Chapter 4.22
The Client–Supplier E–Relationship Management:
A Case Study in the European B2B Office Furniture Industry

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EXECUTIVE SUMMARY

The case study presents an overview of e-business activities within the European B2B office furniture segment, analyzing the scenarios faced by one of the top companies in this segment, hereafter fictitiously referred to as "Cadiac."Focus is on challenges and issues faced by this company in the last five years within the client-supplier e-relationship management: from the use of Internet-based technology to improve the information exchange with clients and dealers to the development of customer relationship management applications. The present overview explores:market peculiarities and their impact on e-business strategy, challenges, and issues, the different technical solutions adopted through real client case studies, future challenges and opportunities. Of course, the e-business channel is leveraged by Cadiac as an additional channel to the traditional face-to-face negotiation, and in any case is replacing it. The purpose, on the contrary, is to reinforce the business model (sales are driven through a dealer network) by offering a way to reduce complexity and facilitate order management.

INTRODUCTION

For the past several years, information technology (IT) has had a growing impact on companies everywhere. Today the influence of IT not only on operating activities but also on the redefinition and pursuit of the business strategy is widely accepted (Boynton & Zmud, 1994; Drucker, 1988).

The domain of electronic business (e-business) is characterized by rapid change (Daniel & Wilson, 2003), and many researchers have been

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focusing their attention on the assessment of the value of e-business applications (Zhu, Kraemer, Xu, & Dedrick, 2004).

Current research and development in the field of business to business electronic commerce is focusing on solutions that enable enterprises to reengineer their structures and become flexible organizations that are able to cooperate with their clients, suppliers, and partners. These solutions aim at creating value along the entire supply chain by improving collaboration, work specialization, information sharing, and responsiveness. An area to which IT is adding tangible value is the clients-suppliers relationship management (Ash & Burn, 2003; Phan, 2003).

This work describes the experience of the international division of Cadiac, one of the worldwide top companies in the office furniture industry, implementing e-procurement applications for its customers in order to support the relationships and information exchanges with them. Current e-procurement technologies are in their developmental infancy and a dominant design, as well as a clear understanding of the actual costs and benefits, is still unclear (Davila, Gupta, & Palmer, 2002; Subramaniam & Shaw, 2004; Kauffman & Mohtadi, 2004; Johnson & Klassen, 2005).

Pavlou and El Sawy (2002) synthesize several theories about interfirm relations and suggest the use of the *reach of relations* to examine them. The reach of relations measures the number of potential partners to which a firm has access, that is, potential trading partners in a business-to-business exchange. The cross-analysis of the reach of relations of both buyers and suppliers gives a two-dimensional classification scheme as a result (Figure 1), in which four typologies of interfirm relations are identified:

1. *Many to many*, where many customers and many suppliers are able to interact;
2. *Many to few*, where many suppliers are involved in the procurement process of one or few enterprises;
3. *Few to many*, where many customers buy through a sales channel of one or few enterprises;
4. *Few to few*, where a small group of buyers and suppliers share tight and strong strategic and collaborative relations.

Each interfirm relation can be electronically supported by a specific e-procurement application (Ravarini, Tagliavini, Zanaboni, Faverio, Moro, 2003):

5. *E-marketplace (many to many)*: a virtual place where multiple buyers and suppliers are able to transact, buying or selling goods or services, asking for costs estimates, offering, and stipulating commercial relationships. E-marketplaces make it possible to match demand with offer, so that buyers can reduce procurement costs and suppliers can improve the visibility of their companies and products (Neef, 2001; Phillips & Meeker, 2000). On the other hand, the number of firms involved in this type of exchange precludes strong interfirm relations;
6. *E-procurement (many to few)*: a solution that allows traditional powerful buyers to capture benefits by leveraging their existing physical into online B2B exchanges (Pavlou & Sawy, 2002). There are two forms of e-procurement: the Web-based one that allows many suppliers to participate, and the close one that may involve only few selected suppliers;
7. *E-sell (few to many)*: a virtual sales channel through which a few big suppliers put their products and catalogues at many buyers' disposal, a mechanism that closely follows the primary model for business-to-consumer e-commerce. There are two forms of e-sell: the Web-based one that allows many buyers to participate, and the close one that may involve only few selected buyers;

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