

WHEN LOW TIER SUPPLIERS PERFORM BETTER THAN WORLD CLASS SUPPLIERS:  
Survey in the French Automotive Component Industry.

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**Competitive paper**

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Survey in the French Automotive Component Industry.

*The purpose of this article* is to discuss the main strategic motivation for an automotive supplier: being a tier one supplier vis-à-vis their clients. Our central argument is that a high rank in the suppliers' pyramid does not guarantee both suitable level of performance and sustainable competitive advantage. Furthermore, being in a tier one position does not prevent significant benefit gaps between competitors. This goes against the common belief assuming that tier one suppliers have similar profiles just because they have been selected under the same criterion. Indeed, the traditional and pyramidal classification of suppliers, based on their tier regards to the OEM, implies that firms from similar ranks have common profiles.

*Our theoretical background* is the strategic groups approach. We propose to fit the notion of tier of suppliers with that of strategic groups.

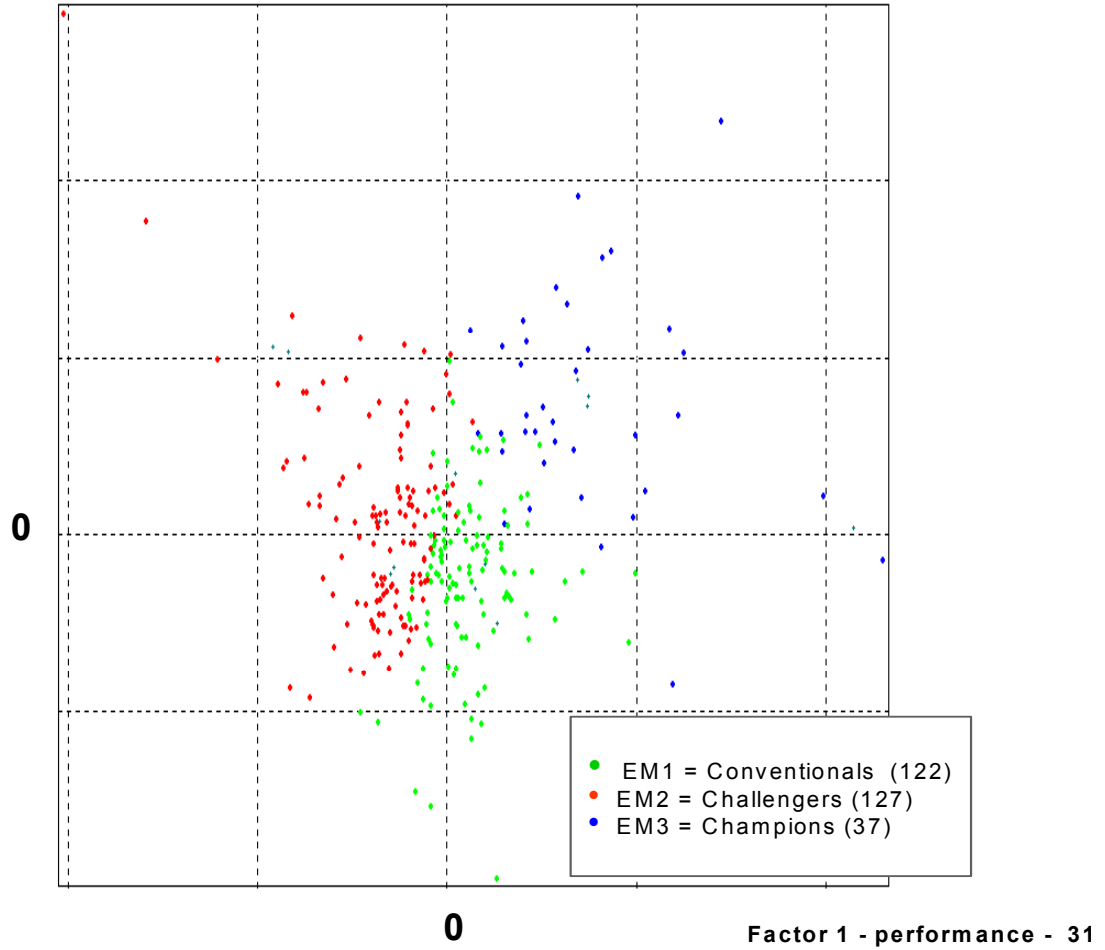
*Our empirical study* was conducted in the French automotive component industry on the overall 1675 firms. Our data were sourced for the annual survey (EAE 1999) conducted by the service of industrial studies and statistics of the French ministry of industry (SESSI). We conducted two principal component analyses to define the performance indicators. Then a hierarchical classification helped us to regroup the suppliers into different clusters.

*Our statistical results* emphasize three groups of automotive component manufacturers (EM1, EM2, EM3) groups of other automotive suppliers (OS1, OS2, OS3) presenting different level of performance.

*Our findings open the discussion* on supplier strategies' focusing on becoming a tier one partner. In particular, the results show that it is more profitable being a second or third tier supplier belonging to the Forerunners group OS3, rather than being a tier one in groups EM2 or EM1. Finally, findings from « other suppliers » provide us to better understand strategic moves such as concentration, alliances, merger and acquisitions characterizing this sector over the last years. In particular, they highlight the challenge for “dilemmas” suppliers (60% of other suppliers), easy targets for stronger firms that wish to acquire assets.

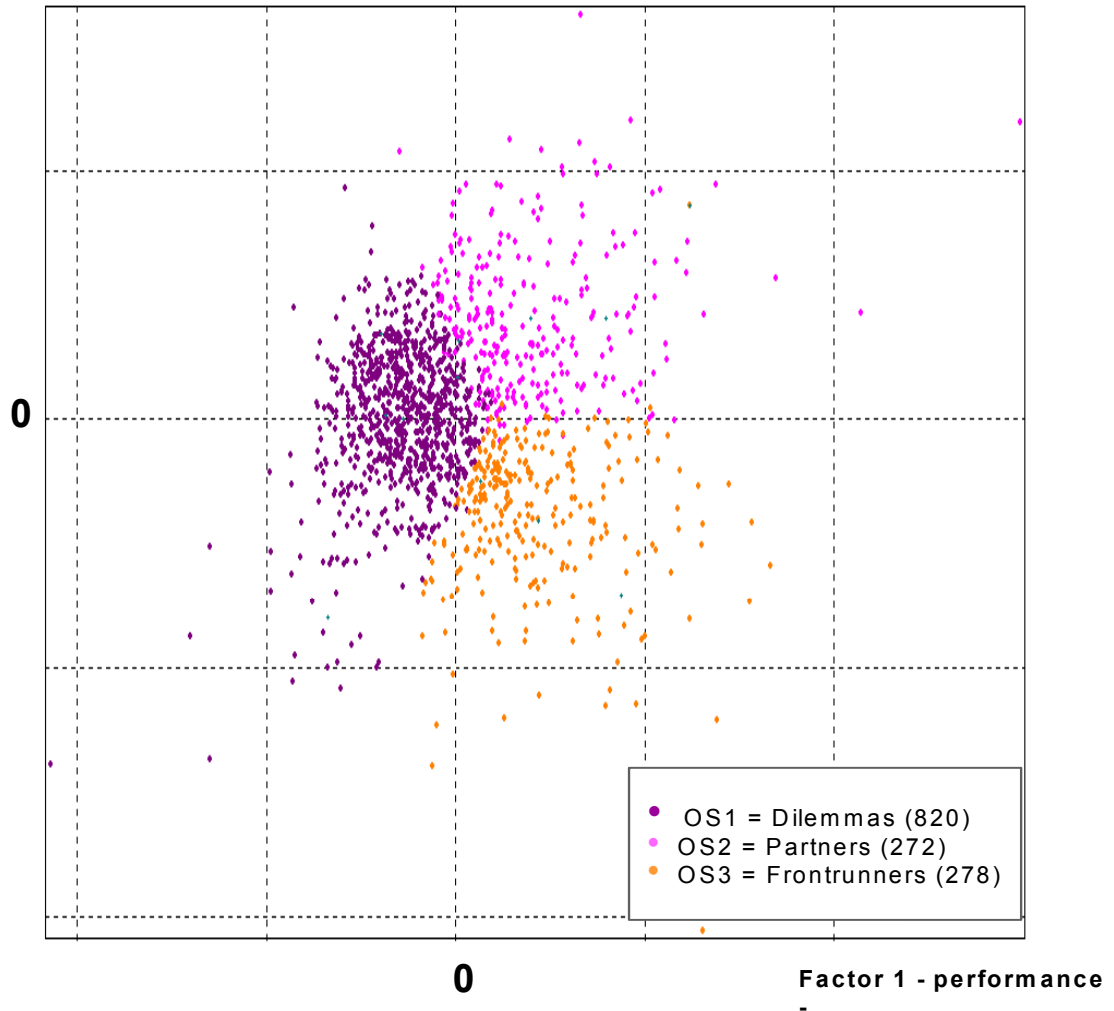
### Clusters of Component Manufacturers - EM

Factor 2 – purchase and outsourcing- 21.28 %

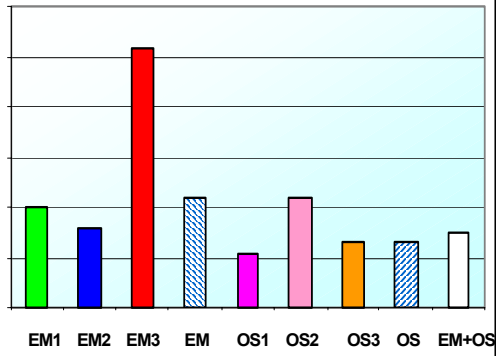


## Clusters of Other Suppliers - OS

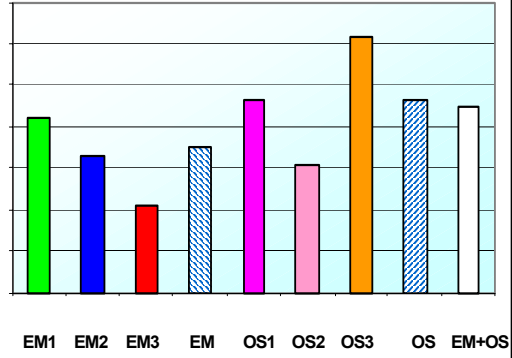
Factor 2 - purchase and outsourcing - 21.99 %



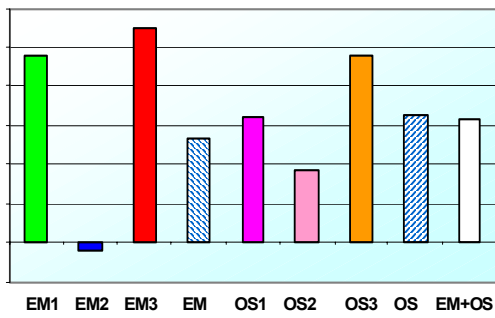
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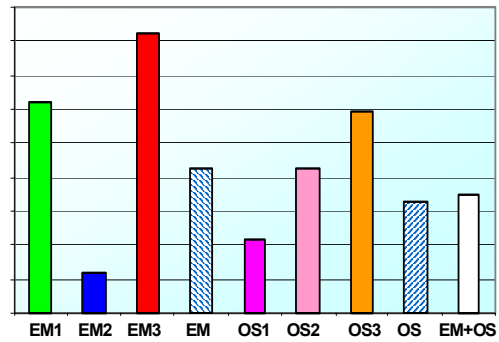
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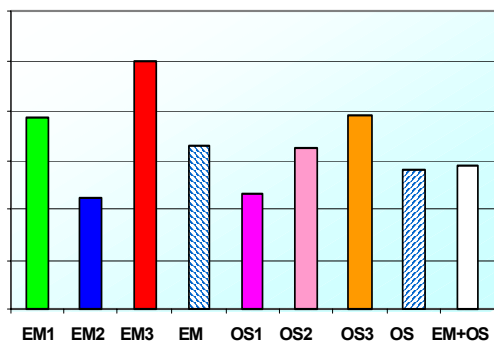
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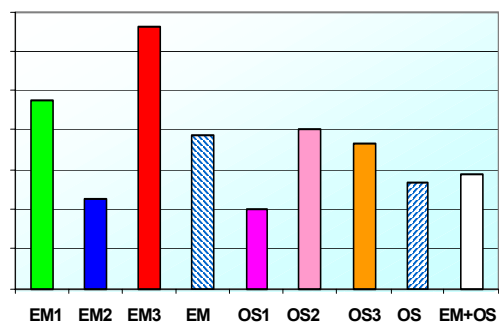
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Capital assets/pers



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### **Formation / Education**

Doctorat de Gestion HEC

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### **Thèmes de recherche / Research Areas**

Industrie automobile, partenariats client-fournisseurs, management et performance des coopérations

Automotive industry, buyer-supplier partnerships, cooperation: management and outcomes

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### **Publications principales / Representative Publications**

#### **Livres/Books**

 *L'industrie des équipements automobiles.* (avec Brocard P.) (à paraître en 2002)

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#### **Chapitres/Chapters**

 "Data Collection and Managing the Data Source", (avec P. Baumard P, J. Ibert et J.M Xuereb), in *Doing Management Research. A Comprehensive Guide*, (Ed.) R. A. Thiétart et al., Sage, London, 2001, 172-195

 "Classifying and Structuring", (avec A. Mbengue), in *Doing Management Research. A*



*Comprehensive Guide*, (Ed.) R. A. Thiétart et al., Sage, London, 2001, 293-311

📖 "Méthodes de classification et de structuration", (avec A. M'Bengue), *Méthodologie de recherche en management*, R.A.Thiétart (ed), Dunod, 1999, chap. 13, pp. 373-396.

📖 "La collecte des données et la gestion de leurs sources", (avec P. Baumard, J. Ibert et J.M. Xuereb), *Méthodologie de recherche en management*, R.A. Thiétart (ed.), Dunod, 1999, chap. 9, pp. 224-256.

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## Articles

📖 "Reinventing Business: E-business and the European Automotive Retailing Industry", *International Academy of E-Business Review*, forthcoming, 2002

📖 "Co-Development Partnerships: Consequences for Car Suppliers", *International Journal of Automotive Technology and Management*, May 2001, 183-195.

📖 "Partenariat vertical et gain coopératif pour les fournisseurs", (avec B. Garrette), *Management International*, printemps 2001, 5, n°2, 19-31.

📖 "Des concessions automobiles en quête d'une stratégie marketing", (avec O. Vidal), *Décision Marketing*, Mai-Août, 2001, 23, 65-73.

📖 "E-Business et industrie automobile: quels enjeux pour les concessionnaires?", *Actes de la conférence AIMS (Association Internationale de Management Stratégique)*, Montréal, Juin, 2001

📖 "Cooperative Gain in Vertical Partnership: A Relational Approach", *ASAC (Administrative Sciences Association of Canada) Conference Proceedings*, London Ontario, Mai, 2001 - (Best Paper Award for Strategy Division)

📖 "Comment construire une force de proposition en coopérant?", *in Perspectives en Management Stratégique*, Edition Management et Société, 2000.

📖 "Partenariat vertical et gain coopératif : une étude empirique de l'impact du partenariat sur la performance des fournisseurs dans l'industrie automobile", (avec Garrette B.), *Conference Proceedings - ASAC (Administrative Science Association of Canada) and IFSAM*, Juillet, 2000

📖 "Vertical Partnerships, Do they Pay off for the Supplier ?", *Conference Proceedings - IMP (International Marketing and Purchasing)*, Dublin, September, 1999

📖 "Les fournisseurs gagnent-ils à coopérer avec leurs clients ?", *Actes de la Conférence AFM (Association Française de Marketing)*, Strasbourg, Mai, 1999

📖 "Partenariat et force de proposition pour les fournisseurs", *Actes de la Conférence AIMS (Association Internationale de Management Stratégique)*, Paris, Mai, 1999, (Prix du meilleur article)

📖 "Fournisseurs, déjouez les pièges du partenariat !", *Revue Française de Gestion*, juin-juillet 1997.

📖 "Partenariat : mythes et réalités pour les fournisseurs", (avec Kessler A.), *Actes de la Conférence Internationale sur les Coopérations*, Luxembourg - Nancy 2, Avril, 1997

📖 "Quelles stratégies pour les fournisseurs partenaires?", *Actes de la conférence AIMS (Association Internationale de Management Stratégique)*, Paris, Mai, 1996.

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## Associations / Memberships

Membership of: Administrative Sciences Association of Canada, International Association of

Strategic Management (Association Internationale de Management Stratégique), Academy of Management, Strategic Management Society.

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## **Conseils & Autres activités / Consulting & Other Activities**

Expert in industrial analysis for the French Ministry of Industry (automotive industry).

Ad-hoc Reviewer for: Canadian Journal of Administrative Sciences, M@n@gement, Management International, Recherches et Applications en Marketing, Revue Française de Gestion.

Ad-hoc Reviewer for several academic conferences including: ASAC(Administrative Sciences Association of Canada), Academy of Management, French Association of Marketing (Association Française de Marketing), International Association of Strategic Management (Association Internationale de Management Stratégique).

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## **Expérience professionnelle / Professional Experience**

Visiting Fellow at McGill University Montréal.

Post-Doctoral Fellow, ESSEC Marketing.

Lecturer at Paris V-Sorbonne.

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## **Contributions à des conférences / Contributions to Conferences**

Numerous presentations in conferences including:

AFM (Association Française de Marketing), AIMS (Association Internationale de Management Stratégique), ASAC (Administrative Sciences Association of Canada), Conférence Internationale sur les Coopérations, IAE(International Academy of E-Business, IFSAM (International Federation of Scholarly Association of Management), IMP (International Marketing and Purchasing), SMS (Strategic Management Society).

Séminaires/ateliers

"Le partenariat vertical : discours et réalité pour les fournisseurs", Atelier ANVIE/CNRS, Comment piloter les partenariats en R&D ?, Paris, 1999.

"Partial Least Square versus LISREL: état de l'art et exemple", Séminaire de recherche marketing, OSES, Sorbonne, 1999.

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## Projets en cours / On-going Projects

"Generating a cooperative gain in a vertical partnership : a supplier's perspective", second review for the Canadian Journal of Administrative Sciences

"Etre ou ne pas être fournisseur de premier rang?", paper submitted to the ASAC Conference, Winnipeg Manitoba, Mai, 2002.

"Organizations and best practices to innovate. A comparative study in automobile and aerospace industries", (with Dostaler I.) - presentation at Concordia University (avril 2002).

" Les relations client-fournisseurs: 10 ans d'études empiriques en marketing", (avec Lepers X., et Nogachevky G.).

"Pour une représentation moléculaire de la chaîne automobile".

"Transformations de la chaîne automobile et logiques organisationnelles des entreprises fournisseurs".

"Organisational Changes and Strategic Moves: A longitudinal Study in the French Automotive Components Industry".

"L'externalisation de services dans l'industrie automobile : une étude statistique des logiques constructeurs et fournisseurs".

Coordination du groupe de travail OUSTRAPO : Ouvroir de la Stratégie Potentielle.

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