
The Customer Service and Building Safe Relationships between the Enterprise and Suppliers in VUCA Times

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Abstract:

Purpose: The aim of the article is to present the role of the customer service and building safe relationships between the enterprise and suppliers in VUCA times.

Design/Methodology/Approach: The research methods employed in this study were both qualitative and quantitative. The data for analysis was collected through a diagnostic survey method, utilizing a questionnaire technique. Specifically, the Computer-Assisted Telephone Interview (CATI) method was utilized to obtain opinions from respondents via telephonic communication. The survey data was collected during November to December 2021, while interviews of innovative enterprises were conducted during May and June 2022. The study not only used empirical research methods but also theoretical research methods, including the analytical-synthetic method to critically analyze literature on the subject. Abstraction was used to select the necessary elements for analysis. Survey data was compared with recommendations on building safe relationships between enterprises and suppliers by innovative economic units in Poland. The conclusions were formulated through generalization and inference.

Findings: The considerations contained in the article are the part of a broader research on the role of the customer service and building safe relationships between the enterprise and suppliers in VUCA times. It should be seen that incorporating quality suppliers into business can greatly enhance customer service and operational efficiency. Establishing secure and favorable relationships with suppliers can also lead to valuable business partnerships, providing fresh insights and opening new avenues for growth.

Practical Implications: As the business world remains volatile, uncertain, complex, and ambiguous (VUCA), enterprises can seize a valuable opportunity through and building safe relationships with suppliers. By adopting this advanced approach to supplier management, organizations can foster robust, mutually beneficial relationships with all of their suppliers. Such a strategy is crucial for establishing genuine resilience and security in their supply chain.

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Originality/value: While articles on forging ties with suppliers abound, there remains a dearth of publications focused solely on building such relationships in innovative enterprises during volatile, uncertain, complex, and ambiguous (VUCA) times. This gap in knowledge is especially pronounced in the context of Poland's NewConnect market.

Keywords: Customer service, building safe relationships, VUCA times, security in business, NewConnect.

JEL classification: M31, M21, L22.

Paper Type: Research study.

1. Introduction

Since the 1980s, intense competition has forced organizations to offer low cost, high quality and reliable products with greater production flexibility. Manufacturers used Just-In-Time and other management concepts to improve efficiency and increase the product lifecycle (Tan, 2001). Enterprises had to increase their focus on the customer and also increased their requirements towards their suppliers in order to develop purchasing processes. In addition, they have started to form partnerships with key suppliers to focus on long-term relationships.

Therefore, in order to strive for the development of management maturity between the buyer and the supplier, it is necessary to create and manage relations between these partners, organizations in the supply chain network (Akintoye *et al.*, 2000, p. 162). Each supplier to the enterprise is valuable when it brings added value to it. The time and effort put into gaining trust and building positive and partnership relations in the long run makes it easier for the company to establish contacts with the source of supply, which in turn manifests itself in the success of the supplier-manufacturer relationship.

With reference to the above information, it should be noted that according R. Wolniak and Skotnicka-Zasadzień (2008) in product quality management, the supplier is an important link, because next to the manufacturer, it has a very large impact on the quality of the final product or service. The quality of the supplies of materials and semi-finished products will determine the quality of the finished products or their timely delivery to the customer. From the point of view of the enterprise, it is also important for the supplier to prepare the documentation regarding the products offered.

This significantly improves all processes related to the production of products, allows the use of technology and necessary materials appropriate to a given raw material. Careful preparation of documentation also reduces administrative costs. The same authors emphasize that if an organization wants to produce the best product or provide services at the highest level, it must clearly establish mutual

cooperation with suppliers, i.e., create the so-called partnership relations, which should consist of:

- creating long-term partnerships, because organizations must take into account suppliers already at the stage of creating a product or service development plan in order to avoid additional costs incurred during the production process, eg: supplier change, delayed deliveries, etc.;
- exchange of information: there must be a continuous exchange of information between the manufacturer or the company providing the service on:
 - ✓ used technologies,
 - ✓ investment plans,
 - ✓ planned organizational changes,
 - ✓ changes in the production plan or service provision,
- mutual loyalty: manufacturers and suppliers must establish fair terms of cooperation to minimize mutual control.

With reference to customer service, it should be noted that it is associated with any type of business, regardless of the industry or scale of operation. The service can be indirect (internet or telephone sales) as well as direct, in which the employee meets the client "face to face". With each contact with a representative of a product or service provider, the client expects professional service at the highest level and wants to be perceived not only as a market participant, but also as an entity that wants to feel important, properly treated and appreciated.

It should be emphasized that, especially in the conditions of strong market competition and crisis situations, customer expectations in terms of customer service are constantly growing. In addition, the multichannel and variety of available options for contacting customers means that the requirements for enterprises are growing, however, regardless of the method of contact with the enterprise, the recipient expects professional service (Rosa *et al.*, 2020). Both the customer service and building safe relationships with suppliers are related, especially in times of VUCA that means (From a VUCA world to a BANI one, 2021):

1. V, which stands for Volatility, pertains to the pace at which an industry, market, or the world as a whole undergoes change. It is linked to instability and fluctuations in demand. As the world becomes more volatile, change happens at a faster rate.
2. The letter "U" stands for Uncertainty, which arises due to the lack of understanding. Unpredictable settings are indicators of uncertain environments. Greater uncertainty in the world translates to a more difficult future to anticipate.
3. The letter "C" can stand for Complexity, which is the number of elements to be considered when making decisions. This also involves the variety of these factors and their interrelationships. Thus, the more numerous and interconnected the factors,

the more intricate the environment becomes, making it harder to make efficient decisions.

4. The letter "A" stands for Ambiguity, a phenomenon that occurs when something is unclear and difficult to interpret. It's not merely analyzing a vast amount of data; rather, it's about performing advanced analytics that are appropriate for the right Key Performance Indicators (KPIs). Ambiguity arises when the available information is contradictory, incomplete, or too vague to draw definite conclusions.

2. Literature Review and Applied Research Methodology

2.1 The Characteristics of the Customer Service and Building Safe Relationships with Suppliers

According to A.J. van Weele, two dimensions are important in building relationships, i.e. customer attractiveness - defining the following variables: profit margin generated as a result of order fulfillment, opportunities for future cooperation development, access to new technologies or new product development projects, attitude to payment terms and ability to meet them regulation, business security or the degree of integration in the supply chain and the competitiveness of the supplier assessed by such criteria as: the share of the value of deliveries in the buyer's total purchases, the number of suppliers in a given product category, the costs of switching suppliers or the availability of substitutes.

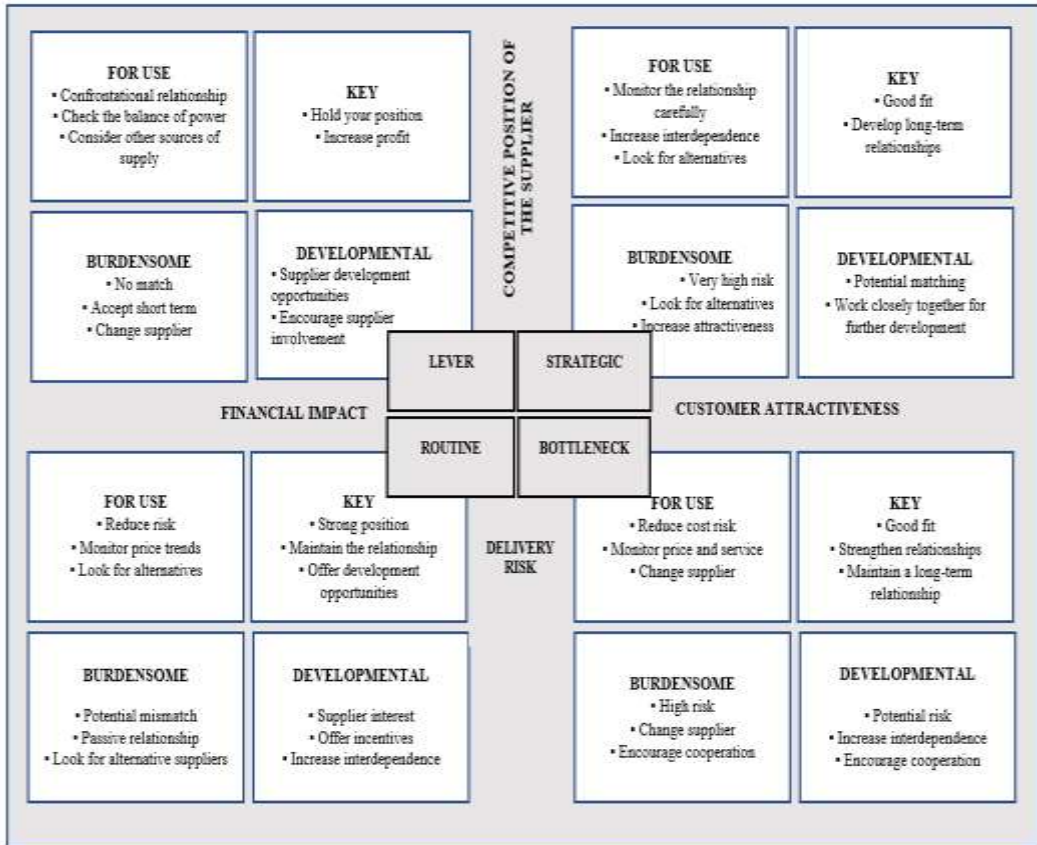
Moreover, if it is necessary to use the results of both supplier and customer segmentation in procurement management, a tool referred to in the literature as the "Dutch windmill" is used. It is based on the development and combination of the supplier segmentation results by the buyer with the results of customer segmentation by supplier, leading to the identification of sixteen different types of B2B relationships that are characteristic of different purchasing strategies (Figure 1).

According to Ocicka (2019, p. 183), enterprises developing purchases and relations with suppliers should be aware of their position according to customer segmentation by suppliers. This knowledge helps not only in the ongoing management of purchases, but also in integrating with suppliers in the supply chain. The best scenario for the development of a partnership relationship leading to deeper integration is the convergence of mutual assessments of the strategic supplier in the eyes of the customer and the key customer in the eyes of the supplier.

Enterprises realized the potential of establishing long-term partnerships with suppliers and recipients in order to strengthen their market position and promote the efficiency and stability of their processes. This trend has gained momentum in recent years. Entities on the current market, in order to adapt to the changing conditions of competition, must establish and shape long-term relationships with the supplier base, especially the key ones.

Establishing such cooperation facilitated the emergence of network organizations. The main factor in the formation of such structures is long-term cooperation with suppliers based on partnership (Wieteska, 2011).

Figure 1. Dutch windmill



Source: Based on A.J. van Weele, 2014, p. 169.

In relationship management, there are various aspects that are important when determining whether a buyer-service provider relationship is too durable. First, it is for the material purchasing company to support its sourcing service, both in terms of the number and quality of suppliers. Secondly, attention should be paid to the supplier portfolio management activities. Third, buyers must further, in order to deliver to the supplier must be made with their own processes. Ten aspects that can be divided into two parts, operational processes and value creation. Fourth, effective buyer-supplier relationship needs to pay attention to the development of suppliers, as a result, a report of their activities was published (Bemelmans *et al.*, 2012, p. 165).

Establishing and maintaining long-term partnership cooperation is the overriding goal of business relations between companies and suppliers. This requires mutual

commitment and trust and an understanding of the factors influencing the behavior of all parties involved, as well as the forms of cooperation necessary for success (Dobiegała-Korona and Herman, 2006, p. 47).

Relational exchange is the equivalent of partnership, which involves the sharing of risks and rewards on both sides. Mutual relations, on the other hand, are treated as a series of endless exchanges with established mechanisms for monitoring and performing actions. Both the common area of activities and close relations are characterized by partnership, as well as knowledge about the partner (Romanowska and Trocki, 2002, p. 131).

An agile enterprise undoubtedly benefits from effective supply chain management, which over time becomes a prerequisite for any well-functioning organization. The key to a thriving supply chain is choosing the right sources of supply. Without integration and active cooperation, each entity is at risk of losing its competitive advantage. Partnership supplier-buyer relationship, combined with a valuable exchange of experience, can bring significant savings to the company.

In business, it is crucial to set the boundaries of integration, i.e. the scope of information and knowledge exchange (Targosz, 2007). The way in which procurement processes are created in a given enterprise greatly affects the perception of the recipient's attractiveness by the supplier.

Both the recipient and the buyer cannot count only on the initiative of the other party during cooperation. The basis for conducting transactions is mutual communication. Relational behaviors, also known as relational norms, serve as a driving force for organizations to establish business partnerships. These partnerships are built around certain attitudes and behaviors that give direction to the relationship.

Cooperation with a business partner and achieving common goals over time brings benefits to the organization in the long run. Both entities are focused on future goals, and the partnership of the economic operator with suppliers often goes beyond the immediate expectations of the operator. This involves elements of future cooperation, and the organization focuses on a specific business partner, and not on the entire base of contractors. As a result, the organization's orientation towards long-term partnerships is strengthened (Christopher and Peck, 2005, p. 40).

Effective and professional customer service is partly an art, because it requires not only substantive preparation, but also intuition, empathy, observation skills, attentive listening and understanding the client, and separation from one's emotions or evaluations (Nowak, 2018, p. 28). In connection with the above, customer service is often described as the art of serving the customer and its aim is to understand and satisfy the needs of customers (Larson, 2003, p. 3). The service includes taking care of the customer, his/her needs and wishes.

Therefore, it should consist in understanding who the client is, what he/she thinks and feels, what he/she does not accept, what his/her needs and expectations are, and finding the best way to satisfy them (Kucharska, 2010, p. 65). Moreover, in an early interpretation of this process, Payne (1997, p. 217) defined customer service as a set of activities of all spheres of an economic entity involved in the provision of goods or services in a manner consistent with customer expectations and ensuring the achievement of the company's goals.

Customer service can be treated as an organization's operating philosophy. In this approach, customer service is treated as an obligation for which the entire organization is responsible, because it consists in ensuring customer satisfaction through the best possible service (Strojny, 2008, p. 2). Customer service, understood as a philosophy of operation and a mission of the company, to which the entire activity is subordinated, can be most often noticed among market leaders who implement modern management methods in order to strengthen their position.

This group of enterprises includes both organizations with many years of tradition and a well-known brand, as well as network organizations with a shorter origin, using far-reaching computerization of logistics processes and individualization of service (Demińska-Cyran, 2004, p. 139).

2.2 Types of Suppliers in the Enterprise

It should be emphasized that suppliers are a very important link in the overall system of providing value to the customer by the organization, because they provide the resources necessary to produce services and goods. Problems with suppliers can seriously affect your marketing efforts. In general, the following can be distinguished (Nowakowski and Werbińska-Wojciechowska, 2012, p. 936):

- suppliers of raw materials, materials, goods and other goods;
- capital providers (banks, credit agencies);
- human resource providers (employment agencies, employment offices);
- information providers (magazines, various media, especially television, the Internet, market research companies).

In the purchasing process in enterprises, suppliers are assessed in terms of their compliance with fifteen basic criteria:

- price;
- quality of delivered products;
- supplier location;
- timely deliveries;
- execution time of orders;
- discounts granted;

- terms of payment;
- method of packaging;
- evaluation of cooperation so far;
- communication with the supplier;
- how complaints are handled;
- conditions of delivery;
- relationships with management;
- innovation;
- supplier flexibility.

According to the approach of A.J. van Weele, in the two dimensions described in the Dutch windmill, customers are segmented into four groups (van Weele, 2014, p. 182):

1. Core clients - with the highest attractiveness for the supplier, providing high value in its activity; are chosen to maintain and develop profitable cooperation, build long-term relationships in supply chains, and enter into strategic alliances. The supplier strives to provide a high level of service and responsiveness to customer needs, as well as to maintain and improve the effects of cooperation, actively looking for ways to involve the customer in it. In the case of a balance of bargaining powers, both parties are willing to cooperate and commit resources to the development of such relations.
2. Development clients - with the potential for business development in relations with which the supplier competes with another: suppliers, having a starting position of little importance, perform orders of low value. However, he sees the potential of extending cooperation with a client whose attractiveness he assesses highly in the future, which is why he is ready to take action above his expectations. Therefore, it develops elements of its own offer that add value, adjusting it to the customer's needs. It offers additional customer benefits in the form of discounts and a proactive level of service. He undertakes investments in business solutions that meet his requirements. It strives to improve its competitive position and win larger orders; is also interested in developing customer relationships.
3. Exploitable clients - against which the supplier has a dominant bargaining power. The customer relies heavily on the supplier, often without access to alternative sources of supply. The aim of the supplier is to take advantage of the position, which makes, among other things, by maintaining high prices to maximize the benefits achieved for as long as possible and is ready to lose a customer.

4. Nuisance clients - having access to many suppliers and substitute products, using a wide range available on the market, providing low value of orders, not interested in developing relations with a specific selected supplier. They are not attractive due to various features, e.g. high costs of order processing, difficulties in meeting requirements or lack of timely payments. In response, the supplier, aware of the situation, shows no interest in improving it and is also not willing to invest in bilateral relations; strives to reduce service costs, taking into account the possibility of withdrawing from the relationship or losing the client.

3. Results

The article describes a research study conducted by the Authors that focuses on innovative production enterprises operating in the Polish NewConnect market. The study's subjective scope included all 36 companies from the population, which consisted of a total of 373 companies in Poland. The majority of surveyed enterprises were involved in new technologies (11 entities), followed by construction (6 entities) and food products (4 entities).

Additionally, three entities each from the electromechanical, automotive, and other consumer goods industries were included. During the study, the whole range of population entities was analyzed, with strata assigned based on enterprise size. The survey focused specifically on managers, both top-level, middle-level (20 respondents) and low-level (16 respondents) who held responsibilities on the supply or logistics front, in addition to top managers from manufacturing companies listed on the *NewConnect* market. Each company was represented by one respondent. The scale of enterprise's operation was, regional (2), national (10), European (8) and international (16).

An important area in purchasing processes is contact with suppliers and the creation of permanent and long-term relationships with strategic groups. Table 1 below presents the average ratings of the most important criteria in the process of building relationships with suppliers, according to respondents, expressed on a Likert scale from 1 to 5.

Table 1. Average values of criteria scores in the process of building relationships with suppliers

CRITERIA	<i>M</i>	<i>SD</i>
Personal contacts of the buyer with suppliers	4,11	0,71
Long-term cooperation based on trust	4,39	0,55
A large number of contracts and agreements concluded between the parties	4,11	0,82
Mutual loyalty of the parties in terms of pricing, discounts, etc.	4,11	0,52
Reputation and importance of the supplier in the market	4,03	0,61
Correct and effective communication with suppliers	4,25	0,60

Supply flexibility	4,44	0,56
Service of machines and devices	3,53	0,94
Fast processing of complaints	4,42	0,73
Reducing the cost of cooperation in the long term	4,53	0,51
Mutual promotion in the market	3,92	0,94
Flexible terms and payment terms	4,28	0,61

Note: *M* - average value; *SD* - standard deviation.

Source: Own elaboration.

As can be seen in Table 2, the respondents rated the highest criterion of reducing the cost of cooperation in the long term (4.53), flexibility of deliveries (4.44), fast processing of complaints (4.42), long-term cooperation based on trust (4.39), flexible terms and payment terms (4.28) and correct and effective communication with suppliers (4.25). The lowest is the service of machinery and equipment (3.53). Table 2 below shows the average ratings of the areas affected by good relations with suppliers in the purchasing process, expressed on a Likert scale from 1 to 5.

Table 2. Average rating values of areas affected by good and safe relations with suppliers in the purchasing process

AREAS	M	SD
Financial savings	4,44	0,61
Time savings	4,44	0,61
Opportunities for the development of long-term cooperation	4,42	0,60
Timeliness of purchasing processes	4,14	0,72
Quality of final products	4,14	0,80
Minimizing the risk of being dependent on one supplier	4,31	0,82
Continuity of supply in case of unexpected random events	4,08	0,69
Possibility to negotiate the financial conditions of deliveries	4,28	0,74
Flexibility in order fulfillment	4,11	0,75
Compliance of delivery schedules	3,86	0,80
Flexibility to changes (packaging changes, composition changes, etc.)	3,64	0,76
Fast processing of complaints	4,06	0,71
Compliance of deliveries with orders and product specifications	4,03	0,74
Maintaining high quality deliveries	4,25	0,69

Note: *M* - average value; *SD* - standard deviation.

Source: Own elaboration.

Financial and time savings (4.44), the possibility of developing long-term cooperation (4.42) and minimizing the risk of dependence on one supplier (4.31) as well as maintaining high quality of supplies (4.25) were rated the highest. The lowest was indicated - flexibility to changes (changes in packaging, changes in composition, etc.) - 3.64. As can be seen, the surveyed respondents mainly focus on

minimizing production costs, i.e. savings in every dimension, while reducing the risk of cooperation with one supplier, as well as focusing on the quality of services and products.

4. Conclusions

In order to maintain good and safe relationships with suppliers, it is necessary to have the right cultural mindset, technological framework and the right employees who will serve them with certain rules. A deep commitment from the enterprise to see 100% of the supplier base as partners with common goals and wins is what is needed. So, is having a purchasing strategy towards building secure supplier relationships during the VUCA period that focuses on the source of creating genuine and resilient supplier relationships to help create good supplier experiences.

In order to maintain a healthy and safe relationship, suppliers must receive individual, appropriate and efficient and individual customer service. Instead of applying a general approach to all suppliers, different groups should be treated independently. For example, a small supplier should not fill out the same compliance forms or have the same level of insurance as a large direct supplier of key components.

Likewise, any organization that values being a customer of choice should prioritize supplier experience. There is no better advocate in this matter than procurement specialists, because thanks to their insight into the supply chain and deep understanding of the supplier landscape, you can reap many benefits, such as: financial and time savings, flexibility in order fulfillment, minimizing the risk of dependence on one suppliers, so important in the world of VUCA.

With the lingering state of VUCA in the business landscape, the supplier experience management movement presents a significant opportunity for enterprises. Enterprises can build strong and healthy relationships with all their suppliers. It's a way to build true supply chain resilience and keep your business secure.

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