

ABSTRACT

Under the intense competitive business environment, there are many suppliers, local and international that could provide varieties of materials to the firms. Sourcing the right materials from the right suppliers at the right place and time is strategically important to the firm. Higher competitive advantages could be gained if the right sourcing decision is made.

The case study of a fermented milk company is focused in this study. As the penalty charges from the low quality crates which are used in containing the products during delivering process is dramatically increased in this couple year. Besides that, complaints from the key customers are also significantly increasing. In order to reduce these problems, the new crates must be sourced for the firm. The main purpose of this project is to select the best supplier supplying new crates by applying supplier selection strategy. To get proper supplier, the constraints like crate dimension, crates and truck capacity have been analyzed.

The best solution is decided based on the comparisons of all relevant aspects of the supplier selection in term of price, size, quality of the materials, services, and so on. The results indicated that buying from existing supplier is the best solution since the price, truck utilization, and warehouse utilization are highest even if the acceptance of the key customers may be questionable.