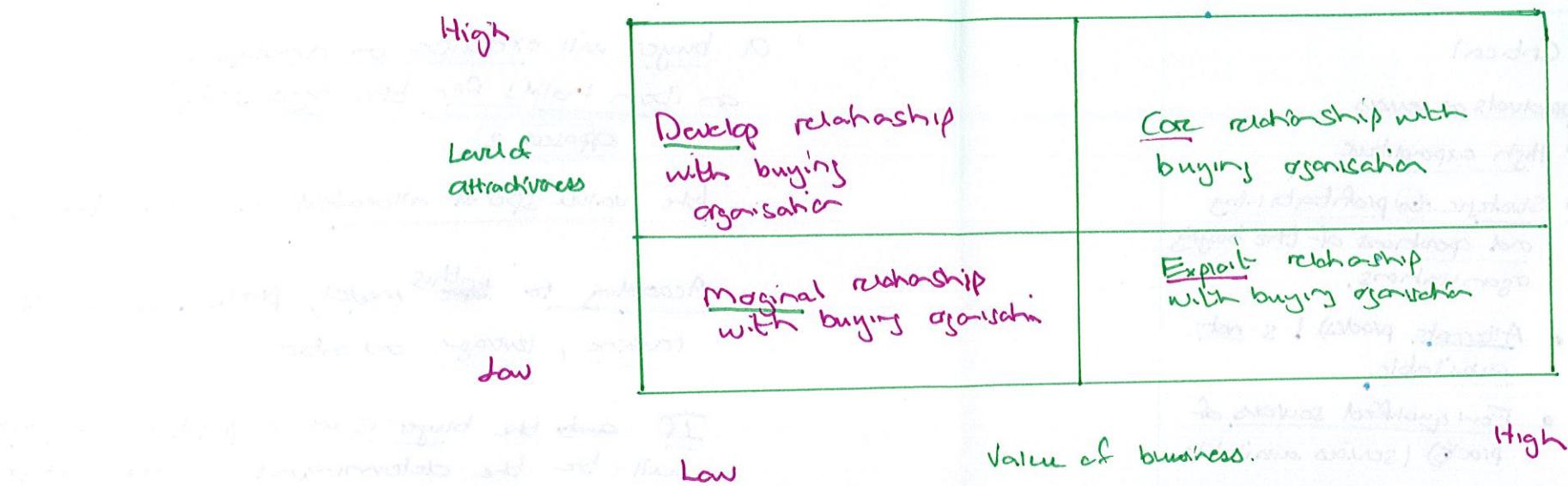


THE SUPPLIER PERCEPTION MODEL.

5U1

The Supplier influence on the relationship.



Identifying how suppliers see a buying organisation by focusing on:

- the value of business offered by the buying org (to turnover levels)
- the level of attractiveness that the buying organisation's business has for the supplier.

The least positive quadrants of supplier perception matrix

The marginal quadrant

Supplier views the buying org's business as non-essential

a buyer/supplier relationship = not worth developing

This = as a result of the low value of business offered to the supplier

added z a low level of attractiveness.

If the value of business offered increase but the level of attractiveness = still low a supplier will tend z exploit the buyer/supplier relationship to maximize their own gain.

If the level of attractiveness of the buying org = high the supplier will be willing z develop a buyer/supplier relationship by increasing the level of current performance hoping in the hope of escalating dealings with the buying organisation

thereby aiming z move a buying org into the core quadrant of the supplier perception model where the value of business + the level of attractiveness of the buying org are both significant.

THE SUPPLY POSITIONING MODEL ~~MATRIX~~ (STRATEGIC Sourcing MATRIX)

The buyer's influence on the relationship.

High Level of risk & complexity	Bottleneck prod(s) or services	Critical products or services
	Low Routine prod(s) or services.	Leverage products or services.
Low	Value spent on item	High
Low	<ul style="list-style-type: none"> • <u>low expenditure</u> • <u>Few alternate prod(s) Services available</u> • <u>Few qualified sources of prod(s) Services available</u> • <u>Unique specifications</u>. 	<ul style="list-style-type: none"> • <u>High expenditure</u> • <u>Strategic to profitability and operations of the buying organisation.</u> • <u>Alternate prod(s) Services not available.</u> • <u>Few qualified sources of prod(s) Services available</u> • <u>Complex specifications</u>

The Supply Positioning Model.

A buyer will execute an analysis of the level of risk + complexity an item holds for the organisation opposed to the value spent allocated to the item/service.

According to this model, prod(s) are then classified as bottleneck, routine, leverage and critical.

If the buyer is in a position of power, this model will be the determinant of the nature of the relationship.

A buying organisation must ensure that there is a clear link between

- the category of a specific product/s
- the perception of the buying organisation received by the direct suppliers of that particular prod(s).

The buyer sees. As a result, a buying organisation's comparison of the supplier perception model + the supply positioning model will unfold as follow.

High level of attractiveness	Develop relationship (especially with the Supplier of Bottleneck prod(s))	Core relationship (especially with the Suppliers of critical prod(s))
Low	Marginal relationship (especially the suppliers of Routine prod(s))	Exploit relationship (especially with Suppliers of Leverage prod(s) Services.)
High	Low	High