Self-test 3.5

#	Procurement items	Ideal types of suppliers
1	Routine	• Able to handle the bulk of the routine item transactions without the need for drawing on time and attention • Able to supply as many of the organisation's requirements as possible • Responsive, therefore minimising the need for intervention
2	Leverage	• Lowest cost over the contract term • Cooperative and will not exploit its dominant position once the organisation is 'locked in'
3	Bottleneck	• Must be particularly capable in the areas which pose the greatest risk to the organisation • Will not exploit its strong bargaining position with the organisation • Highly motivated to be in business

#	Procurement items	Ideal types of suppliers
4	Critical	• Must be particularly capable in the areas which pose the greatest risk to the organisation • Must have the ability to be a very low cost provider and/or technological leader in the long term • The required products and services must be core business to the supplier • The supplier's business strategy must be compatible with the organisation's business strategy • The supplier must be financially stable and have a sustainable market position • It must not have any preferential relationship with the organisation's competitors • It should not seek to exploit the organisation's position

Self-test 3.6

Criteria to use when assessing a supplier's overall reputation include:

a. How long has it been established and in business?

b. What are the capabilities, experiences and reputation of the company's owners and management?

c. What is the image of the company and its products/services in the market?

d. How well does it treat its customers? Is it fair and reasonable in its business dealings, or exploitative and ruthless?

e. Are its workers generally satisfied and happy to work for the company?

f. What overall impression does the company project in terms of being well managed, organised and efficient?

g. To what extent is it making full use of information technology facilities, especially for internet-based e-business?

Criteria to use when assessing whether a supplier is compatible with your company include:

a. What kind of corporate culture does the supplier company have? Is it compatible with that of your own company?

b. To what extent do both companies share the same business orientation and plans?

c. Are the sizes and volumes of business of both companies reasonably compatible so that potential relationships can take place on a basis of a certain degree of equality?

d. Are your policies aligned or consistent, e.g., concerning customer orientation, ethics, environment, etc.?

e. Are your terms and conditions of doing business generally compatible?