Conditions for Deep Supplier Engagement: A cross-case comparison

by

Gina Gerhart
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Signature of Author: ____
Department of Supply Chain Management
May 8, 2020

Certified by: ____
Dr. David Correll
Research Scientist & Lecturer
Capstone Advisor

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ABSTRACT

Building deep, strategic supplier relationships has come to the forefront of companies' goals in recent years. There are many different strategic sourcing methodologies available to procurement professionals. However, there is a gap in identifying the reasons and motivations as to why companies develop their suppliers, and how suppliers are developed in different business environments and contexts. To address this question, this study used semi-structured interviewing in support of a cross-case comparison approach. Analyzing the similarities and differences between modern businesses and how their sourcing decisions are made is crucial to better understand the motivations for developing suppliers. It was found that many companies have similar goals when investing in supplier health, but that the sourcing approach might differ based on age and size of the business, along with the stage of growth the business is in. This research shows that there is no "one method fits all" when it comes to strategic sourcing. The strategy needs to be more tailored to the current business needs and goals.

Capstone Advisor: Dr. David Correll
Title: Research Scientist & Lecturer

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1. INTRODUCTION

Companies in most industries develop a variety of supplier relationships. These include strategic sourcing approaches that they use to align their purchasing strategy with their business goals. Strategic supplier relationships are relationships companies build with their suppliers in order to achieve a competitive advantage. Among the many strategic supplier methodologies practiced today, Peter Kraljic's long-established two-by-two matrix is one of the oldest and most commonly used (Gadde & Snehota, 2000). In addition to Kraljic's enduring ideas from the early 1980s, a multitude of variations have materialized in recent years. One example is developing supplier strategies tailored for a specific buyer-supplier relationship (Gadde & Snehota, 2000). Another example is creating supplier relationships that incorporate power and dependence (Caniëls & Gelderman, 2005).

A solid relationship with reliable strategic suppliers is the foundation for better performance within the business. In fact, having robust supplier relationships could potentially make or break a business (Liker & Choi, 2004). If a company does not take the time to evaluate their supplier base, they could potentially be doing business with an unreliable or risky supplier who ends up not following through with their commitments.

1.1 Motivation and Problem Statement

Strategic supplier relationships, however, don't always benefit both buyer and supplier equally. Sometimes they put one party or the other at a disadvantage. This raises the question: Should there be a competing ideology between suppliers and customers where the main focus for the buyer is getting the best price (Kraljic, 1983); or should there be a mutual understanding and respect for one another in order to promote win-win contractual agreements (Liker & Choi, 2004)?

While companies may choose to follow a sourcing approach crafted by various scholars, it is important to ask which sourcing practice is best suited for a particular company and why. How companies answer those questions depends on their motivations and the goals they aim for when developing their supplier base. Will the approach increase purchasing power within the organization? Does choosing the right suppliers lead to supply base continuity and long-term reliability?

It is crucial to identify the motivation and key value drivers that dictate the structure of supplier relationships and the extent to which they are developed. Only then will companies build supplier relationships that best fit their business needs and objectives.

This paper will explore the reasons and motivations as to why and how companies develop their suppliers under varying business environments and contexts. Among the questions to be explored are: What factors go into the decision-making when creating a supplier strategy? What are the key motivations behind strategy development?

To answer those questions, semi-structured interviews were conducted with four companies in different industries and stages of maturity. The purpose was to analyze the key similarities and differences between current sourcing practices and traditional sourcing strategies in the literature. Comparing and contrasting these various strategies pinpoints what the key value drivers are in modern day business for developing strong supplier relationships.

This paper contains a thorough literature review analyzing the different sourcing methods historically used in business. It then goes on to describe the methodology applied to assess current businesses in various industries. Case studies were conducted for each, individual company using a set of questions designed to delve into their sourcing strategies. Lastly, the paper discusses the company case studies and the key insights derived from these studies.

2. LITERATURE REVIEW

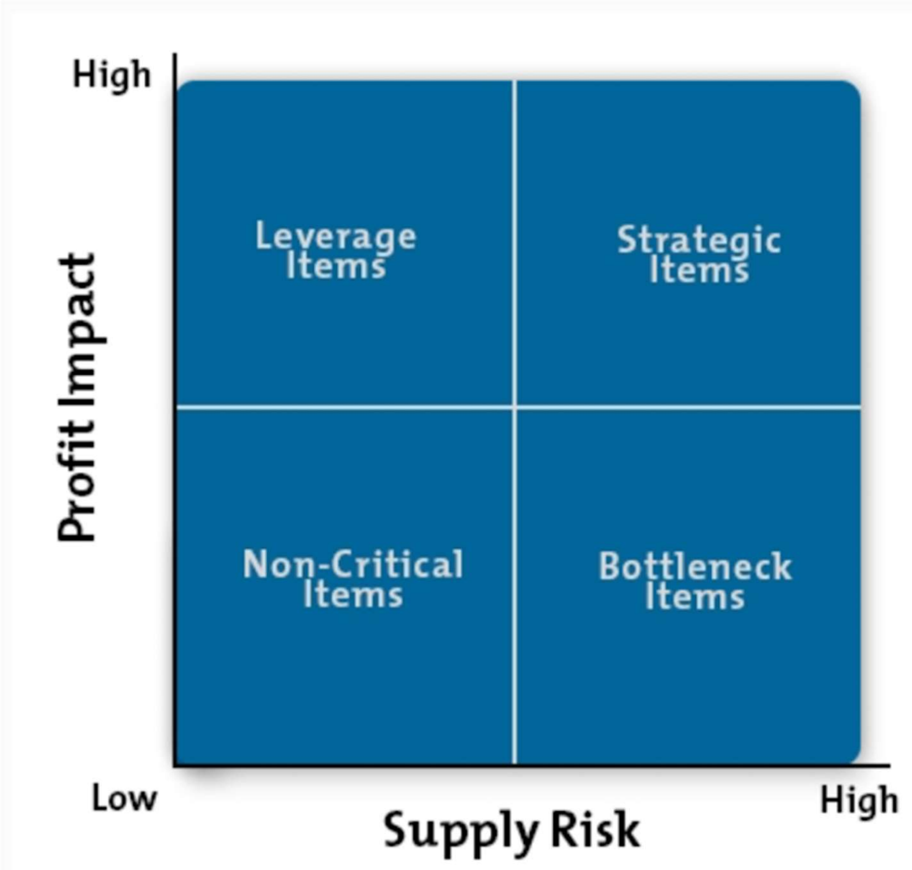
This section will explore the existing methodologies of strategic sourcing. Some of these approaches were formulated close to 40 years ago, and others are more recent, adapting to the everchanging sourcing environment. It is necessary to understand the differences between these approaches and analyze if modern businesses are using established sourcing strategies, or if they are creating their own versions. Section 2.1, Supplier Management, will define supplier management and the approach that many procurement functions use. The following section will describe the varying methodologies that have been developed over the years. This review of the literature should provide a thorough understanding of how sourcing decisions are made based on various factors.

2.1 Supplier Management

Supply and demand imbalances, threats of resource depletion, and intensified competition are some obstacles Kraljic noticed regarding strategic sourcing. He subsequently generated a supplier management methodology to cope with these disturbances (Kraljic, 1983). With global competition and the complexities of sourcing, Kraljic provided a unique perspective that "purchasing," a simple operating function, should become the more strategic "supplier relationship management" (Kraljic, 1983). This means that companies should move from a transactional approach to a more strategic, and focused approach when interacting with suppliers. He advises building relationships with some, but not all, suppliers. Based on his approach, Kraljic likes to distinguish between which suppliers to build relationships with and which ones to not.

Kraljic (1983) maintains that in order to create a successful strategy for a company's purchasing function, two factors should be considered. The first is the strategic importance of an input – how much value is added to a product and its impact on profitability. The second is how complex the supply market is for that input based on scarcity, technological innovations, barriers to entry, and logistics complexities. By analyzing these two factors, companies can identify which distinct strategy they should implement to stimulate their business. These two factors form Kraljic's two-by-two matrix displayed in Figure 1. Further details of the matrix can be referred to in Appendix A. The X and Y axis display varying levels of supplier risk and profit impact for the company. This is how different types of items are categorized. Based on the specific categorization, there are different approaches to take when sourcing these items.

Figure 1 – Kraljic's 2x2 Sourcing Matrix

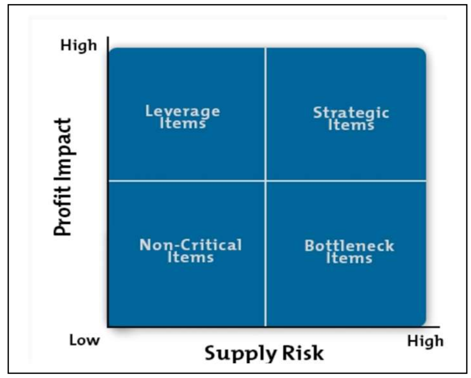


Based on the level of the two factors, importance of purchasing, and complexity of supply market, a firm can see where the items it is purchasing fall and how they might adjust their strategy in order to gain a competitive edge in the market. Supply risk can include various factors such as vendor mix, extent of contractual coverage, supply source locations geographically, and availability of scarce materials. Kraljic (1983) helps categorize these items by identifying a four-stage approach to formulate supplier management strategies, which are as follows:

- Phase 1 - Classification
- Phase 2 - Market Analysis
- Phase 3 - Strategic Positioning
- Phase 4 - Action Plans

Phase 1: Classification

Kraljic analyzes the classification of items based on materials requirements. There are four different types of items, which require a distinctive purchasing approach.



- Strategic Items: high profit impact, high supply risk
- Bottleneck Items: low profit impact, high supply risk
- Leverage Items: high profit impact, low supply risk
- Noncritical Items: low profit impact, low supply risk

Phase 2: Market Analysis

The purpose of conducting market analysis is to determine which vendors are currently in the market and learn how well they are contributing to the market. Market analysis is used to identify a company's needs and align those needs with the ability to achieve favorable supplier terms (Kraljic, 1983). During market analysis, the company assesses the strength of suppliers in the market in terms of power or control, how complex the supply market is, and how powerful the company is as a buyer in terms of easily getting what they desire. Determining these factors will put the business in a more attractive position to create a competitive advantage.

Phase 3: Strategic Positioning

Based on the classification of items in Phase 1, companies can then pinpoint problem areas and ascertain where they should turn their attention. Evaluating a company's strength versus a supplier's strength is a crucial factor in Kraljic's approach to determining overall procurement strategy (Kraljic, 1983). For example, if a firm plays a dominant role in the market and the supplier's strength is medium or low, a more exploitative supply strategy should be applied (Kraljic, 1983). An exploitative strategy is one where a reasonably aggressive approach is warranted. This would be the case when a product has high financial value, yet has a low supply risk. Negotiations might be difficult, but competitive bidding is a possible solution for nailing down the lowest price (Caniëls & Gelderman, 2005). It is important not to exploit the advantage so aggressively that it jeopardizes long-term supplier relationships (Caniëls & Gelderman, 2005).

Phase 4: Action Plans

Constructing an action plan is the final phase in determining a company's supplier management strategy. At this point, the firm should explore various supply scenarios to discover how they can establish long-term relationships with suppliers or quick win, short-term opportunities depending on the classification of the input (Kraljic, 1983).

In addition, Kraljic (1983) emphasizes that simply injecting a supplier strategy into the purchasing function is not enough for a successful strategic implementation. Cross-functional relations, deeper integration, and executive-level involvement are necessary for establishing long-lasting supplier strategies and relationships.

2.2 Additional Supplier Management Methodologies

Though Kraljic's (1983) purchasing model is widely known and used in practice 36 years later, procurement experts are branching out with additional approaches to Kraljic's (1983) original model as well as developing completely contrasting viewpoints. A steady progression of various strategies have cropped up after Kraljic's model was first introduced in 1983.

Supplier relationships are the crux of successful purchasing organizations. But how involved should a company be with their respective suppliers – high involvement or low involvement? The level of involvement is in terms of how strong and collaborative the relationship between the buyer and supplier is. As previously mentioned in Section 2.1, Kraljic (1983) examines varying criteria to establish supplier segments and relationship portfolios. However, in order to decide how involved a firm should be with their suppliers, Gadde and Snehota suggest businesses must also focus on the specific qualities of the supplier company (Gadde & Snehota, 2000). As compared to Kraljic's two-by-two matrix, Gadde and Snehota (2000) postulate that there are three relationship characteristics that must be considered: the monetary volume of business in the relationship, the continuity of the relationship over time, and whether or not the supplier is a single source as seen in Figure 2. Suppliers have more to offer than simply providing competitively priced items, as portrayed by Kraljic (1983). They should be seen as a major asset to the company, and to that end, a company should treat their suppliers as a type of investment (Gadde & Snehota, 2000).

Gadde and Snehota (2000) believe that no general "best" type of relationship exists and that different types of relationships can coexist within the same firm with varying degrees of high and low involvement. The relationships should focus on cost and revenue benefits (Gadde & Snehota, 2000). As displayed in Figure 2, the main idea Gadde and Snehota (2000) propose is that the buying firm should handle a variety of relationships in differentiated ways with high to low involvement in order to align with purchasing and business goals.

Figure 2 – Involvement Levels According to Gadde & Snehota 2000

Posture of Relationship	**Volume of Business with the Supplier**	
	Major	Minor
High Involvement	A	B
Low Involvement	C	D

Posture of Relationship	**Continuity of Relationship**	
	Long Term	Short Term
High Involvement	A	B
Low Involvement	C	D

Posture of Relationship	**Sourcing Policy**	
	Single	Multiple
High Involvement	A	B
Low Involvement	C	D

Adapted from Gadde, L.-E., & Snehota, I. (2000). Making the Most of Supplier Relationships

An alternative approach was proposed by Liker and Choi (2004), pushing for a more collaborative supplier relationship system. Mimicking the Japanese supplier management strategy, Liker and Choi recommend that companies should build supplier *keiretsu* – when companies establish a close-knit network with their vendors, continuously training and developing them along the way. The general idea of this approach is that companies and their suppliers will be able to thrive and prosper together if they secure an engaging and collaborative relationship with one another (Liker & Choi, 2004).

As shown in Figure 3, companies that succeed with this approach must follow six steps: understand how their suppliers work, turn supplier rivalry into opportunity, supervise their suppliers closely, develop those vendors' capabilities, share information intensively but sparingly, and help their vendors continually improve (Liker & Choi, 2004). Although some differences between Kraljic and Liker and Choi's strategies exist, the latter believe leadership support and integration cross-functionally between teams is necessary for a sound purchasing organization, similar to Kraljic.

Figure 3 – The Supplier-Partnering Hierarchy

From Liker, J., & Choi, T. Y. (2004, December 1). Building Deep Supplier Relationships

The idea of "supplier portfolio management" has ramped up in the past 20 years due to changing managerial strategies, increased competitive advantage pressures, and unstable global environments (Wagner & Johnson, 2004). Portfolio management is the selection and control of a company's projects, supplier base, and programs that align with business strategy. Wagner and Johnson assert that few factors were considered when Kraljic (1983) pushed to a supplier portfolio management ideology from the basic purchasing management perspective. Additional factors such as alternative forms of governance, portfolio size requirements, pressures to reduce size, and concern for competition through inter-firm relationships should be explored when establishing a valuable supplier portfolio (Wagner & Johnson, 2004). Wagner and Johnson's approach differs from traditional approaches in that they urge firms to configure and manage their supplier relationships as a portfolio and consider trade-offs among relationships. An example of those trade-offs could be related to risk, lead times, quality, or reliability. Another major difference compared to traditional approaches is to look at the supplier portfolio with a strategic management outlook, considering the planning, implementation, and control activities that would go into these supplier relationships (Wagner & Johnson, 2004).

There is a difference in power and dependence between suppliers and buyers; Kraljic (1983) does not specifically expound on these issues (Caniëls & Gelderman, 2005). Kraljic does focus on the idea to "minimize supply vulnerability and make the most of potential buying power." Power and dependence seem to be a prominent factor, however Kraljic does not detail the conditions that would influence buyers and suppliers to shift their current strategy and move to a different quadrant or strategy.

Power and dependence are closely related in that a buyer's dependence on the supplier puts the supplier in a more powerful position, and vice versa (Caniëls & Gelderman, 2005). As shown in Table 4, Caniëls and Gelderman (2005) conducted a market study and compared power and interdependence for purchasing strategies within each Kraljic quadrant.

Table 1 – Power and Interdependence between Buyer and Supplier

Table 12
Comparison of power and interdependence for purchasing strategies within each Kraljic quadrant: theory and practice

Quadrant in the Kraljic matrix	Purchasing strategy/ scenario	Relative power		Power position within quadrant		Total interdependence within quadrant	
		Expected	Observed	Expected	Observed	Expected	Observed
Strategic	1. Maintain partnership	Balanced	Supplier dominance	Worst for the supplier	Worst for the supplier	Highest	Highest
	2. Accept locked-in relationship	Supplier dominance	Supplier dominance	Best for the supplier	Best for the supplier	Moderate	Moderate
	3. Terminate relationship	Supplier dominance	Supplier dominance	Moderate for the supplier	Moderate for the supplier	Lowest	Lowest
Bottleneck	4. Accept dependence	Supplier dominance	Supplier dominance	Best for the supplier	Best for the supplier	Highest	Highest
	5. Reduce dependence and risk	Supplier dominance	Supplier dominance	Worst for the supplier	Worst for the supplier	Lowest	Lowest
Leverage	6. Exploit buying power	Balanced	Balanced	Best for the buyer	Best for the buyer	Lowest	Lowest
	7. Develop a partnership	Balanced	Balanced	Worst for the buyer	Worst for the buyer	Highest	Highest
Non-critical	8. Pooling of requirements	Balanced	Balanced	Best for the buyer	Best for the buyer	Highest	No significant difference
	9. Individual ordering	Balanced	Balanced	Worst for the buyer	Worst for the buyer	Lowest	No significant difference

From Caniëls, M. C. J., & Gelderman, C. J. (2005).

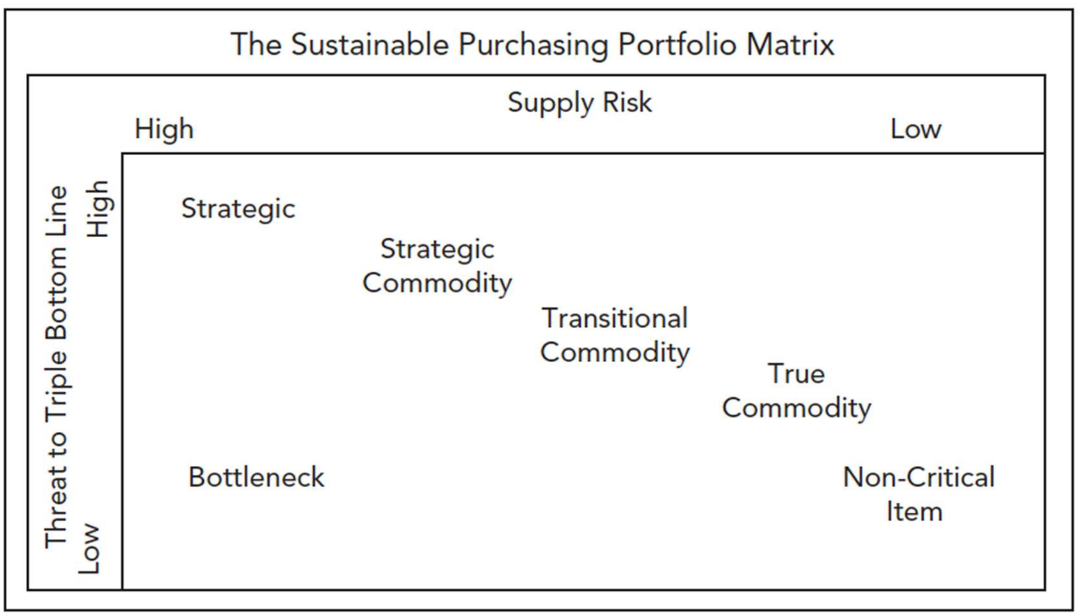
Purchasing strategies in the Kraljic matrix—A power and dependence perspective

Pagell, Wu, & Wasserman (2010) observed various organizations and their approaches to supply-base continuity. The general idea of supply-base continuity is that suppliers will be around for the long-term and the company strives for common prosperity (Pagell, et al. 2010). This idea is very similar to the concept proposed by Liker and Choi (2004), which promotes close collaboration and strong relationships between suppliers and buyers. Pagell, et al. noticed valuable supplier development activities being performed by the organizations observed, such as training programs and support centers. Detected by Pagell, et al., suppliers the organizations developed were seen as leveraged suppliers according to Kraljic's model. Pagell, et al. also analyzed the relationship between supply risk and profitability of a firm, breaking up the leveraged category into three sub-categories, as shown in Figure 5. The three sub-categories are strategic commodities, transitional commodities, and true commodities; each of these has a different approach to interacting with suppliers. The differences between these commodities are as follows:

- Strategic: These items require strategic and collaborative partnerships with buyers and suppliers. These commodities have non-economic attributes that could be leveraged for long-term relationships.
- Transitional: These items have temporary high supply risk. Once the supply issue is fixed, these items can transition to true commodities. An example of a supply risk would be the supplier not adhering to a buyer's sustainability or regulatory requirements.
- True: These items are most closely related to Kraljic's original leverage items. Item cost is critical but social and environmental issues should be considered as well.

Figure 4 – Pagell, Wu, & Wasserman's Matrix

The Sustainable Purchasing Portfolio Matrix



From Pagell, M., Wu, Z., & Wasserman, M. (2010). *Thinking Differently About Purchasing Portfolios*

Most recently, as compared to Kraljic's simplistic methodology, Schuh et al. (2017) developed a 64-square "Purchasing Chessboard" with methods that can either be applied individually or in combination with one another. Since some of the squares or methods are not commonly used within the procurement function, it encourages sourcing experts to think outside the box and explore new and improved solutions (Schuh et al., 2017).

2.3 Summary

The table below summarizes the key articles throughout my research.

Table 2 – Summary of Literature Review

Article	Author/Year	Supplier Decision Dimensions
Purchasing Must Become Supply Management	Peter Kraljic 1983	-Two factors: profit impact and supply risk. -Categorize bottleneck, non-critical, strategic, and leverage items based on high or low profit impact and supply risk.
Making the Most of Supplier Relationships	Lars-Erik Gadde, Ivan Snehota 2000	-Focuses on the monetary volume of business in the relationship, the continuity of the relationship over time, and whether or not the supplier is a single source. -Focuses on cost and revenue benefits with the buyer having varying levels of high and low involvement with the supplier.
Building Deep Supplier Relationships	Jeffrey Liker, Thomas Y. Choi 2004	-Created the Supplier-Partnering Hierarchy, a six-step approach where all six steps come together to form a system. -Goal is to form very deep supplier relationships.
Configuring and Managing Strategic Supplier Portfolios	Stephan M. Wagner, Jean L. Johnson 2004	-They urge firms to configure and manage their supplier relationships as a portfolio and consider trade-offs among relationships.
Purchasing strategies in the Kraljic matrix – A power and dependence perspective	Marjolein C.J. Caniëls, Cees J. Gelderman 2005	-Incorporates power and dependence dimensions of suppliers and buyers within Kraljic's existing 2x2 matrix.

Article	Author/Year	Supplier Decision Dimensions
Thinking Differently About Purchasing Portfolios: An Assessment of Sustainable Sourcing	Mark Pagell, Zhaohui Wu, Michael E. Wasserman 2010	-Very similar to Kraljic's 2x2 matrix but breaks up leverage items into three subcategories: strategic commodity, transitional commodity, and true commodity.
The Purchasing Chessboard	Christian Schuh, et al. 2017	-Based on 64 fields, each representing a stand-alone, differentiating approach to reduce costs and increase value with suppliers. These specific approaches are derived from a total of 16 levers and four basic purchasing strategies.

With the developing strategies and distinctions as to how purchasing functions are operated, Kraljic's (1983) approach and variations of his approach seem to be the most widely used (Gadde & Snehota, 2000). Though every company is different, there is usually at least a piece of Kraljic's method that companies administer in their procurement departments. Customer relationship management (CRM) seems to be the main focus of businesses, but supplier relationship management (SRM) is just as critical. Establishing strong relationships with suppliers can lead to many long-term benefits including reduced spending, increased efficiencies, supplier loyalty, and improved value.

In the years since 1983, some procurement researchers were adaptive and agile, altering the strategies and approaches of sourcing methodologies based on the changing business environment. Businesses have specific reasons and motivations behind their supplier partnering tactics and should be looked at in more depth. Are modern supplier relationships becoming more collaborative or do they still follow Kraljic's (1983) basic ideology of squeezing the supplier for all they are worth?

Through the research conducted, an approach was created to better understand modern businesses and what their motivations are for building supplier relationships. Comparing current sourcing methods in businesses to past sourcing methods is valuable to assess why practices might have changed. The research helped generate smart questions in order to discover sourcing methods across various companies that were interviewed.

3. METHODOLOGY

The purpose of this section is to understand my research process and reasons behind my research. To better understand today's sourcing practices, I will survey companies and assess their strategies around sourcing and compare them with each other.

3.1 Gaps in Strategies

The purpose of these various strategies, some long-established and others more recent, is to teach those responsible for purchasing functions how to interact with their suppliers based on different objectives. As mentioned earlier, constructing strong supplier relationships can be a core theme of a company's business strategy. These strategies developed by procurement professionals are comprehensive in that they provide a very detailed approach on how to engage with suppliers. Though they are thorough and well-designed, they still lack a key element in sourcing decisions. There is a gap in identifying the reasons and motivations as to why companies develop their suppliers and how suppliers are developed under different business environments and contexts. In addition, throughout my research, there is no mention of the changing business environment and how that affects the relationships buyers and suppliers have with one another.

3.2 Conduct Company Interviews

In order to gain a better perspective on current supplier relationship strategies, an exploratory investigation of current businesses was conducted to learn how they are interacting with their supplier base. Specifically, this included partnering with four companies to explore how and why they build different types of relationships with their suppliers in today's ever-changing business environment. These companies came from different industries with different levels of size, age, and maturity. Their sourcing strategies are all unique based on business goals specific to each company.

Semi-structured interviewing was used to engage with various procurement professionals at these companies. This type of interview does not follow a structured approach but rather consists of open-ended questions to delve into areas that the interviewee might want to highlight (Louise Barriball & While, 1994). During 16 30-minute interview sessions with various people from the procurement function within four companies, similar open-ended questions were asked and allowed further exploration into areas not within the original question set. The business associates who were targeted within these organizations had varying levels of experience, with varying backgrounds in the procurement function, who were responsible for a wide range of goods or services.

Examples of some of the questions asked to these procurement professionals are listed below. The entire question set can be found in Appendix B.

- How do you choose which suppliers to engage deeply with?
- Are there certain suppliers you have stronger relationships with than others? What are the key differences between these varying relationships?
- How do you manage ongoing supplier relationships?
- Does your company see value in traveling to supplier sites and meeting with them face-to-face?
- Do you provide supplier training programs or continuous improvement opportunities for suppliers to develop their skills?

The goal of these interviews was to gain insight into how businesses engage with their suppliers in modern practice. Are companies using the time-honored Kraljic method? It could be possible they are using the step-by-step Liker & Choi method – or is their approach completely different and dependent on specific business goals and what they want to achieve in the market?

3.3 Cross-Case Comparison

Qualitative Comparative Analysis (QCA) is a method to comparatively analyze cases in a small or intermediate design (Byrne & Ragin, 2009). QCA aims to gather in-depth knowledge into different cases, analyze the complexity of the cases, and produce a level of generalization. In order to successfully compare and contrast the company profiles, a summary table will show similarities and differences among companies. Some of the fields included in the summary table are Industry, Size, Procurement Relationship Criteria, Cadence of Supplier Reviews, and Perceived Benefits of Supplier Engagements.

4. RESULTS AND ANALYSIS

It is interesting to determine the motivation behind why companies engage in supplier relationships. After researching various sourcing practices, fundamental questions were crafted to use as an outline when interviewing companies about how they run their procurement department using a semi-structured interview approach. Gathering and analyzing the responses from these companies in a case study format, helps to garner and summarize the similarities and differences between them. This section will study the strategies companies use in today's business environment to develop varying levels of supplier relationships.

4.1 Company A Analysis

In business for 36 years, Company A is a computer technology company that develops, sells, repairs, and supports computers and related products and services. This company focuses on a wide range of criteria to determine who they should engage with, such as risk, supplier location, social/environmental concerns, and number of audits conducted by the supplier. They also look at the Responsible Business Alliance (RBA), which is the world's largest industry coalition dedicated to corporate social responsibility of supply chains. They use these audit results to determine which suppliers might need more assistance and motivation to perform and which suppliers are capable of performing well independently. A power dynamic does exist between the supplier and buyer, but ultimately in order to succeed, Company A believes in a strong partnership with their suppliers. When they are figuring out which suppliers to team up with, there are many factors under consideration; in some cases, it is the type of commodity they are supplying.

Essentially there are either certain key commodities that are pivotal to the function of the computer or minor parts of the computer that are not ultimately making or breaking the product's performance. This company wants to ensure they have strong, strategic relationships with the suppliers who provide key components for the computers and thus focus their time and energy on shaping these relationships into long-term strategic relationships. On the contrary, this company does not waste time on their relationship with the non-essential component suppliers because they can get the same quality and price from a large number of suppliers. It is necessary to be selective in which suppliers they closely partner with because Company A does not have the human bandwidth to connect with all of the potential suppliers.

On a quarterly basis, Company A has a scorecard they review with their suppliers. Components of this scorecard are equally weighted and consist of items such as cost, on-time delivery, quality, sustainability, and overall performance. Though this scorecard analysis is conducted on a quarterly basis, Company A works daily with their suppliers, grading them on their performance and the changing business needs and priorities. The intention of the scorecard review is to critique the supplier's performance and conduct an assessment on process improvements for the future.

Company A has various suppliers to whom they outsource final assembly, so obviously these suppliers are essential to the success and quality of the products. Therefore, this company wants to ensure these suppliers are thoroughly trained and well-equipped to make strategic decisions. These outsourced manufacturing suppliers have a set of guidelines provided by Company A to procure from certain strategic suppliers that need to meet a wide range of requirements. They also have more freedom to procure from the non-critical suppliers where the main concern is lowest price.

In order to ensure their suppliers feel capable and knowledgeable, Company A hosts supplier training and development programs. For example, if one of their business goals is to reduce energy consumption, they will invite consultants to host training sessions in that specific area. Additionally, they conduct trainings for health and safety. This company wants to combine strengths with the supplier and provide more opportunities for them if they are high performers. With the weaker suppliers, there is a continual feedback loop to get them to improve performance. The main goal is to work vigorously with their suppliers to produce good results. Company A searches for ways to develop their suppliers and combine efforts in order to produce synergies. Company A develops suppliers in order to increase competition.

There is variability within Company A's supplier base; some are very large, prominent suppliers in the market and others are smaller without a strong brand presence. Those suppliers without a brand to protect might be less committed or diligent than the suppliers that do. This is where Company A demands a strong voice in the sourcing discussion to really drill down on the necessary requirements for a successful relationship. These suppliers need more effort from the buyer on the front-end. In turn though, the comprehensive analysis of the supplier's performance puts pressure on them to produce greater results.

Unquestionably, travelling to supplier sites enhances the buyer-supplier relationship. Company A often includes key customers on supplier site visits to give them a tour and provide a sense of how business is being conducted. These are typically customers who focus on sustainability because they like to witness, first-hand, how their products are being manufactured and what sustainable measures are in place. Interacting with the supplier directly has tremendous value and is a smart tool for building trust.

Company A argues that suppliers who can produce a good quality product can also run a good sustainable and responsible product and factory. The aim for Company A is to partner with the suppliers who have figured this out, who do it across various products and across time. In this case, it might not always come down to the lowest cost supplier – the quality and long-term efficiencies mean more to Company A than pricing.

There has been evolution around supplier relationships in the past five to ten years. The culture of a buyer-supplier relationship in the past stressed mingling, dining, and entertaining in order to secure a bid. It was very much a different power dynamic. Fifteen years ago, the computer industry lived and died by cost almost exclusively. As Company A has matured, as the customer has matured, as the science has matured (sustainability concerns), the whole game has shifted over this time period – Company A, suppliers and consumers are expecting more. The main goal now within Company A is to find opportunities to work together. For this company specifically, this has been driven by business changes, predominantly the concern for sustainability, driving a circular economy. There has been a lot of opportunity for collaboration and innovation in this business space in the past couple years. It leads Company A to look at how they are managing and developing these relationships to the utmost in order to promote success. When Kraljic's model was mentioned and "squeezing the supplier for all they are worth," Company A proclaimed that that just isn't the nature of the relationship they have with their suppliers – times have changed.

Company A onboards new suppliers based on the changing business environment. During an economic recession, global pandemic, or big event that impacts business, the company is not as inclined to bring in a new supplier. If the market is in a consolidation phase, meaning companies in the industry start to merge, there is no point in onboarding new suppliers. On the contrary, in a developing market, Company A will bring on new suppliers where it makes the most business sense.

Company A is motivated to build relationships with their suppliers to ensure better quality products, continuity of supply, and best cost. Capturing this is based on how much favor you can gain with suppliers by satisfying their needs. The relationship needs to be based on the market conditions and sourcing strategy. If Company A only works with a few developed suppliers, they might miss the chance to access new innovative products and technology that smaller companies offer. For example, sustainability, incremental benefits can be gained by engaging with new suppliers that might offer innovative ideas and programs than Company A's current sustainability suppliers.

4.2 Company B Analysis

Company B is an electric vehicle and clean energy company founded 16 years ago. For this company, buyer-supplier relationships are built on mutual trust. Company B believes their relationships are more naturally formed when the buyer and supplier can connect on various levels and come to agreement on cost, lead time, quality, efficiency, and performance. Suppliers that Company B has stronger relationships with support larger scale and more complicated projects. This requires a thorough understanding of the suppliers' manufacturing process, leading to more interaction between the buyer and supplier. In addition, when Company B had suppliers that provided technical know-how in which Company B was weak, they lean on the suppliers for design direction in some cases. Company B focuses on ongoing relationship building with new program suppliers since the suppliers need more guidance and knowledge of Company B's specification.

Company B likes to approach sourcing decisions without any predetermined considerations or bias towards their potential suppliers. Their practice is to map out supplier decisions based on the suppliers' capabilities and their impact thus far in the market. Company B has an edge over their suppliers in that suppliers want to work for this company, so there is a definite power dynamic here. Not long ago, however, Company B was simply a startup and had to work much harder to earn respectable suppliers. They had to relentlessly pitch their vision to the supplier to gain them as a partner.

The initial screening process is assessing suppliers' capabilities with respect to past projects the company has worked on. Company B distinguishes themselves by searching for the vision of the supplier – what is their five to ten-year plan and where do they see themselves positionally in the market? If both the buyer and supplier in this relationship can align on vision and a possible long-term relationship, it makes the day-to-day negotiations and interactions much smoother. At this point, the suppliers become very supportive and willing to work with the buyer. In addition to this, the types of suppliers Company B engages with more closely than others depends on the nature of the product. If it is a commodity part such as plastics or sheet metal, there are many suppliers that could easily achieve the specifications required, so this relationship is heavily based on cost competitiveness. However, other relationships are more strategic when the part being procured is non-commodity such as a battery and is more critical to the end product.

Rather than just leaving sourcing decisions up to the procurement professionals, Company B utilizes their top engineers and quality team to determine the required supplier capabilities and efficiencies they would like to achieve. This is different from most companies that use the procurement experts to make decisions; in this case, the engineers and other stakeholders within the business are involved in the decision-making.

Company B sees a very distinct relationship between indirect and direct purchasing. Direct spend are those purchases of goods or services that are directly incorporated into a product. Indirect spend are purchases that are not directly tied to the product, such as procuring professional services, office supplies, and software for the business. They choose a supplier for indirect purchasing based mostly on lowest price. Then when they are procuring the same item in the future, they see their incumbent suppliers who are providing commodities as underdogs and put pressure on them to deliver at an even lower cost to compete with other suppliers in the market. Company B tries to make themselves less dependent on their incumbent commodity suppliers. Incumbent strategic suppliers, on the other hand, who provide critical parts, are more like partners to Company B, working very closely together.

Contrary to indirect purchasing, direct purchasing requires much more attention and precision in determining the best supplier according to Company B. Once this supplier is selected, Company B stays with them for the long haul. There have been times where differences in opinion arise, but both companies know they need each other in order to produce the most successful product. They work through these differences and find solutions in order to excel.

Company B conducts quarterly business reviews (QBRs) to ensure the buyer and suppliers' visions are aligned. QBRs are also used to keep the supplier on their toes and delivering the best price. Emails are utilized on a daily basis with suppliers, but Company B mainly uses the contracts negotiated to their advantage. Knowing the details of the contract terms is pivotal to the success of the business in that they identify contract terms for leverage and aggressive negotiations.

Sourcing managers are responsible for understanding the key performance indicators (KPIs) of each of their suppliers. Some of these KPIs include on-time delivery, cost reductions, and quality. In addition to KPIs, Company B uses the SQAR approach (supplier quality action report), which tracks containment and corrective actions taken by the supplier if a quality issue arose from their production.

Every new purchasing decision is vastly different from previous decisions. It depends on where the business is financially, along with other factors, and keeping a constant pulse on how the business environment plays a role in these decision-making processes. There is no supplier scorecard like other companies might have. The sourcing decisions are essentially based on business need at the time. One day, Company B's main focus could be on price, while the next day the main focus is on cash flow timeline. It varies every quarter.

Company B doesn't hold many developmental workshops for their suppliers. Instead, they provide procedural sessions to train their suppliers in using the company's invoicing system and catalog. Continuous improvement efforts were organically developed by supporting Company B's specific requirements since their designs were not standard in the industry.

Visiting suppliers at their facilities is integral to the success of the relationship for Company B. Emails are simply transactional and can lack the fundamentals needed to succeed in a business relationship. Spending time at the supplier facilities allows the buyer to physically meet the decision-makers and gauge what the suppliers' motivations and mission are. There are situations where suppliers look unattractive on paper but are working extremely hard and display a completely different outlook in person. Appearances are not everything and there have been times Company B chooses the supplier with smaller, more run-down facilities but are producing at a much better price, much better quality, and much better performance level. Visiting suppliers is also very important to building a relationship and makes it much easier to negotiate and make decisions quicker.

According to Company B, generally, Peter Kraljic's model makes sense and they roughly follow the approach without identifying it as such.

Company B will engage with suppliers if they are a good business partner, collaborative, transparent, and resilient. In addition, the supplier much have strong technical competitiveness and a robust supply chain. The realized benefits of developing suppliers is that it could help form long-term relationships, which allows Company B to invest fully in research and development activities. In addition, long-term supplier relationships promote suppliers to have a reliable supply, while Company B is able to down costs.

4.3 Company C Analysis

Company C is a family-owned manufacturer of bottled water and soft drinks that was established 57 years ago. The sourcing decisions made by Company C are based on a thorough interview process with the supplier to ensure the supplier fully acknowledges and understands the need and the ask. The company is looking for quality carriers and suppliers with which to partner. The company looks for areas in which they can improve efficiencies and build long-term relationships. They analyze the difference in offerings across their supplier base – what can supplier A do that supplier B cannot, and so on. The buyer and supplier in the relationship build off of each other's capabilities and utilize all aspects of the supply chain. They look for carriers who are technologically driven and focus on how they use technology to drive their process and efficiencies. There are two additional components Company C might consider when choosing suppliers: criticality of the supplier or product they are procuring and maturity and growth of the supplier. These qualifications are important when assessing suppliers to ensure they will remain in the market for a long period of time.

The sourcing process at Company C is always being evaluated for improvements. Five years ago, the company had thousands of line items on which the supplier could bid. This was a tedious process for both the buyer and supplier, so Company C saw an opportunity to shift towards a more structured bidding process where they created clusters for bidding. They used historical data and were able to condense their bidding process into segments where it was easier to maneuver and quicker to bid.

According to Company C, it is not about the number of suppliers the company has, but rather the performance each supplier displays and how efficient they can be with their supplier base. Pricing isn't necessarily the most pivotal aspect in the equation. This company aims to understand the variables at play and what affects cost.

Company C has a very extensive score-carding process. The buyer wants the supplier to succeed, but the supplier typically wants to succeed on their own as well. So, they are usually very receptive and open to the idea of being audited and score-carded regularly. At the end of every week, the company sends out a scorecard to the supplier to assess them on weekly performance based on various factors such as on-time delivery and revenue. The supplier has the opportunity to go through a rebuttal process if they disagree with the claims made, but by the end of the week, they know exactly where they stand in Company C's network. As these relationships grow and more trust is built, the buyer allows the supplier more autonomy in making certain decisions. Communication is crucial to building relationships and Company C sees over-communication as beneficial to staying engaged and receptive. Company C ensures that they make their expectations clear and definitive so the suppliers knows exactly what they should be providing.

Company C compares supplier relationship-building to dating. All relationships are the same. If you meet someone you like or a supplier you like, you'll start doing your due diligence to see the possibilities for a relationship. Once suppliers are secured, it is important to have a healthy relationship, where both parties work together to promote unity, just like a typical dating relationship. It is more difficult to go through a so-called "break-up" with a supplier than to put in the work upfront and ensure a stable relationship moving forward.

Company C does not provide training opportunities for their suppliers. They believe suppliers should independently run their business, without help from Company C. The supplier should be willing to invest in their own business to build it up and strengthen it. Company C is happy to provide basic resources to their suppliers, such as suggestions on how to perform better but will not offer comprehensive training.

Company C believes in establishing long-term relationships with their suppliers. They are very receptive to these long-term suppliers' performance and has noticed that long-term suppliers have practices and procedures in place that have not changed throughout the years. Company C wants to see ongoing development in their suppliers because it shows they are at the forefront of their industry, keeping up with changing market demands.

Compared to five years ago, the thinking and bidding process has become much more strategic and intentional. In the past, it was purely based on obtaining the lowest price. There is more data now readily available for this company to grade performance and make adjustments moving forward. It has been a useful tool in understanding the position of the business.

Company C develops suppliers when they are of strategic importance to the organization, if there is a limited supply, or if they have superior product or performance that will benefit the company. They do not develop suppliers that do not problem-solve on their own first. Company C realizes that developing their suppliers will not always reap benefits. However, if it does work out, the benefits could strengthen Company C's supply chain and add supply chain resiliency and value to customers. Company C hopes to add sustainable value to the organization when they develop suppliers. The value might be a more robust supply chain, lower cost product, or competitive advantage. They want to develop suppliers that will be a net gain to their organization. Company C values their relationships with suppliers as their allies in all stages of business, but especially hyper growth phases and emergency situations. The suppliers with a strong relationship with Company C are more adept at responding to service requirements and cost saving initiatives.

4.4 Company D Analysis

Company D is approximately eight years old and is an American audio equipment manufacturer. The company has less than 50 employees. The employees come from varying backgrounds and fields. Many of the employees do not have supply chain or sourcing experience and a lot of the supply chain concepts were learned on the job. A majority of initial supplier interactions occur with a simple online search for Company D. For Asian suppliers, they turn to Alibaba.com for their supplier needs. After the online searches, Company D compiles a spreadsheet containing potential suppliers to work with that meets the requirements of the business. Some of the factors included are price, lead time, and responsiveness. For some commodity type components of the audio equipment, Company D procures from Asian suppliers since they produce high quality parts at a fifth of the cost that American suppliers might make it for. A majority of their parts are sourced from American manufacturers, but for other parts that are not reasonable to make in the U.S., they source from China. The main two factors they consider when procuring parts are price and quality.

There are a range of components that go into Company D's products and some are more critical than others. Certain parts require very high quality and Company D understands they might have to pay more for these parts. There are a couple parts vendors that Company D works frequently, so they have a stronger relationship with these suppliers. Company D counts on these trustworthy and reliable suppliers; when they request a quote, they are confident their suppliers will respond with their best price.

Challenges that Company D faced in the initial stages of their business were due to the fact that they were producing in smaller batch sizes. Some suppliers were not willing to fit them in their production schedule for weeks since they had other, larger customers with larger batch sizes. Sometimes Company D would have to search for other suppliers that served a wide range of smaller companies and were more willing to produce smaller batches.

Since Company D is fairly new and relatively small, they do not have supplier scorecards. They do, however, track part failures. If a part is not up to quality standards or fails in production, it gets taken out of the assembly process. They monitor the scrap rate over time and if something is failing at an abnormally high rate, they reach out to that vendor to address the issue. After the initial sourcing interaction begins and production occurs, Company D reviews their suppliers mostly on an as-needed basis.

Company D does not travel to visit their Asian suppliers, but they do travel to their local American suppliers. They are neutral in seeing the benefits of regular supplier site visits. However, they do think that the visits are a good way to vet the supplier facilities and build a direct relationship with their suppliers. Their philosophy is that the ideal time to visit their suppliers would have been when the business first started and they were establishing all new suppliers. At this point, eight years into the business, the company does not see it as neither critical nor valueless, and visit suppliers locally when they can.

Company D is slow to negotiate on price unless there are multiple vendors that do similar production activities and a better price can be achieved elsewhere.

Company D appreciates when there is a collaborative vibe with the vendor. They realize they depend heavily on those from whom they procure parts and like to establish a mutually beneficial relationship in order to establish long-term suppliers. Company D believes their products are only going to be as good as the parts that are in it. They like to think of their vendors as an extension of their own factory. Establishing a close personal relationship is important to Company D – what is good for one side should be good for both.

At the inception of Company D's business they used MFG.com to search for and vet suppliers, where they would upload their design request and specifications and companies would then reach out to them if they could produce the part. Now, Company D prefers to use Alibaba and sees many benefits. Alibaba has reputable Chinese suppliers that produce parts Company D needs. It is a one-stop-shop platform. Alibaba Trade Assurance makes Company D feel secure in sending money to unknown entities, reducing risk, especially when they do not have the time or desire to travel to their Chinese supplier sites.

5. DISCUSSION

Looking at the summary cross-case comparison in Table 3, there are many similarities among companies in modern day business and how they are running their procurement function. Each of Companies A, B, C, and D has stronger relationships with critical component suppliers than with commodity suppliers. Additionally, these companies conduct some sort of supplier review, whether that is during quarterly business reviews or on an as-needed basis.

A striking similarity among the companies interviewed is that Peter Kraljic's long-established supplier engagement approach is not explicitly used in these modern businesses. Out of 16 interviewees, only three had heard of Peter Kraljic and his sourcing methodology but only vaguely. This shows that companies are starting to move away from traditional sourcing practices and more towards customized sourcing approaches based on the business environment. After analyzing the various sourcing practices across Companies A, B, C, and D, only Company B seems to use some of Kraljic's long-established techniques, but at a high level and unintentionally.

Another similarity among the companies is the reason they build relationships with their suppliers and that is to get the best price and gain a competitive advantage in the market. There are other perceived benefits across the companies, such as gaining high quality products, long-term efficiencies, and customer satisfaction.

One difference is the more established companies (Company A and C) have very structured sourcing processes, such as supplier score-carding, supplier development, and the way in which they interact with their suppliers. The companies that are newer to the market (Company B and D) seem to focus more on business need at the time of sourcing and have a more fluid, less structured approach.

The size and age of the companies seem to play a role in the various stages of their sourcing strategies. Older companies with a substantial number of employees, contribute to how extensive the sourcing strategies are. Through the research conducted among these companies, there appears to be a direct correlation with how in-depth and detailed a sourcing strategy is based on size and age of the company. For example, Company A has been around for 36 years and has about 150,000 employees. They have a very structured, well thought out sourcing strategy that has had many alterations and adaptions every year based on business need.

The smaller and younger company, Company D, has few employees that have sourcing and procurement knowledge. So their sourcing approach is a bit different than the other three companies. Company D has a more relaxed approach, searching for suppliers on sites such as Alibaba. They do not provide any sort of supplier development program; they provide their suppliers with autonomy if they have a proven track record, since they do not have the bandwidth to fully engage with and develop their supplier base.

5.1 Comparison to Literature

Company A has very structured sourcing practices in place. They believe in developing their supplier base to promote long-term efficiencies, sustainability, and high quality, among other things. They conduct quarterly business reviews with an extensive score-carding process. Company A seems to be similar to what Liker and Choi (2004) were portraying in their research: building extremely deep supplier relationships will be valuable for the business in the long-term. Establishing these relationships creates mutual respect and trust between the buyer and supplier.

Company B is a fairly new company that has grown tremendously in the past few years. They have a more stringent sourcing approach but arguably not as exploitative as Kraljic's methodology. Company B conducts quarterly business reviews considering factors on how well the business is doing. Their main focuses are high performance, high quality products, and low cost when searching for reliable suppliers. Company B seems to be most like Caniëls and Gelderman (2005). There is a sense of power and dependence, where they strive to be in a position of buying power, so they have more opportunity to negotiate with their suppliers.

Company C has been in business for many years. They have an extensive score-carding process, thorough supplier interview process, and look at the criticality of a supplier as a means for establishing a strong relationship. Company C could be most related to what Gadde and Snehota (2000) propose: that the buying firm should handle a variety of relationships in differentiated ways with high to low involvement in order to align with purchasing and business goals.

Company D is very young, having been in business for just eight years. They find suppliers online and look for factors such as good price, fast lead times, and responsiveness of the supplier. They believe that products are only going to be as good as the parts in it. Company D does not yet have a developed supplier management strategy. As the company grows and they hire more employees with procurement knowledge, they will begin developing a strong sourcing strategy. It seems as though Company D is willing to work with their suppliers and wants to make the most out of those relationships. As they continue to increase their procurement know-how, there is a huge opportunity for them to leverage and use their supplier relationships to their advantage and to the suppliers' advantage through mutual respect to benefit both parties.

Peter Kraljic's approach from 1983 is not specifically used in any of the companies interviewed. However, after interviewing with the procurement professionals and getting a sense of their business goals and motivations, it is clear that some aspects of Kraljic's model are present. Kraljic's model focuses on two main criteria: profit impact and supply risk. These two criteria are most definitely analyzed within Companies A, B, C, and D. For profit impact, the companies assess how they can grow their business and improve profitability by looking at the benefits of supplier relationship factors. These factors include: long-term efficiencies, sustainability, high quality products and services, high performance, low cost, sustainable value, supply chain resiliency, and customer satisfaction. For supply risk, the companies assess their suppliers thoroughly before onboarding them and have supplier review procedures in place to mitigate supplier risk.

5.2 Conclusion

The research found that through interviews with procurement professionals, these companies are motivated to develop their suppliers for various reasons. These reasons include the strategic importance to the organization, whether or not they have a superior product or performance that will benefit the company, the assurance of better quality products and continuity of supply, and attaining the best pricing. The companies interviewed all have their own methods of sourcing that best suits their business goals. They are tailored to the specific company and what the business environment is like at the time sourcing decisions are made. For example, as mentioned previously by Company A in section 4.1, if the market is in a consolidation phase, meaning companies in the industry start to merge, there is no point in onboarding new suppliers. On the contrary, in a developing market, Company A will bring on new suppliers where it makes the most business sense. No “one best method” exists between the companies interviewed. The strategies observed are all unique, with some similarities existing between them.

The companies interviewed all differ in size, age, and growth in their respective markets. The newer, smaller companies seem to explore and invest in suppliers differently than the older, larger companies. Because the newer companies might not have as much capital to spend on supplier site visits, supplier developmental programs, and research and development, they move slower when it comes to fully engaging with and developing their supplier base. They might not have the means to invest heavily at the current stage of their business. As they grow and become more proficient in the market, they will have more capability to deeply engage in strategic relationships with their suppliers.

One key research question analyzed was what motivates supplier engagement practices. Preliminary evidence from the research conducted in this paper shows that a company’s age and size could determine the sophistication of their supplier relationships. Companies that are newer to the market might lack the capabilities and knowledge critical to building deep supplier relationships. On the other hand, companies that have established a stronghold in the market have done so throughout time. For Companies A and C, what once started as new companies many years ago with little sourcing knowledge has grown to be major forces in the industry. They started from scratch, and had to learn as time passed, honing their sourcing strategies and procurement knowledge. As for Companies B and D, they are both still fairly new to the market and still exploring procurement strategies that best suit their business goals.

Varying levels of sourcing strategies are shown in Figure 5.

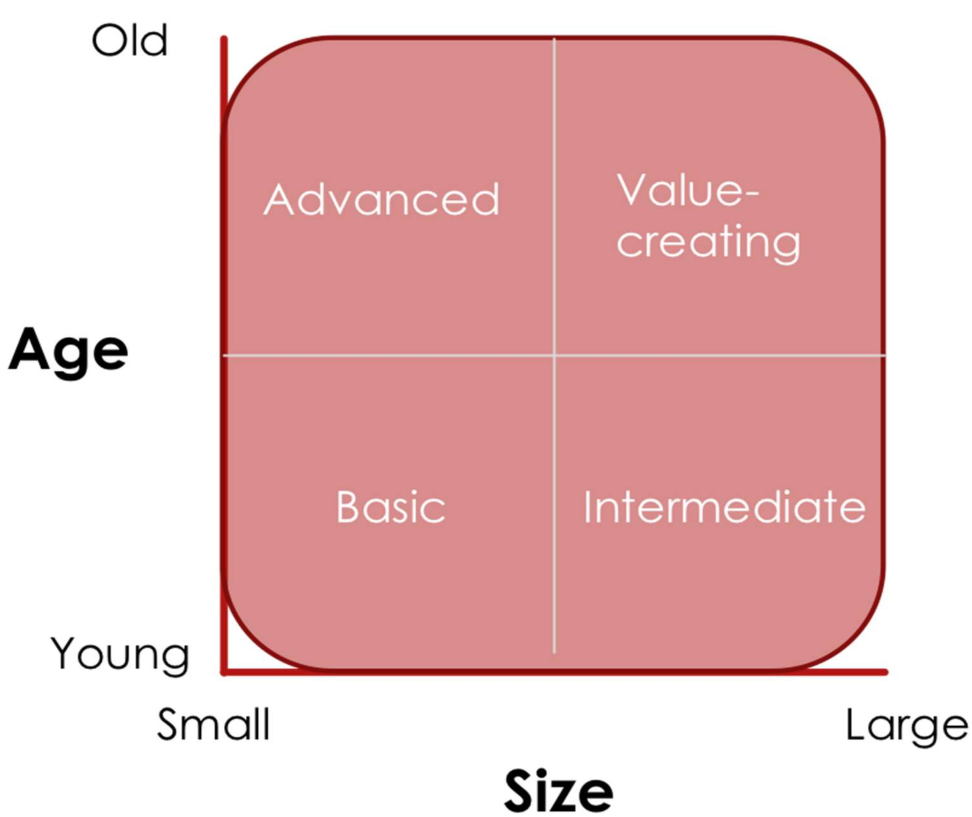
- **Basic**: The sourcing function is mostly transactional focusing on obtaining the best price.

- **Intermediate**: The sourcing strategy is focused on price in alignment with business goals. Strategic sourcing methods are used as needed.

- **Advanced**: Strategic sourcing methods are strongly used in accordance with business goals. A structured process is followed in order to promote future growth.

- **Value-creating**: The sourcing strategy is embedded within business units and seen as a value-creator throughout the company.

Figure 5 – Age & Size matter



Overall, the companies interviewed built a solid foundation with their suppliers and have realized that supplier partnering is imperative for long-term scalability for the companies and for longevity. Though some companies are able to invest more heavily in their suppliers than others, they all see the powerful benefits of engaging deeply with suppliers. Establishing mutual trust and respect for one another is essential for relationships to succeed. Key motivations behind supplier partnering include long-term efficiencies, sustainability, high performance, high quality, supply chain resiliency, and customer satisfaction. Although the sourcing strategies vary from company to company, the end goals are very similar.

TABLE 3

Co.	Industry	Age	Size (Employees)	Procurement Relationship Criteria	Cadence of Supplier Reviews	Novel Features	Kraljic-based	Perceived Benefits of Supplier Engagements	Supplier Development Programs	Stronger Relationship with Critical Component Suppliers
A	Computer Technology	36 years	~150,000	-Risk awareness -Supplier location -Social/Environmental -Past audit history -Responsible Business Alliance (RBA)	Quarterly business review with supplier scorecard	-Supplier brand presence	No	-Long-term efficiencies -Sustainability -High quality	Yes	Yes
B	Electric Vehicle Manufacturer	16 years	~50,000	-Mutual trust -Cost -Lead time -Efficiency -Performance	Quarterly business reviews with business needs considerations	-Strong buyer positioning over suppliers -Incorporation of supplier vision -Cross-functional procurement decision-making	Yes, un-intentionally	-High performance -High quality Products -Low cost	No	Yes
C	Bottled Water / Soda Manufacturer	57 years	~2,500	-Thorough supplier interview process -Technology driven suppliers -Criticality of supplier or product -Supplier growth	Extensive score carding process	-Supplier autonomy if proven track record -Data driven to assess performance	No	-Sustainable value -Supply chain resiliency -Customer satisfaction	No	Yes
D	Audio Equipment Manufacturer	8 years	~25	-Online supplier search -Price -Lead time -Responsiveness	As-needed basis	-Track part failures -Does not negotiate on price a ton – they trust their suppliers	No	-“Products are only going to be as good as the parts in it.” -Long-term suppliers	No	Yes

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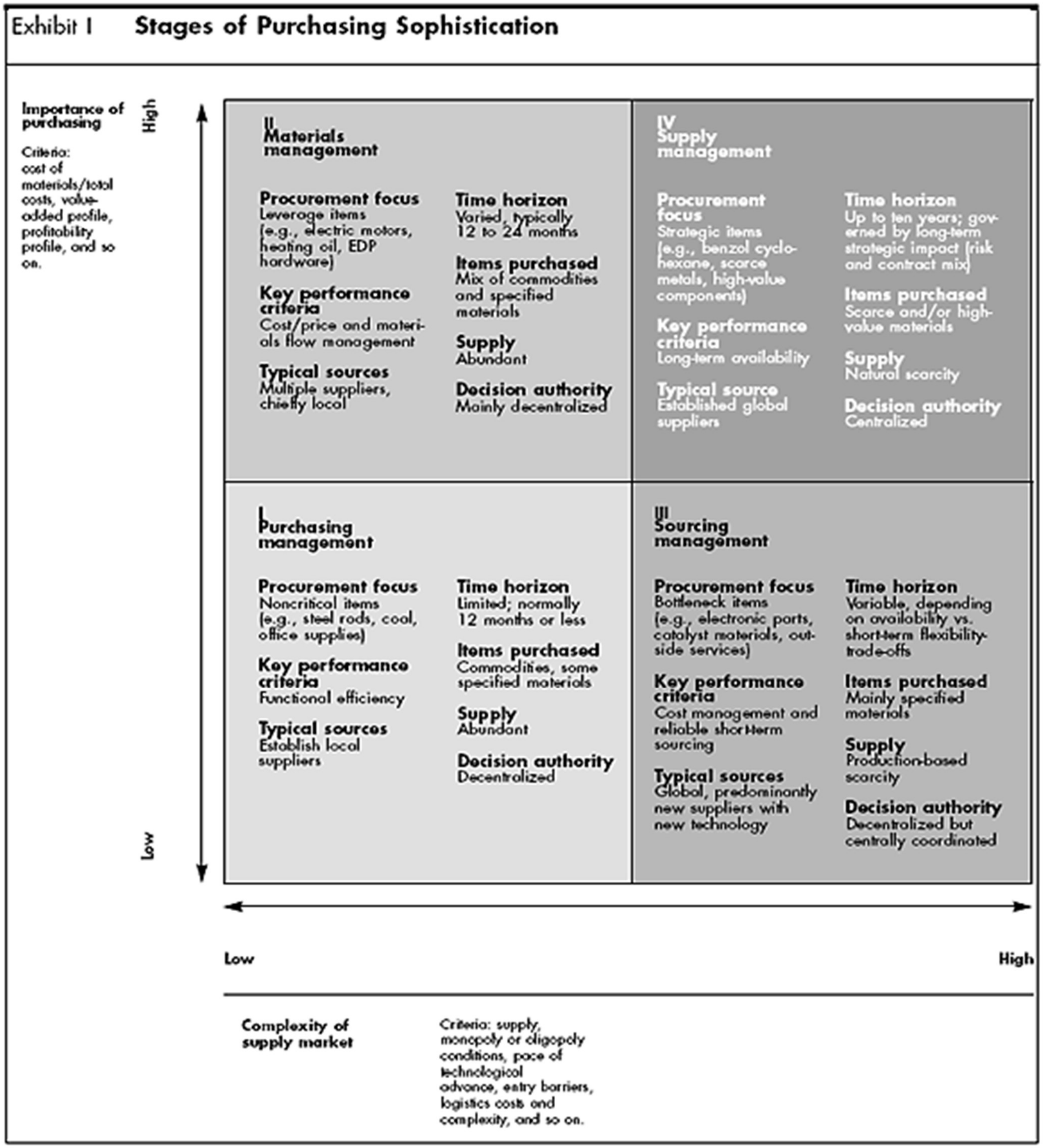
APPENDIX A

Kraljic's 2x2 Sourcing Matrix



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APPENDIX B

Semi-Structured Interview Questions

1. How do you choose which suppliers to engage deeply with?
2. What steps do you take to develop strong working relationships with your suppliers?
3. Do you or your colleagues see value in traveling to your supplier sites?
4. Do you have a supplier scorecard? What is on the scorecard?
5. Are there certain suppliers you have a closer/stronger relationship with than others? If so, why? What are the main differences between these varying relationships?
6. How do you manage these ongoing relationships? Quarterly Business Reviews?
7. When working with your suppliers, is there a sense of collaboration or more exploitative efforts?
8. What are the key value drivers for enhancing supplier relationships?
9. Do you provide any supplier training programs or continuous improvement opportunities for suppliers to develop their skills and contributions?
10. How would you handle working with a crucial supplier who is unreliable?
11. Do you focus on building short-term or long-term relationships?
12. How do you measure success within your procurement function?
13. Which procurement problem are you currently facing and what solution have you applied?
14. Are there any innovative practices your company is using within procurement?
15. Have you seen a lot of change in the sourcing space since you first started?