



# Bachelor thesis

Redirecting the purchasing process  
through reassignment of purchasing  
tasks

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## Management summary

This thesis describes the research that has been carried out at the purchasing department of Company A. Company A is growing very fast as a company. In a time span of five years the company grew from 30 employees to over 2000 employees. During the interviews, the employees of the purchasing department indicated that the company is growing too fast to handle the increasing workload. Besides that, higher management indicated that they are too busy checking the work of the employees with lower functions to focus on their other responsibilities. The employees of the purchasing department are dissatisfied with the current situation, because they cannot handle the amount of tasks they are assigned to. Therefore, the core problem is as follows:

*Employees are assigned to too many tasks to handle*

In order to solve this problem, the current situation is examined, a literature research is conducted and purchasing directors of comparable organizations are interviewed. The current situation of Company A is compared to the theoretical and practical research in order to determine the deficiencies. The outcome of this research is that the task portfolios of Company A could really use some improvement on three levels:

*Delegation;* in the current situation higher management is too busy checking the work of employees with lower functions that they do not have enough time to focus on their own responsibilities. In order to improve this, more tasks should be delegated to employees with lower functions and higher management should check the processes of the department by tracking key performance indicators.

*Separation of operational and strategic tasks;* in the current situation most employees are involved with operational as well as strategic tasks. These two types of tasks require different skills and therefore it is better to separate them. Besides that, there is quite some overlap in tasks between the different functions right now because of this mixture of operational and strategic tasks. A separation of operational and strategic tasks leads to more specialization of functions and efficiency of processes.

*Separating sourcing and contracting from inventory management and planning;* in the current situation the employees within the purchasing department perform a combination of these tasks. Theoretical and practical research show that it is more efficient to separate these tasks, because these tasks require different skills. Besides that, the current distribution of these tasks requires a lot of communication between different functions which decreases the efficiency of the process. A change in the distribution of these tasks would greatly increase the efficiency of the department.

The solution to the core problem is to adjust the task portfolios of the different functions within the purchasing department of Company A. In order to do that the following steps must be taken:

1. List all tasks that are involved with purchasing at Company A
2. Determine the functions needed and specify their task portfolio for purchasing at Company A
3. Develop the RACI diagram and the responsibility assignment model by Sommerville et al. (2007) to build the appropriate governance and check the workload of the task portfolios
4. Compare the new task portfolios to the old task portfolios and assign employees to these new task portfolios
5. Inform the employees about their new task portfolio and provide training where needed
6. Evaluation and development

This report provides an implementation plan that thoroughly describes these different steps and includes an example to show how these steps should be taken. The result of these steps is a new and improved task portfolio for every function within the purchasing department.

Company A is recommended to follow all the steps above and to use the information provided in this report to execute the different steps. The example in the implementation plan could be used as a guideline. Besides that, it is highly recommended to repeat the evaluation step on a regular basis to keep the task portfolios up to date. Finally, it is recommended to keep track of the growth position of the company very carefully as the organizational structure and the task portfolios should change accordingly.

## Preface

In front of you lies the bachelor thesis of Nikki Leijnse. The bachelor thesis serves as the final assignment to complete the bachelor Industrial Engineering and Management at the University of Twente. This thesis describes the research that has been carried out between April and August in the year 2016 for Company A.

This research was a great learning experience for me. The research started with a wonderful trip to the headquarters of the company, during which I met all the employees of the purchasing department. They were very welcoming and I could ask them all the questions I wanted. Back in the Netherlands, the research continued with best practice field research at companies with similar organizational structures. It was fantastic to meet all these people and to learn so much about the purchasing processes of the different companies I visited.

I would like to thank all the employees of the purchasing department of Company A for their input, especially the Vice President of Operations and the Director of Planning and Purchasing who answered all my remaining questions after my visit to the headquarters. Besides that, I would like to thank the Sourcing Director of Company C and the Planning Director of Company B for the interviews. The information they provided was of great use in this research. Furthermore, I would like to thank Sandor Löwik and Leo van der Wegen as my supervisors from the university for their feedback and support. Their ideas gave me new insights for my thesis and made this thesis as it is today.

Enschede, August 2016

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## Chapter 1 - Introduction

### 1.1 The company

Company A was founded in 2008 and its headquarters are located in the United States of America. The research for this bachelor thesis takes place within the purchasing department of Company A. In this research the focus is put on the purchasing of products from contract manufacturers and vendors.

These contract manufacturers receive resources from Company A as well as external parties. The involvement of Company A in providing resources to their contract manufacturers ranges from those to where Company A only provides one component and the manufacturer sources all the other resources, to those that Company A provides everything and the contract manufacturer only provides the service of making a finished product of the components. At the end of the process Company A orders the final products from these contract manufacturers.

The relationship between Company A and the vendors is different from the relationship with the contract manufacturers as Company A is not involved at all in the manufacturing process of the vendors. Company A only purchases finished goods from the vendors and the vendors are completely responsible for everything related to the production of the goods.

The purchasing department of Company A is responsible for all purchasing activities of the company. Therefore the department works very closely with the contract manufacturers and vendors. As the contract manufacturers also have Company A owned inventory, the purchasing department is responsible for keeping track of this inventory as well.

### 1.2 Motive

After a Skype call with the purchasing department and an email with questions regarding possible areas of improvement, the manager of the purchasing department indicated a couple of problems. One of the biggest problems he mentioned, is the lack of inventory data of inventories held at contract manufacturers. As the purchasing department needs the inventory data in order to decide on the order quantities, this problem leads to incorrect order quantities. This in turn leads to too high or too low inventory levels for some materials. According to him there could be two causes that lead to this problem. The first cause is that the contract manufacturers do not report the inventory levels consistently to the purchasing department. The second cause is that there is no unified process within the purchasing department so some people are working outside the system. However, the latter should be solved by the implementation of SAP in the beginning of May 2016 according to him as the software of SAP makes sure that there is a unified process within the whole company.

During the interviews at the headquarters with the employees of the purchasing department, it became clear that the lack of inventory data of inventories held at contract manufacturers was not caused by the contract manufacturers but that the problem lies within the department itself. The contract manufacturers send their inventory reports to their contact person at Company A. This contact person is either a Purchasing Manager or Vendor Manager of the purchasing department. When the Purchasing Manager or Vendor Manager receives the report from the contract manufacturer, he or she should put this data into the company system and this is where it goes wrong. Not every Purchasing Manager or Vendor Manager takes the time to put the data into the company system. The consequence is that the inventory data in the company system is incorrect. Besides this problem, the employees named a number of other problems which can be found in Section 1.3 in the problem cluster.

In accordance with the aforementioned situation, research is done at Company A to solve the problems within the purchasing department.

### 1.3 Problem identification

In this section the different problems that were mentioned in the interviews by the employees of the purchasing department are discussed. The problem cluster in [Figure 1](#) gives a graphical representation of the causal relationships between those problems.

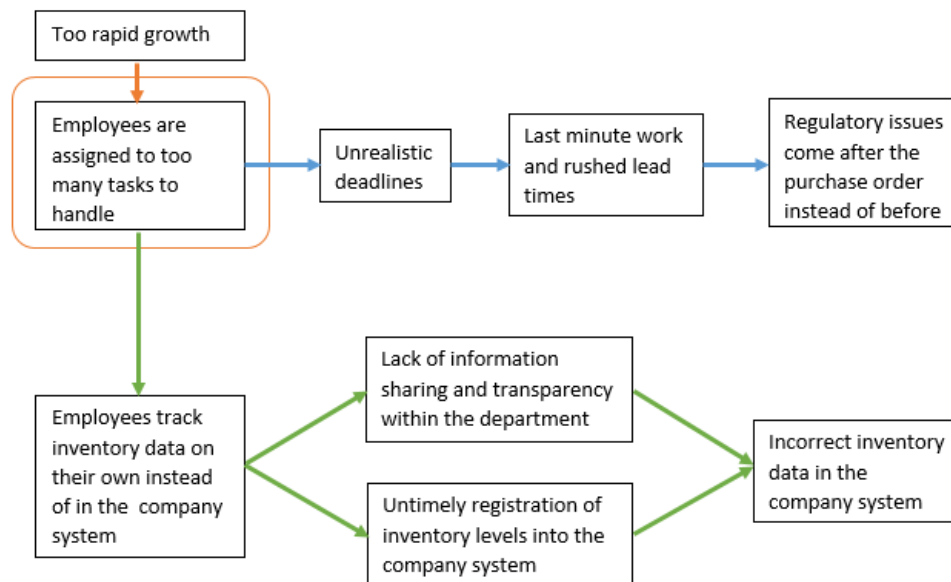


Figure 1: Problem cluster

Within the problem cluster two paths can be identified. The first path, the blue path, starts with too rapid growth and ends with regulatory issues that come after the purchase order instead of before. The problem with too rapid growth is that the workload grows faster than the number of employees can handle. This leads to the problem that employees are assigned to too many tasks to handle as a bigger workload must be carried by the same number of employees. This higher workload needs to be done in the same amount of time and therefore unrealistic deadlines are set for the projects. Because of these unrealistic deadlines, there is not enough time to finish every step as accurate as it should and a lot of work is done last minute. Besides that, people do not respect the lead times of products anymore but want everything to be finished sooner than possible. Normally, regulatory issues such as quality and price are thoroughly checked before a purchase order is sent to the supplier. Because of the unrealistic deadlines and rush, sometimes regulatory issues are only checked after the purchase order has already been sent. This is far too late as it is hard to go back and change what the supplier has signed up for.

The second path, the green path, starts with too rapid growth as well and ends with incorrect inventory data in the company system. In this path the second step is the same as in the first path, namely that employees are assigned to too many tasks to handle. After this step the two paths go their own way. In the second path, the result of the second step is that employees track inventory data on their own instead of in the company system. The reason for this is that they are assigned to too many tasks to handle and therefore are too busy handling all the different activities they have on their plate that they do not take the time to register everything in the system of the company. Instead, they track all the inventory data, such as inventory levels of inventory kept at the contract manufacturers, on their own in an excel sheet or another program on their computer. As employees track everything by themselves, the information is not shared with the rest of the company. The result is a lack of information sharing



and transparency within the purchasing department. Sometimes though, the information is put in the company system but then much later than it should be. The registration of the inventory levels in the company system is not in time and therefore not up to date. Because of the lack of information sharing and untimely registration of inventory levels, the inventory data in the company system is incorrect.

#### 1.4 Core problem

According to the managerial problem solving approach by Heerkens (2012) there are a couple of rules that should be considered when choosing the core problem:

1. Only real problems that have a relation with other problems in the cluster should be included in the problem cluster.
2. The core problem should be a problem that has no other cause in the cluster.
3. If the problem cannot be solved, the problem cannot be the core problem.
4. The core problem should be the problem with the highest priority of solving it.

In the problem cluster all problems lead back to the problem of *“Too rapid growth”*. As the growth of a company cannot really be influenced that easily, this cannot be the core problem. The next problem in the cluster however, is a problem that could be solved. It has a high priority as it is the cause of many other problems. Therefore the core problem is as follows: *“Employees are assigned to too many tasks to handle”*.

The norm of the core problem is that employees are assigned to the number of tasks they are able to handle. This means that all activities that come along with these tasks are executed well. The reality is that the employees are assigned to too many tasks to handle, which means that some activities that come along with those tasks are not completely finished or even left aside.

#### 1.5 Problem solving approach

In order to solve the core problem, the managerial problem solving approach by Heerkens (2012) is used as a guideline. The first step of the approach by Heerkens (2012) is the identification of the action problem which is described in Sections 1.3 and 1.4 in this chapter. The second step of this approach is the problem solving approach, which is described in this section. The problem solving approach consists out of a list of the steps taken and the knowledge needed to take these steps. The remainder of this report describes the following steps:

1. Further analyze the current situation
2. Determine a solution that solves the core problem
3. Write an implementation plan for the company

These steps are based on the managerial problem solving approach by Heerkens (2012) but the execution of these steps is a bit different from how Heerkens (2012) suggests to execute the steps. Besides that, his approach includes one more step; the evaluation of the previous steps. Because of the time limit of this project, the real implementation and the evaluation must be done by the company itself.

In order to execute these steps, more information is needed. The first step requires information about the current situation. This information is gathered by answering the following empirical research questions:

1. Which tasks are performed by the purchasing department of Company A?
2. What are the job descriptions of the different functions within the purchasing department of Company A?

3. How are the tasks assigned to the different functions within the purchasing department of Company A?

The answers to these questions are gathered through interviews with the purchasing department of Company A and can be found in Chapter 2.

As the core problem is caused by the problem of too rapid growth, it is important to take this into consideration when analyzing the current situation further. The growth stage of a company plays a big role in how the organization is structured. This in turn has a big impact on the distribution and content of tasks. Therefore, information is needed on the growth stage of Company A and its purchasing department. The needed information is gathered by answering two theoretical research questions and one empirical research question:

1. What growth stages are there?
2. What are the characteristics of the different growth stages?
3. What growth stage does Company A belong to?

The answers to these questions are based on literature research on company growth and can be found in Chapter 3.

The second step requires information about the content and distribution of tasks within the purchasing department and how this should be done at Company A. The information needed for this step is split in two. First of all, information on the content of tasks is gathered by answering the following research questions:

1. Which tasks should be performed by the purchasing department?
2. What functions do there exist within Purchasing?
3. What tasks should be performed by which function?

The answers to these questions are based on empirical as well as theoretical research. In Chapter 4 literature research on tasks within purchasing and organizational structures within purchasing is used to provide a theoretical answer to the research questions mentioned above. Besides literature research, company visits at companies with organizational structures that are comparable to Company A are used as a source of information to provide an empirical answer to the same research questions. These empirical answers can be found in Chapter 5.

The second part of information needed is information about the distribution of tasks within the purchasing department. This information is gathered by answering the following theoretical research question: What is the best method to assign tasks to employees?

The answer to this question is based on a literature research on task assigning methods and can be found in Chapter 6.

The second step is to determine a solution that solves the core problem. As described above, Chapters 4 through 6 provide the information needed for this step. Chapter 7 combines this information and describes the solution to the core problem.

The third and final step is the implementation plan, which can be found in Chapter 8. This step requires no new information but describes the steps that should be taken to implement the solution to the core problem.

## 1.6 Stakeholders of the core problem

In the process of searching a solution for the core problem, a number of parties are involved. It is important to know who are involved with the problem, because this should be taken into account in order to get the most optimal solution for these parties.

The stakeholders of the core problem are the employees within the purchasing department of Company A. They are deeply involved in the problem as they are the people who are assigned to too many tasks to handle. Solving this problem means that their tasks and therefore their workload change.

The Director of Planning and Purchasing is a stakeholder as well. The employees within his department get too many tasks to handle which means that the department cannot function as good as he would like it to. Because of this, he is busy with making sure that everything is done correctly within the department rather than focusing on his other responsibilities.

The Vice President of Operations is also a stakeholder of the core problem. For him holds the same as for the Director of Planning and Purchasing. He is too busy with managing everything within the department that he does not have the time to focus on the things he should, such as long term strategy development.

Other stakeholders of the core problem are the contract manufacturers and vendors. Right now, the employees have so many tasks they have to handle that not everything can be done the way it should be done. One of the consequences is that the employees set unrealistic deadlines for their projects. This also affects the contract manufacturers and vendors as they play a big role in the projects as they need to manufacture and deliver the products. Therefore, the consequence is that the contract manufacturers and vendors are given tighter deadlines. Besides that, they sometimes already receive purchase orders before all the regulatory issues have been checked. Solving the core problem resolves these issues and improves the collaboration between Company A and their contract manufacturers and vendors.

## 1.7 Limitations of the research project

Because of the time limit of ten weeks, not all the steps of the managerial problem solving approach are completed. The evaluation step should be done by the company itself. The result is that the solution to the core problem indicated in this research project has not been assessed on its performance yet. Therefore, small adjustments might be made by the company after they have done an evaluation to make the solution fit better. In that case, the solution provided in this report differs from the final solution used by the company.

Besides that, this research project only provides an implementation plan. This means that this report explains all the steps that should be taken to solve the core problem but that the company has to take these steps itself. Therefore, the company might execute the steps a bit differently than intended as the company might interpret the steps differently. However, this report provides an example in which all the steps are executed. This example provides a basis for the company to work with and makes it more clear how the steps should be executed.

Furthermore, a limitation in this approach is the time spent at Company A. Only the first week was spent at the headquarters. In that week mainly the interviews with the employees of the purchasing department took place. After that week, the rest of the desk-research for this project and some best practice field research was done in the Netherlands. All contact with Company A took place via Skype and by mail, which complicated the communication. Contact via Skype or by mail takes more time than personal contact as Skype appointments must be scheduled and with emails you have to wait for a

response. The result is that some details might be missing in the description of the current situation as it is easier to get those details when you observe the process yourself for a while instead of gaining all information through interviews with the people involved in the process. Besides that, an outsider might see other things than the employees themselves. Therefore, if more time was spent at the headquarters, the description of the current situation would most likely be more detailed.

All in all, the final solution and implementation as described in this report might differ from the reality because of the time limit of the project, possible misinterpretation of the implementation plan by the company and the limited time spent at the company itself.

## Chapter 2 – Current task assignment at Company A

In this chapter the following research questions are answered:

1. Which tasks are performed by the purchasing department of Company A?
2. What are the job descriptions of the different functions within the purchasing department of Company A?
3. How are the tasks assigned to the different functions within the purchasing department of Company A?

The structure of this chapter is as follows. First, the general tasks of the purchasing department according to the Vice President of Operations and the Director of Planning and Purchasing are stated. Second, the organizational structure of the purchasing department is shown in a tree diagram to show who reports to whom. The tasks of the different functions are described one by one. These function descriptions are based on the interviews with the employees assigned to these functions and on job descriptions provided by the Director of Planning and Purchasing. The final section describes how the tasks are assigned to the different functions within the department.

### 2.1 Tasks performed by the purchasing department of Company A

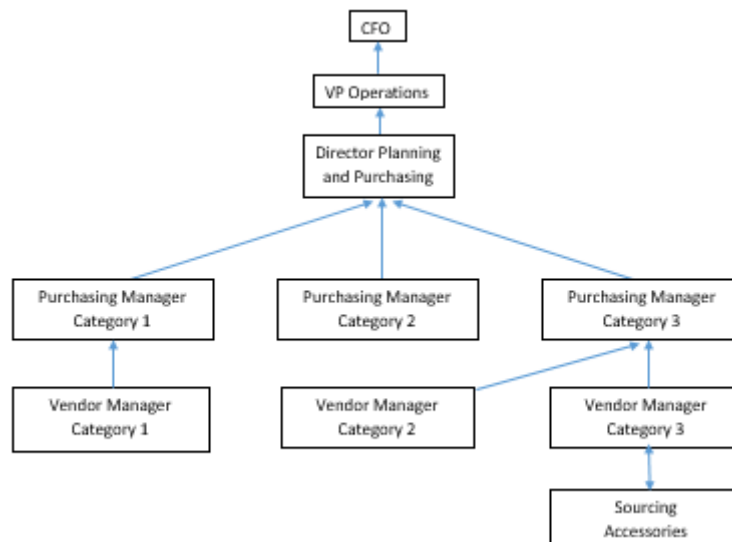
According to the Vice President of Operations, the main task of the purchasing department is to develop and maintain relationships with third party manufacturers that enable:

1. Reductions to standard lead times
2. Meeting specifications
3. On time deliveries
4. Hitting target inventory levels for raw materials, packaging and finished goods
5. Accurate daily inventory reporting within SAP
6. Determination of yield or scrap rates
7. Competitive or reduced pricing
8. To determine foreign market oversight and management

According to the Director of Planning and Purchasing, the main task of the purchasing department is to purchase all materials needed and manage the suppliers of those materials. Management of suppliers includes management of delivery times and supplier inventory as well as relationship management and setting expectations.

### 2.2 Functions within the purchasing department of Company A

In [Figure 2](#) on the next page, the organizational structure of the purchasing department is shown. The hierarchical relationships between all the functions within the department are illustrated. Each function corresponds to one employee and the figure includes all employees that work in the purchasing department. The arrows indicate who reports to whom.



*Figure 2: Organizational structure of the purchasing department of Company A*

## CFO

The Chief Financial Officer (CFO) is the corporate officer who is responsible for managing all financial activities of the company. This includes tasks such as financial planning and record-keeping. This person is one of the founding executives of Company A and therefore also a member of the board of directors. He is the chief financial spokesperson of Company A and reports directly to the Chief Executive Officer (CEO) and the rest of the board on all strategic and tactical matters related to finance.

## VP Operations

The task of the Vice President (VP) of Operations is to keep oversight on the operations side of the company. He has to keep oversight on and manage six different departments: planning and purchasing, manufacturing, strategic sourcing, quality, logistics and the product center. The directors of these departments report directly to him. Besides keeping oversight, he works together with the other Vice Presidents on long term companywide strategies.

## Director Planning and Purchasing

The task of the Director of Planning and Purchasing is to keep oversight on the planning and purchasing activities. He determines the activities that need to be prioritized. Whenever a new project is introduced, he determines who will take on the project. The Purchasing Managers and the Planning Team report directly to him in order to keep him in the loop of the ongoing and finished projects.

## Purchasing Manager

The person with the function Purchasing Manager is responsible for managing the vendors and contract manufacturers that supply all the products of a certain category. The task portfolio that belongs to this function includes tactical as well as transactional tasks: sending purchase orders, keeping track of the inventory and making sure that the vendors and contract manufacturers meet the quality expectations and do their job well. Besides that, the Purchasing Manager has to develop and strategically align with new supply sources, qualify new suppliers and negotiate and establish terms and conditions with the suppliers. A more detailed job description of Purchasing Managers at Company A is included in Appendix A.

## **Vendor Manager**

The person with the function Vendor Manager helps the Purchasing Manager with managing the vendors and contract manufacturers that supply products of a certain category. The tasks that are involved with this function are quite similar to the tasks of the Purchasing Manager and include: negotiating with vendors for goods and services, build and establish long term relationships with key suppliers, keeping track of inventory and sending purchase orders. A more detailed list of tasks can be found in Appendix B.

## **Sourcing Accessories**

The person with the function Sourcing Accessories is involved in the following activities:

1. Sourcing accessory hard goods
2. Implementation of SAP
3. Convention
4. Design and sourcing for the holidays

The first activity includes the task of finding suppliers that can deliver the accessory hard goods. It is very important that the product of the supplier meets all the requirements of Company A and that the supplier is reliable.

The second activity includes the tasks of gathering the master data of the purchasing department from all the current systems that are used, cleansing the data, enriching the data where information is missing and making sure that all the data is loaded in SAP.

The third activity is done together with the events team. Convention is an event that takes place once a year at which all people working for Company A are thanked and new products for the coming season are announced. This person's task is to source suppliers that can deliver the goods needed for convention.

In the fourth activity the task of this person is to find new suppliers for the products that are made especially for the holidays. Most of these suppliers are from China as the companies there offer the best prices.

All the sourcing tasks are in the form of project management. This person sources the suppliers and when everything is set and the suppliers are ready for purchase orders, the project is handed over to the Vendor Managers.

## **Planning Team**

Besides the functions shown in [Figure 2](#) there is also the Planning Team for which the Director of Planning and Purchasing is responsible. The Planning Team consists out of domestic planners, international planners and the inventory control team. The Planners provide the forecasts and determine how much must be ordered by the Purchasing Managers and Vendor Managers. The Inventory Control Team keeps track of all inventories and should receive this information from the Purchasing Managers and Vendor Managers who receive inventory reports from their contract manufacturers and vendors. A more detailed list of tasks for the Planner can be found in Appendix C.

### 2.3 Task assignment within the purchasing department of Company A

The tasks of the purchasing department of Company A are assigned to the different functions by category. Every employee within the department is responsible for certain vendors and contract manufacturers within a product category. Every product category has a number of people who perform all purchasing tasks for the products in that category. It depends on the function of the person which tasks they are responsible for.

Most new projects are assigned to the different employees by the Purchasing Director in coordination with the Purchasing Managers. However, some big new projects are assigned to the different employees by the Purchasing Director in coordination with the Vice President of Operations.



## Chapter 3 – Growth Position of Company A

In this chapter the following research questions are answered:

1. What growth stages are there?
2. What are the characteristics of the different growth stages?
3. What growth stage does Company A belong to?

Company A is growing very fast as a company. Five years ago there were only 30 employees and right now there are over 2000 employees. This tremendous increase in number of employees changed a lot in the organizational structure and task assignment of the whole company.

The core problem that employees are assigned to too many tasks to handle, is closely related to company growth. When a company grows, the number of tasks and the content of these tasks change. If the number of tasks increases but the number of employees stays the same or does not grow in proportion to the number of tasks, the workload of the employees increases. Then, the employees are assigned to too many tasks to handle. Furthermore, if the content of the tasks changes, employees might be asked to do things they have not done before. It takes them more time to perform these tasks and therefore it feels as if their workload increases.

Besides that, if the number of employees increases, the structure of the organization changes. There are more people who are responsible for the tasks of the department. The tasks are redistributed over the different employees and their workload changes.

Moreover, when a company grows its strategy changes. If the strategy of the company changes, the processes and organizational structures within the company should change accordingly. This means that the departments are reorganized, people get different responsibilities and new people might be hired. The result is that the number of employees changes and that people are assigned to a different task portfolio than before.

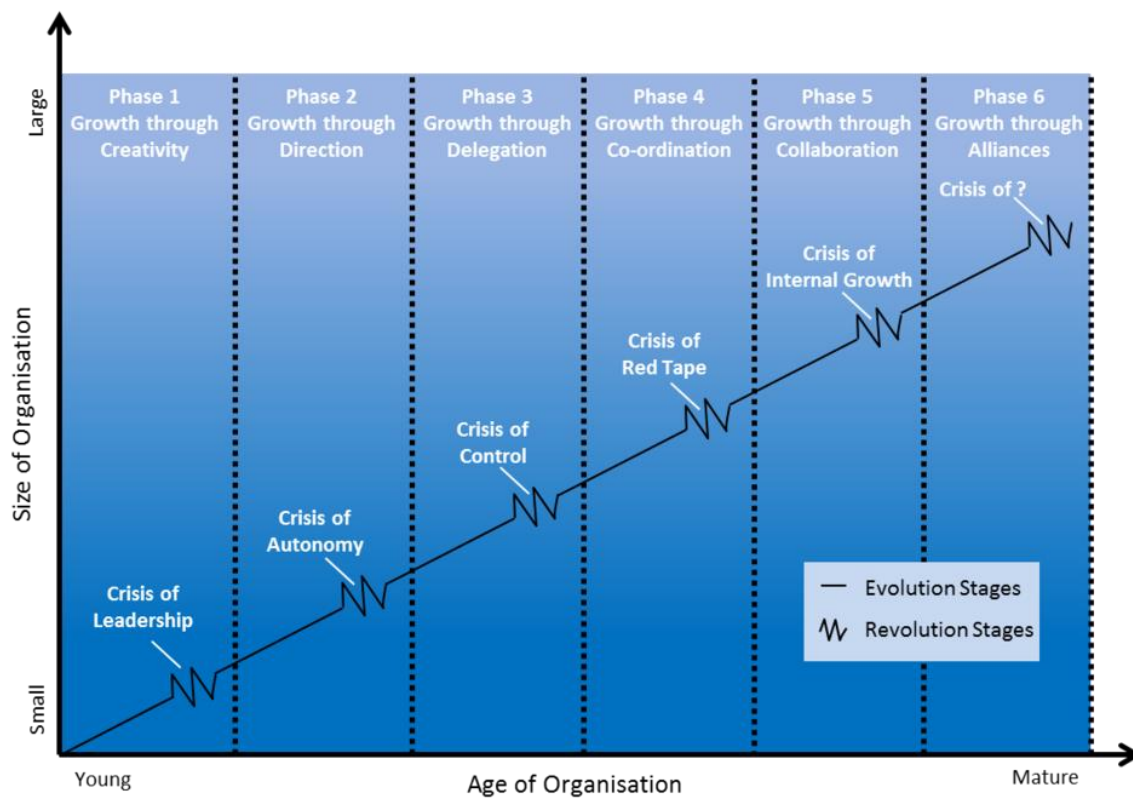
In conclusion, the growth of a company has a big influence on the number of tasks and employees. These factors have a great influence on how the tasks are assigned to the different employees and what the organizational structure looks like. As this is closely related to the core problem, it is important to know what the growth position of Company A is.

The structure of this chapter is as follows. First, a literature study on growth stages is discussed in order to determine what growth stages exist and what their characteristics are. After that, this information is used to determine the growth stage Company A belongs to.

### 3.1 Growth stage according to Greiner (1998)

According to Greiner (1998) companies tend to pass through six developmental phases as they grow. Each phase begins with a period of evolution, with steady growth and stability, and ends with a revolutionary period with substantial organizational confusion, uncertainty and disorder. The periods of evolution can be seen as periods in which the company grows and the revolutionary periods as stages of crisis the company has to go through in order to grow further. Whether a company will move forward into the next stage of evolutionary growth or not depends on the resolution of each revolutionary period. The evolutionary growth period usually has a duration of four to eight years. In this time there are no major economic setbacks or severe internal disruptions. Only modest adjustments are necessary for a steady growth pattern. In the revolutionary stage it becomes apparent that the current organizational practices must change in order to get to the next period of evolutionary growth (Greiner, 1998).

In [Figure 3](#) below, the six phases of growth according to Greiner (1998) can be found. Each evolutionary stage shows the dominant management style used to achieve growth and each revolutionary stage shows the dominant management problem that must be solved to get to the next stage.



*Figure 3: The six phases of growth (Greiner, 1998)*

An important note to this model is that each phase is the result of the previous phase and a cause for the next phase. Besides that, the options are limited as a company stuck in a revolutionary stage cannot go back to the preceding evolutionary stage but must adopt a new management style in order to move forward.

In the creativity stage, when a company comes off the ground, the focus is put on creating both a product and a market. The founders of the company are mainly busy with making sure that the new product is made and sold. As the company is very small at this point, the communication between employees is frequent and informal. The decisions being made by management are based on the feedback of the marketplace. After the creativity stage comes the leadership crisis, which has to do with managerial problems. As the company grows, more people are hired. This increased number of employees needs professional management as informal communication does not work anymore. The founders of the company get more management responsibilities that they do not want. In order to get out of this crisis, a strong business manager should be hired who is fully accepted by the founders and who coordinates the organization.

In phase two, the stage of direction, the marketing activities are separated from the manufacturing activities through a new organizational structure and job assignments become specialized. Besides that, accounting systems for inventory and purchasing are installed. The communication between employees becomes more formal because of the hierarchy that is formed. The lower-level supervisors are treated as functional specialists and the new manager is responsible for instituting direction and decision-making processes. The revolution that comes after this stage is the crisis of autonomy.

Employees at lower levels have more knowledge about markets and machinery than their leaders but are not given the freedom to take initiative on their own. They are stuck with following procedures. Most companies solve this problem by moving toward more delegation. It is difficult for top management to give up responsibilities to lower level employees but this is needed in order to be able to put more focus on strategic decisions that have to be made.

The result of the previous revolution is phase three, the stage of delegation. In this stage the managers of plants and market territories are given much greater responsibility. The communication from top management is infrequent and usually by phone or brief visits. The organizational structure has become decentralized. This enables the company to expand because lower level managers can respond faster to the market and develop new products. The crisis that comes after this stage is the crisis of control. This is when top management seeks to regain control over the whole company and might even attempt to return to centralized management. It is important that top management finds a way to regain control through coordination techniques. The company cannot grow any further if top management decides to go back to a centralized structure. The company needs to act fast on the markets wishes and procedures take too long with centralized management to be able to do that.

In phase four, the coordination phase, top level management initiate and administer new formal systems in order to achieve greater coordination. The decentralized groups are turned into product groups. New staff is hired at the headquarters to initiate companywide programs of control and review for line managers. Data processing and other technical functions are centralized at the headquarters but daily decision-making remains decentralized. At the end of the coordination stage, a red-tape crisis occurs. In this crisis there is a lack of confidence between line managers and staff and between the headquarters and the field. The many systems that are introduced become useless as the organization has become too large and complex to be managed through these rigid systems.

Phase five in this model is the collaboration stage. In this stage the emphasis is put on interpersonal collaboration. The formal control is replaced by social control, self-discipline and spontaneity in management action through teams. Problem-solving is done by teams instead of managers and the teams are combined across functions to handle specific tasks. The appropriate teams are assigned to solve specific problems by a matrix-type structure. Further, the formal control systems are replaced by a single multipurpose system. Besides that, managers are trained in behavioral skills through educational programs to achieve better teamwork and real-time information systems are used for daily decision-making processes. At the end of this phase a crisis of internal growth emerges, which can only be overcome through developing partnerships with complementary organizations. The company cannot grow any further without the help of other companies as the company depends on them.

The final phase of this model is growth through extra-organizational solutions. Originally, Greiner proposed this model with five phases in 1972. He updated his original article in 1998 and added the sixth phase. This last phase suggests that mergers, outsourcing, networks and other solutions involving other companies can help the company to continue to grow.

In the original article from 1972, Greiner presented a table that contains the specific management actions of the first five phases based on the characteristics of these phases and provides a summary of each phase. The table, called "Organizational practices in the five phases of growth", can be found in [Table 1](#) on the next page.

Category	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top Management Style	Individualistic and entrepreneurial	Directive	Delegate	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

*Table 1: Organizational practices in the five phases of growth (Greiner, 1998)*

According to the study of Greiner (1998) the main management characteristics are roughly the same for every company in each phase. However, this does not mean that the characteristics are exactly the same for each company. The concept behind the characteristics may differ. Take for example the characteristic product groups. One company could have completely different product groups from another company as this depends on the product the company manufactures or sells. Another example is the characteristic expansion of market. For one company this could mean an expansion in the market the company already sells its products to and for another company this could mean that they attract new markets. In general, the characteristics as mentioned in Table 1 are the same for each company in every phase but the concepts behind these characteristics are different.

Overall, the characteristics in Table 1 can be used as a basis to determine the growth stage a company belongs to.

### 3.2 The growth stage of Company A

According to Greiner (1998) most organizations that have gone through a revolutionary period usually stay in the next evolutionary period for four to eight years. Looking at the table and the descriptions of the six phases of growth, the current state of Company A and taking into account the fact that Company A started in 2008, it seems that Company A is somewhere between phase two and three.

The characteristics of phase two are most comparable to the current state of Company A. A couple of years ago the marketing activities were separated from manufacturing. The organizational structure changed and job assignments became more specialized. These characteristics of phase two can be seen in the purchasing department in the number of employees and the distribution of tasks. First there was only one Purchasing Manager who had to carry out all purchasing tasks. He purchased everything needed for as well the operational as the marketing activities of the company. Right now, there are three Purchasing Managers and three Vendor Managers who each have their own specialized sector and purchase everything needed in that sector.

The management focus of the purchasing department is on the efficiency of operations. Right now, the main focus of the Director of Planning and Purchasing is on how the (daily) operational activities such as management and control of inventories held at contract manufacturers, lead time reduction and material requirements planning, could be improved. Looking at the whole company though, the focus is also on expansion of the market as the company started locally and became globally oriented

in the past few years. Therefore, the management focus of the company is on both efficiency of operations and expansion of the market, which is a mix of phase two and phase three.

The organizational structure is centralized and functional and the top management style is mainly directive, which corresponds to the characteristics of phase two. All employees have certain procedures they need to follow. The Purchasing Managers and Vendor Managers are the functional specialists and carry out all purchasing tasks within their sector. The Director of Planning and Purchasing has the task of instituting direction in the department and makes the final decisions. The Director of Planning and Purchasing tells the Purchasing Managers and Vendor Managers what they are expected to do and how to perform the expected tasks. After the tasks have been done, he is informed about it. Sometimes even the Vice President of Operations is informed about the tasks carried out by the Purchasing Managers and Vendor Managers.

The control system of the company is oriented towards standards and cost centers as the different projects are seen as cost centers rather than profit centers. Besides that, the Director of Planning and Purchasing uses standards and procedures to check whether the Purchasing Managers and Vendor Managers execute their tasks correctly. This corresponds to the characteristics of phase two.

Nonetheless, the company is working towards phase three in which the organizational structure is decentralized, the management style more delegating and the control system works with reports and profit centers. During the interviews, the Vice President of Operations and the Director of Planning and Purchasing mentioned that they would like to delegate more tasks and give more responsibility to the Purchasing Managers and Vendor Managers so they could focus more on their own tasks. For the Vice President of Operations this means that he could put more focus on long term strategic decision-making for the company together with the other Vice Presidents of the company. For the Director of Planning and Purchasing this means that he would spend less time on checking whether the Purchasing Managers and Vendor Managers do their job well and more time on making strategic decisions for the department. This would mean that the organizational structure becomes more decentralized and that the performance of the department is checked through reports that include key performance indicators.

Right now the company finds itself in the crisis of autonomy as employees need to report on everything they do and are not allowed to make decisions on their own without consulting or informing higher managers. They need to follow procedures and cannot really take initiative on their own. The result is that higher management is too busy checking the work of employees with lower functions that they do not have the time to focus on their own tasks. They have too many tasks to handle.

Besides that, the processes in the department are slowed down as everything has to be checked by multiple layers of management. If the lower functions are given more responsibility and are allowed to make more decisions on their own, this would greatly increase the efficiency and speed of the processes within the department.

As described above, the company is already working towards phase three in which higher management delegates more responsibilities and tasks to lower functions and employees with lower functions are allowed to make decisions on their own, which should resolve the crisis of autonomy. This means that the task portfolios of the different functions change. The number of tasks and the content of these tasks in the task portfolio will be different and this means that employees might be asked to perform other tasks than before. An important note here is that new people might need to be hired to carry the bigger workload when more tasks and responsibilities are delegated to employees with lower functions. Otherwise, employees get assigned to too many tasks to handle which is exactly the core

problem in this research. As the company is already working towards delegation, the solution to the core problem probably lies in this process.

In **Table 2: Organizational practices in the five phases of growth (Greiner, 1998)** below, the growth table of Greiner (1972) is given again to provide an overview of the current growth stage of Company A. In this table, the dark blue sections indicate the current state of the company and the light blue sections indicate what the company is working on as described above. All in all, it could be said that Company A is in phase two working towards phase three as the company possesses most of the characteristics of phase two and is working on elements of phase three.

Category	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top Management Style	Individualistic and entrepreneurial	Directive	Delegate	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

*Table 2: Organizational practices in the five phases of growth (Greiner, 1998)*

The last row of the table by Greiner (1998) is not taken into consideration in this research project as the management reward emphasis has no relation with or influence on the core problem. Besides that, it often differs per department and function and companies are generally not very open about this topic. As the overall growth phase can also be determined without this category, it is left out of this research project.

## Chapter 4 – Theoretical approach to purchasing activities at Company A

### A

In this chapter the following research questions are answered:

1. Which tasks should be performed by the purchasing department?
2. What functions do there exist within Purchasing?
3. What tasks should be performed by which function?

The structure of this chapter is as follows. First, the study of Muller (2001) is described which discusses what activities should be performed by purchasing departments. This information is used to answer the first question. In Sections 4.2 and 4.3 of this chapter two different studies on job descriptions are discussed in order to provide an answer to the last two questions. The final section of this chapter describes how this information can be applied to Company A.

#### 4.1 Purchasing activities according to Muller (2001)

The study of Muller (2001) examines the tasks that should be performed by purchasers in seven different sectors. Within his study he analyzed and assessed the commonality across the following seven sectors:

1. Manufacturing
2. Government of the United States of America/ prime contractor
3. State and local government
4. Institutional
5. Service
6. Retail
7. Food

His research was conducted for the National Association of Purchasing Management (NAPM). The primary purpose of the study was to identify the crucial tasks performed by the purchasing department and the needed knowledge and skills for these tasks so the Certified Purchasing Manager (CPM) and Accredited Purchasing Practitioner (APP) programs could be updated and revised. The CPM and APP programs were designed “to maintain recognized professional standards in the field of purchasing and supply management, to enhance individual professional competence, and to provide employers with a means to identify qualified individuals within the field” (Muller, 2001, page 6).

With the results of his research a new format, which consists out of a list of tasks, was made for the CPM and APP examinations. The list of tasks included in the CPM and APP examinations is divided into four modules: purchasing process, supply environment, value enhancement strategies and management. In each module the tasks are clustered in sections to group the tasks that belong together. Module 1, the purchasing process, includes tasks related to the following four sections: identifying requirements, preparation of solicitations, supplier analysis and contract execution, implementation, and administration. Module 2, supply environment, includes tasks related to the following five sections: negotiations, information technology, quality issues, internal relationships and external relationships. Module 3, value enhancement strategies, includes tasks related to the following four sections: sourcing analysis, supply and inventory management, value enhancing methods and forecasting and strategies. Module 4, management, includes tasks related to the two sections human resources management and management and organization. The difference between the two examinations is that the CPM examination contains all four modules and the APP examination only the



first two. The examination exists out of 67 tasks in total distributed over 15 sections. The full list of tasks can be found in Appendix D.

Besides this new format for the examinations, Muller (2001) formulated job descriptions of purchasing managers and buyers which can be used as a guideline to determine to whom the examination programs are applicable. The definition for both functions is the same: “a purchasing manager/buyer is an individual who performs and/or has primary responsibility for the procurement of materials, equipment, or services for an organization” (Muller, 2001). The difference between the two functions is that the purchasing manager has a couple of additional responsibilities related to developing value enhancement strategies and managing the department. This can also be seen in the examination as these two topics are included in the last two modules which are only included in the CPM examination meant for purchasing managers.

#### 4.2 Job descriptions according to the Purchasing and Procurement Center (2012)

According to the Purchasing and Procurement Center (2012) the main members of staff within the purchasing department are the Purchasing Manager, Purchasing Clerks and Administrative Assistants. The job descriptions of each of these key positions are given below.

##### *Purchasing Manager*

The Purchasing Manager is the person who controls the purchasing department and keeps oversight. In larger companies the Purchasing Manager may also be referred to as Purchasing Director, Vice President of Purchasing or Chief Procurement Officer. The nature of the job description is strategic and generally includes:

- Maintaining purchasing policies and making sure that all purchases comply with the policies.
- Choosing the suppliers the company will work with and dealing with all legal interaction with these suppliers.
- Managing all Service Level Agreements (SLA) and Master Agreements between the company and the supplier.
- Recruitment, training and management of staff.
- Communication with the accounting, manufacturing and stock departments.
- Budgeting, costing and cost saving based on the available management information.
- Legal requirements, such as Health, Safety and Quality
- Supervise large procurement

##### *Purchasing Clerks*

The Purchasing Clerks engage in the normal day to day work. The nature of the job description is primarily operational and includes:

- Collect purchase orders and requests to order materials, goods and supplies.
- Send purchase orders to the suppliers.
- Review inventories and purchase orders as required.
- Communicate with the suppliers daily.
- Review deliveries of materials and goods against the purchase orders.
- Track the status of outstanding purchase orders.
- Handle non supplied orders, under orders, over orders and damaged deliveries.
- Make sure that all invoices are sent to the accounting department for payments.
- Develop and maintain all reports involved with purchasing.
- Manage all procurement activities.



### *Purchasing Administrative Assistants*

The Administrative Assistants are responsible for the more basic activities. Their job description includes:

- Undertake all required word processing.
- Undertake all required filing.
- Maintain all diaries that are in the office.
- Arrange and attend meetings and take notes if necessary.
- Help out with smaller purchases, reviews and inventory issues.

Besides these three key positions within purchasing, the Purchasing and Procurement Center (2012) also describes the job of Purchasing Agents. The Purchasing Agents are the staff who are responsible for the internal purchasing activities and buy the raw materials and contract services needed to maintain the operations of the company and its buildings. The contract services mainly include plant maintenance and cleaning services.

Purchasing Agents are more common in institutional companies but can also be found in large manufacturing companies and government offices.

### **4.3 Job profiles according to Mulder et al. (2005)**

According to the research of Mulder et al. (2005) four jobs can be distinguished within the purchasing department: Purchasing Manager (PM), Senior Buyer (SB), Buyer (B) and Assistant Buyer (AB). The tasks that should be performed by these functions are divided into four categories: Purchasing Management, Information and Communication, Initial Purchasing and Operational Purchasing.

Purchasing Management involves the development of policies, organizational management and management of processes aimed at improving the organization. Information and Communication is involved with internal as well as external communication, information technology and globalization. Initial Purchasing is involved with the specification of needs, supplier selection and supplier contracting. Finally, Practical Purchasing is involved with purchase orders and the monitoring, follow-up, evaluation and administrative activities of the purchasing process.

Within these four categories Mulder et al. (2005) distinguished a total of 105 tasks. As the job descriptions are too exhaustive and rather unclear if all these tasks are described, he clustered the tasks. In **Table 3** on the next page, the aggregated job profiles for the different purchasing professions can be found. The plus and minus indicate the weights of the task cluster for every job determined by the research of Mulder et al. (2005).

The scale of **Table 3** is as follows:

- ++ = very important
- + = important
- = unimportant
- = very unimportant

	PM	SB	B	AB
<b>Management</b>				
1. Developing purchasing policy	++	+	-	-
2. Managing the purchasing organization	++	+	-	-
3. Improving the purchasing organization	++	++	+	+
<b>Information and Communication</b>				
1. Communication with internal sectors	++	+	+	+
2. Communication with external sectors	+	++	+	-
3. Information technology	++	+	-	+
4. Globalization	++	++	-	--
<b>Initial Purchasing</b>				
1. Specifying the purchasing need	-	++	-	--
2. Selecting the suppliers	-	++	+	--
3. Contracting the suppliers	-	++	+	-
<b>Practical Purchasing</b>				
1. Ordering goods and services	--	-	+	++
2. Monitoring the purchasing process	--	-	++	++
3. After-care, evaluation and administrative conclusion of the purchasing process	--	-	+	++

*Table 3: Aggregated job profiles for purchasing professionals (Mulder et al., 2005)*

The overview in Table 3 indicates that the management activities are most important to the Purchasing Manager. However, these activities are also quite important to Senior Buyers but less than to the Purchasing Manager. Therefore, the main responsibility of these tasks should be taken by the Purchasing Manager. The same holds for the activities involved with Information and Communication. A difference here is that the second task cluster, communication with external sectors, should be the responsibility of the Senior Buyers as this task cluster is more important to them than to the Purchasing Manager. Initial Purchasing is very important to the Senior Buyers and also a little to the Buyers. This section is unimportant to the Purchasing Manager and therefore he should not be involved in these activities. The Senior Buyers should take the responsibility for these task clusters as these are more important to them. The Buyers could assist the Senior Buyers with these tasks. The final section, Practical Purchasing, is only important to the Buyers and especially to the Assistant Buyers. Therefore, these task clusters should be the main responsibility of the Assistant Buyers. However, the second task cluster should be the main responsibility of the Buyers as this task cluster is very important to them. All in all, the tasks of the Purchasing Manager are mainly on a strategic level, the Senior Buyer has both strategic and operational tasks and the tasks of the Buyers and Assistant Buyers are purely operational.

#### 4.4 Application of the theory to Company A

A comparison between the study by Mulder et al. (2005) and the information provided by the Purchasing and Procurement Center (2012) and Company A leads to some interesting observations.

The first striking point is that the Purchasing and Procurement Center (2012) puts the Purchasing Manager in charge of selecting and contracting suppliers whereas Mulder et al. (2005) put the Senior Buyer in charge of that. At Company A the selecting and contracting of suppliers is done by both the Purchasing Manager and the Vendor Manager. The other tasks of the Purchasing Manager as described by Mulder et al. (2005) are similar to the tasks included in the job description provided by the Purchasing and Procurement Center (2012).

The job description of the Purchasing Manager provided by the Purchasing and Procurement Center (2012) and the one provided by Company A are quite similar and include primarily strategic tasks. However, Company A included two tasks in the job description of the Purchasing Manager which the Purchasing and Procurement Center (2012) did not include in their description. These tasks are resolving and managing any issues that may arise during production of goods and ensuring appropriate inventory levels of finished goods, raw materials, packaging components and other items where applicable. Looking at the other job descriptions provided by the Purchasing and Procurement Center (2012), these tasks can be found in the job description of the Purchasing Clerk. As these two tasks are operational tasks and the tasks of the Purchasing Clerk are mainly operational whereas the tasks of the Purchasing Manager are primarily strategic, it makes sense to assign these tasks to the Purchasing Clerk. Looking at the job description of the Vendor Manager provided by Company A, these tasks can also be found there. It might be better to only assign these tasks to the Vendor Manager so the Purchasing Manager has only strategic tasks.

Taking a closer look at the job description of the Vendor Manager provided by Company A, it can be seen that this job description includes a lot of strategic tasks that are also included in the job description of the Purchasing Manager provided by Company A. If these strategic tasks are left out, the job description of the Vendor Manager is similar to the job description of the Purchasing Clerk provided by the Purchasing and Procurement Center (2012). The tasks are then purely operational.

The Purchasing and Procurement Center (2012) also describe two other functions, namely the Purchasing Administrative Assistant and the Purchasing Agent. The tasks included in the job description of the Purchasing Administrative Assistant provided by the Purchasing and Procurement Center (2012) are done by the Vendor Managers and Purchasing Managers themselves at Company A. The job description of the Purchasing Agent provided by the Purchasing and Procurement Center (2012) is quite similar to the job description of the Purchasing Clerk by Company A which can be found in Appendix E. The job includes all tasks related to internal purchasing activities. However, the focus of this report is on external purchasing activities and therefore this function is not analyzed any further.

Another interesting point is that in the study by Mulder et al. (2005) the Senior Buyer has a lot of overlap with the Purchasing Manager. The Senior Buyer has a mix of strategic and operational tasks whereas the Purchasing and Procurement Center (2012) separated the strategic and operational tasks from each other and assigned these to different functions.

The tasks of the Buyers and the Assistant Buyers as described by Mulder et al. (2005) are most comparable to the tasks of the Purchasing Clerk as described by the Purchasing and Procurement Center (2012). At Company A these tasks are carried out by the Vendor Managers and some monitoring is also done by the Purchasing Managers.

All in all, looking at the different job descriptions provided by the Purchasing and Procurement Center (2012), only the Purchasing Manager and the Purchasing Clerk have tasks that involve external purchasing activities. The Purchasing Manager has the strategic tasks and the Purchasing Clerk the operational tasks. Besides that, the Purchasing Administrative Assistant provides support on an administrative level and the Purchasing Agent is responsible for all internal purchasing tasks.

The study of Mulder et al. (2005) describes four different functions that have tasks that involve external purchasing activities. These functions have quite a bit of overlap with each other though. The Purchasing Manager has purely strategic tasks. The Senior Buyer has a combination of operational and strategic tasks and has quite some overlap with the Purchasing Manager. The Buyer and Assistant Buyer only have operational tasks and are quite similar to each other.

Company A has only two functions that are involved with the external purchasing activities which is similar to the theory of the Purchasing and Procurement Center (2012). However, the tasks assigned to these functions are not completely the same. Right now, the Purchasing Manager of Company A also has some operational tasks and could be seen as a combination of the Purchasing Manager and the Senior Buyer as described by Mulder et al. (2005). The Vendor Manager of Company A also has some strategic tasks and could be seen as a combination of the Senior Buyer, Buyer and Assistant Buyer as described by Mulder et al. (2005).

Comparing these two studies to Company A, the most important point of thought is whether to separate operational tasks from strategic tasks or not. As strategic tasks require different skills than operational tasks, it might be better to separate these tasks from each other.

The studies of Mulder et al. (2005) and the Purchasing and Procurement Center (2012) both provide an answer to the question: *What functions do there exist within Purchasing?* Both studies can be used to determine the functions that are needed in the purchasing department and provide general job descriptions for these functions. However, Company A is working towards more delegation which means that the lower functions get more responsibilities and the involvement of higher management becomes less. Therefore, the study of the Purchasing and the Procurement Center (2012) seems to be more appropriate for the current growth state of Company A than the study by Mulder et al. (2005). The reason for this is that the functions described by Mulder et al. (2005) have quite some overlap whereas the functions described by the Purchasing and Procurement Center (2012) clearly have their own responsibilities.

However, a general job description is not enough as it does not include all the tasks that need to be carried out by that specific function. This is where the study by Muller (2001) can be helpful. The study provides a detailed list of tasks that should be carried out by the purchasing department and therefore answers the question: *Which tasks should be performed by the purchasing department?* Combining this with the studies of the Purchasing and Procurement Center (2012) and Mulder et al. (2005), enriched job descriptions which include a detailed tasks portfolio can be developed. These enriched job descriptions provide an answer to the final question of this chapter: *What tasks should be performed by which function?*

## Chapter 5 – Company insight on purchasing activities

In this chapter the following research questions are answered:

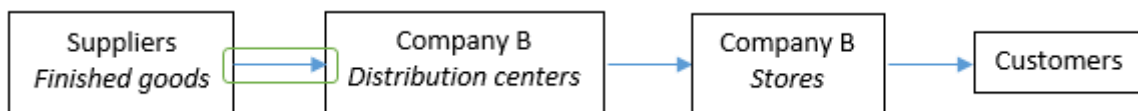
1. Which tasks should be performed by the purchasing department?
2. What functions do there exist within purchasing?
3. What tasks should be performed by which function?

In this chapter the purchasing processes of Company B and Company C are described. These companies could be used as benchmarks for Company A. The reason for this is that the core business of these companies includes sourcing suppliers that produce finished goods and selling these goods to retailers or end customers. A difference here is the end customer of the companies but this has no influence on the purchasing process itself, only on details in contracts and requirements of suppliers.

In order to be able to compare these two companies to Company A, the information about the companies should match the information given about Company A. Therefore, the purchasing process, organizational structure and growth position are described for both companies. First Company B is discussed and then Company C. All information in the sections below is based on information provided by the Planning Director of Company B and the Sourcing Director of Company C.

### 5.1 Purchasing processes at Company B

Company B is a fast growing international company with more than 700 shops in the Netherlands, Belgium, Germany, France, Luxembourg and Austria. . The company was founded in 1993 and sells over 6000 different products right now. Company B does not produce any products itself. The company buys finished goods of suppliers and sells these products in their stores. Below in [Figure 4](#) the process from supplier to customer can be found.



*Figure 4: Process from supplier to customer*

The purchasing process takes place between the suppliers and the distribution centers. Company B purchases finished goods from their suppliers which are then transported to their distribution centers. Then Company B makes sure that these goods are distributed to their stores where the products are sold to the customers.

Company B sells two types of product. The first type is a product that can be found in the stores at all times and the second type is a product that is only sold for a short period of time or for a certain promotion, such as Christmas goods. These two types of product require different supplier relationships. The first type involves long term supplier relationships. Company B works very closely with these suppliers as Company B depends on them to be able to sell the products all year round. A tight collaboration is crucial here. The second type involves short term supplier relationships. Negotiation activities are very important with these suppliers. If the price of the product is not low enough, Company B simply does not buy the product and searches for something else. This is similar to Company A as their main products are sold all year round and involve long term supplier relationships whereas their continuously changing promotional products are only sold during the holidays and special events and involve short term supplier relationships.

There are two differences between Company B and Company A. First, the quality of the products is extremely important at Company A whereas Company B puts less emphasis on quality and more on

quantity and low pricing. Therefore, the quality requirements of Company A are more exhaustive than those of Company B. Second, Company A and Company B both provide two types of product but their main focus differs. At Company A the main products are sold all year round and at Company B the focus is put on changing the assortment continuously. This means that Company B and Company A search for both types of suppliers but that Company B puts the focus on short-term suppliers and Company A on long-term suppliers. The core of the purchasing processes is the same as the steps that need to be taken and the tasks that need to be performed are equal. The difference is that with short term purchasing everything is done faster and less detailed than with long term purchasing. This difference can be seen in details such as contracts and qualifications. The contracts for long-term relationships are more detailed than those for short-term relationships, because the agreement is made for a longer period of time.

At Company B the purchasing process is as follows. The Buying Group which is put under supervision of the Commercial Director is responsible for sourcing and contracting suppliers. These contracts include the agreed prices and quantities for the different products sourced from the supplier. The information included in the contract is put into the company system by the buyer. Then the Planning Group is responsible for planning and sending the purchase orders for the different products. In Figure 5 below, a simplified version of the organizational structure of the parties involved with the purchasing process is shown. The blue arrows indicate who reports to whom.

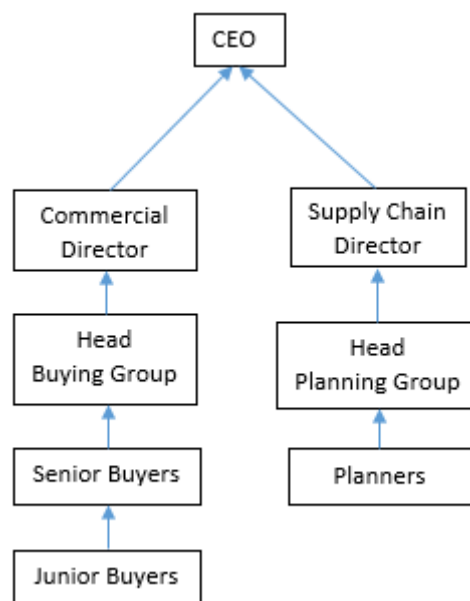


Figure 5: Purchasing organizational structure of Company B

The purchasing process of Company B is divided into thirteen product categories. Each product category has its own Buyer and Planner who are responsible for all purchasing tasks in that category.

Within the Buying Group there are Senior and Junior Buyers. The two functions have the same task portfolio, which includes all tasks related to developing and maintaining relationships with suppliers. The difference between the two functions is the size of their budget. The budget is the amount of money paid for a certain product quantity which the supplier and buyer agreed upon in a contract. Normally, the Junior Buyers contract suppliers with lower quantities or cheaper products than the Senior Buyers. In the case that the contract exceeds their budget, the Junior Buyers need approval from a Senior Buyer or the Head of the Buying Group. The task portfolio of the Buyers is as follows. First, the Buyer searches for suppliers that meet all requirements set by Company B such as quality and capacity. If such a supplier is found, the Buyer contracts the supplier. The Buyer and the supplier

agree upon a price and a quantity which are included in the contract. Then the Buyer decides what the selling price will be and when the product will be launched. Finally, the Buyer puts all this information in the company system so the Planner can start sending purchase orders. The main tasks of the Planners at Company B are planning when the products need to be ordered based on the forecasts of the sales department, sending the purchase orders, keeping track of the inventories and administering all purchasing.

In **Table 4** below, the growth table of Greiner (1972) is given. The Planning Director of Company B described which characteristics match best with the current state of Company B. These characteristics are marked dark blue in the table. The light blue section indicates that the company is working on getting there. Beneath the table the description by the Planning Director of Company B is summarized.

Category	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top Management Style	Individualistic and entrepreneurial	Directive	Delegate	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

*Table 4: Organizational practices in the five phases of growth (Greiner, 1998)*

The management focus of Company B is put mainly on expansion of the market. However, the company could still improve the efficiency of their operations a bit. The organizational structure is centralized and functional but it is becoming more decentralized as more distribution centers are opened in other countries in Europe. The style of top management is to delegate tasks to lower managers. These managers are given more responsibilities and every once in a while they need to report to top management on certain key performance indicators. The control system at Company B is a combination of Phase 2 and 3. They work with cost centers rather than profit centers and specific reports rather than standards. The employees report on certain key performance indicators and that is how higher management checks the performance of lower management. Overall, Company B belongs mainly to Phase 3 but still has some characteristics of Phase 2. Company A belongs mainly to Phase 2 and is working towards Phase 3. Therefore, on the growth level Company B is a bit more developed than Company A.

All in all, Company B could be used as a benchmark for Company A right now. The reason for that is that the purchasing process of Company B is similar to the purchasing process of Company A as they both purchase finished goods from suppliers for as well short term as long term products. A difference here is that the focus of Company A is on long term products and the focus of Company B on the short term products. As described above, this does not significantly influence the purchasing task portfolio. Furthermore, looking at the growth position, Company B is just a little more developed than Company A. This means that Company B already took some steps that Company A has to take right now and therefore Company A could learn from the steps taken by Company B.

## 5.2 Purchasing processes at Company C

Company C is a company specialized in the distribution and production of product X. The own production adds up to only 10% of all products the company distributes. They are a leading company in the European market and operate mainly in France, the Benelux, the UK and Germany. The company was founded in 1765 and has been through a lot of changes since then. About fifteen years ago the company started to change into the company it is now. Before, the company had a very wide assortment of products and had their own stores. Now, the company puts the focus on their core brands. They source products, do the marketing for these products and distribute the products to retailers. Below, Figure 6 provides a graphical representation of this process.

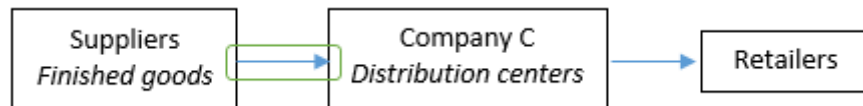


Figure 6: Process from supplier to retailer

The purchasing process takes place between the suppliers and Company C. Company C purchases finished goods from their suppliers which are then transported to their local distribution centers. From there the finished goods are distributed to the different retailers who are the end customers of Company C.

Similar to Company A and Company B, Company C sells short term and long term products. At Company C the focus is put on the long term products which is equal to Company A. The type of product Company C sells is different from Company A but the idea behind it is the same. Both companies put the main focus on high quality. Therefore, the qualifications of the suppliers both companies search for are more alike than compared to Company B. This means that the details in the purchasing process such as the contracts and requirements are also more alike.

The purchasing process of Company C is quite similar to the purchasing process of Company B. The Sourcing Group at Company C sources and contracts the suppliers. At Company B the Buying Group is responsible for this. Identical to Company B, the contracts include the agreed prices and quantities for the different products sourced from the supplier and all information included in the contract is put into the company system. Then, equal to Company B, the Planning Group takes over and plans and sends the purchase orders for the different products. In Figure 7 on the next page, a simplified version of the organizational structure of the parties involved with the purchasing process is shown. The blue arrows indicate who reports to whom.



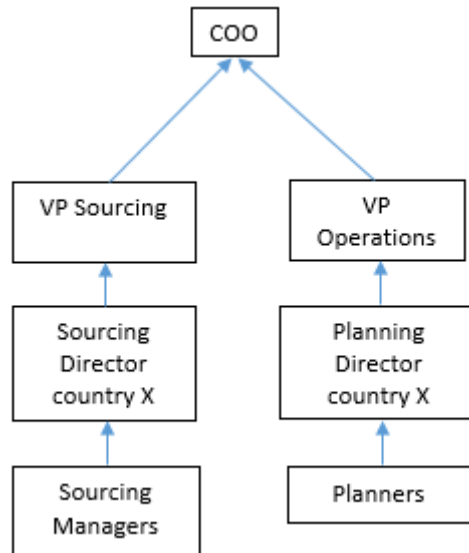


Figure 7: Purchasing organizational structure of Company C

Equal to Company B, Company C divided the purchasing process into product categories. Besides a division in product categories, Company C made a division between the different countries it operates in. Each country has its own Sourcing Director who has a number of Sourcing Managers under him who are assigned to different product categories. The tasks of the Sourcing Managers are similar to the tasks of the Buyers at Company B. The same holds for the tasks of the Planners, these tasks are similar to the tasks of the Planners at Company B. The difference between Company B and Company C is that Company B has one Head of the Buying group and one Head of the Planning group whereas Company C has a Sourcing Director and Planning Director per country. The organizational structure of Company C is therefore more dispersed than the organizational structure of Company B. Another difference is that Company B has exactly one Planner and one Buyer for each product category whereas Company C has one Planner for multiple Sourcing Managers who each have their own product category.

In Table 5 below, the growth table of Greiner (1972) is given again. The Sourcing Director of Company C described which characteristics match best with the current state of Company C. These characteristics are marked dark blue in the table. Beneath the table the description by the Sourcing Director of Company C is summarized.

Category	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Management Focus	Make and sell	Efficiency of operations	Expansion of market	Consolidation of organization	Problem solving and innovation
Organizational Structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top Management Style	Individualistic and entrepreneurial	Directive	Delegate	Watchdog	Participative
Control System	Market results	Standards and cost centers	Reports and profit centers	Plans and investment centers	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

Table 5: Organizational practices in the five phases of growth (Greiner, 1998)

The management focus of Company C is mainly on problem solving and innovation and a bit on consolidation of the organization. The company has a solid structure it can rely on so the focus can be put on solving problems that come up. The organizational structure is comparable to Phase 4. The company works with different groups per country and within those groups people are assigned to different product groups. The top management style differs per department but within purchasing it relates most to Phase 5. The control system is in line with Phase 5. The policies and strategies that are determined by the leaders of the company are translated into activities that should be performed by the different departments within the company. All these activities add up to the mutual goal. Overall, Company C belongs mainly to Phase 5 but still has some characteristics of Phase 4 that play a big role.

All in all, Company C is already developed too far to be a real benchmark for Company A. The purchasing processes of Company C and Company A are similar but Company C has a higher growth position and is far more developed. This means that Company C has already tackled the growth problems that Company A still has to encounter. The insights of Company C on the transitions of the different phases and the problems that come along with these transitions could be helpful in the transitions of Company A. It is interesting for Company A to see the steps that Company C has taken to come where they are now. Even though Company A will probably not take exactly the same steps as Company C as the companies are not completely equal, it is always interesting to see how others have encountered certain problems and what the result was because Company A could learn from the mistakes and accomplishments. In conclusion this means that Company C cannot be used as a real benchmark. Therefore, it is not useful to compare the current organizational structure and the task assignment of Company C to Company A. However, the experiences of Company C during the different transitions provide interesting insights on what changes were made to the organizational structure and task assignment in the company and are of great use in the transition of Company A. These insights are discussed in the next section.

### 5.3 Useful company insights for Company A

As discussed in Section 5.1, Company B could be used as a benchmark for Company A. Therefore, Section 5.1 could be used to provide an answer to each of the three questions of this chapter:

1. Which tasks should be performed by the purchasing department?
2. What functions do there exist within purchasing?
3. What tasks should be performed by which function?

At Company B there are two types of functions that are responsible for all purchasing activities, namely the Planners and the Buyers. As described in Section 5.1, the tasks of the Planner are to plan when products need to be ordered, send the purchase orders, keep track of the inventories and administer all purchasing. The tasks of the Buyer include all tasks related to developing and maintaining relationships with suppliers, such as evaluating and contracting suppliers. Together, the tasks of the Planners and Buyers form the total task package of the purchasing processes at Company B.

When comparing this to Company A, one striking difference can be found. The tasks that are performed by the two types of functions of Company B are performed by four different types of functions at Company A.

At Company B the purchasing process is split in two. The Buyers source the suppliers, contract them and put the information in the system. Then the Planners can plan when the products need to be ordered based on the forecasts of the sales department and the inventory levels they track. When products need to be ordered, the Planners send the purchase orders and administer all purchasing.

At Company A this is done differently. The Purchasing Managers and Vendor Managers source the suppliers, contract them and put the information in the system. Then the Planning Team determines when the products need to be ordered based on their own forecasts. The Purchasing Managers and Vendor Managers receive this information and compare it to the inventory levels they track. When products need to be ordered, the Purchasing Managers and Vendor Managers send the purchase orders and administer all purchasing. The Inventory Control Team should regularly receive inventory reports from the Purchasing Managers and Vendor Managers so they can track the total purchasing of the company.

At Company A a lot of people need to be informed by other people in order to do their job. This is necessary in multiple steps in the purchasing process. At Company B there are only two points in the process where people need to be informed by other people. The Buyers need to report their data in the company system so the Planners have access to the information on the suppliers and the sales department needs to report on their forecasts so the Planners can plan when they have to send their purchase orders. At Company A information transaction takes place three times in the purchasing process. This is only once more than at Company B but this process is repeated over and over which means that the difference in the total number of times is enormous. Therefore, it is better to have a division of tasks that involves less information transaction like the construction of Company B. It might be better to separate sourcing and contracting from planning and sending purchase orders and keeping track of inventory.

As discussed in Section 5.2, the experiences of Company C provide interesting insights on the transitions from one phase to another. Company A is now in the transition from growth Phase 2 to growth Phase 3. The Sourcing Director of Company C provided insights into this transition that could be helpful for the transition of Company A. These insights are summarized below.

First of all, it is important that all operations are all set and ready for the market expansion. Company C made sure of this by decreasing the number of different products they sell so the focus could be put on their core products. They left out the sidebars and made sure that the operations for the core products were all set. Secondly, it is crucial to check whether the suppliers can handle the expected market expansion or that the company should search for new or additional suppliers.

Furthermore, it could be useful to distinctly separate short term project management from long term sourcing activities. At Company C all employees work on either short term projects or long term projects. Company C decided that it is better to specialize their employees on either short term or long term projects as the procedures are a bit different from each other and the employees only have to focus on one type then.

Moreover, it is essential that more responsibilities are delegated to lower functions. When the company expands, it is impossible for higher management to do their own tasks and check everything that is done by lower functions as this takes too much time. A solution is to define certain key performance indicators that the lower functions need to report on. If the key performance indicators show strange results, the lower functions can further elaborate on how this happened. An important note here is that the key performance indicators should be chosen wisely and relate to the overall strategy of the department. Besides that, delegating more tasks and responsibilities to employees with lower functions might mean that new employees should be hired to carry this bigger workload.

All in all, the insights provided by Company C could be very helpful in the transition of Company A from Phase 2 to Phase 3. Company A should pay close attention to these key points. Besides that, the benchmark Company B could be used as a practical example to compare organizational structures and task assignment and to determine where there is room for improvement at Company A.

## Chapter 6 – Task assigning methods

In this chapter the following research question is answered: What is the best method to assign tasks to employees?

In the previous chapters it is discussed what tasks should be performed by the purchasing department of Company A and what the job descriptions are of the different functions within the department. However, there is no clear overview of who is responsible for what and how this is determined. Therefore, this chapter discusses two methods of responsibility assignment to make this more clear. The structure of this chapter is as follows. First, the RACI Responsibility Matrix is described which provides a method to assign responsibilities to individuals. Second, another responsibility assigning method by Sommerville et al. (2007) is described. The third section of this chapter provides an answer to the research question mentioned above. The final two sections compare these models of Company A to the models of Company B.

### 6.1 RACI Responsibility Matrix

In this section a method called the RACI Responsibility Matrix is discussed. The RACI Responsibility Matrix is a technique used to assign responsibilities of individuals related to a task in the organization. RACI is an acronym of the following words (Smith and Erwin, 2007):

- **Responsible:** the individual who completes the task. As responsibility can be shared, the task could be completed by multiple people.
- **Accountable:** the individual who is liable for the activity or decision and has yes or no authority and veto power.
- **Consult:** the individual who needs to be consulted before the final decision or action in order to be kept in the loop.
- **Inform:** the individual who needs to be informed after the final decision or action.

Filling out the RACI diagram is a five step process. First the work process must be identified, which should contain at least 10 activities. Second the decisions and activities to be charted must be determined. Each of those activities or decisions should begin with a good action verb. General activities such as attending meetings should be left out. Third a list of roles or people involved in those activities and decisions should be made. Roles can be individuals, groups or entire departments. Fourth the RACI chart should be developed. The assignment of roles should be done in the following order: responsible, accountable, consult, inform. Finally, feedback should be provided by people who perform the tasks so the RACI chart can be updated. The final step should be done on a regular basis. The task of the manager is to recognize when the chart needs to be updated.

According to Smith and Erwin (2007) the symptoms that indicate that the chart might need an update are:

1. Concerns over who makes decisions
2. Blaming others for not getting the job done
3. Unbalanced workloads
4. Lack of action because of ineffective communication
5. Questions over who does what
6. A we-they attitude
7. A not sure, so take no action attitude
8. Idle time
9. Creation of and attention to non-essential work to fill time
10. A reactive work environment
11. Poor morale
12. Multiple stops needed to find an answer to a question

Some guidelines by Smith and Erwin (2007) for developing a RACI chart are:

1. Accountability and Responsibility should be placed at the lowest feasible level
2. Only one individual can be accountable for an activity
3. Authority and accountability go hand in hand
4. The number of Consults and Informs should be minimized
5. All roles and responsibilities should be documented and communicated
6. In order to keep the roles and responsibilities clear, discipline is needed

The result of the RACI Responsibility Matrix is an overview of all activities and the people that are involved in different ways in a certain process.

## 6.2 Responsibility assignment by Sommerville et al. (2007)

In this section a responsibility assignment model by Sommerville et al. (2007) is discussed. Responsibility assignment modelling is a technique to show how the responsibilities within a system are distributed across the different actors in that system. It shows who is responsible for what. The model can be used to identify six types of responsibility vulnerabilities:

1. Unassigned responsibility, which means that a responsibility is not assigned to any actor.
2. Duplicated responsibility, which means that a responsibility is assigned to multiple actors.
3. Uncommunicated responsibility, which means that it is not communicated to an actor that he or she is assigned to a certain responsibility.
4. Wrongly assigned responsibility, which means that a responsibility is assigned to an actor who does not have the competence or resources to discharge the responsibility.
5. Responsibility overload, which means that an actor is assigned to a set of responsibilities but does not have the resources to properly discharge all the assigned responsibilities.
6. Responsibility fragility, which means that a critical responsibility is assigned to an actor but there is no backup actor assigned in the case the primary actor is unavailable.

According to Sommerville et al. (2007) there are two types of responsibilities. The first is causal responsibility, which reflects who is responsible for making something happen. The second is consequential responsibility, which reflects who is accountable for the outcome. The holder of the consequential responsibility may assign causal responsibilities to other actors in the system. Before the responsibility model can be made it is important to know what responsibilities are modelled, which actors are involved and what the nature of the relationship is between the responsibilities and the actors.

Besides that, it is important to consider the ability to share responsibilities between multiple actors. There are three sorts of shared responsibility:

1. Joint responsibility, which means that a causal responsibility is assigned to multiple actors who have the autonomy to decide how to discharge the responsibility.
2. Divided responsibility, which means that a responsibility is assigned to a certain actor under certain circumstances but when the circumstances change and the actor is not competent to discharge the responsibility anymore then the responsibility is assigned to another actor.
3. Delegated responsibility, which means that an actor who has been assigned to a responsibility delegates this responsibility to another actor.

The responsibility assignment model by Sommerville et al. (2007) includes entities of different types and different relations between these entities. The model uses graphical notation to show the assignment of responsibilities. In [Table 6](#) and [Table 7](#) on the next page, the graphical notations for the different types and relations can be found.



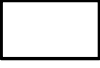


Graphical notation	Entity	Description
	Responsibility	Used to represent a generic responsibility, which can be either causal or consequential.
	Goal	Used to represent consequential responsibilities and shows the goals defined by the responsibility.
	Evidence	Used to represent the evidence collected to ensure a consequential responsibility is properly discharged.
	Process	Used to denote a causal responsibility, which is associated with a goal icon.
"text string"	Actor	Used to denote the holder of a responsibility.
	Note	Used to give additional information, which is associated with any node or link in the model.

Table 6: Graphical notation of entity types

Graphical notation	Relation
————	Association
————>>	Sub-goal of
————>	Follows in sequence
————◆	Is the authority for
————●	Consequential responsibility
————■	Causal responsibility (normal)
————□	Causal responsibility (exception)
————□●	Causal and consequential responsibility (exception)
————■●	Causal and consequential responsibility (normal)

Table 7: Graphical notation of entity relations

A couple of notes for the relations stated in Table 6 are:

1. A causal relation noted by a square can be either for a normal situation or an exceptional situation and is normally associated between a process and an actor. If there is no exceptional relation shown in the model this means that the associated actor is responsible for the process under all circumstances. Besides that, a causal responsibility relationship may exist between a goal and an agent if the goal is not broken down into associated processes.
2. The consequential responsibility denoted by a circle is an association between a responsibility or goal and an actor.
3. The double arrow is used to link goals and sub-goals and is pointed at the sub-goal.
4. The single arrow is used to link processes and is pointed at the process that is next in line.
5. The diamond is used to point out the authority between two actors. The actor at the diamond end has the authority over the other actor.

According to Sommerville et al. (2007) the process of making this model should normally include the following steps:

1. Identify the actors in the system.
2. Identify the causal and consequential responsibilities that have been assigned to each of these actors.
3. Identify the goals and evidence associated with the consequential responsibilities in the system and the processes required to maintain the evidence.
4. Identify the processes associated with the causal responsibilities in the system.
5. Draw a consequential responsibility model, which shows the goals and sub-goals and the relations with the actors associated with these goals.
6. Draw a causal responsibility model, which shows the processes in the system and the allocation of these responsibilities to the actors.
7. Check the consistency of the two models and look if they can be integrated into a single model.

The result of this model by Sommerville et al. (2007) is a graphical representation of the responsibilities of the different actors in the system. It makes it easy to see who is responsible for what.

### 6.3 Task assigning at Company A

Both the RACI Responsibility Matrix by Smith and Erwin (2007) and the Responsibility assignment method by Sommerville et al. (2007) provide useful insights on how responsibilities could be assigned to the personnel of Company A.

Whereas both studies differentiate between people that are responsible for a task and people who are accountable for that task, the RACI method also provides information on which other people should be involved by consulting or informing them. This can be very helpful as it provides insight to whom people should report. Besides that, the RACI method gives a good overview of all people that should be involved with a certain task and what their exact role is.

An advantage of the method by Sommerville et al. (2007) is that the model is graphical, which makes it easier to see the connection between the different tasks and people that are involved with those tasks. The RACI method provides a table which can become very extensive as more people get involved with the different tasks or more tasks are added to the table. A graphical model gives a nice overview of the structure behind the different tasks, which cannot be determined that easily from a table.

Because of the rapid growth Company A is going through, the employees get more tasks on their plate than normal which makes it difficult for them to handle all the tasks properly. Besides that, the employees lose sight of all the tasks they are assigned to. Some employees might even work on the same task without knowing someone else is working on it as well. The workloads are unbalanced and there are questions over who does what. According to Smith and Erwin (2007) these are symptoms that something should change in the current task assignment.

Both methods discussed in this chapter can be used to identify where exactly in the system these problems occur. In the RACI matrix it can easily be identified which tasks have too many or too few people assigned to it and if all fields of involvement are covered. Besides that, it can easily be seen if certain people are assigned to too many tasks. It is, however, complicated to see the linkages between the different tasks and therefore it is difficult to see if the combination of tasks makes sense. This is where the method by Sommerville et al. (2007) can be helpful.

Considering the advantages and disadvantages of both methods it seems that they complement each other. Therefore, it seems to be better to use a combination of both methods to assign tasks to the

employees of Company A instead of using either one of them. Based on the RACI diagram, the graphical model of Sommerville et al. (2007) can be build, to show the relation between the different tasks and the employees involved with these tasks. In that way, Company A can enjoy the advantages of both models and it makes it easier to see where the problems occur with the task assignment in the department. The models help solving the core problem by indicating where there is an overload.

Besides that, the models form a good basis to keep an overview of what is going on in the department. Every time new tasks are assigned to the department these models can be used to see whether someone within the system can take on the responsibility or that new people should be hired.

#### 6.4 Comparison of RACI diagrams

The Director of Planning and Purchasing was asked to develop a RACI diagram of the main activities performed by the purchasing department. This diagram is shown below in Table 8.

As this diagram is only used as an example to show the current state of Company A, the Director of Planning and Purchasing was only given the basic information needed to develop this chart. The guidelines were not provided. The reason for this is that the guidelines prevent overlap and reduce the number of people involved with a certain task. Especially these points are of great interest in this research project. As a result, the RACI diagram in Table 8 is not fully in line with the theory provided in Section 6.1.

Task	Vendor Manager	Purchasing Manager	Director of Planning and Purchasing	VP Operations
Specify the purchasing need	R	A/C	C/I	I
Select suppliers	R	R/A/C	C/I	I
Contract item, quantities and price	R	R/A/C	C/I	I
Maintain supplier relationships	R	A/C	C/I	I
Issue purchase orders	R/A	C	I	I
Manage inventory levels	R/A		C/I	I
Manage delivery times	R	A/C	C/I	I

Table 8: RACI diagram of the purchasing department of Company A

A note to this table is that there is some overlap with the people that need to be informed or consulted as this depends on the gravity of the task or particular issue. Interesting to see is that the Vendor Manager is responsible for every task included in this diagram. There are two tasks the Vendor Manager is also accountable for and the Purchasing Manager is accountable for the other tasks that are the responsibility of the Vendor Manager. Besides that, for each task either the Purchasing Manager or the Purchasing Director needs to be consulted. Furthermore, either the Purchasing Director or the Vice President of Operations needs to be informed after the task has been done. Concluding, in each task at least three functions are involved in a certain way.

This is in line with the current growth stage of Company A. The top management style is directive and the performance of employees is thoroughly checked. Besides that, the organizational structure is



centralized and functional. All activities performed by the purchasing department are controlled by the Purchasing Director and the Vice President of Operations. As discussed in Chapter 3, Company A is working towards the next growth phase which includes delegation of tasks and a decentralized and geographical organizational structure. This means that the lower managers get more responsibilities. If this change in responsibilities is mapped in the RACI diagram, the Vendor Managers would be accountable for more tasks and they would not have to consult other functions for every task. Besides that, the Purchasing Manager and sometimes the Purchasing Director would be informed if the tasks are completed. The Vice President of Operations would not be informed about the day to day activities of the Vendor Managers.

This would improve the efficiency of the purchasing department a lot. Decisions can be made faster as lower managers do not have to consult higher managers all the time prior to making a decision. The different functions can focus more on their own responsibilities instead of checking everything that is done by people in lower positions. This decreases the workload of the higher managers. On the other hand, this could also increase the workload of the lower managers. In that case, new people might need to be hired to compensate for this increase in workload.

As Company B could be used as a benchmark of Company A, the Planning Director of Company B was also asked to fill out the RACI diagram. In order to be able to compare this RACI diagram to the one of Company A, he was given a RACI diagram that included the same tasks as the Director of Planning and Purchasing of Company A put in his diagram. This RACI diagram can be found in [Table 9](#) below.

Task	Buyer	Head Buying Group	Planner	Logistics
Specify the purchasing need	R/A			
Select suppliers	R/A	C/I		
Contract item, quantities and price	R/A		C	
Maintain supplier relationships	R/A	C/I		
Issue purchase orders	C		R/A	I
Manage inventory levels			R/A	
Manage delivery times			R/A	

*Table 9: RACI diagram of purchasing activities at Company B*

The most striking difference between the RACI diagram of Company A and the RACI diagram of Company B is that the RACI diagram of Company B is almost empty compared to the RACI diagram of Company A. The key point here is that the employee who is responsible for a task is also accountable for this task. Besides that, other employees need to be informed or consulted for only half of the tasks.

This could be explained by the difference in growth position between Company B and Company A. Whereas the top management style of Company A is still more directive, Company B already has a delegating top management style. This difference corresponds to the difference that at Company B an employee is responsible as well as accountable for a certain task whereas Company A separates responsibility from accountability. Besides that, at Company A at least three different functions are

involved with each task and at Company B only two functions. The difference here is that at Company B less people need to be consulted for or informed about every task.

Another striking difference is that at Company A the Vendor Managers are responsible for all tasks included in the RACI diagram and at Company B these tasks are divided between two functions. At Company B the Buyers are responsible for developing and maintaining supplier relationships and the Planners are responsible for managing the purchase orders and the inventory levels. The reason for this division in tasks is that these tasks require different skills. By separating these tasks, the different functions get more specialized.

## 6.5 Comparison of Sommerville et al. (2007) models

Based on the RACI diagrams in Section 6.4, the model of Sommerville et al. (2007) is made for Company B and Company A. Below, it is described step by step how these models are made.

### Step 1: Identify actors in the system.

As the model only shows consequential and causal relationships, only the actors that are Responsible or Accountable according to the RACI diagram are taken into account. Therefore, the actors in this model are the Purchasing Manager and the Vendor Manager.

### Step 2: Identify the causal and consequential responsibilities that have been assigned to each of these actors.

Table 10 below provides an overview of the causal and consequential responsibilities of Company A.

Task	Vendor Manager	Purchasing Manager
Specify the purchasing need	Causal responsibility	Consequential responsibility
Select suppliers	Causal responsibility	Causal and consequential responsibility
Contract item, quantities and price	Causal responsibility	Causal and consequential responsibility
Maintain supplier relationships	Causal responsibility	Consequential responsibility
Issue purchase orders	Causal and consequential responsibility	-
Manage inventory levels	Causal and consequential responsibility	-
Manage delivery times	Causal responsibility	Consequential responsibility

Table 10: Causal and consequential responsibilities of Company A

### Step 3: Identify the goals and evidence associated with the consequential responsibilities in the system and the processes required to maintain the evidence.

In order to keep the example small and clear, only the main tasks as described in the RACI diagram are taken into account. Other associated processes and evidence are left out of this example. The list of tasks includes three goals:

- Maintain supplier relationships
- Manage inventory levels
- Manage delivery times

These three tasks are identified as goals because they can be decomposed into associated processes.

**Step 4: Identify the processes associated with the causal responsibilities in the system.**

The list of tasks in Step 2 includes four processes:

- Specify the purchasing need
- Select suppliers
- Contract item, quantities and price
- Issue purchase orders

These four processes are all related to the goal “manage inventory levels”.

**Step 5: Draw a consequential responsibility model, which shows the goals and sub-goals and the relations with the actors associated with these goals.**

Figure 8 below shows the consequential responsibility model of Company A.

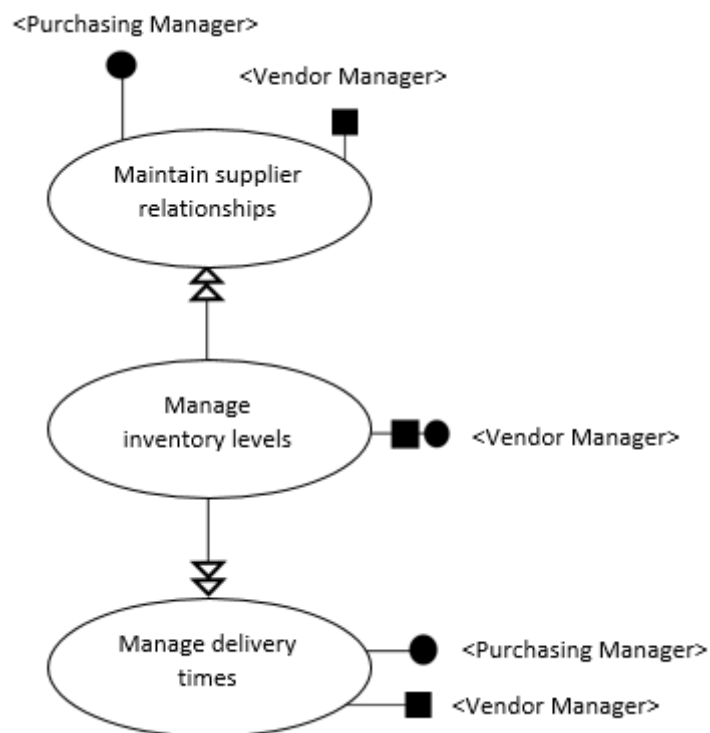


Figure 8: Sommerville et al. (2007) consequential responsibility model of Company A

**Step 6: Draw a causal responsibility model, which shows the processes in the system and the allocation of these responsibilities to the actors.**

Figure 9 below shows the causal responsibility model of Company A.

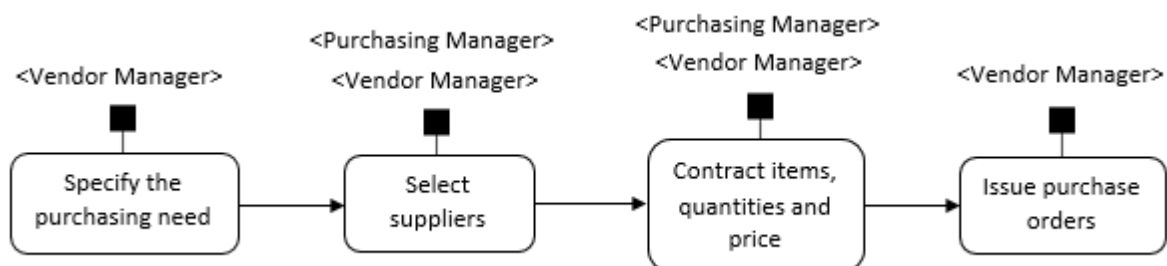
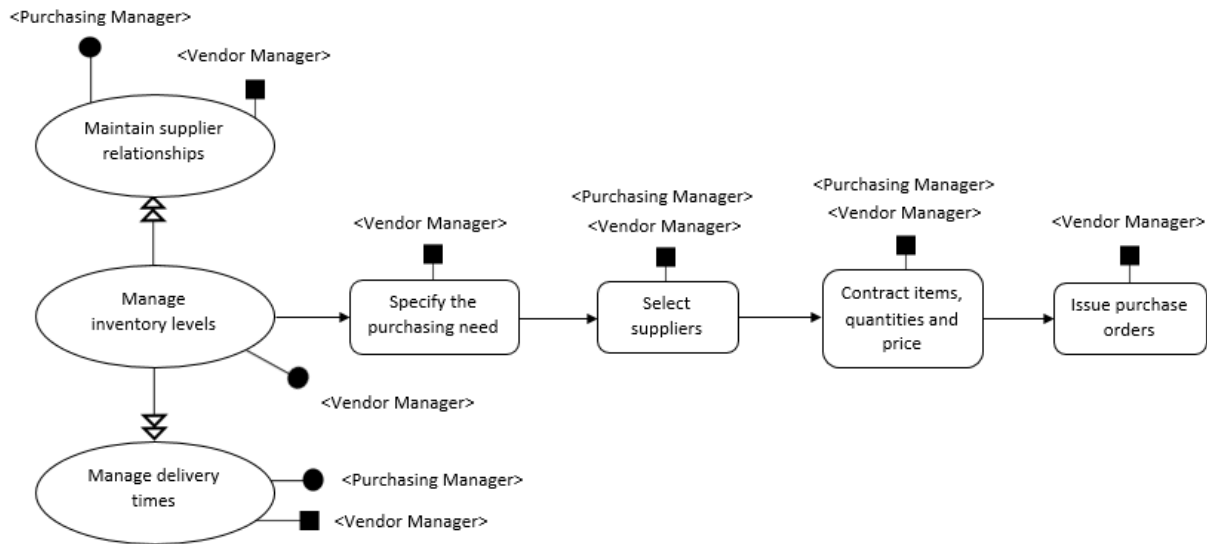


Figure 9: Sommerville et al. (2007) causal responsibility model of Company A

**Step 7: Check the consistency of the two models and look if they can be integrated into a single model.**

The combination of the two responsibility models of Company A in Step 5 and Step 6 can be found in [Figure 10](#) below.



*Figure 10: Sommerville et al. (2007) model of Company A*

As the steps are the same for the model of Company B, only the necessary information is given below.

The actors in the model of Company B are the Buyers and the Planners. [Table 11](#) below provides an overview of the causal and consequential responsibilities for the example of Company B.

Task	Buyer	Planner
Specify the purchasing need	Causal and consequential responsibility	-
Select suppliers	Causal and consequential responsibility	-
Contract item, quantities and price	Causal and consequential responsibility	-
Maintain supplier relationships	Causal and consequential responsibility	-
Issue purchase orders	-	Causal and consequential responsibility
Manage inventory levels	-	Causal and consequential responsibility
Manage delivery times	-	Causal and consequential responsibility

*Table 11: Causal and consequential responsibilities of Company B*

The goals and the processes are the same as those in the example of Company A. The responsibility model of Company B can be found in [Figure 11](#) on the next page.

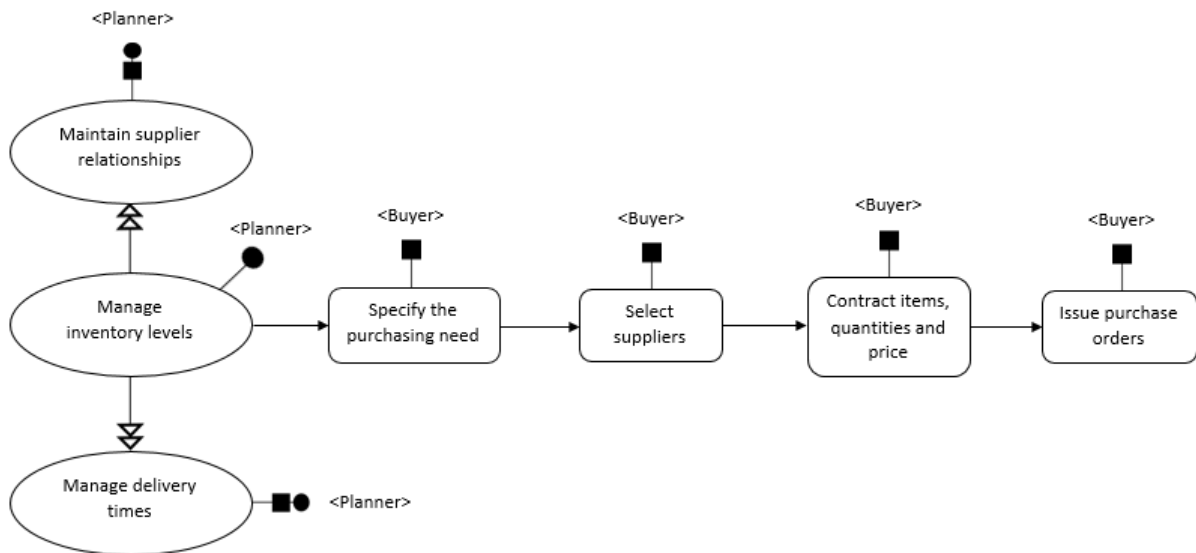


Figure 11: Sommerville et al. (2007) model of Company B

The meaning of the graphical notations can be found in Section 6.2. The model provides a good overview of which functions and how many functions are related to the different tasks. When comparing the model of Company B to the model of Company A it can be seen that at Company B only one function is responsible for each activity whereas at Company A most of the tasks involve two functions.

This observation was already made in the previous section with the RACI diagram. However, when the number of tasks gets extensive the model by Sommerville et al. (2007) provides a better overview of where too many functions are assigned to a certain task.

Besides that, the model by Sommerville et al. (2007) provides a nice overview of the tasks that belong together. In Figure 11 above, it can be seen that whole process is divided into two sections. On the left side of the figure are the management and maintenance activities which are the responsibilities of the Planners. On the right side are the processes which are the responsibilities of the Buyers. At Company A the Purchasing Managers and Vendor Managers are involved with both sections.

The overall observation is that the different functions of Company A have quite some overlap whereas the functions of Company B are very specialized.

## Chapter 7 – Solution to the core problem

In order to solve the core problem that *employees are assigned to too many tasks to handle*, a number of steps are taken. In Chapter 2 and Chapter 3 the current situation of Company A is analyzed. In Chapter 4 and Chapter 5 the following questions are answered through literature research and company insights:

1. Which tasks should be performed by the purchasing department?
2. What functions do there exist within purchasing?
3. What tasks should be performed by which function?

Chapter 6 provides information on task assigning methods that can be used by Company A. All the information in the previous chapters is needed to come up with a solution for the core problem. This chapter discusses how the core problem can be solved.

The previous chapters already compare Company A to the literature research and to Company B and Company C. The first section of this chapter provides an overview of the key insights of the previous chapters. Then Section 7.2 formulates a solution to the core problem.

### 7.1 Key insights from the literature studies and company visits

#### 7.1.1 Separating operational and strategic tasks

Chapter 4 discusses three literature studies on purchasing tasks and functions. Section 4.4 compares these studies to Company A. In this section it becomes clear that there is some variation in the assignment of certain types of tasks to specific functions. The key point in Chapter 4 is the separation of operational and strategic tasks. As these types of tasks require different skills, it is better to separate them and create functions with either strategic or operational tasks so the functions become more specialized.

Right now, the Purchasing Managers and Vendor Managers of Company A both perform strategic as well as operational tasks. Besides that, their task portfolios are almost equal. This could be improved by assigning all strategic tasks to the Purchasing Manager and the operational tasks to the Vendor Manager for example. This is in line with the study of the Purchasing and Procurement Center (2012) of Chapter 4. In this study the Purchasing Manager only performs the strategic tasks which are equal to the strategic tasks of the Purchasing Manager of Company A. The operational tasks of the Purchasing Manager of Company A are performed by the Purchasing Clerk of the Purchasing and Procurement Center (2012). The rest of the tasks of the Purchasing Clerk are comparable to the other operational tasks of the Vendor Manager of Company A. Therefore, it would make sense to assign the strategic tasks to one function and the operational tasks to another function.

#### 7.1.2 Separating sourcing and contracting from planning and inventory management

Besides the separation of operational and strategic tasks, another separation between certain tasks is discussed. The literature studies and the companies described in Chapter 4 and Chapter 5 both separate the sourcing and contracting of suppliers from planning and sending purchase orders, whereas Company A combines these tasks. A difference here is that the literature assigns these activities to different functions within the purchasing department and the two companies assign these activities to functions of different departments.

According to the Purchasing and Procurement Center (2012), the sourcing and contracting of suppliers should be done by the Purchasing Manager and the purchase orders should be sent by the Purchasing Clerk. According to Mulder et al. (2005) the sourcing and contracting of suppliers should be done by the Senior Buyers and the purchase orders should be sent by either the Buyers or the Assistant Buyers.

At both companies the purchase orders are sent by the Planners of the Planning Group. At Company B the sourcing and contracting of suppliers is done by the Buyers of the commercial department. At Company C this is done by the Sourcing Managers of the sourcing department.

At Company A the Purchasing Managers and Vendor Managers are responsible for sourcing and contracting suppliers. Then the Planning Team is responsible for planning the purchase orders to ensure that the right amount of inventory is in every warehouse around the globe. The Purchasing Managers and Vendor Managers are then responsible for purchasing the amount set by the Planning Team.

The main point here is that both theoretical and practical research indicate that sourcing and contracting activities should be separated from planning and sending purchase orders. The reason for this is that sourcing and contracting suppliers requires other skills than planning purchase orders. The construction at Company A is a bit odd as they separated the sourcing and contracting from the planning activities but then included sending the purchase orders in the package with the sourcing and contracting activities. It makes more sense to let the Planning Team send the purchase orders as they also plan the amounts of product needed at certain points in time to keep up the right inventory level. The advantage of shifting this task to the Planning Team is that the ordering process gets faster as the Planning Team orders the products themselves instead of communicating to another team that they have to order a certain amount of a product. However, it should be taken into account that this leads to a bigger workload for the planners so this means that the Planning Team needs to take appropriate action to handle this bigger workload.

#### 7.1.3 Delegating tasks and responsibilities to employees with lower functions

In Chapter 5 Company C indicates that delegating tasks is a key point in the transition from Phase 2 to Phase 3. As the company expands it is impossible for higher management to keep track of everything that is done by employees with lower functions and to keep up with their own tasks. It is better to delegate more tasks and responsibilities to employees with lower functions and to keep track of the processes with the use of key performance indicators. It should be kept in mind though, that more employees might need to be hired if tasks are delegated to other levels in the organization and the workload increases at those other levels.

This need for delegation of tasks also becomes apparent in Chapter 6. In that chapter the RACI diagrams of Company B and Company A are compared to each other. The main difference is that Company A separates accountability from responsibility and informs and consults a lot of higher managers whereas Company B combines accountability and responsibility and does not inform or consult higher managers or other employees about every task. At Company B the employees with lower functions are given more responsibility and their activities are checked through key performance indicators.

In conclusion, Company A should delegate more tasks to employees with lower functions and define key performance indicators so higher management can check the processes of the department easier and faster. However, it should be kept in mind that delegating tasks lower down the chain could also mean that the workload increases there. Therefore, new people might need to be hired to carry the extra workload. Besides that, it is important to measure the right key performance indicators that provide the information needed to keep track of the department.

### 7.2 Solution

In order to solve the core problem that *employees are assigned to too many tasks to handle*, changes should be made to the task portfolios of the different functions within the purchasing department of

Company A. The task portfolios must be suitable to the growth position of the company. Company A is working towards a more delegating top management style. There are three key elements that should be taken into account very carefully in this process.

First of all, more responsibilities should be given to employees with lower functions and they should also be accountable for these responsibilities. This also means that less people should be consulted prior to the execution of the task and only people that need the information for their own tasks are informed when the task is done. The employees should be trusted to make more decisions on their own to a certain level.

Second, the operational tasks should be separated from the strategic tasks so that the task portfolios are more specialized. Strategic tasks should be assigned to higher management and operational tasks should be performed by employees with lower functions. Higher management can check the performance of the lower functions by measuring key performance indicators that provide information about the operational tasks.

Third, sourcing and contracting suppliers should be separated from planning and inventory management. As described in Section 7.1.2 sourcing and contracting suppliers should be done by Purchasing Managers or Vendor Managers and planning and inventory management should be done by the Planning Team.

The solution to the core problem is to revise the task portfolios of the employees within the purchasing department of Company A. In order to do this, the following steps should be taken:

**Step 1:** List all tasks that are involved with purchasing at Company A

**Step 2:** Determine the functions needed and specify their task portfolio for purchasing at Company A

**Step 3:** Develop the RACI diagram and the responsibility assignment model by Sommerville et al. (2007) to build the appropriate governance and check the workload of the task portfolios

**Step 4:** Compare the new task portfolios to the old task portfolios and assign employees to these new task portfolios

**Step 5:** Inform the employees about their new task portfolio and provide training where needed

**Step 6:** Evaluation and development

These steps should be taken by the Director of Planning and Purchasing and the Vice President of Operations as they know most about the purchasing activities of Company A and what the employees within this department are capable of. The previous chapters contain all information needed to perform these steps. However, a practical example is often more useful and easier to work with. Therefore, Chapter 8 thoroughly describes each step and provides an example of the implementation of this solution which can be adjusted to the specifications of Company A.



## Chapter 8 – Implementation plan

Chapter 7 describes the solution to the core problem that *employees are assigned to too many tasks to handle*. This chapter provides an example for the implementation of the solution and shows how the first four steps should be performed. The last two steps do not include an example as the assignment of tasks to employees can only be done by the company itself and the evaluation can only take place after the solution has been implemented and used for a while.

Now, the different steps of the solution are described.

### **Step 1: List all tasks that are involved with purchasing at Company A**

Chapters 4 and 5 provide useful information about the tasks that should be performed within Purchasing. In this example the list provided by the study of Muller (2001) is used, which can be found in Appendix D. When the Director of Planning and Purchasing and the Vice President of Operations perform this step, they could use this list as a basis. It is important that they go through this list very carefully and remove all tasks that are not relevant for Company A and add the tasks that are missing. The final list should include all tasks that should be performed and the tasks should be customized in accordance with Company A's needs.

### **Step 2: Determine the functions needed and specify their task portfolio for purchasing at Company A**

Chapters 4 and 5 provide information about which functions there are within purchasing and what tasks belong to these functions. This information can be used to determine what functions are needed and what task portfolios the different functions get. In this step it is particularly important that all task portfolios together cover the task list of Step 1. Besides that, the growth position of the company should be kept in mind. Company A is working towards a more delegating style which means that the employees with lower functions get greater responsibilities. This should also be clearly specified in the task portfolios.

In this step the key insights of Chapter 7 play a big role. First of all, operational and strategic tasks should be separated. Besides that, sourcing and contracting suppliers should be separated from planning and inventory management. Finally, more tasks and responsibilities should be delegated to employees with lower functions as this is in line with the current growth position.

Taking into consideration the functions that already exist within Company A, the functions described by the literature research in Chapter 4 and the functions of the companies described in Chapter 5, there are two main types of functions needed in the purchasing department. One function is responsible for sourcing and contracting suppliers and the other is responsible for planning and sending purchase orders and inventory management. These two general functions can be split into multiple functions, for example senior and junior positions. Looking at Company A, the first function would be applicable to the Purchasing Managers and the second to the Planners of the Planning Team. Besides these two general functions, there is the head of the department who is the Director of Planning and Purchasing at Company A who reports to the Vice President of Operations.

In this step the list of Muller (2001) in Appendix D is taken and all tasks are assigned to one of the following functions: Purchasing Manager, Planner, Director of Planning and Purchasing or Vice President of Operations. The tasks are assigned to the different functions by comparing the task of the list to the job descriptions provided in Chapter 4 and the description of the purchasing functions of Company B in Chapter 5. In Appendix F for each function the list of tasks can be found. One of the tasks in the list did not belong to either of the above mentioned functions and was assigned to another

department and is not included in Appendix F. The number of tasks were distributed as shown in Table 12 below.

Function	Number of tasks
Vice President of Operations	3
Director of Planning and Purchasing	17
Purchasing Manager	38
Planner	13

*Table 12: Number of tasks assigned to each function*

In the table it can be seen that the Vice President of Operations has been assigned to only three tasks that are related to Purchasing. As can be seen in Appendix F, these three tasks are of a high strategic level. As the Vice President of Operations of Company A is responsible for six different departments in total, he should only be involved in these departments on a high strategic level and cannot have that many tasks in each department.

The Director of Planning and Purchasing has seventeen tasks in total. These tasks are related to strategic decisions on a lower level than the Vice President of Operations. Besides that, the tasks are related to management and organization of the department and to human resource management. The Director of Planning and Purchasing does not have any tasks that are directly involved with buying goods, planning or inventory management. His role is to keep oversight of the activities of the department and to manage the employees that work at the department.

In the current division of tasks, the Purchasing Manager has thirty-eight tasks in total. This is twice as much as the Director of Planning and Purchasing and three times as much as the Planner. Therefore, it might be better to split the function of Purchasing Manager in two. One way to do this is to split the tasks related to sourcing suppliers from the tasks related to maintaining supplier relationships. It is up to the Director of Planning and Purchasing and the Vice President of Operations to decide how they would like to split the tasks. In this example the tasks related to sourcing suppliers are split from the tasks related to maintaining supplier relationships. The sourcing tasks are assigned to the Purchasing Manager and the tasks related to maintaining supplier relationships are assigned to the Vendor Manager. These lists of tasks can be found in Appendix G. The new distribution of tasks can be found in Table 13 below.

Function	Number of tasks
Vice President of Operations	3
Director of Planning and Purchasing	17
Purchasing Manager	20
Vendor Manager	18
Planner	13

*Table 13: Number of tasks assigned to each function*

The Planner has thirteen tasks in total. These tasks are involved with planning what needs to be ordered and when, ordering the products and keeping track of the inventories of the different products. The Planners need to make sure that the inventory levels are kept on target.

When taking a look at the description of the Planning Team in Section 2.2, the new task portfolio of the Planner is a bit different. The old tasks of the Planner of the Planning Team are to provide forecasts and to determine how much must be ordered by the Purchasing Managers and Vendor Managers. In the new task portfolio the Planner is responsible for providing the forecasts, planning and sending purchase orders and keeping track of the inventory. As this new job is more exhaustive than the

previous job of the Planner, this means that the company needs more Planners and that a Planner should be responsible for less products or suppliers than before.

When the Director of Planning and Purchasing and the Vice President of Operations take this step, it is important that they pay attention to the key insights of Chapter 7. The operational tasks should be separated from the strategic tasks, the sourcing and contracting of suppliers should be separated from planning and inventory management and more tasks and responsibilities should be delegated to employees with lower functions. Besides that, they need to carefully consider how many employees are needed for each function as the workload of the different functions could change a lot.

Furthermore, it is very important to deeply involve the employees of the department in this process. They are the people who need to carry out the new tasks and they should feel comfortable doing it. Their opinion is paramount for the design of the new task portfolios.

**Step 3: Develop the RACI diagram and the responsibility assignment model by Sommerville et al. (2007) to build the appropriate governance and check the workload of the task portfolios**

Chapter 6 provides information on how to develop these two models. The models are used to give a graphical overview of what tasks are assigned to what function and who is accountable for what. Besides that, it provides an overview of what other functions are involved with a certain task. This makes it easier to see how the different tasks are distributed to the functions and whether tasks need to be shifted or not to provide a more equal workload.

The task assignment of the previous step is used as the basis for the RACI diagram. In Step 2 all tasks are assigned to a certain function. As already mentioned previously in this report, Company A is working towards a more delegating management style. Therefore, more responsibilities are given to employees with lower functions. For the RACI diagram this means that responsibility and accountability go hand in hand. This means that the function assigned to a certain task in Step 2 is responsible for completing the task as well as accountable for the result.

Furthermore, the number of functions that need to be consulted prior to completing the task and that need to be informed after the completion of the tasks is minimized. The employees with lower functions get more responsibilities and are therefore trusted to make decisions on their own. They do not need to consult their manager for every task they perform. Besides that, only the employees that need certain information from other employees to perform their own task receive this information. The manager does not need to be informed constantly about every task. He can check the processes by measuring key performance indicators.

The complete RACI diagram can be found in Appendix H. Below, [Table 14](#) shows for how many tasks each function is consulted or informed.

Function	Consulted	Informed
Vice President of Operations	4	-
Director of Planning and Purchasing	5	2
Purchasing Manager	1	9
Vendor Manager	-	1
Planner	-	11

*Table 14: Number of tasks each functions is consulted or informed for*

Looking at this table, the most interesting observation is that the Purchasing Manager and the Planner are informed quite a lot compared to the other functions. This makes sense as the work of the

Purchasing Manager should be in line with the strategies determined by the Director of Planning and Purchasing and the Vice President of Operations and the Planner needs to be informed about the suppliers the Purchasing Managers and Vendor Managers bring to the company and when things change in the agreements with the suppliers.

When the Director of Planning and Purchasing and the Vice President of Operations develop this diagram it is important that they really minimize the number of employees that need to be informed or consulted. For each task they need to think whether it is necessary to inform or consult someone. If it is not really necessary then no one should be consulted or informed.

The second part of this step is to develop the responsibility assignment model by Sommerville et al. (2007). As the model would be too big and unclear if all the tasks were included in one model, the model is made of task clusters. In this example the list of purchasing tasks by Muller (2001) is used. Muller (2001) already clustered the tasks in 15 sections. In this example a model is made with these sections as the task clusters. In Table 15 below, the actors and the task clusters that have been assigned to these actors can be found.

Legend	
VPO	Vice President of Operations
DPP	Director of Planning and Purchasing
PM	Purchasing Manager
VM	Vendor Manager

Task	VPO	DPP	PM	VM	Planner
Manage internal relationships		X		X	
Human Resources Management		X			
Value Enhancing Methods	X	X	X	X	
Sourcing Strategies	X	X	X		
Identifying Purchasing Requirements			X		
Supplier Analysis			X	X	
Preparations of Solicitations			X		
Negotiations			X		
Contract Execution, Implementation and Administration			X	X	X
Manage External Relationships				X	
Quality Measurement				X	
Supply and Inventory Management					X
Forecasting and Strategies					X

*Table 15: Relations between actors and task clusters*

In the new situation accountability and responsibility go hand in hand. This means that a relation between an actor and a task cluster is a causal as well as a consequential relation.

In this model the task clusters are defined as goals because each task cluster is involved with multiple processes related to the tasks in the cluster. These processes are left out of the model and therefore the model, which can be found on the next page in Figure 12, is a consequential responsibility model.

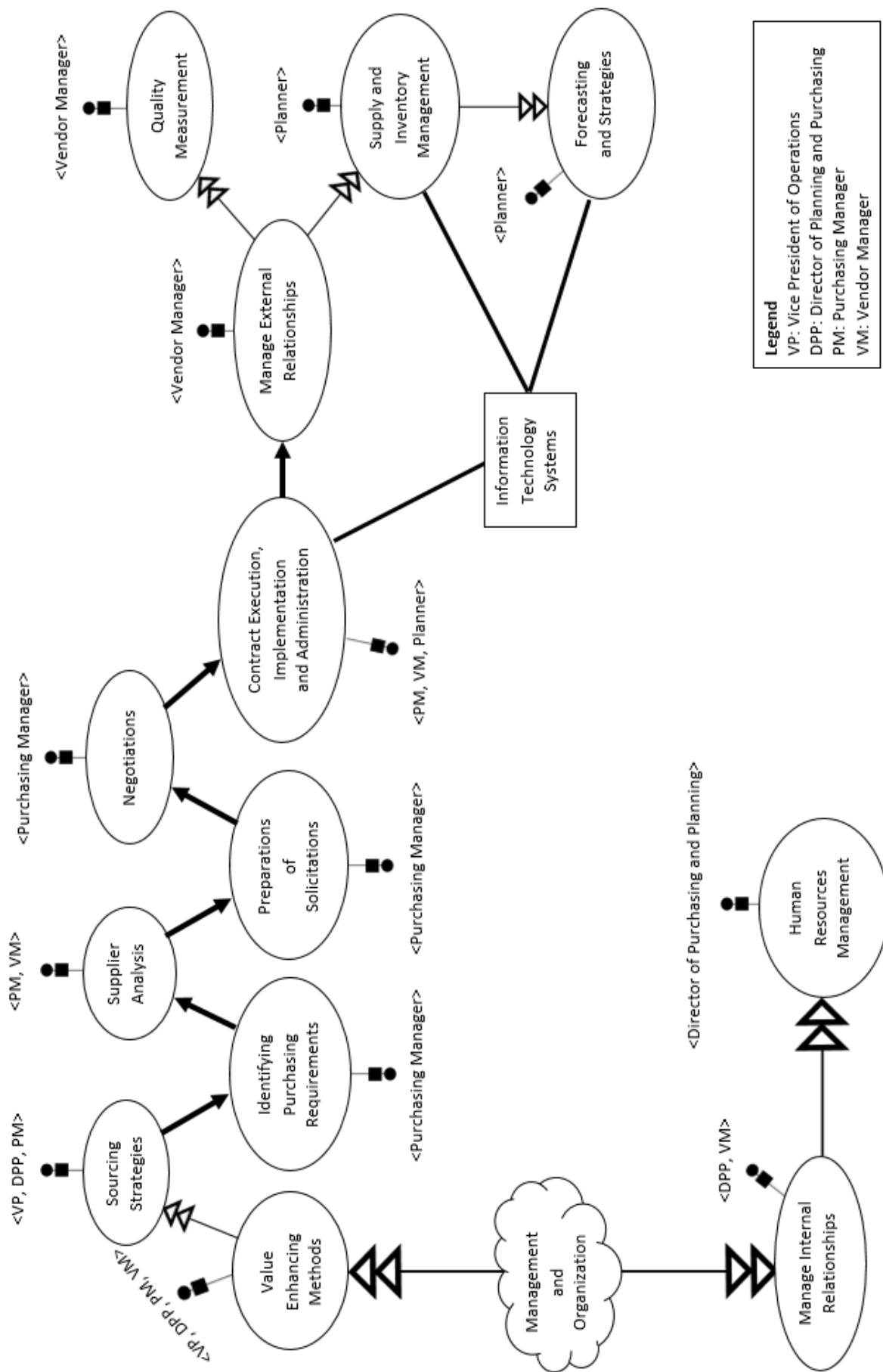


Figure 12: Sommerville et al. (2007) consequential responsibility model of the example

In the model the relations between the task clusters are shown. Besides that, the model shows which functions are responsible for the tasks in the task clusters. The model gives a nice overview of the involvement of the functions in the different stages of the process. It can be seen that the Vice President of Operations and the Director of Planning and Purchasing are only related to the task clusters at the start and not at the end. The task clusters at the end are the responsibility of the Vendor Manager and the Planners. This could be explained by the fact that the Vice President of Operations and the Director of Planning and Purchasing are responsible for the strategic decisions and the Vendor Managers and Planners are responsible for the operational tasks that come after these strategic decisions have been made.

Looking at the RACI diagram and the model of Sommerville et al. (2007) provided in this step, the assignment of tasks as determined in Step 2 seems fine. There is no need to reassign tasks to other functions.

After the Director of Planning and Purchasing and the Vice President of Operations made the model by Sommerville et al. (2007) it is important that they check the positions of the functions in the model. As the model provides a nice overview of the linkages between the different activities and the relations of the different functions to those activities, it can be easily seen if the functions have been assigned to right place in the process. It would be strange for example if the Vice President of Operations was linked to an activity that takes place in the middle of the purchasing process as his role is to determine the purchasing strategy which should be done at the beginning.

#### **Step 4: Compare the new task portfolios to the old task portfolios and assign employees to these new task portfolios**

The Director of Planning and Purchasing plays a crucial role in this step as he knows best what the capabilities of the employees within his department are. It is essential to look at the previous task portfolios of the employees to determine which new task portfolio is most suitable to them. As employees could be assigned to a task portfolio that contains tasks he or she has not performed before, it is important to consider whether the employee could be trained easily for these tasks or not. Besides that, there might be more functions than employees in the new situation which means that new people need to be hired. In this step the human resources department also plays a role as this department is involved with finding new employees, keeping records about the employees of the organization and helping the employees with any problems.

Below, the old task portfolios of the Purchasing Manager, Vendor Manager and Planner are compared to their new task portfolios of this example. In Appendix I three tables are included that show the differences between the old and the new portfolios of the different functions.

##### *Purchasing Manager*

The old task portfolio of the Purchasing Manager included tasks such as sourcing and contracting suppliers, maintaining supplier relationships, keeping track of inventory and sending purchase orders. The new task portfolio of the Purchasing Manager, which can be found in Appendix G, only includes tasks related to sourcing and contracting suppliers. The other tasks of the old task portfolio are assigned to the Planner and the Vendor Manager. The new task portfolio provides a more detailed list of tasks that belong to sourcing and contracting suppliers than the old task portfolio. Therefore, some tasks might be included that the Purchasing Manager did not do before. The job of the Purchasing Manager in the new situation is more specialized than in the old situation. It includes one specific goal and that is to source and contract new suppliers that meet the requirements of Company A.

### *Vendor Manager*

The old task portfolio of the Vendor Manager looked a lot like the old task portfolio of the Purchasing Manager. The new task portfolio of the Vendor Manager, which can be found in Appendix G, only includes tasks related to maintaining supplier relationships. The other tasks of the old task portfolio are assigned to the Planner and the Purchasing Manager. The new task portfolio provides a more detailed list of tasks that belong to maintaining supplier relationships. Similar to the new job of the Purchasing Manager, the new job of the Vendor Manager is more specialized than the old job. Therefore, some tasks might be included in the new job description that the Vendor Manager did not perform before. The goal of the Vendor Manager is to keep strong relationships with the suppliers.

### *Planners*

The new task portfolio of the Planner is the same as the old task portfolio but includes a number of additional tasks. The old task portfolio included providing forecasts and determine how much of each product must be ordered by the Vendor Manager and the Purchasing Manager. The new task portfolio includes sending purchase orders and keeping track of inventory. The new task portfolio includes more tasks than the old portfolio and is more exhaustive. Therefore, more Planners are needed than before and the Planners should be assigned to less suppliers than before.

The second part of this step is to assign employees to the new task portfolios. The example of the implementation of the solution stops here. The remaining steps can only be performed by the Director of Planning and Purchasing and the Vice President of Operations, because they know best what their employees are capable of and who they should assign to which task portfolio. Besides that, the evaluation step can only be done after the employees have worked with their new task portfolios for a while. As already described in Chapter 7, it is crucial that the opinions of the employees are taken into account in the process as they are the ones who have to work with the new task portfolios and they determine its success. Below the two final steps of the solution are described.

### **Step 5: Inform the employees about their new task portfolio and provide training where needed**

First of all, the employees need to be informed about their new task portfolio. It is crucial that they are content with their new task portfolio and that they understand what their new tasks and responsibilities are. As the new task portfolio might include tasks the employee has not performed before, it is important that the employee gets the training he or she needs. The most important task for the Director of Planning and Purchasing here is to make sure that the employees have faith that they can perform their new tasks well and that they are satisfied.

### **Step 6: Evaluation and development**

The final step is the evaluation and development of the new task portfolios. It is important to check every once in a while whether the task portfolios are still appropriate or that certain tasks should be shifted to other task portfolios. Besides that, as the company is still growing more tasks might be assigned to the purchasing department and these tasks should be assigned to some task portfolio.

In order to do this, the Director of Planning and Purchasing should keep the RACI diagram and the model by Sommerville et al. (2007) up to date. This makes it easier for him to assign new tasks that come up and to shift tasks to other functions. The employees that work within purchasing also play an important role here. As they are the ones who perform the tasks that are included in their task portfolio, they know best whether the tasks are suitable to their portfolio or not. If an employee has the feeling that a certain task could be better performed by another function he or she should inform the Director of Planning and Purchasing about this to see if the task can be shifted to someone else.

The same holds for the opposite. If an employee feels that a task performed by another function fits his or her portfolio better he should report this as well. It is important to evaluate the task portfolios regularly to improve the efficiency of the processes within Purchasing.

The Director of Planning and Purchasing and the Vice President of Operations could use this example as a basis for the implementation of the solution. However, in this example a couple of decisions have been made which could be completely different from the decisions the Director of Planning and Purchasing and the Vice President of Operations would make. Therefore, it is recommended that the Director of Planning and Purchasing and the Vice President of Operations start from scratch when they take the different steps and use this example as a guide line rather than a basis.

Only the list of tasks which is used in Step 1 could function as a basis. The Director of Planning and Purchasing and the Vice President of Operations could adjust this list in such a way that it contains all the tasks that should be performed by the purchasing department of Company A. Every other step in this example cannot be used as a basis but shows what should be done exactly in each step and what the Director of Planning and Purchasing and the Vice President of Operations should pay attention to.



## Chapter 9 – Conclusion and recommendations

This research project started with the following core problem:

*Employees are assigned to too many tasks to handle.*

The bottom line of the core problem is that because of the rapid growth Company A stays behind in the transition to the next phase of evolution where more delegation of tasks takes place, employees are accountable for everything they do and strategic and operational tasks are separated.

By means of theoretical and practical research a solution to the core problem is determined. The current situation of Company A is compared to the theoretical and practical research in order to determine the deficiencies. The outcome of the research is that the task portfolios of Company A differ from the theoretical and practical research on three levels and could use some improvement. The key fields of improvement are delegation, separating operational and strategic tasks and separating sourcing and contracting from inventory management and planning. Therefore, the solution is to revise the task portfolios of the employees involved with the purchasing processes at Company A. This report provides an implementation plan that includes all the steps that should be taken in order to revise the task portfolios. Besides that, it provides all information needed to take these steps and an example of how these steps should be taken.

In this research the focus was put on the purchasing department of Company A but this problem might also occur in other departments. The implementation plan provided in this report could also be used for other departments. However, this report also provides information that could be used in the different steps but that information is specific for Purchasing. Therefore, when Company A uses the implementation plan at other departments, first the same sort of information should be searched for that specific department.

The recommendation to Company A is to follow all the steps explained in the implementation plan and to use the information provided in this report to execute those steps. Besides that, it is highly recommended that the evaluation step is repeated on a regular basis to keep the task portfolios up to date and to act very quickly on changes in the purchasing processes. Furthermore, it is recommended to keep track of the growth position of the company and the department as the organizational structure and top management style should change accordingly which means that the task portfolios also change through growth. As Company A is a fast growing company this factor should be taken into account very carefully.

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## Appendix A – Job description Purchasing Manager

## Appendix B – Job description Vendor Manager

## Appendix C – Job description Demand Planner

## Appendix D – List of purchasing tasks by Muller (2001)

	<b>Module 1: Purchasing process</b>
	<i>Identifying requirements</i>
1	Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.
2	Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.
3	Determine appropriate methods of procurement.
4	Perform cost/benefit analyses on planned acquisitions.
5	Review supplier samples and/or demonstrations with the buying organization management and/or user departments.
	<i>Preparation of solicitations</i>
6	Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.
7	Locate and select potential sources of materials or services.
8	Prepare and solicit competitive bids, quotations, and proposals with pertinent specifications, terms, and conditions.
9	Manage and develop lists of recommended sources.
	<i>Supplier analysis</i>
10	Evaluate competitive offerings to determine the overall best offer for a product/service
11	Conduct supplier visits/evaluations to determine suitability.
12	Measure supplier performance using rating systems and/or predetermined standards.
	<i>Contract execution, implementation and administration</i>
13	Prepare and/or issue contracts/purchase orders.
14	Obtain legal review and approval of a contract when required.
15	Administer contracts/purchase orders from award to completion.
16	Expedite deliveries and conduct follow-up procedures when necessary.
17	Resolve contract/purchase order differences with suppliers.
18	Resolve payment problems with suppliers and user departments.
19	Review and revise purchasing practices to ensure their conformance with established laws, policies, and ethical principles.
20	Manage files of agreements, equipment records, and/or specifications.
	<b>Module 2: Supply environment</b>
	<i>Negotiations</i>
1	Prepare for and develop strategies and tactics for negotiations
2	Conduct negotiations with potential and/or current suppliers to obtain maximum value.
	<i>Information technology</i>
3	Develop/utilize a computerized purchasing system (e.g. on-line buying, EDI, web-based electronic commerce).
4	Develop/implement/maintain a database of specifications, suppliers, products, and/or services.
5	Develop/utilize a computerized inventory and/or capital equipment tracking system.
	<i>Quality issues</i>
6	Resolve quality problems with suppliers and user departments.
7	Develop measurements for quality improvement and target setting (e.g. best in class benchmarks)

	<i>Internal relationships</i>
8	Develop/manage/evaluate relationships with other internal departments.
9	Participate in cross-functional and/or multifunctional teams (e.g. project management, process improvement)
10	Recommend/implement changes to the organization's purchasing, supply management, and material usage policies as needed.
11	Disseminate information and provide training related to purchasing and supply management policies and procedures.
	<i>External relationships</i>
12	Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.
13	Review product availability and/or pricing information with suppliers.
14	Conduct interviews with current and prospective supplier sales personnel.
15	Coordinate/review/respond to supplier inquiries, protests, and appeals.
16	Develop/implement a small business/disadvantaged supplier development program.
17	Represent the buying organization in meetings with corporations, government agencies, professional associations, media and other organizations.
	<b>Module 3: Value enhancement strategies</b>
	<i>Sourcing Analysis</i>
1	Conduct decisions to "make or buy," privatize, or outsource products or services.
2	Conduct decisions to lease or buy equipment.
3	Develop financing and leveraging strategies for purchases.
	<i>Supply and Inventory Management</i>
4	Organize, control, and minimize the storage of materials.
5	Meet with appropriate departments to discuss current material inventories, and establish restock levels or just-in-time strategies.
6	Determine sources of and reconcile inventory discrepancies.
7	Handle obsolete equipment/materials, surplus equipment/materials, and scrap.
	<i>Value enhancing methods</i>
8	Develop/implement a standardization program.
9	Develop/implement a process improvement program.
10	Develop a cost reduction, cost avoidance, cost containment program (e.g. value analysis, consolidation of orders/suppliers, lead time reduction, activity based costing)
11	Coordinate the introduction of new and modified products and services with appropriate departments.
	<i>Forecasting and strategies</i>
12	Plan purchasing, sourcing, and supply strategies based on forecasted data.
13	Develop supply plans and strategies based on forecasts of future demand.
14	Provide forecasted data of future organization buying requirements to suppliers.
15	Develop and maintain market awareness through merchandise shows, trade periodicals and other resources to secure new product and pricing information.
16	Provide data on current and future market conditions to management, sales management, and/or user departments.
	<b>Module 4: Management</b>
	<i>Management and Organization</i>
1	Develop strategic plans and objectives (short and long term).

2	Develop goals and objectives of a purchasing and supply department aligned to organizational goals.
3	Plan/develop/provide operating policies, guidelines, and procedures.
4	Prepare periodic reports of department activities for senior management and other areas of the organization.
5	Analyze and resolve issues raised in purchasing and supply audit reports.
6	Develop/utilize criteria for evaluating purchasing and supply department performance.
7	Prepare and/or administer a purchasing department/supply management budget.
8	Design, modify, and/or manage operational forms (paper and/or electronic).
	<i>Human Resources Management</i>
9	Supervise and lead purchasing/supply staff.
10	Hire, promote, and/or dismiss purchasing/supply personnel.
11	Evaluate purchasing/supply staff performance.
12	Conduct/authorize job training for the development of the professional competence of the staff.
13	Resolve employee performance problems.
14	Implement programs to prevent and respond to discrimination or harassment.



## Appendix E – Job description Purchasing Clerk

## Appendix F – List of tasks per function

<b>Tasks of the Vice President of Operations</b>
Develop strategic plans and objectives (short and long term)
Conduct decisions to "make or buy," privatize, or outsource products or services.
Develop/implement a standardization program.

<b>Tasks of the Director of Planning and Purchasing</b>
Recommend/implement changes to the organization's purchasing, supply management, and material usage policies as needed.
Disseminate information and provide training related to purchasing and supply management policies and procedures.
Conduct decisions to lease or buy equipment.
Develop/implement a process improvement program.
Develop goals and objectives of a purchasing and supply department aligned to organizational goals.
Plan/develop/provide operating policies, guidelines, and procedures.
Analyze and resolve issues raised in purchasing and supply audit reports.
Develop/utilize criteria for evaluating purchasing and supply department performance.
Prepare and/or administer a purchasing department/supply management budget.
Supervise and lead purchasing/supply staff.
Hire, promote, and/or dismiss purchasing/supply personnel.
Evaluate purchasing/supply staff performance.
Conduct/authorize job training for the development of the professional competence of the staff.
Resolve employee performance problems.
Implement programs to prevent and respond to discrimination or harassment.
Design, modify, and/or manage operational forms (paper and/or electronic).
Develop strategic plans and objectives (short and long term).

<b>Tasks of the Purchasing Manager</b>
Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.
Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.
Determine appropriate methods of procurement.
Perform cost/benefit analyses on planned acquisitions.
Review supplier samples and/or demonstrations with the buying organization management and/or user departments.
Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.
Locate and select potential sources of materials or services.
Prepare and solicit competitive bids, quotations, and proposals with pertinent specifications, terms, and conditions.
Manage and develop lists of recommended sources.
Evaluate competitive offerings to determine the overall best offer for a product/service
Conduct supplier visits/evaluations to determine suitability.
Measure supplier performance using rating systems and/or predetermined standards.

Obtain legal review and approval of a contract when required.
Review and revise purchasing practices to ensure their conformance with established laws, policies, and ethical principles.
Manage files of agreements, equipment records, and/or specifications.
Prepare for and develop strategies and tactics for negotiations
Conduct negotiations with potential and/or current suppliers to obtain maximum value.
Resolve quality problems with suppliers and user departments.
Develop measurements for quality improvement and target setting (e.g. best in class benchmarks)
Develop/manage/evaluate relationships with other internal departments.
Participate in cross-functional and/or multifunctional teams (e.g. project management, process improvement)
Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.
Review product availability and/or pricing information with suppliers.
Conduct interviews with current and prospective supplier sales personnel.
Coordinate/review/respond to supplier inquiries, protests, and appeals.
Develop/implement a small business/disadvantaged supplier development program.
Represent the buying organization in meetings with corporations, government agencies, professional associations, media and other organizations.
Develop financing and leveraging strategies for purchases.
Develop a cost reduction, cost avoidance, cost containment program (e.g. value analysis, consolidation of orders/suppliers, lead time reduction, activity based costing)
Coordinate the introduction of new and modified products and services with appropriate departments.
Plan purchasing, sourcing, and supply strategies based on forecasted data.
Provide data on current and future market conditions to management, sales management, and/or user departments.
Prepare periodic reports of department activities for senior management and other areas of the organization.
Design, modify, and/or manage operational forms (paper and/or electronic).
Develop/implement/maintain a database of specifications, suppliers, products, and/or services.
Prepare and/or issue contracts.
Administer contracts from award to completion.
Resolve contract differences with suppliers.

<b>Tasks of the Planner</b>
Expedite deliveries and conduct follow-up procedures when necessary.
Resolve payment problems with suppliers and user departments.
Organize, control, and minimize the storage of materials.
Meet with appropriate departments to discuss current material inventories, and establish restock levels or just-in-time strategies.
Determine sources of and reconcile inventory discrepancies.
Handle obsolete equipment/materials, surplus equipment/materials, and scrap.
Develop supply plans and strategies based on forecasts of future demand.
Provide forecasted data of future organization buying requirements to suppliers.
Develop/utilize a computerized purchasing system (e.g. on-line buying, EDI, web-based electronic commerce).

Develop/utilize a computerized inventory and/or capital equipment tracking system.
Prepare and/or issue purchase orders.
Administer purchase orders from award to completion.
Resolve purchase order differences with suppliers.

## Appendix G – Tasks of the Purchasing Manager and Vendor Manager

<b>Tasks of the Purchasing Manager</b>
Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.
Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.
Determine appropriate methods of procurement.
Perform cost/benefit analyses on planned acquisitions.
Review supplier samples and/or demonstrations with the buying organization management and/or user departments.
Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.
Locate and select potential sources of materials or services.
Prepare and solicit competitive bids, quotations, and proposals with pertinent specifications, terms, and conditions.
Manage and develop lists of recommended sources.
Evaluate competitive offerings to determine the overall best offer for a product/service
Conduct supplier visits/evaluations to determine suitability.
Obtain legal review and approval of a contract when required.
Prepare for and develop strategies and tactics for negotiations
Conduct negotiations with potential and/or current suppliers to obtain maximum value.
Represent the buying organization in meetings with corporations, government agencies, professional associations, media and other organizations.
Develop financing and leveraging strategies for purchases.
Develop a cost reduction, cost avoidance, cost containment program (e.g. value analysis, consolidation of orders/suppliers, lead time reduction, activity based costing)
Plan purchasing, sourcing, and supply strategies based on forecasted data.
Prepare and/or issue contracts.
Administer contracts from award to completion.

<b>Tasks of the Vendor Manager</b>
Resolve quality problems with suppliers and user departments.
Develop measurements for quality improvement and target setting (e.g. best in class benchmarks)
Develop/manage/evaluate relationships with other internal departments.
Participate in cross-functional and/or multifunctional teams (e.g. project management, process improvement)
Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.
Review product availability and/or pricing information with suppliers.
Conduct interviews with current and prospective supplier sales personnel.
Coordinate/review/respond to supplier inquiries, protests, and appeals.
Develop/implement a small business/disadvantaged supplier development program.
Coordinate the introduction of new and modified products and services with appropriate departments.
Provide data on current and future market conditions to management, sales management, and/or user departments.
Prepare periodic reports of department activities for senior management and other areas of the organization.
Design, modify, and/or manage operational forms (paper and/or electronic).
Develop/implement/maintain a database of specifications, suppliers, products, and/or services.
Resolve contract differences with suppliers.
Measure supplier performance using rating systems and/or predetermined standards.
Review and revise purchasing practices to ensure their conformance with established laws, policies, and ethical principles.
Manage files of agreements, equipment records, and/or specifications.

## Appendix H – RACI diagram

VPO	Vice President of Operations
DPP	Director of Planning and Purchasing
PM	Purchasing Manager

VM	Vendor Manager
P	Planner
M	Marketing

Module 1	DPP	PM	VM	P
Establish procurement plans and make decisions necessary to purchase products or services in congruence with organizational objectives and sourcing strategies.		R/A		
Review purchase requisitions in accordance with organizational requirements and/or budgetary constraints.		R/A		
Determine appropriate methods of procurement.	C	R/A		
Perform cost/benefit analyses on planned acquisitions.		R/A		
Review supplier samples and/or demonstrations with the buying organization management and/or user departments.		R/A		
Develop/review specifications, statements of work, performance terms, and/or acceptance criteria.	C	R/A		
Locate and select potential sources of materials or services.		R/A		I
Prepare and solicit competitive bids, quotations, and proposals with pertinent specifications, terms, and conditions.		R/A		
Manage and develop lists of recommended sources.		R/A		I
Evaluate competitive offerings to determine the overall best offer for a product/service		R/A		
Conduct supplier visits/evaluations to determine suitability.		R/A		
Measure supplier performance using rating systems and/or predetermined standards.			R/A	
Prepare and/or issue contracts		R/A		I
Prepare and/or issue purchase orders.				R/A
Obtain legal review and approval of a contract when required.		R/A		
Administer contracts from award to completion.		R/A	I	I
Administer purchase orders from award to completion.				R/A
Expedite deliveries and conduct follow-up procedures when necessary.				R/A
Resolve contract differences with suppliers.			R/A	I
Resolve purchase order differences with suppliers.				R/A
Resolve payment problems with suppliers and user departments.				R/A
Review and revise purchasing practices to ensure their conformance with established laws, policies, and ethical principles.			R/A	I
Manage files of agreements, equipment records, and/or specifications.			R/A	I

<b>Module 2</b>	<b>VPO</b>	<b>DPP</b>	<b>PM</b>	<b>VM</b>	<b>P</b>
Prepare for and develop strategies and tactics for negotiations			R/A		
Conduct negotiations with potential and/or current suppliers to obtain maximum value.			R/A		
Develop/utilize a computerized purchasing system (e.g. on-line buying, EDI, web-based electronic commerce).					R/A
Develop/implement/maintain a database of specifications, suppliers, products, and/or services.				R/A	
Develop/utilize a computerized inventory and/or capital equipment tracking system.					R/A
Resolve quality problems with suppliers and user departments.				R/A	
Develop measurements for quality improvement and target setting (e.g. best in class benchmarks)		C		R/A	
Develop/manage/evaluate relationships with other internal departments.				R/A	
Participate in cross-functional and/or multifunctional teams (e.g. project management, process improvement)				R/A	
Recommend/implement changes to the organization's purchasing, supply management, and material usage policies as needed.	C	R/A	I		
Disseminate information and provide training related to purchasing and supply management policies and procedures.		R/A	I		
Develop/manage effective relationships with suppliers, utilizing such techniques as supplier partnerships, strategic alliances, supply chain management, and supplier training programs.				R/A	
Review product availability and/or pricing information with suppliers.				R/A	I
Conduct interviews with current and prospective supplier sales personnel.				R/A	
Coordinate/review/respond to supplier inquiries, protests, and appeals.				R/A	I
Develop/implement a small business/disadvantaged supplier development program.		C		R/A	
Represent the buying organization in meetings with corporations, government agencies, professional associations, media and other organizations.			R/A		



<b>Module 3</b>	<b>VPO</b>	<b>DPP</b>	<b>PM</b>	<b>VM</b>	<b>P</b>	<b>M</b>
Conduct decisions to "make or buy," privatize, or outsource products or services.	R/A	I	I			
Conduct decisions to lease or buy equipment.		R/A	I			
Develop financing and leveraging strategies for purchases.			R/A			
Organize, control, and minimize the storage of materials.					R/A	
Meet with appropriate departments to discuss current material inventories, and establish restock levels or just-in-time strategies.					R/A	
Determine sources of and reconcile inventory discrepancies.					R/A	
Handle obsolete equipment/materials, surplus equipment/materials, and scrap.					R/A	
Develop/implement a standardization program.	R/A	I	I			
Develop/implement a process improvement program.		R/A	I			
Develop a cost reduction, cost avoidance, cost containment program (e.g. value analysis, consolidation of orders/suppliers, lead time reduction, activity based costing)		C	R/A			
Coordinate the introduction of new and modified products and services with appropriate departments.				R/A		
Plan purchasing, sourcing, and supply strategies based on forecasted data.			R/A		I	
Develop supply plans and strategies based on forecasts of future demand.					R/A	
Provide forecasted data of future organization buying requirements to suppliers.					R/A	
Develop and maintain market awareness through merchandise shows, trade periodicals and other resources to secure new product and pricing information.			C		I	R/A
Provide data on current and future market conditions to management, sales management, and/or user departments.				R/A		

<b>Module 4</b>	<b>VPO</b>	<b>DPP</b>	<b>PM</b>	<b>VM</b>
Develop strategic plans and objectives (short and long term).	C	R/A	I	
Develop goals and objectives of a purchasing and supply department aligned to organizational goals.	C	R/A	I	
Plan/develop/provide operating policies, guidelines, and procedures.	C	R/A	I	
Prepare periodic reports of department activities for senior management and other areas of the organization.				R/A
Analyze and resolve issues raised in purchasing and supply audit reports.		R/A		
Develop/utilize criteria for evaluating purchasing and supply department performance.		R/A		
Prepare and/or administer a purchasing department/supply management budget.		R/A		
Design, modify, and/or manage operational forms (paper and/or electronic).				R/A
Supervise and lead purchasing/supply staff.		R/A		
Hire, promote, and/or dismiss purchasing/supply personnel.		R/A		
Evaluate purchasing/supply staff performance.		R/A		
Conduct/authorize job training for the development of the professional competence of the staff.		R/A		
Resolve employee performance problems.		R/A		
Implement programs to prevent and respond to discrimination or harassment.		R/A		

## Appendix I – Changes in the task portfolios