

Organizational Benefits Created by Enhanced Strategic Purchasing at Bäckström Anläggning

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Bäckström Anläggning, August 2019

Today, the purchasing function is seen as a major value adding activity within a company and a possibly great competitive advantage. Hence, optimizing and making purchasing a vital part of the strategy is of great essence in any company. However, defining and implementing a beneficial purchasing strategy is not an easy task. An analysis of the infrastructure construction company Bäckström Anläggning's current purchasing procedures has been carried out and will be presented with identified improvements.

In order to map out the current process, a case study was carried out. Qualitative data was gathered from several interviews with the employees at the company, while quantitative data was extracted from the company's accounting system Hogia. The case study revealed that the purchasing procedures at Bäckström Anläggning are currently fully decentralized, and no purchasing strategy is in place. A lack of communication amongst the employees, as well as from top management, create frustration and a scattered way of working. Maverick buying often occur and potential savings due to lack of an elaborated purchasing strategy are missed out on.

The empirical study led to a positioning of Bäckström Anläggning in van Weele's

purchasing development model as a company applying commercial-oriented purchasing. Acceleration within the model is desirable since it will enable increased savings through synergies, positively influencing the financial results.

In order to further accelerate, an overall strategy will have to be established. The strategy recommended is to optimize the purchasing procedures of all items separately by choosing the most beneficial supplier relationships based on the Kraljic matrix's classification of the item. A majority of the purchases are recommended to be managed through thoroughly elaborated framework agreements. The recommended strategy will lead to consolidated purchasing volumes with a carefully selected number of suppliers, enable economies of scale as well as reduced administrative work due to a reduced number of suppliers.

In conclusion: in order to succeed with the shift in the development model and realize the desired benefits, the company will have to incorporate a well elaborated strategy as well as increase the communication between the departments as well as from top management.

Lund, 2019