existence of a formalization of the process (for instance through the existence of a position of key supplier management within the company) could be a solution. Nevertheless, Homburg et al. (2002) clearly indicate that "non -formalized" approaches of KAM could exist, so the same could be taken into account for KSM situations. The solution we chose was to let managers decide whether or not they were experiencing KSM situations though the initial question they have to answer: "*is your company doing something specific with some of their suppliers*" thus using the concept of "activity intensity" developed by Homburg et al. (2002) for KAM situations. This could be refined.

A third limit is the "functional identity" of our respondents. Key informants are actors of the purchasing function (whatever their hierarchical level or their specialization within this function). This indicates clearly that an underlying assumption is that KSM is a matter of purchasing activities. By doing this, we could not observe the KSM activities carried out by actors located outside the purchasing function. Yet, we could hypothesize that functions like R&D or even manufacturing could develop with suppliers' specific approaches that could be labelled KSM.

All of these points offer interesting potential developments to refine the design of further research. Two main avenues are already identified. Future research might further consider the diversity of KSM situations. The "KSM conceptualization" we used on the basis of Homburg et al.'s "KAM conceptualization" provides a good tool to explore the different KSM situations. Homburg et al. used their conceptualization to provide a taxonomy of approaches to KAM. A further step in the research could be a similar taxonomy for the KSM phenomenon. Further research might also develop a systematic analysis of all kinds of links established by any member of the buying company with the supplier. This is all the more important in that it could lead to the idea that KSM is not to be an activity of the purchasing function but may be one layer more in the relationships between a company and its suppliers.

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