



EUROPEAN BUSINESS SCHOOL
International University Schloß Reichartshausen

SUPPLIER VALUE

HOW TO DEFINE AND INTEGRATE THE
VALUE OF YOUR SUPPLIERS

Working Paper



Christopher Jahns and Roger Moser

Purchasing and Supply Management

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SUPPLY MANAGEMENT INSTITUTE

SUPPLIER VALUE

HOW TO DEFINE AND INTEGRATE THE VALUE OF YOUR SUPPLIERS

Working Paper from the
Supply Management Institute's series
Purchasing and Supply Management

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Univ.-Prof. Dr. Christopher Jahns

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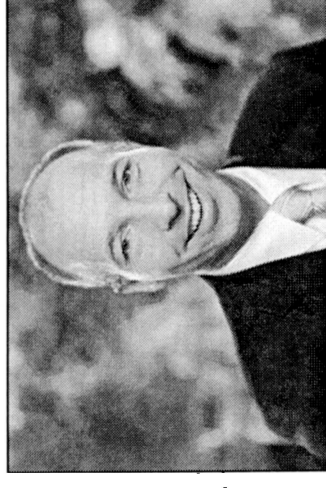
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Content.

1 Supplier Value Management – An Integrated Approach	1
1.1 Defining Supplier Value – Bottom Line Impact, Top Line Impact, Risk Position	
1.2 The „ex post“ and „ex ante“ Perspectives of Supplier Value Assessment	
1.3 The Influence of the Supply Strategy on Supplier Value Management	
2 Supplier Value Management – Study Results & Examples	12
2.1 The Role of Supplier Value Management in Purchasing & Supply Management	
2.2 Supplier Value Assessment: Examples	
3 Supplier Value Integration – Rent & Risk Sharing	31
3.1 Defining Supply Risk – Strategy, Sourcing, Integration, Performance	
3.2 The 4 Basic Supply Risk Management Actions	
3.3 Supply Risk Management – A 4-Step Process	
3.4 Prerequisites of Rent & Risk-Sharing Initiatives	
3.5 Problems of Rent & Risk-Sharing Initiatives	

Content.

4 Supplier Value Integration – Early Supplier Involvement	59
4.1 Early Supplier Involvement Focus – Products & Processes	
4.2 Early Supplier Involvement Stages	
4.3 An Execution Process for Early Supplier Involvement	
4.4 The Early Supplier Involvement Maturity Grid	
4.5 Methods of Early Supplier Involvement	
4.6 Success Factors and Barriers for Early Supplier Involvement	
4.7 An Organizational Framework for Successful Early Supplier Involvement	
5 References	94

1 Supplier Value Management – An Integrated Approach.

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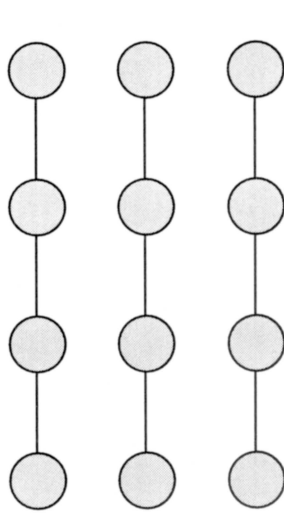
The growing interdependence between companies is an important sign of the changing competitive environment.

- The competition structures are changing dramatically as the companies' degree of value added are constantly decreasing to less than on average 30%. At the same time, the interdependence between buyers and suppliers is growing.
- In the future, companies will be competing more in the form of supply networks and independent supply chains rather than company vs. company.
- Successful companies are those that can manage best their relationships within a supply network or supply chain.
- There is no proprietary supply network for a company. Passive and active roles in the supply network are changing for a specific company, depending on the position in the tier-system and on the possibilities of partnerships.
- Supplier relationships of all kinds are getting more and more important for the competitiveness of a company.

⇒ *"We achieve significant competitive advantage through specific supplier values delivered to our products and customers."* (Head of Strategic Sourcing, EADS)

Suppliers play different roles depending on the competition structures between companies.

Competition between completely disconnected supply chains

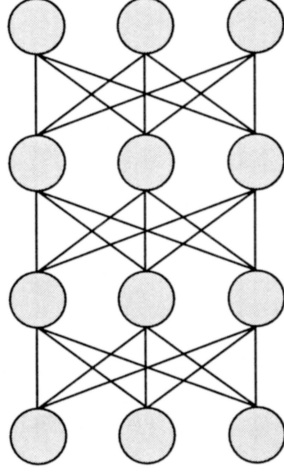


Material Flow →

Example:

Near-vertically integrated manufacturers-retailers such as Zara in fashion apparel

Competition between completely overlapping supply networks

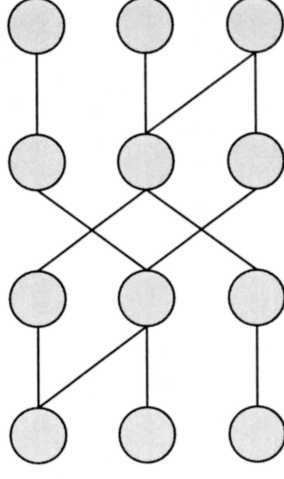


Material Flow →

Example:

Airbus and Boeing – overlapping in engines, electronics, avionics, tires etc.

Competition between partially overlapping supply networks



Material Flow →

Example:

Automotive supply networks of the United States with many OEMs sharing common suppliers