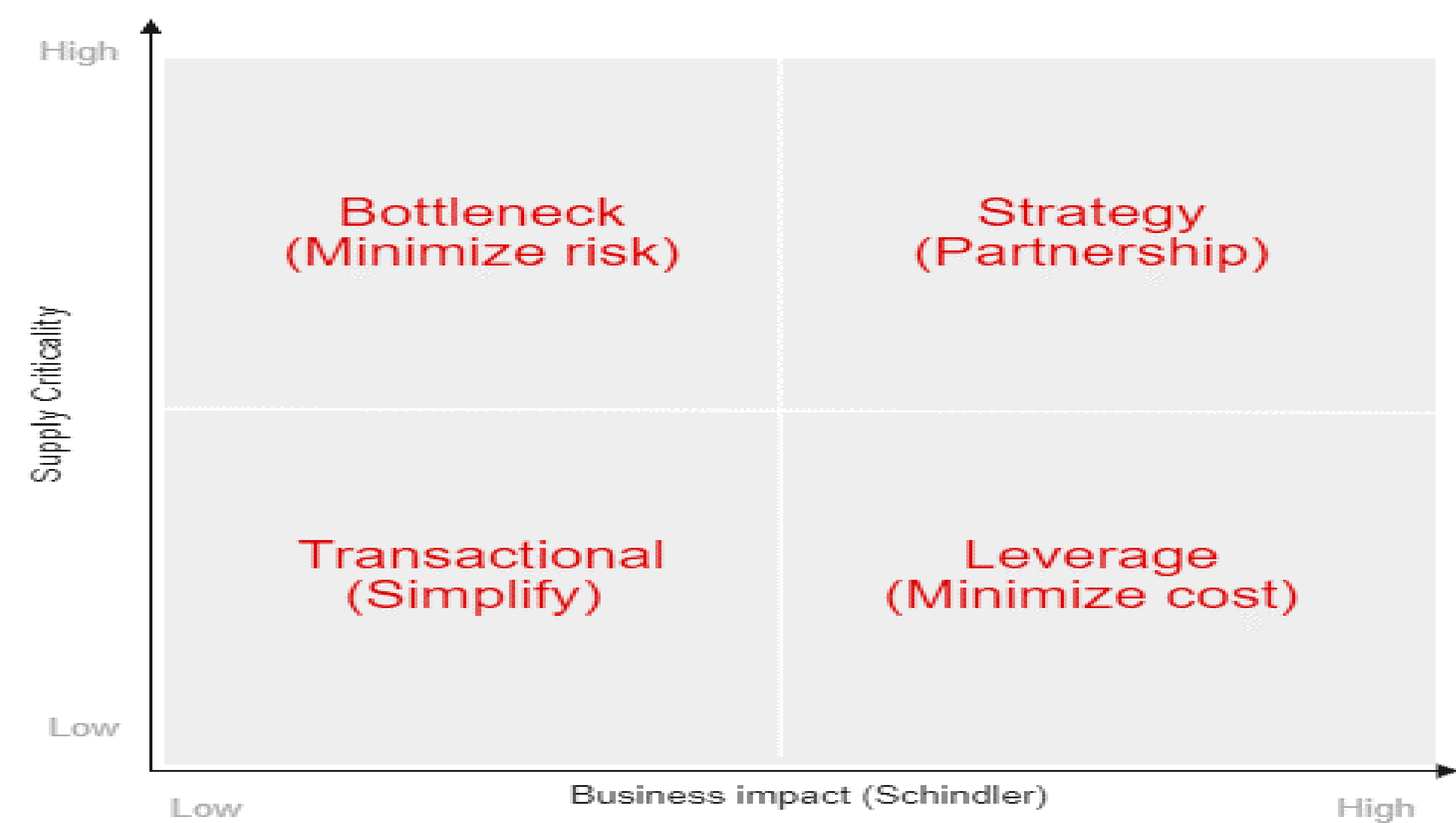
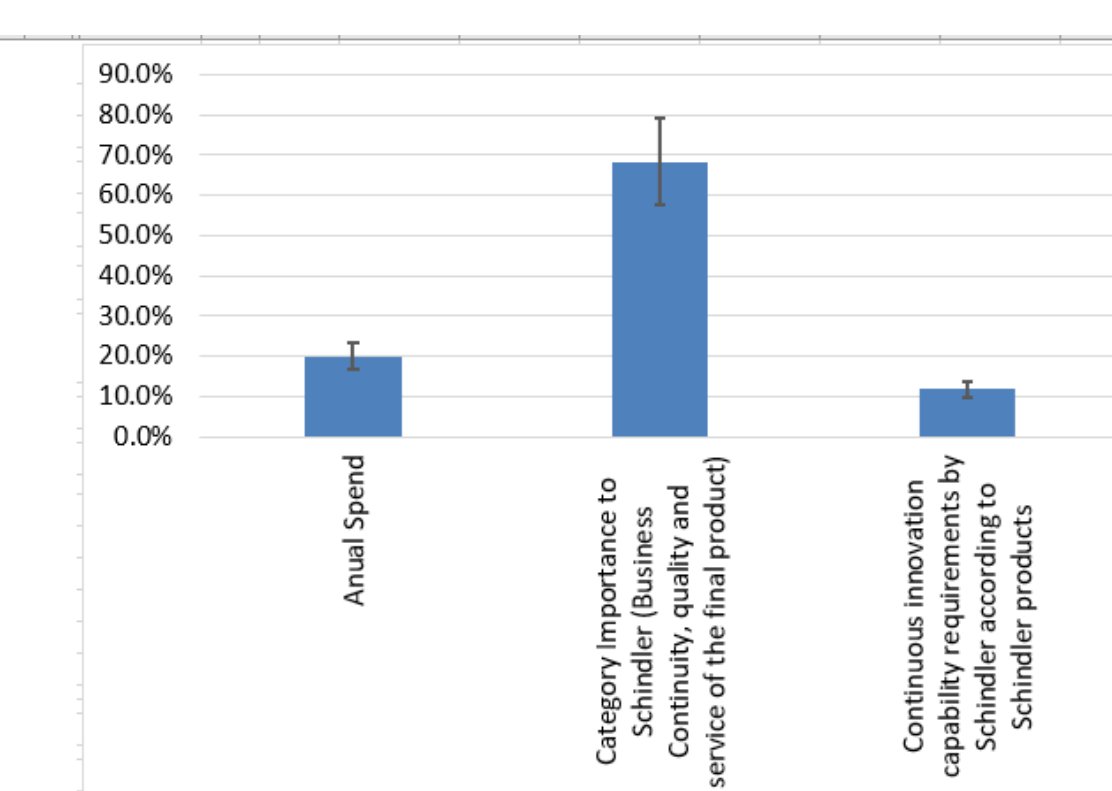
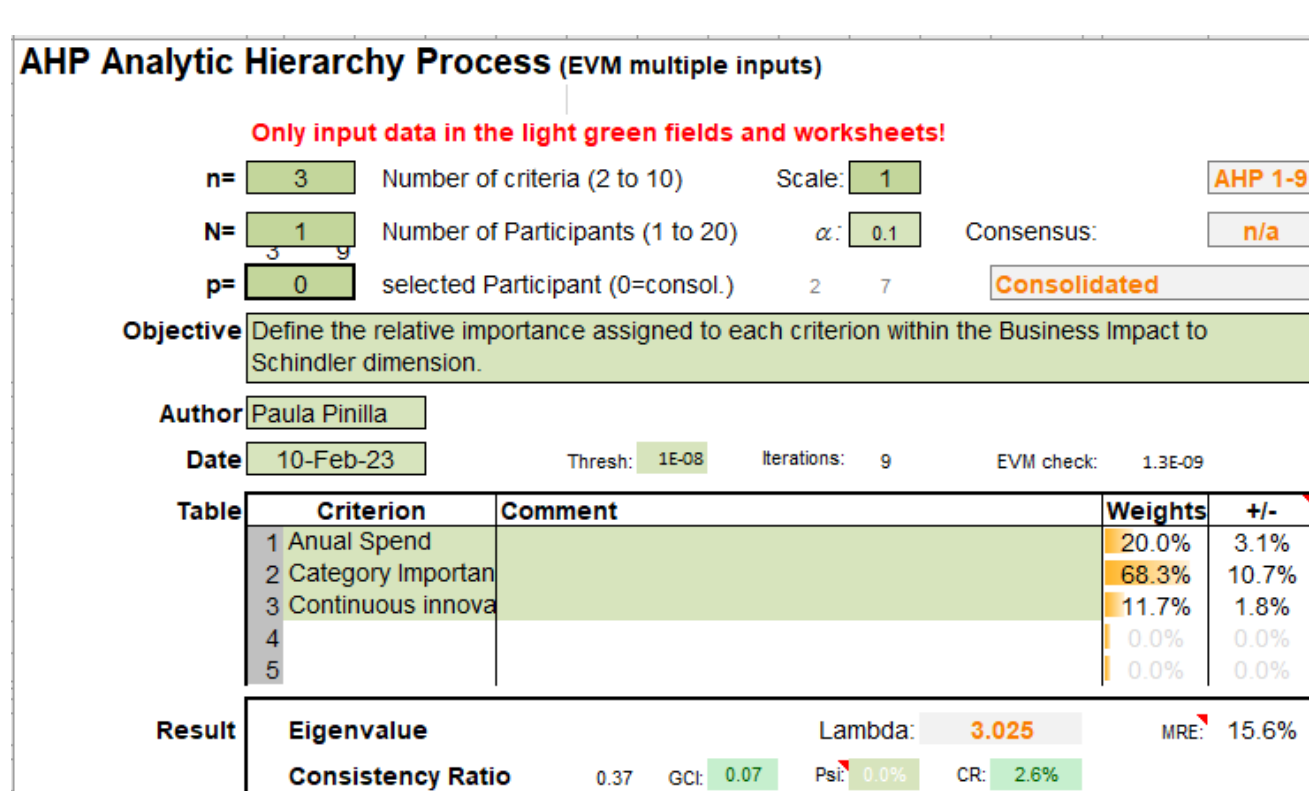
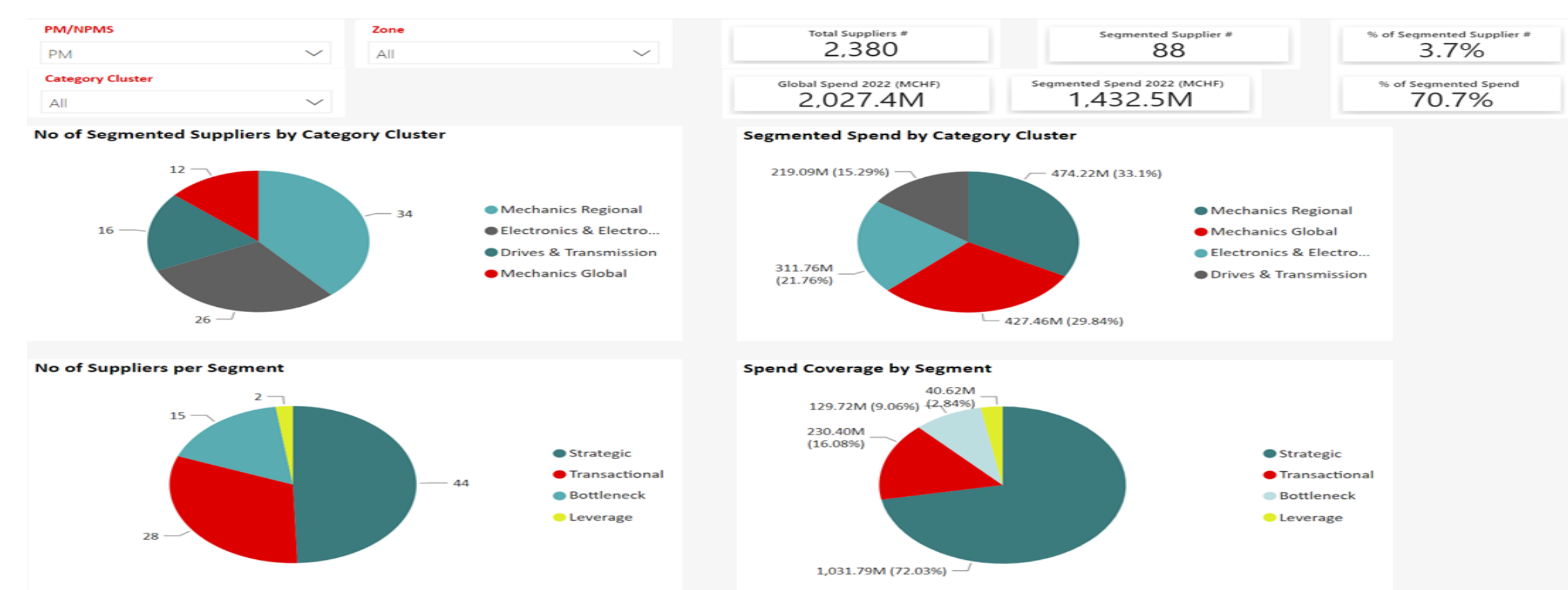
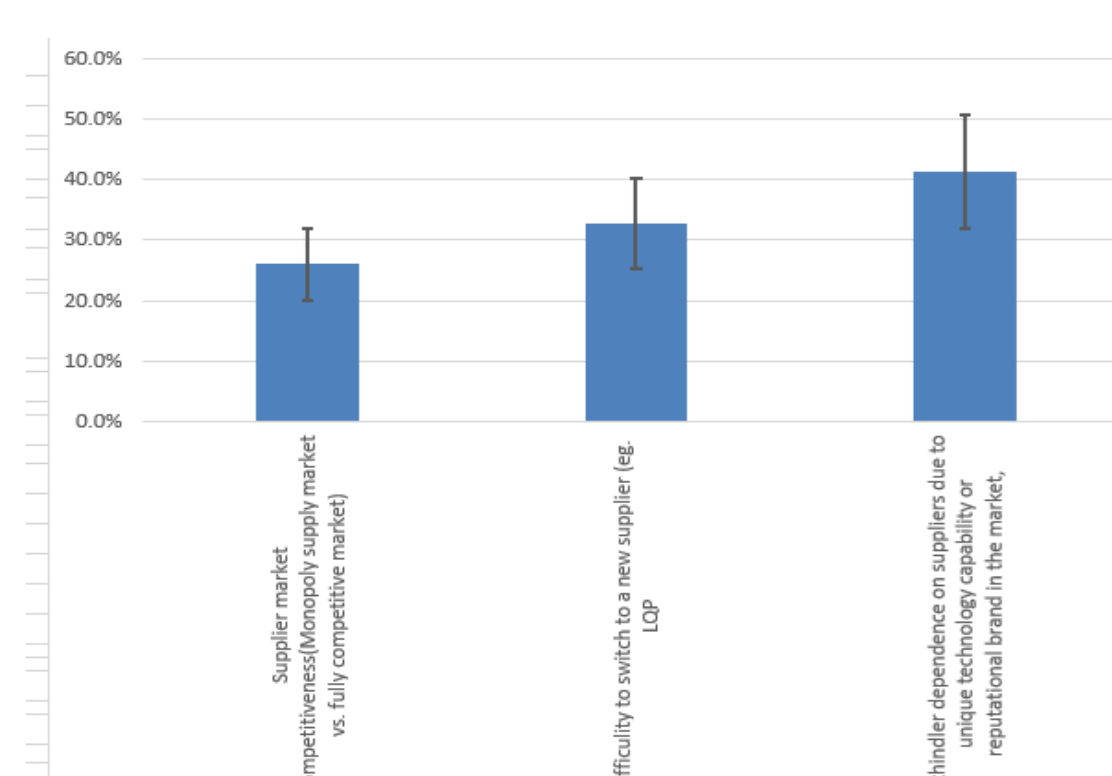
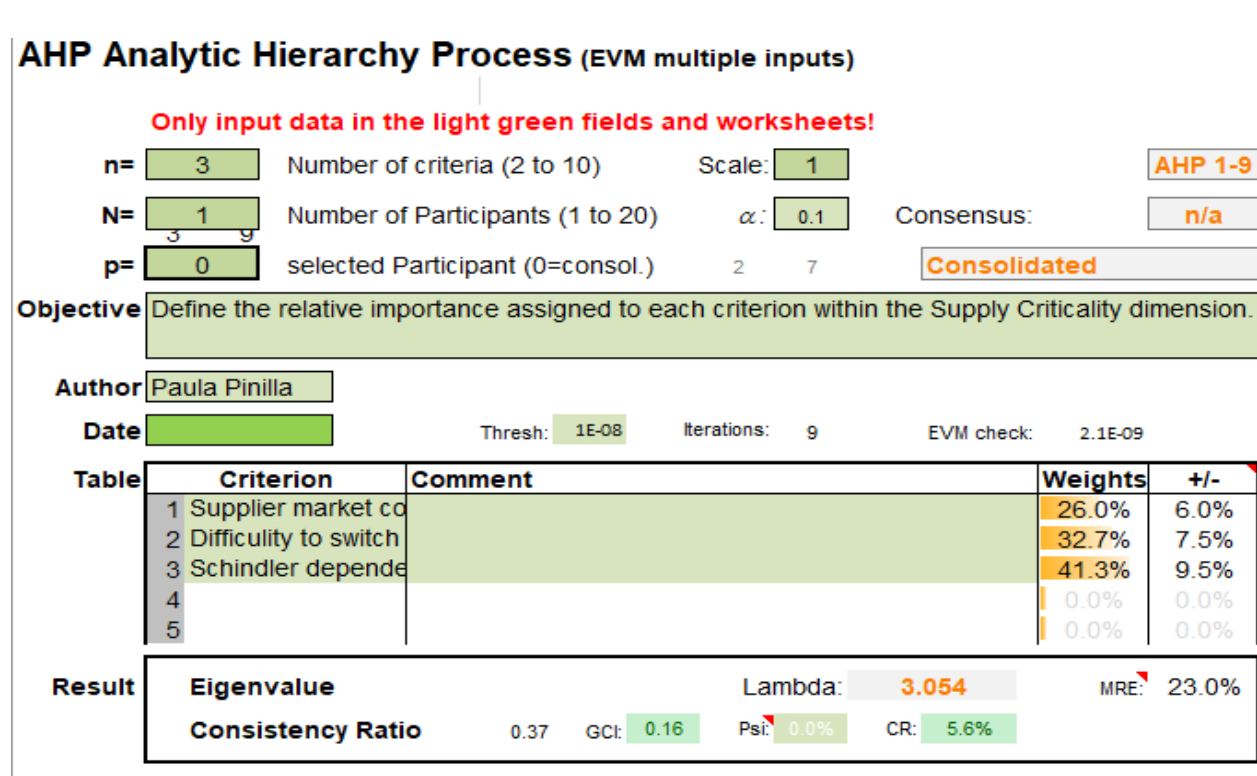


Master in Business Engineering

DEVELOPMENT OF AN INNOVATIVE SUPPLIER SEGMENTATION AT SCHINDLER



X-axis Business Impact (Schindler)			Y-axis Supply Criticality (Supplier)			Scores		Results
40%	40%	20%	40%	40%	20%	Business Impact	Supply Criticality	Segmentation
Annual Spend	Category Importance to Schindler	Continuous innovation capability requirement	Supplier market competitiveness	Difficulty to switch to a new supplier	Schindler dependence on suppliers			
5.00	3	5	5	3	3	3.20	3.80	Strategy
5.00	1	1	3	1	3	2.08	2.20	Transactional
5.00	3	3	1	1	1	2.72	1.00	Leverage
4.00	1	3	3	3	3	1.84	3.00	Bottleneck



Supplier Segments	Activities	Frequency	Participants	RACI							
				HCP	HCC	CM	SB	CoE	Head SC	Supplier	
Strategic Suppliers	Supplier Roadmap Discussion, Business review meeting, Supplier Risk Assessment, Supplier Performance Report, Contract management	Semiannual, BI - monthly, Quarterly, Monthly, As needed	CPD, Head of Global Categories, Global category manager, CEO/CDO depending on the supplier, Other Participants: Stakeholder key representatives, others optionally	A*	C	A	C, R	C	C	I	C
Bottleneck Suppliers	Supplier Roadmap Discussion, Relationship meeting, Supplier Risk Assessment, Supplier Performance Report, Contract Management	Annual, Semi-annual, Annual, Monthly, As needed	Ownership by Category manager, Category team drives, CoE supports, Business or Customer Account Management Leads when: Significant parallel customer relationship with Supplier, Recent outsourcing or other deep integration to core business	I	C, I	A	C, R	C	C	I	C
Leverage Suppliers	Relationship meeting, Supplier Risk Assessment, Supplier Performance Report, Established contact list, Contract management	Annual, Quarterly, As needed, As needed, As needed	Category Managers, CFT member drives, Purchaser complies and prepares	I	C, I	A, R	C, R	I	I	I	C

Problem Description

Purchasing and supply chain management have undergone a transformation into strategic processes within organizations, wherein supplier relationship management (SRM) assumes a critical role. SRM entails the establishment and maintenance of relationships with suppliers. Supply chain managers are tasked with making strategic determinations regarding suppliers and implementing effective procurement strategies. Nevertheless, managing relationships with a multitude of suppliers can prove challenging and resource-intensive. Supplier segmentation serves as a valuable approach for identifying and prioritizing critical suppliers, facilitating their adept management. In the case of Schindler, a reassessment of the current segmentation method predicated on zone coverage and spending levels may be warranted to account for other pertinent factors. By undertaking proper segmentation, organizations ensure the cultivation of suitable relationships with suppliers, thereby contributing to overall success.

Main Findings

The study classified 89 suppliers into four segments: strategic, bottleneck, leverage, and transactional. Each segment requires an appropriate procurement strategy. Suppliers in the strategic and bottleneck segments, characterized by higher market complexity, are managed with frequent collaboration and information sharing. A fast response mechanism should be in place for disruptions affecting these suppliers. The strategic importance of suppliers also influences decisions such as buffer inventory levels and sourcing strategies. However, operationalizing and assigning procurement strategies to multiple suppliers remains a challenge. Out of 89 suppliers, 44 were classified as strategic, 15 as bottleneck, two as leverage, and 28 as transactional. These suppliers were further categorized based on their specific areas of expertise. After segmenting the suppliers, an interaction model is developed to facilitate effective engagement and communication with each supplier.

The model incorporates various factors, including activities, frequency, participants, and the application of the RACI model. The development of this model drew upon the knowledge and experience of procurement experts who possess expertise in supplier management.

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External Expert:
Andreas Bittig



Schindler