THE MISSING POINT BETWEEN STRATEGIC SUPPLIER EVALUATION AND INTEGRATION: A DYADIC CASE STUDY

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Piotr Matlejewski

Nicolaus Copernicus University in Torun, Faculty of Economic Sciences and Management, Department of Logistics, Toruń, Poland

e-mail: piotr.matlejewski@umk.pl

Abstract

Purpose: The aim of this study is to explore the reasons for a supplier's sudden withdrawal from cooperation and thus to identify the missing element in the commonly used supplier evaluation frameworks that determines the possibility of future dyadic integration in the supply chain. Academic literature very often moves from supplier evaluation to strategic collaboration without considering the activities between the two.

Methodology: The paper is based on a case study of customer-supplier dyad of manufacturing companies. Based on the Purchasing Portfolio Matrix and the ‚Dutch windmill' concept, the case of supplier-customer relationship termination was investigated.

Findings: The study revealed that there should be an intermediate step between strategic supplier evaluation and the transition to strategic cooperation. The customer was conducting an elaborate evaluation of the supplier without being interested in how he was evaluated by his vendor. The findings indicated the need for customers to learn about the criteria and rating level given by strategic suppliers, also in relation to the ratings given to other customers.

Originality/value: The paper provides valuable practical implications that should help customers avoid problems with suppliers and, in the worst case scenario, better prepare for the end of the relationship. To generate these, a fairly uncommon research approach was used - the dyadic approach in supply chain integration management.

Keywords: buyer-supplier strategic cooperation, supplier evaluation, Dutch windmill, purchasing portfolio matrix

Paper type: Case study

1. Introduction

Nowadays, categorization of supplied products or raw materials is an obvious issue for buyers. This concept is well known from the publication of the Purchasing Portfolio Matrix (Kraljic, 1983). Since then, other publications have been deliberating about various routes this concept could go further (Bianchini et al., 2019; Caniëls & Gelderman, 2007; Garzon et al., 2019; Padhi et al., 2012). Nevertheless, the simplest way to divide items into the four categories based on the risk of purchases and their impact on the company's bottom line is still used in many companies. Based on above, the following four categories can be obtained:

- non-critical items with low risk and low impact on bottom line,
- leverage items with low risk and high impact on the bottom line,
- bottleneck items with high risk and low impact on bottom line,
- strategic items with high risk and high impact on bottom line.

The classification of an item into one of the categories determines how its supplier should be dealt with. Kraljic (1983) provides much advice on how cooperation with each type of item and its suppliers should be approached. This is the items delivered and market characteristics that shape a buyer's approach to the relationship with a supplier (Loppacher *et al*., 2011). Without going into details, it can be said that the lower the business risk, the more reduced attention, in case of non-critical items, or use of purchasing power, in case of leverage items, is recommended. Where purchasing risk is high it is proposed to maintain control over the supplier's actions, in case of bottleneck items, or to build a long-term relationship, in case of strategic items. In the subject literature, one can find recommendations not to use aggressive strategies towards suppliers identified as strategic (Glöckner *et al*., 2005; Liker & Choi, 2004). Pushing strategic suppliers to the limits of their profitability may lead at the beginning to the illusion of success but later to the critical problems (Keith *et al*., 2016).

For strategic suppliers, the literature recommends abandoning the confrontational approach in favor of building strategic partnership (Caniëls & Gelderman, 2007). Several elements seem to be relevant in such a situation, such as trust between the parties to the collaboration (Zaheer et al., 1998) and the resulting exchange of information between ERP systems (Subramani, 2004) or joint cooperation on innovative projects (Castaldi et al., 2011; Luzzini et al., 2015; Van Poucke et al., 2016). It is worth mentioning the study that, using SEM, examines the relationship between strategic purchasing, buyer-supplier relationship, supplier evaluation system and company financial performance (Carr & Pearson, 1999). Paulraj et al. (2008) note that communication is a key element of the supplier-buyer relationship. The authors recommend that future researchers should focus on the causes and effects of buyer-supplier cooperation. Shamsollahi et al. (2021), after conducting a systematic literature review on inter-organizational cooperation, conclude that there is very little research addressing the problem of sustaining and repairing cooperation between parties. They also believe that proactive solutions, which include seeking solutions before a problem occurs, are much better than reactive remediation once crises are a reality. Considerations of buyer-supplier cooperation are in line with the relational view (Dyer & Singh, 1998). Thinking of purchased items and services from suppliers in terms of external resources (van Weele, 2014) is valid especially in case of strategic suppliers. The authors engage in a discussion with the resource based view theory (Barney, 1991), pointing out that competitive advantage can increasingly be attributed to resources located outside the enterprise. Researchers point out that most of the value of products produced by manufacturing companies comes from suppliers (Dyer & Singh, 1998) that are of strategic importance. It is worth mentioning that Dyer's work on the relational approach was preceded by a study of the impact of the specialized supplier networks of Japanese and American automakers on their performance (Dyer, 1996). Given that, resources are often developed for special customer needs, as an effect of buyer-supplier relationship, it is the ability to combine unique resources and interactions with suppliers that can be a source of relational annuity (Dyer & Singh, 1998).

To understand supplier's performance, especially on the side where the upper risk level is involved, an evaluation system was employed (Loppacher *et al.*, 2011). If the widely implemented ISO 9001:2015 standard, in the section of 8.4, requires that 'the organization shall determine and apply criteria for the evaluation, selection monitoring of performance, and re-evaluation of external providers', it is no surprise that this tool is popular. Verification of its use was made by the author based on the questionnaire addressed to buyers in Poland. Among 205 respondents from middle and large companies, 85% were positive about the statement, saying that the purchasing department uses established criteria for periodic evaluation of suppliers.

Companies being free to choose, in terms of the criteria for such evaluations, take the ones they think are the best. The literature extensively describes the methods for selecting suppliers, as well as the criteria considered when performing the process. Generally, criteria are formed into such dimensions as, for instance, costs, quality, delivery, or reliability (Shukla, 2016). Within dimensions, there are numerous criteria on how to evaluate suppliers (Huang & Keskar, 2007; Loppacher *et al.*, 2011; Mukherjee, 2016; Nepal & Yadav, 2015; Nielsen *et al.*, 2014; Raut & Bhasin, 2012; Rodríguez-Escobar & González-Benito, 2017). Table 1 may look wide but shows only a basic selection of possibilities in this respect.

On top of that, Huang & Keskar (2007) are presenting lists of options that can be a starting point not only for theoretical discussions but also for practical use. Whatever criteria are selected, they are all concentrated on supplier performance in the eyes of the buyer.

Supplier selection/evaluation		Publication			
Dimension	Criteria	(Suraraksa & Shin, 2019)	(Shukla, 2016)	(Pal et al., 2013)	(Kumar Kar & K. Pani, 2014)
Cost	Product cost	V	V	V	V
	Ordering cost	V	V		
	Logistics cost	V			
	Ordering cost		V		
Quality	Quality level	V		V	V
	Certification & quality assurance	V	V		V
	ISO 9001 implementation/ procedural compliance	V		V	V
	Responsibility for product quality	V			
	Responsiveness to product quality	V			
	Orders defect rate	V			
	Continuous improvement program		V		
	Customer satisfaction		V		
Delivery	Geographic location		V	V	V
	Freight term		V		
	Total order lead time		V	V	
	Trade restrictions		V		V
Capacity	Manufacturing capability	V			
	Technological capability	V		V	
	Flexibility in production	V			
	Inventory turnover	V			
	Employee turnover	V			
	Capability enhancement	V			
	Employee availability	V			
	Time to recovery (TTR)	V			
	Shortages of raw materials	V			
Reliability	Feeling of trust		V		
	Political situation		V		
	Price fluctuation		V		

Table 1. Literature review on evaluation and selection criteria for suppliers

Supplier selection/evaluation		**Publication**			
Dimension	Criteria	(Surataksa & Shin, 2019)	(Shukla, 2016)	(Pal et al., 2013)	(Kumar Kar & K. Pani, 2014)
Flexibility	Capacity		V	V	
	Inventory availability		V		
	Information sharing		V		
	Negotiability		V		
	Customization		V		
Service	Reliability of delivery service	V	V		
	Sharing of information	V			
	Speed and timeliness of communication	V			
	Warranty	V	V	V	V
	Returns	V			
	Accuracy of product and quantity delivered	V			
Finance	Fixed assets	V			
	Comparative balance sheet	V			
	Debt or credit rating	V			
	Financial capability	V		V	V
	Financial stability	V		V	V
ICT	Purchase order (PO) and payment system	V			V
	Production and scheduling system	V			
	Inventory management system	V			
	Barcode and RFID system	V			
	Enterprise Resource Planning (ERP)	V			
Sustainability	Work safety and labour health	V			
	Employment practices	V	V		V
	Product design for environment (Eco-design)	V			
	Environmental management system	V			
	Investment in Research and Development (R&D)	V			
	ISO 14001 implementation	V			
	Contractual stakeholders influence	V			

Table 1. continued

2. Supplier's perspective

There are papers that are moving directly from selecting and evaluating suppliers to building buyer-supplier relationships, especially with these vendors which are considered to be strategic (Raut & Bhasin, 2012). Authors propose a variety of possibilities as to how a supplier can become bounded to the buying organization. Focus on supplier development and cooperation seems to be the key in this respect (Loppacher *et al*., 2011). Very important practice is related to the early supplier involvement (Castaldi et al., 2011; Luzzini et al., 2015; Rajkumar & Stentoft, 2017; Rodríguez-Escobar & González-Benito, 2017; Van Poucke et al., 2016). The concept is based on the understanding that a company can create a new product on its own, but involving suppliers in the process can have a positive impact on the final result. For example, a supplier may offer an alternative version of the raw material that delivers a higher level of functionality or reduces the cost of the final product. Innovative solutions from suppliers can also be available, as well as combination of them in a single product to exceed customer expectations. Strong buyer-supplier relationships can also mean joint development of logistics (Rodríguez-Escobar & González-Benito, 2017) with hope to reduce its costs, risk involved or to improve sustainability. Suppliers can also be involved in improving a company's internal processes (Castaldi *et al*., 2011). Buyers, not being experts in specific area by themselves, can benefit from the knowledge of suppliers acquired during long-term cooperation or involve them directly in improvement of internal processes of the company (Rodríguez-Escobar & González-Benito, 2017).

There are many options to carry out a supplier's evaluation and, in the event of a positive outcome, to establish a strategic relationship, with some of them. Before running this process, it is worth considering whether there is an intermediate step still missing between the two stages. First signal to do this can be found with van Weele (2014) who reports that his practical experience shows some limitations in the Purchasing Portfolio Matrix. It is not necessarily true that a product that is positioned for a buyer in the strategic area of his Purchasing Portfolio Matrix is likewise strategically important for the associated supplier. Should the buyer, in such a case, try to bond the supplier with a strategic cooperation? Some further directions can be recognised in the concept, which is not widely commented in the literature but recognized by practitioners, called a model of 'Dutch windmill' (van Weele, 2014). For the quadrant of strategic products, identified by buyer in the Purchasing Portfolio Matrix, it builds four possible strategies of supplier: exploitable, nuisance, core, and development. The core or development approach of a supplier, gives the buyer a potential match and reason to build a long-term relationship. In opposition, the assumption that a long-term relationship should be created based only on a positive conclusion of supplier evaluation, carries a considerable risk in the case of a vendor's strategy of exploitation or nuisance.

For these reasons, it is worth taking a closer look at the case of a buyer-supplier relationship that was eventually closed, although initially considered by the buyer for future strategic cooperation. Thus, the aim of this study is to explore why the supplier's resignation came as such a big surprise to the customer and why perception of the customer as strategic potential is not necessarily the same for the supplier.

Once the main objective of the study has been formulated, it can be developed into specific research questions. These are as follows:

RQ1: What are the risks associated with a strategic supplier potentially opting out of the collaboration?

RQ2: What are the reasons for dissatisfaction or lack of interest in the cooperation from the strategic supplier?

3. Research methodology

Although the case study method is also suitable for descriptive and explanatory analyses, it is, in the first place, an appropriate tool to use for exploratory research (Harrison *et al*., 2017; Yin, 2009), which is the issue in this paper. What is needed in this respect is a case that corresponds with the theoretical considerations (Harrison *et al*., 2017).

The main objective of the case study in this paper is to find the connection between the constraints of the Purchasing Portfolio Matrix (van Weele,2014), supplier evaluation system (Huang & Keskar, 2007; Loppacher *et a*l., 2011; Mukherjee, 2016; Nielsen *et al*., 2014; Raut & Bhasin, 2012; Rodríguez-Escobar & González-Benito, 2017), and consideration of the supplier's strategy towards the customer in 'Dutch windmill' (van Weele, 2014) to identify the missing element in the commonly used supplier assessment frameworks that determines the possibility of future dyadic integration in the supply chain. Finding and understanding the relationship between these elements in the practical collaboration between the parties in the business relationship should allow drawing hypothesis to the reasons for the supplier's sudden withdrawal from the cooperation.

Utilizing numerous sources of information is a strategy that can improve the study's construct validity (Yin, 2009). Therefore, to ensure data source triangulation (Carter *et al*., 2014), at least two individuals should be interviewed per case.

Empirical collection of the data was made based on a structured interview guided with open-ended questions. The case for the analysis was chosen so that the respondents were professionals with many years of experience in business. An empirical study was made in the case of the buyer, with a direct interview and in the case of the seller, with an indirect interview performed on the phone. Both of them lasted around one hour. The interviews were conducted in three blocks on business overview, supplier/customer evaluation and business strategy. As the study concerns the case of an unsuccessful business project, the anonymity of both parties, in terms of companies and individuals, has been preserved. Table 2 shows basic information about the respondents interviewed.

Table 2. Case study respondents

Company	**Respondents' positions**	**Method**
Buyer	Category Manager	Direct interview (structured with open-ended questions) – 1 hour
Supplier	Sales Manager Europe	Indirect interview (structured with open-ended questions) – 1 hour

4. Case description

4.1. Category Manager

4.1.1. Business overview

The customer is a global company in the FMCG sector, having a strong own-branded selection of the products available worldwide. Delivery of the products to the different markets is provided by a number of production plants and logistic centres located across Europe and Asia. The customer is one of the top buyers for the Raw Material (RM) worldwide in terms of volume. Potential suppliers number for considered RM is low. Selection of potential business partners for RM is limited only to these, which are of significant capacity and availability of the product from a number of production plants. Significant capacity of potential supplier is needed to ensure availability of RM for the customer. This is also important from a risk management point of view. Too high proportion of the quantity purchased by the customer in relation to the production capacity of the potential supplier can lead to serious problems when some part of the supplier's production stops for whatever reason. Too large an allocation of volume with one supplier, can make it difficult to reallocate orders elsewhere in an emergency. The large volume may not be quickly available on the market. The number of factories, which should be more than one, with a potential supplier is also a hedge against risk. In this case, it is about the possibility of transferring production between factories in case the one delivering to the customer has to be stopped. Before working with a new supplier, his possibility of selling to other industries is also verified. The customer does not want to be surprised by a sudden change of strategy of any supplier should other markets prove to be more interesting from a financial point of view.

There are few advantages of the supplier that can be identified:

- First, one of the plants is located in the same country as the plant of the customer. This is reducing costs of the logistics as the distance between locations is not bigger than 100 km;

- There is a potential risk reduction factor. In case of any delays of delivery or significant claim for RM to the other suppliers, there is a chance that the supplier can organize additional delivery in a few hours at such a distance. This was never tested in reality, but the solution can theoretically limit the possibility of production stop;

• In case of global companies, when plants are located in different countries, it is not rare that there is double invoicing with price recalculation via two currencies. The supplier can invoice the headquarters of the customer in the currency that is dedicated globally for such RM (for example, oil is generally priced in USD). Then the headquarters can invoice the local plant in another currency. In this case, each invoice requires premium for the currency exchange rate variability, which is practically rising final price for the plant. There is also the cost of calculations and issue of the invoices that in case of cooperation in large volumes cannot be taken as completely insignificant. Not to mention potential problems of documents corrections in case of mistakes or reprocessing with customs clearance authorities. In this respect, having the possibility of invoicing with local currency between entities located in one country is a significant advantage;

- The supplier has got advanced technical expertise regarding RM. In case of issues to run production by the customer or need to implement some changes in RM there is technical support available;
- The supplier is running production of RM on fairly new equipment with strong focus on automatic detection of the potential defects in the end of the process. This approach is reducing the risk of inclusions and potential claims for the RM or claims for the final products of the customer;
- Finally, there is a significant, attractive price difference between the supplier and its competitors;

There are also disadvantages of the supplier that ned to be considered:

- One is related to the acceptance of new RMs. There are problems with delivering RM from the right production plant for trials. If the production plant offering trails is different from the one dedicated for daily cooperation, then the process of qualification may not make sense, especially if different equipment can be found in the production plants of the supplier;
- Another significant disadvantage of the supplier is unpredictability of delivery dates. Once requested by the customer, purchase orders are sometimes delayed even by a few weeks. These kinds of variations can lead to the stopover of the production in the plants of the customer.

4.1.2. Supplier evaluation

The customer has completed its second year of cooperation with the supplier. Each was evaluated according to the ISO 9001 standard. Without going into the details of the evaluation method, it can be emphasized that each of the customer's suppliers is evaluated on the basis of parameters related to the level of complaints, quality of service, relationships, innovation and perspectives in cooperation. Each supplier receives an annual rating ranging from 0 to 100 points. The number of points obtained by a supplier indicates whether it is a 'trusted supplier', an 'acceptable supplier' or a 'supplier in need of improvement/removal from the supplier list'.

The supplier evaluation is structured in such a way that no reference is made to the commercial parameters of the cooperation, such as price, discounts, or payment terms. These are parameters unrelated to quality management. Only the combination of the supplier evaluation with the commercial parameters provides the Category Manager with the answer whether it is worth continuing the cooperation in the following year. The most important thing is that the supplier, for the first two years of cooperation, was assessed as trusted.

4.1.3. Business strategy

The supplier, for the past two years, has been supplying a strategic raw material of very high importance to the customer's production and sales operations. The impact on the financial result of this raw material is assessed as high. The share of the total turnover of the selected raw material with the supplier is low, but due to the attractive price, it is expected to grow. As for the question of risk, on the other hand, due to the small number of suppliers globally, it is assessed as high. For these two reasons, in the Purchasing Portfolio Matrix, the raw material delivered by the supplier is classified as strategic (Kraljic, 1983).

At the end of the second year of cooperation, preliminary discussions were held and the supplier was expected to make an offer for the following year. The customer was surprised with the information that the discussed offer would not be delivered and that the supplier resigned from the cooperation.

4.2. Sales Manager Europe

4.2.1. Business overview

The supplier is a multinational company and one of the top five companies worldwide in the considered segment of the market. Over 90% of its business is concentrated with supply of RM for the customer and his direct competitors. The supplier operates with a number of plants across North America, Europe, Asia and Middle East. Its sales structure is evolving to find equilibrium between regions according to the size of production plants and consumption of RM in the markets.

The supplier can see some positive factors of the customer:

- Innovative approach and openness for new ideas. In case of new RM propositions there is always a technical team of the customer available

for discussion, having a lot of questions and ideas. In the past the supplier could tune up his innovative products based on the customer's expertise and guidelines;
- High level of knowledge, about the market on which it operates, presented by purchasing department. Awareness of the situation and technical knowledge makes them the right partners for discussion;
- Reliability. Any agreed commercial conditions such as volume of RM to be purchased, prices or payment terms were always respected;
- The customer's financial standing. There are no overdue invoices. The customer is always pays before agreed dates;
- Flexibility in case there is an urgent need for changes on the supplier's side. Fast path of trials in the customer's plants is available for such developments;
- The customer's growth rate because of presence in the increasing markets and taking over market position from competitors.

There are also few points that can be considered as negatives for the customer:

- Very strong pressure on price levels that is impacting significantly profitability of the business;
- Operational purchasing problem. RM is ordered directly by the plants based on conditions agreed with the Category Manager. In case of need for clarification or request of changes in the orders there are difficulties to contact and find an agreement with the operational team. In this case every issue with received orders is discussed directly with the Category Manager.

There are two internal factors that had to be taken into consideration by the supplier when planning future cooperation:

- Decision of the board to close one of the supplier's factories. This has limited planned volume of RM to be sold, so it was obvious that some customers will not get predicted quantities for next year;
- Planned increase of RM consumption by the biggest customers of the supplier that limited availability for other customers.

4.2.2. Customer evaluation

The supplier runs an evaluation with regard to the customers in two types. The first one is related to the survey on customers' satisfaction only. This is based on the ISO 9001 requirement. Customers' evaluations are carried out in the company as well. These are based on their statuses referred to as gold, silver, and bronze. The parameters used for evaluation are only two basic financial aspects: turnover and profitability. Naturally, the customer within its two years of starting up cooperation was always classified as bronze.

The cooperation has just begun, so the volumes purchased by the customer have not reached a level that would be reflected in a high turnover. In terms of profitability, the customer's price expectations were extremely difficult to meet, so the cooperation did not bring any visible financial benefits for the supplier. Outside the official evaluation system, the Sales Manager Europe sees the advantages of the customer: its growth prospects, development potential, financial stability and ability to implement innovations. From the company's management level, evaluation is carried out solely on the basis of financial indicators.

4.2.3. Business strategy

The Sales Manager Europe, knowing that after the first year of cooperation, the production capacity in his company would be reduced, tried to negotiate with the customer an increase in volume and a higher price for the following year in order to make the customer's evaluation parameters more favourable. As this did not work, he tried to organize the volume in such a way as to ensure a small availability of the product for the customer. Additional demand reported from other gold status customers meant that the supplier could not make the planned volumes available. He, therefore, informed the Category Manager that, despite initial discussions, an offer for a third year of the cooperation would not be submitted.

5. Analysis and discussion

This section is structured after the blocks in which respondents were interviewed to compare both parties' positions.

5.1. Business overview

The customer, when talking about his supplier, focuses on the short distance between the two parties' factories and the resulting positive aspects such as short delivery times, low costs and risk mitigation. In addition, the customer draws attention to the level of technical expertise of the supplier, which the literature indicates as very important (Homfeldt *et al*., 2017; Jermsittiparsert & Rungsrisawat, 2019; Rajkumar & Stentoft, 2017). This corresponds to the customer's core strength, which is the ability to implement innovations included in the raw materials with a broad knowledge about the market and technology. The customer indicates an advantage related to the supplier's state-of-the-art machinery limiting risk. The supplier, on the other hand, notes the customer's stable financial situation, its commitment to meeting agreements and its flexibility in adapting to difficult situations - these are also risk mitigating aspects. The supplier notes the customer's high business growth. The price level is the only element that the Category Manager identifies as an advantage and the Sales Manager Europe as a disadvantage. As for the other disadvantages, it is important to note that they are due to problems in the organization of the activities, not barriers that exist objectively with no room for improvement. The customer notes the supplier's disorganization in conducting of technological trials and the timeliness of deliveries. The supplier, on the other hand, notices the slow performance of the operational purchasing process of the customer, resulting in the need to clarify every issue, even minor one, with the Category Manager.

It is noticeable that both respondents see the advantages of the other party, which provide the potential for mutually beneficial cooperation (Loppacher *et al*., 2011). Firstly, when listing the advantages and disadvantages of a business partner, both parties tended to focus on the advantages, mentioning only two disadvantages each. Secondly, there is some match between the advantages that respondents see in the other party. For example, mentioning technical expertise and innovativeness makes works together in the direction of joint product development.

5.2. Customer/Supplier evaluation

Based on the requirements of ISO 9001, the customer conducts an annual evaluation of the supplier. This is based on a wide range of parameters (Huang & Keskar, 2007; Loppacher *et al*., 2011; Mukherjee, 2016; Nepal & Yadav, 2015; Nielsen *et al*., 2014; Raut & Bhasin, 2012; Rodríguez-Escobar & González-Benito, 2017), excluding the commercial offer. The supplier also conducts evaluations. In line with the requirements of ISO 9001, the supplier conducts a customer satisfaction survey. Both of these verification tools serve to verify how the customer perceives its supplier. In the supplier's case, there is an apparent lack of a customer evaluation mechanism more sophisticated than verification of profitability and turnover. It should also be noted that the customer's evaluation method focuses on parameters other than those influencing financials, while the supplier does the opposite – examining only those elements.

5.3. Business strategy

According to the information provided by the customer, the raw material purchased from the supplier was identified as strategic with the Purchasing Portfolio Matrix (Kraljic, 1983). Due to its attractiveness primarily in terms of location, technology and price, the customer wanted to develop cooperation with the supplier. However, the supplier, due to the internal constraints, factory closures and increasing demand from other customers, gradually increased its focus on the parameters that were subject to formal evaluation: profitability and turnover. There is a large disproportion between the two parties' approaches to business. For the customer, the supplier was in the area of strategic raw materials with a focus on developing cooperation. The customer, in contrast, was becoming increasingly interested in the financial outcomes of the collaboration or its termination. Indications from the Purchasing Portfolio Matrix (Kraljic, 1983) and the Dutch windmill (van Weele, 2014) are giving a combination of a strategic customer approach and a supplier's exploit or even nuisance strategy. In this case, advice for the customer is related to very high risk situation and great caution. On top of that clear signal is given to look for an alternative supplier (van Weele, 2014). It should be noted, however, that in order to minimize risks and identify alternatives the customer needs to be aware of the dangers. Otherwise, he may be negatively surprised by the supplier's resignation, as in the case study. Table 3 summarizes the comparison of approaches to collaboration between the customer and the supplier.

Table 3. Comparison of approaches between customer and supplier

Block	**Customer**	**Supplier**	**Author's comment**
Business overview	Supplier's technical capabilities	Customer's market & technical knowledge	R&D match
		Customer's innovative potential	
	Supplier's localisation	Customer's financial standing	Risk and cost reduction factors
	Supplier's state-of-the-art machinery	Customer's compliance with the agreements	
		Customer's flexibility	
	Attractive price	Unattractive price	Different view on pricing
	Poor organisation of trials and delivery schedules by Supplier	Difficulty in operational organisation of cooperation with Customer	Organisational problems that can be solved
Customer/ Supplier evaluation	Extended evaluation of supplier (ISO 9001) – high result	Evaluation of Customer satisfaction (ISO 9001)	Evaluation concentrated on Customer
		Basic evaluation of Customer (turnover and profitability) – low result	
Business strategy	In the direction of strategic cooperation	In the direction of discontinuity	Different strategic views

In conclusion, it can be said that there is a strategic alignment between the parties regarding technology and innovation. Both parties are developed and progressive in this respect. Both parties are also concerned with reducing the level of risk and costs, noting the advantages of the other party in this regard. All negative factors are problems related to the organization and look like they can be improved in a relatively short period of time.

On the other hand, however, it is clear that the evaluations are focused on examining the level of customer satisfaction, regardless of whether they are performed by the customer or by the supplier. The customer evaluation performed by the supplier seems to be very limited, referring only to basic financial aspects. The result of this evaluation is strongly supported by the reduced margin effect, through the low price level. There is a clear divergence between the parties as to the strategic vision towards the other party. The customer wants a closer strategic cooperation, while the supplier is interested in exploiting it or in withdrawal. What is clearly noticeable is that the customer is not aware of the supplier's approach and is surprised by his non interest in making an offer for the third year of cooperation.

Bearing in mind that the above study was exploratory and conducted for only one case, it is worth outlining initial proposals for changes in the way the customer operates. Both parties in the collaboration focus on how the customer evaluates the collaboration with the supplier. It is worth considering the idea that, as part of or alongside the strategic supplier evaluation, the customer should be interested in observations of mirror the supplier's actions. Based on the empirical study carried out, the following practical implications for potential improvement in purchasing departments can be generated:

1) *As part of performing a strategic supplier evaluation, the customer should know whether a similar evaluation of him is being done by the supplier.*
2) *The customer should know the evaluation criteria the strategic supplier uses to evaluate him.*
3) *The customer should know the results of his evaluations made by the strategic supplier.*

In addition to the above to address the customer's lack of knowledge about how they are rated, one additional proposal can be formed. It is very important to try to find out what status the rating gives and how it compares to other customers. A high rating, can be a problem when other customers are rated much better. In the same way, a low rating, is a field to improve its attractiveness, but not necessarily a critical issue if competitors perform even worse in it.

The customer should try to determine what status evaluation done by the strategic supplier gives him and how it compares to results of other customers.

Additional suggestion that could be taken into consideration is coming back to the Purchasing Portfolio Matrix (Kraljic, 1983). It provides two types of suppliers that deliver high-risk products to the business. The first category is strategic products with a high impact on the bottom line. There is another category that does not have such a significant impact on the bottom line, but the risk estimated with it is at a similar level – bottleneck items. Regardless of their impact on the bottom line, they can stop production or sales just as effectively as strategic items. An additional suggestion from the author is that perhaps a similar way of acquiring knowledge about the evaluations performed by the supplier should be implemented for these who deliver bottlenecks items.

After reviewing the empirical evidence of a supplier-customer relationship breakdown, it is possible to generate a case study proposition (a new hypothesis) for future testing based on the shared experience patterns. It reads as follows: 'In order to increase the possibility of future dyadic (customer-supplier) integration in the supply chain, it is necessary to extend the supplier evaluation framework to include the evaluation criteria that the strategic supplier uses to assess the customer, including the results of this evaluation'.

6. Conclusion, limitations and future research

The paper analyses the way in which items delivered by a supplier to a customer are classified. It takes a special look at the key category of these which are strategic. The paper also analyses the potential criteria for the supplier's evaluation proposed by the literature and concludes that they all relate to supplier performance.

The author then notes that academic publications often move from evaluating strategic suppliers to integrating them with the company using selection of the methods. Based on the concepts of the Purchasing Portfolio Matrix (Kraljic, 1983) and 'Dutch windmill' (van Weele, 2014), the paper tries to consider the existence of an intermediate step between evaluation and supplier integration. Based on a case study, the paper concludes that the missing element in the customer's knowledge is evaluation by the supplier, both of its criteria and results. There would be significant added value in knowing how the evaluation performed by a strategic suppliers ranks the customer among its competitors. The customer's knowledge of the results of his evaluation in the eyes of supplier provides an opportunity to make sure that it is worth investing in strategic cooperation with the supplier. In case of a low rating in his eyes, this does not necessarily lead to a change in the way the customer operates so that it looks better in the supplier's rankings. In the worst-case scenario, this knowledge provides an opportunity to prepare for the supplier's withdrawal from the cooperation, which ceases to be an unpleasant surprise.

From an academic perspective, this study responds, at least in part, to the calls of the authors of earlier publications. This is because, as recommended by Paulraj et al. (2008), it is directed at analysing the determinants of collaboration between suppliers and customers. The present study fits into the suggested trend by considering the causes of problems in collaboration and the effects to which they lead. It also responds to Shamsollahi et al.'s (2021) call for greater attention to maintaining and repairing buyer-supplier relationships. The proposed concept of eliciting knowledge from suppliers about the other party's assessment of the collaboration in the purchasing process, according to the call, is a proactive and preventive measure. It ensures that the customer does not wait until the supplier's dissatisfaction or lack of interest in the collaboration leads to a break in the collaboration. The proposed approach suggests that the customer identify elements of the collaboration that do not suit the supplier and correct them or prepare for the other party to abandon the collaboration.

The practical implications of this project are obvious. Increased interest in the method, criteria and results of customer evaluations, including comparison with other companies, performed by a supplier, may lead to the choice of suppliers who are interested in strategic cooperation.

The main limitation of the study is that by its exploratory nature, it was conducted on only one case of supplier-customer cooperation. In order to give credibility to its results, more cases of similar cooperation should be investigated. A good possibility is to conduct extensive surveys in the area under consideration. Perhaps such projects would allow to verify the case study proposal formulated in the paper and the legitimacy of ideas for improving purchasing departments and to draw additional conclusions.

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