

ABSTRACT

There is inefficient management of the spare parts purchasing process. The “as is” working process flow used a centralized purchasing strategy. However, in practice the company no longer follows the standard purchasing working process flow. There is partly a local purchasing process which is not in line with the standard purchasing working process flow. This inefficiency leads to this study to answer the research question; “Will the mixed purchasing strategy using Business Process Redesign (BPR) improve the spare parts supply performance and at lower cost”.

Companies implement purchasing strategies in order to make cost effective purchasing decisions for efficient strategies, from centralized purchasing to the use of mixed, centralized and decentralized purchasing by business process redesign of the purchasing working process to standardize the process at mutually agreeable terms.

The purpose of this study is to enhance knowledge and awareness of business process redesign, to map a new standard purchasing working process as a working instruction by the use of mixed, centralized and decentralized purchasing which is a more efficient strategy than the use of a centralized single purchasing strategy. The aim is to improve spare parts supplying performance with lower cost.

At the end of the paper, the study suggests the implementation of the strategy of a mixed centralized and decentralized purchasing model in a multi-national company whose global strategy requires that. Also, the local response should be aligned to minimize purchasing and relevant logistic cost, but with performance which provides highest customer satisfaction.