



# Agenda

- Introduction
- Supplier selection
- Relationship
- Customer selection
- Personal observations

# Introduction

## Experience

Aircraft Engineer



## Purchasing & Supply Chain

More than 25 years.



# Supplier selection (general)

## Marketing research

### Macro-economical

#### Market structure / DESTEP-model

D - Demographic

E - Economical

S - Social

T - Technical

E - Ecological

P - Political

### Meso-economical

#### Branch specific info

Speed (technological) innovation

Law and regulations

### Micro-economical

#### Supplier specific info

Price

Quality

Continuation

# The Kraljic matrix

What drives a customer / supplier relationship?

Trust and Reliability

Supplier Capabilities and Expertise

Strategic Importance

Supply Risk

Profit impact / Purchasing Volume and Spend

Flexibility and Adaptability

Alignment of Goals and Objectives

# The Kraljic matrix

The most common tool that purchasers use is the Kraljic matrix.

In general they use:

Supply Risk

Profit impact

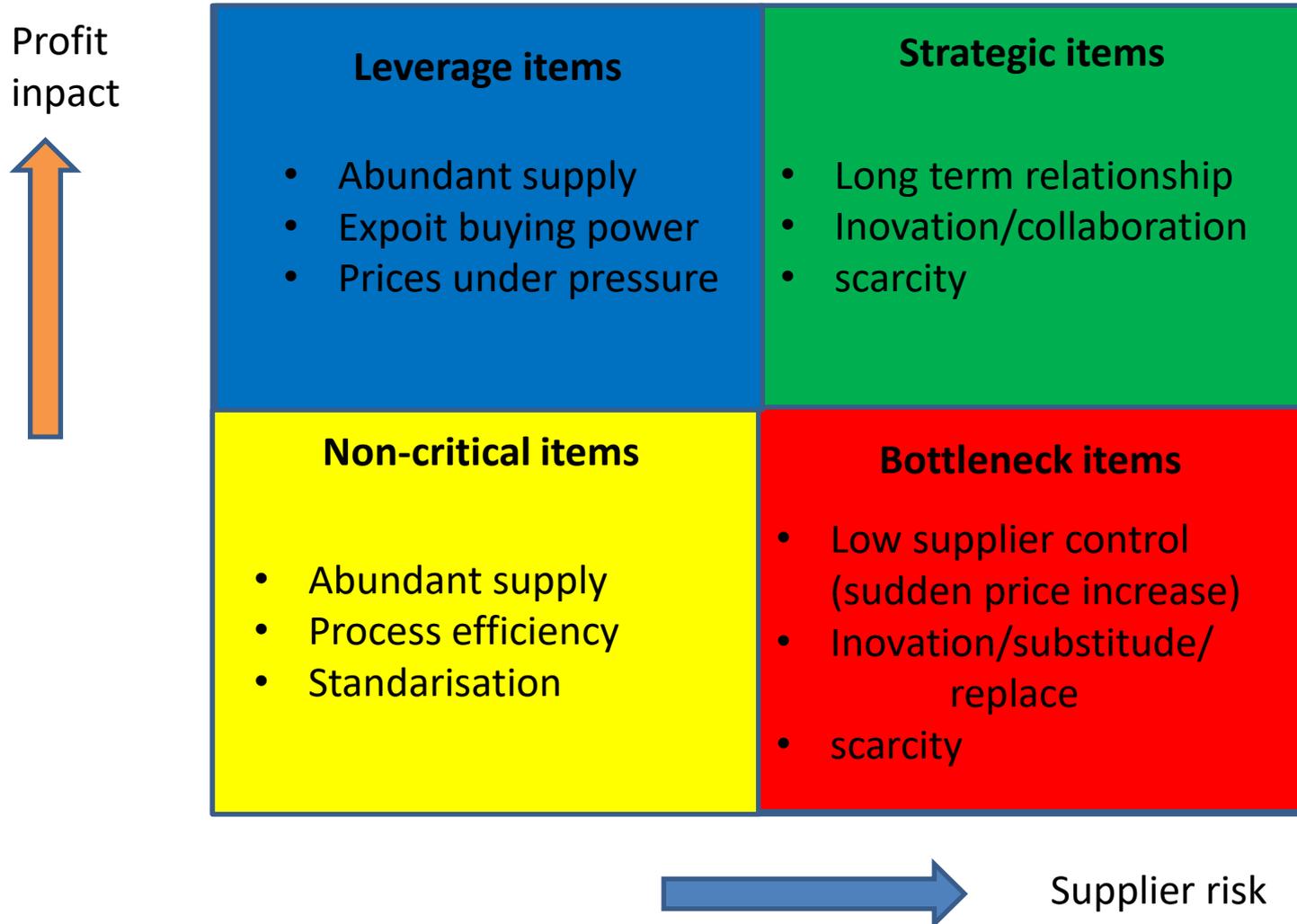
Based on the outcome you can define the purchaser's attitude to a supplier.

# The Kraljic matrix

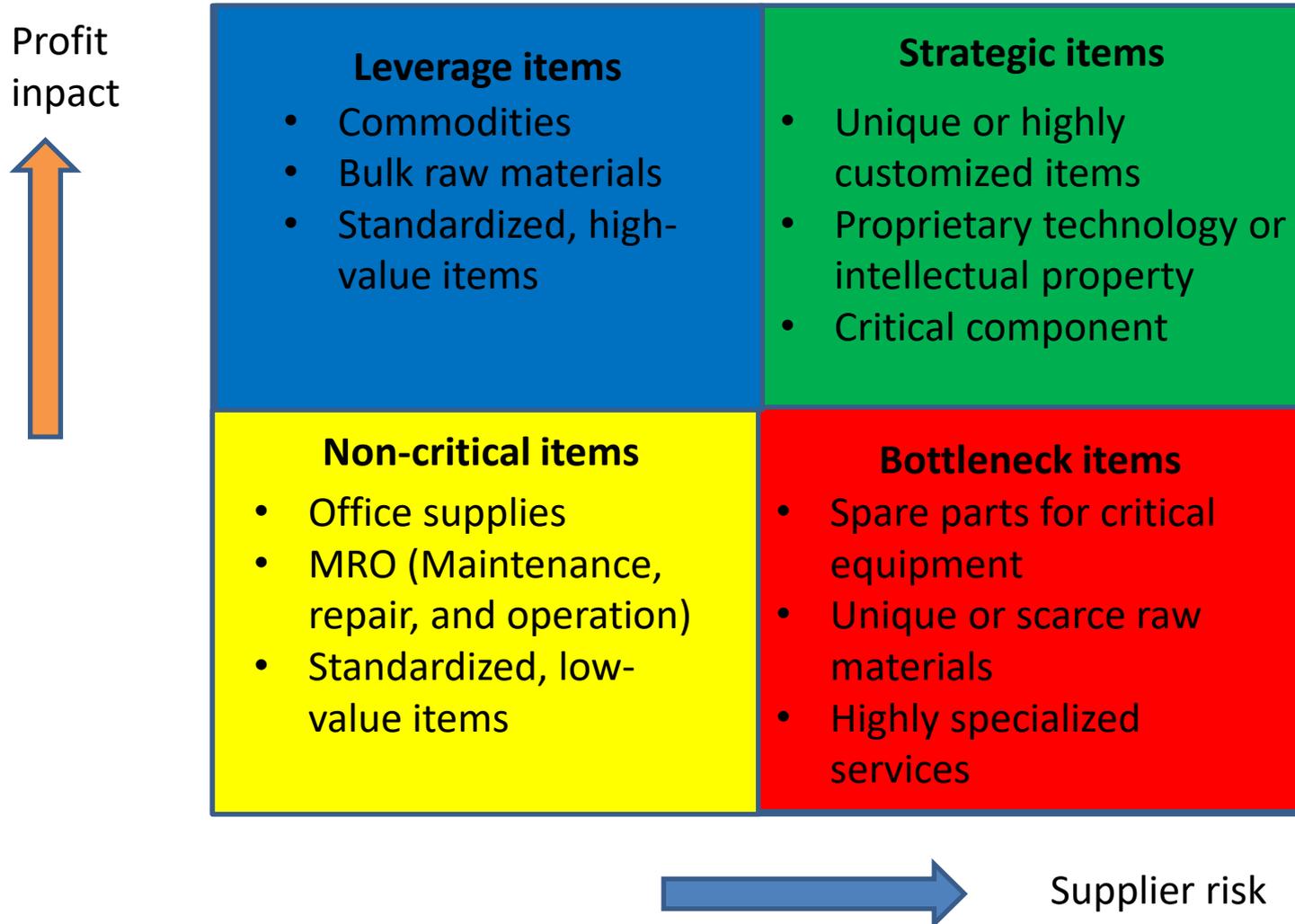
The Supply Risk and the Profit impact can be determined for:

- Single parts / services
- Groups of parts / services
- Suppliers

# The Kraljic matrix



# The Kraljic matrix



# Kind of relation based on the place of the items.

## Non-critical items

Automate the process

Resourcing is not interesting on price alone

A lot of suppliers

## Leverage items

"squeeze the price"

Resourcing is interesting on price alone

A lot of suppliers

## Bottleneck items

Secure the delivery

Resourcing is interesting but difficult

Not a lot of suppliers

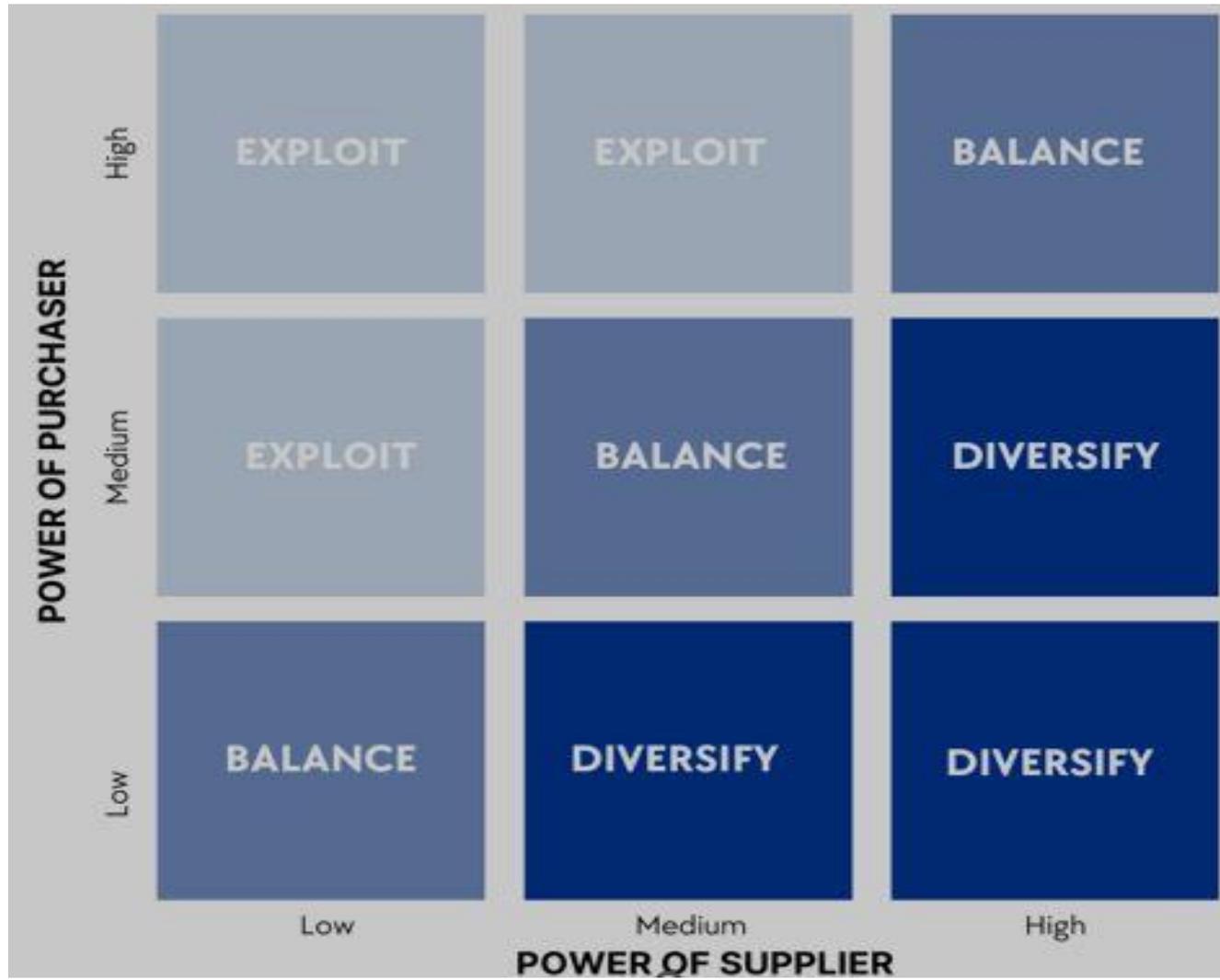
## Strategic items

Create a relation with the supplier

Resourcing is difficult

Not a lot of suppliers

# The Kraljic matrix



# How to start a relation? (1)

Most of the suppliers start not as a strategic supplier.

Both parties should :

- Trust each other

- Have profit or advantages

- Commit to a long-term relationship

A relationship is not always for the price.

## How to start a relation? (2)

In general, the motivation for starting the relation is that the project is:

high tech

supplier has the know-how

specific/unique process needed

supplier has the process

time to market

development at the supplier and customer

# How to start a relation? (3)

The corporation can be in several areas.

## Logistics

Combining transport

2 brewers buy hops together

EDI

## Quality

End / exit inspection at the supplier;  
no incoming expectation customer.

## Development

Co-development

# Advantages of a relationship

## Secure supply

The close relationship ensures a reliable and consistent supply of critical materials or components.

## Collaborative innovation

Suppliers in the strategic quadrant often have strong R&D capabilities, allowing for joint development of innovative solutions.

## Cost optimization

The long-term nature of the relationship enables opportunities for cost savings through economies of scale and joint process improvements.

## Strategic alignment

The customer and supplier work closely to align their business strategies, creating mutual benefits.

# Disadvantages of a relationship

## High dependency

The customer becomes highly dependent on the supplier, which can make it challenging to switch to alternative sources.

## Increased risk

Any disruptions or issues with the supplier can have a significant impact on the customer's operations and supply chain.

## Power imbalance

The strategic importance of the relationship can lead to a power imbalance, with the supplier potentially having more leverage.

## Increased complexity

Maintaining a close, strategic relationship requires significant resources and coordination, adding complexity to the customer's operations.

## Change glasses

Sometimes the matrix is extended with a third axis for the part of the turnover the customer is generating at the supplier. If a supplier is big doesn't mean that the customer is big at the supplier's side.

# Change glasses

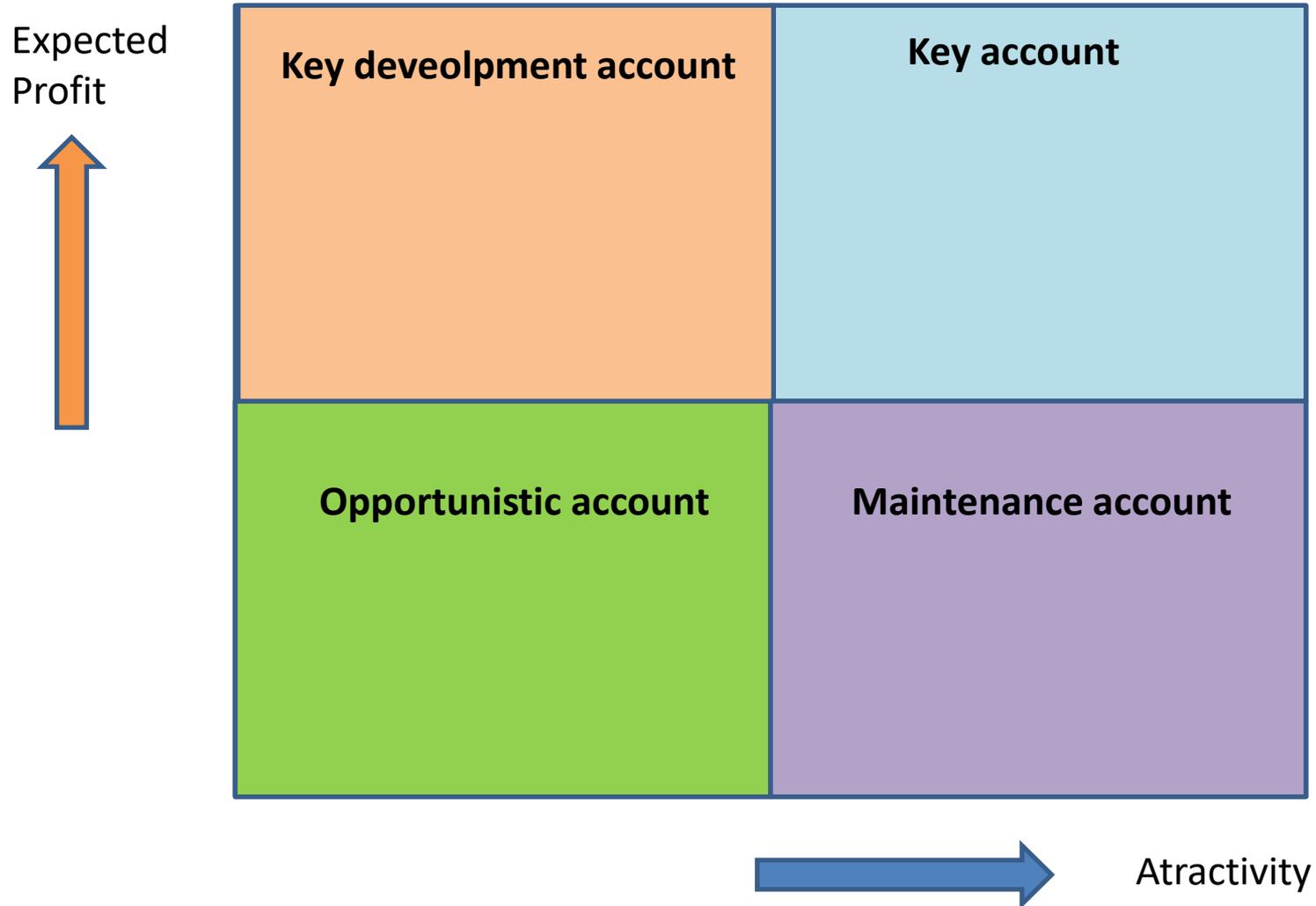
This is based on the purchaser's view but how does it look from the supplier's / sales view?

The main questions are:

What kind of customer fits my company?

What can I offer that my competitors can not? Added value.

# The customer / supplier relationship



# Unique Value Proposition of Czech Suppliers in the Dutch Market

## Cost-Effective Manufacturing

Lower labor costs compared to the Netherlands

Efficient production processes and skilled workforce

## High-Quality Craftsmanship

Precision engineering and manufacturing

Attention to detail and superior finish

## Innovation and Technology

Growing tech industry in software development and cybersecurity

Strong R&D infrastructure

# Unique Value Proposition of Czech Suppliers in the Dutch Market (2)

## Strong Work Ethic and Reliability

Dedicated workforce known for reliability and commitment to quality

Prioritization of long-term relationships with customers

## Flexibility and Adaptability

Agile manufacturing to meet changing market demands

Quick turnaround times

# Typical selection/negotiation process between Yamaha and suppliers

Depending on the need for new suppliers.

(re-)sourcing request from Engineering or Sales department

select possible suppliers based on the capabilities (internet)

select possible supplier(s) based on the capabilities, requirements and additional info (survey)

send supplier NDA draft

negotiation NDA

signing NDA

send RFQ (including technical data)

if the offer is comparative send Supplier Agreement draft

negotiation Supplier Agreement

signing Supplier Agreement

place sample order(s)

QA approval

place orders

This process can take up a lot of time and between signing the NDA and the Supplier Agreement we visit the supplier.

# My survey

Distance of the production place to the warehouse

Current number of employees

Current annual revenue (in Euro's)

SME (Small / medium enterprise)

Kind of processes can be offered

in house

externaly

# My survey

Quality and environment

General Data Protection Regulation (GDPR)

Past performance (lead time)

Maintenance

Certification

## Preperation for the visit / be pro-active

determine what your added value is

create a comfortable enviroment for the main talk

factory tour

try to get in contact befor the actual visit

make sure there is someone that speaks the lanuage

be on time and have time for the visit

be interested

be prepared for questions and requests for documents

# Personal observations

## The people

what reaction on the visit

open to questions

proud on what they do

enthusiastic people

## Cleanliness in the office, factory and warehouse

vending machine

wet floor

milling wast



## enforcing safety (instructions / PPM)

PPM for visitors

welding in short sleeves and trousers

arm in bending machine



**Thank you for your  
attention.**