



<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Master's thesis
Licentiate's thesis
Doctor's thesis

Subject	Logistics	Date	26.10.2006
Author	Markus Kalela	Student number	
		Number of pages	104
Title	Second tier supplier management in electronics manufacturing		
Supervisor(s)	D.Sc., D.Sc. Juuso Töyli and M.Sc. Pia Jämsä		

Abstract

Already for years the trend in industrial businesses has been to outsource parts or all of their production to achieve cost reductions, agility, better customer response and leaner operations. This has led to ever more complicated supply network configurations. Even though much has been written about supply chain management, and the role and importance of sourcing and procurement the emphasis has mainly been in describing the relationship between a company and its direct suppliers. While trying to improve its overall supply network performance a Finnish consumer electronics manufacturer noticed significant room for improvements in the way the business with its upper-tier suppliers was managed. Thus the purpose of the study was to find ways to manage the cost, availability, and quality of the materials and components bought by the case company's first tier suppliers and to document a proposal for second tier supplier management principles in the area of cost, availability, and quality management and to describe the process and findings of the above mentioned project. Three research questions were studied and answered: 1) How can a manufacturing company manage the cost of the materials/components its suppliers purchase? 2) How can the availability of the components purchased by the 1st tier suppliers be secured with minimal inventory carrying costs? 3) How can the quality of the components purchased by the 1st tier suppliers be managed and developed. Furthermore a solution was needed to address the roles and responsibilities in the supply chain in the current and future supplier network configurations in order to minimize confusion and inefficiencies.

The author approached these questions first by investigating the current situation by the means of a questionnaire addressed at a selection of the case company's suppliers, and complementary interviews. The author gained important insights also while working at the case company. On the basis of this information critical 2nd tier supplier management issues were further identified and as a solution a framework for the 2nd tier supplier management principles was created.

The results suggest that a company with a complex multi-tier supplier network needs to set clear and precise roles and responsibilities both internally as well as among its suppliers to be able to benefit the true potential of a competitive supplier network. After applying these principles it is possible to effectively utilize other more specific supply chain management tools.

Key words	Supply chain management, sourcing, outsourcing, logistics
Further information	