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SAPICS CONFERENCE

Century City Conference

Centre, Cape Town,

South Africa



PROFESSIONAL BODY FOR
**SUPPLY CHAIN
MANAGEMENT**

Strategic Sourcing for Successful Supplier Relationships

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www.sapics.org

The Leading Event in Africa for Supply Chain Professionals

AGENDA

- The purchasing continuum
- Four major types of purchases
- Weighted factor analysis
- Core competencies
- Vertical & horizontal integration

The purchasing continuum

- From tactical orders to strategic relationships
- Tactical focuses on one-time transactions or spot buys
- Strategic focuses on long term commitments and trust
- Relationships may evolve from PO's to long term contracts, ultimately to a merger or acquisition
- Note: not every “buy” must be strategic (think Pareto!)

Four major types of purchases

- Non-critical (low risk and low % of cogs)
- Leverage (low risk but high % of COGS)
- Bottleneck (high risk but low % of cogs)
- Strategic (high risk and high % of COGS)

Weighted factor analysis

- AKA “alternative/attribute ranking”
- AKA “qualitative factor analysis”
- Converts qualitative into quantitative
- Assigns weights based on factor’s importance
- Assigns scores based on alternative’s performance
- Note: could have bias

Core competencies

- What we compete on
- Order winners, qualifiers, non-issues, losers
- We must agree internally on priorities
- Priorities recognize we can't be all things to all people
- These priorities should extend through the supply chain

Vertical & horizontal integration

- Vertical expands our business upstream or downstream
 - Ford motor company: “from soup to lug nuts”
- Horizontal expands our business at our SC node
 - GM: Chevy, Buick, Pontiac, Oldsmobile, Cadillac

Summary

- The purchasing continuum
- Four major types of purchases
- Weighted factor analysis
- Core competencies
- Vertical & horizontal integration

Any questions?

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- Business cards available; leave yours for a copy of the presentation