

Supplier Strategy Matrix: Diversify or Consolidate?

Not every supplier decision in orthopedics calls for diversification. This matrix helps OEM teams evaluate where multiple sources are worth the effort — and where consolidation actually reduces compliance delays and audit risk.

1. Diversification Candidates

Raw Materials: (e.g., titanium, packaging substrates). Criteria: Volatility in price/availability, geopolitical risk, ease of supplier qualification.

2. Consolidation Candidates

Processes: (e.g., assembly, sterile packaging, sterilization). Criteria: Regulatory complexity, revalidation cost, audit burden.

3. Supplier Strategy Grid

Use a 2x2 matrix: Axis 1 = Regulatory burden (low to high). Axis 2 = Supply volatility (low to high). Top-right quadrant = diversify. Bottom-left quadrant = consolidate.

4. Action Plan

For each component/service, place it on the grid. Identify whether you should diversify, consolidate, or monitor.

This matrix gives you a clear, visual way to prioritize supplier strategies. For orthopedics, diversification is smart where supply is volatile — but consolidation is safer where compliance is on the line.