

Organising is the key to efficient purchasing

August 19 2014, by Annica Eijlinder



A well-functioning purchasing organisation is a powerful tool for companies. Chalmers researcher Ingrid Hessel shows in her thesis that internal purchasing operations affects and is affected by relationships with suppliers and that cooperation can cut costs and also create added value that is about more than just price. Coordination between several departments with different roles in the purchasing process creates the basis for dealing with standardisation as well as specific requirements.

When Ingrid Hessel presents her thesis, the focus is on purchasing. Ingrid has focused on the way purchasing operations can be made more efficient by improving the organising of the purchasing function. The

results of her research show that the way purchases are organised internally affects the relationships with suppliers and that cooperation with suppliers can cut costs and also create other values than, for example, just a low price.

"It is about connecting two separate ways of thinking," Ingrid explains, "one about the internal organising of the companies and one about dealing with supplier relationships. I have tried to integrate the two ways of thinking as I have seen a need for it but, above all, because such a connection has been requested by other researchers in the field."

Well-functioning organising is the most powerful solution

Ingrid's research brings out the advantages of dealing with these two areas at the same time instead of considering them as separate issues.

"Reorganising was needed to improve the purchasing efficiency in the company I studied. In turn, this led to an opportunity to reduce the costs of managing and maintaining one of the purchased systems by between 50 and 70 %. Another advantage is that the reorganisation increased cooperation with suppliers, which has also led to product development and thereby increased sales for the buyer. The effects are not as direct as, for example, reducing the number of suppliers or coordinating purchasing volumes to save money – however, a well-functioning purchasing organisation is a very powerful and long-term solution," Ingrid says.

Different roles need to work together

Ingrid's study includes 86 interviews with people who work in a buying company, for their suppliers and at the buyer's customers. The interview

material has been supplemented by visits to four factories in buyer as well as supplier companies, where Ingrid has been able to study production processes and also see how buyers and suppliers interact with each other. Ingrid has also had the opportunity to use data from different internal IT systems.

"In my conclusions, I emphasise four departments – purchasing, [product development](#), product management and project management – and the roles they play when it comes to the organising of purchasing operations. Product development is often about specifications and is a technical role, while product management and project management can be seen as polar opposites. Project management looks specifically at more short-term projects with a clear focus on a certain customer, while product management has a longer perspective and strives for products that can suit many. Structured coordination between departments affects the opportunities to standardise and coordinate purchases but also provides an opportunity to adapt to specific customer requirements," Ingrid claims.

The interest in purchasing was awakened early on

Ingrid became interested in the area already during her Master's thesis. She then studied change management aimed at purchasing strategies. It awakened her interest in how the internal purchasing operations affect and are affected by relationships with suppliers.

"When I was then asked to become a doctoral candidate, I saw it as a perfect opportunity to study the area further. So, I built on my study in my Master's thesis but with a slightly different focus," Ingrid explains.

After the doctoral studies, the plan is to convert the knowledge into practice. Ingrid is curious to find out how she can contribute her knowledge in industry and also hopes for her part that the practical

experience can give her new insights.

More information: The dissertation is available online:
publications.lib.chalmers.se/record/197258/197258.pdf

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