

THE SUPPLIER PERCEPTION MODEL.

The Supplier's influence on the relationship.

Level of attractiveness	High	<u>Develop</u> relationship with buying organisation	<u>Core</u> relationship with buying organisation
	Low	<u>Marginal</u> relationship with buying organisation	<u>Exploit</u> relationship with buying organisation
		Low	High
		Value of business.	

Identifying low suppliers (see)

a buying organisation by focusing on:

- the value of business offered by the buying org its 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 a low level of attractiveness.

If the value of business increase offered, increase but the level of attractiveness = still low
a supplier will not exploit the buyer/supplier relationship
to maximise their own gain.

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

thereby aiming to 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

~~MATR~~ (STRATEGIC SOURCING MATRIX)

The buyer's influence on the relationship.

A buyer will execute an analysis of the level of risk + complexity on item holds for the organisation

opposed 2

the value spend allocated to the item/service.

According to this model, products or items classified as bottleneck, routine, leverage or 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 product/s.

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

High	Develop relationship (especially with the Supplier of Bottleneck products/s.)	Core relationship (especially with the Supplier of critical products/s)
Low	Marginal relationship (especially the suppliers of Routine products/s.)	Exploit relationship (especially with the Suppliers of leverage products/s services.)
	low	high

Value of business.

High	<p>Bottleneck products or services</p> <ul style="list-style-type: none"> • <u>Low expenditure</u> • <u>Few alternate products / services available</u> • <u>Few qualified sources of products / services available</u> • <u>Unique specifications.</u> 	<p>Critical products or services</p> <ul style="list-style-type: none"> • <u>High expenditure</u> • <u>Strategic to profitability and operations of the buying organisations.</u> • <u>Alternate products / s not available.</u> • <u>Few qualified sources of products / services available</u> • <u>Complex specifications</u>
Low	<p>Routine products or services.</p> <ul style="list-style-type: none"> • <u>Low expenditure</u> • <u>Many existing alternate products / s available</u> • <u>Products / s readily available from various qualified sources</u> • <u>Small individual transactions</u> • <u>Clear specifications.</u> 	<p>Leverage products or services.</p> <ul style="list-style-type: none"> • <u>High expenditure</u> • <u>Existing alternate products / s available</u> • <u>Products / s readily available.</u>
	low	high

Value spend on item

The Supply Positioning Model.