The final bottleneck commodities have unique requirements or niche suppliers and are significant to the business. This quadrant is the most unattractive quadrant of the model to be in. The risk to the organisation is high, but the buyer is likely to have little ability to influence the supply market since the level of expenditure is small. Such items tend to be expensive, due to the exclusive market position maintained by the supplier. The goal of the buyer is to not run out and to ensure continuity of supply. The main focus for bottleneck items is on minimising the risk to the organisation. Price and cost of acquisition are of secondary importance because it will be generally reasonable to sacrifice cost, e.g., by paying a relatively high price to reduce the risk.

As mentioned above, the organisation’s expenditure, being relatively low, will not be particularly attractive to suppliers. However, suppliers can be interested in a customer for reasons other than the amounts they procure. We will therefore also consider what to do — as part of the strategy — in order to make the organisation’s business more attractive to the suppliers of such items. We shall explore this further in the later section of suppliers’ motivations.

**Activity 3.6**

How can we increase expenditure on an item? How can we reduce supply risks?

**Supplier selection and evaluation**

Once the portfolio analysis is completed, the buyer must then dive into the category and evaluate individual suppliers as to their suitability, narrowing the list down to a critical few. The ultimate result of this step is to make supplier recommendations, so the buyer must first identify current and potential suppliers, determine any information technology requirements and identify opportunities to leverage the commodity expenditures with similar commodities.

Most procurement experts will agree that there is no one best way to evaluate and select suppliers, and organisations use a variety of different approaches. Regardless of the approach employed, the overall objective of the evaluation process should be to reduce procurement risk and maximise overall value to the buying organisation. **Figure 3.5** summarises all the critical steps involved in the supplier evaluation and selection process that we have covered in Unit 3.