

7 STEPS OF CHANGING A PURCHASING STRATEGY EXEMPLIFIED BY A SELECTED ENTERPRISE

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Abstract

Purchasing took significance in time of global competition for resources and customers. It is one of the supply chain elements and provide resources needed to produce finished goods. The goods create a value for final customers. The term “strategic sourcing” emphasises the purchasing influence on constructing business action plans. Problems in field of purchasing strategy of enterprise directly affect its financial results. The aim of this paper is a presentation of concept developed on base of researched case study of 7-step-change of purchasing strategy. Elaboration of the idea was preceded by analysis of current state and by identification of key problems in area of purchasing strategy of audited company. Current state was analysed by using CRT and FMEA. The concept of 7-step-change of purchasing strategy, adapted to working conditions of examined company, was proposed basing on results of analysis. Its usefulness was also pointed out for other enterprises that fulfil specific conditions of activity.

Key words: purchasing strategy, analysis and identification of problems, concept of change of purchasing strategy

1. INTRODUCTION

The times when the margin was only regulated by the sales price are definitely over. The Internet development caused almost unlimited access to the information on resources, their localisation, accessibility and acquisition costs. The Internet also became an invaluable comparative tool in the process of making business decisions. The process was shortened to its minimum by immediate and direct communication with numerous potential partners. This is used by all parties of each buy -sell transaction. Such a defined operation transparency brought considerable changes in shaping both the production costs and the price policy of business entities.

The enterprises, which were functioning at the global market beforehand, improved their processes. This was accompanied by the newly occurred changes. As regards to many of the enterprises, the changes were a turning point and contributed to redefining the conducted business activities. There still remained a certain group of enterprises which treated the generalisation of the resource access very selectively, i.e. to such extent as it was required by the situation at the market of that time.

2. A CHANGE OF THE PURCHASING DEPARTMENT ROLE

Globalisation is „the removal of free trade barriers and international close economy integration” (Stiglitz 2004, p. 7) and provides numerous advantages but can also cause an economic crisis (Gills, 2007; Keeley & Love, 2010). The 2007 economic collapse contributed to reevaluating certain world economy functioning areas and revalauting the activity of enterprises in a microscale. One of such areas is purchases which were indicated in the 2012 report entitled “The role and importance of purchases in Polish enterprises” by the Marketplanet counselling enterprise and the Polish Association of Logistics Managers (Filipowski et al., 2012, p. 28) as a key area of direct influence on being successful in the conducted business.

The above thesis is supported by the definition of a supply chain with respect to its formational processes. The supply chain is a network of partners who collectively convert a basic commodity (upstream) into a finished product (downstream) that is valued by end-customers, and who manage returns at each stage (Harrison & van Hoek, 2014, p. 8). To make it more precise, it is necessary to add that the mere process of transforming materials and information into products and services is the production phase. Thereby, the supply network (chain) includes purchases as one of its stages by giving them strategic meaning in the process of making economic decisions (Adamczak et al., 2016).

The purchasing globalisation also has dangers that have been investigated for a decade only (Stanczyk et al., 2017). There is a great variety of purchasing strategies in the reference literature. The strategy selection depends on individual decisions of an enterprise (Hadas et al., 2011). The evolution of procurement departments made the traditional model changed into suppliers’ management (Bevilacqua & Petroni, 2010). The traditional model relied on purchasing production means (Lidegaard et al., 2015). Purchases are more and more integrated with other enterprise functional areas – strategy specification, marketing, supply chain management and the entire enterprise management. The further development trends are related to honest, balanced and digitalisation-followed purchases, risk management in the supply chain and purchases in the public sector. The Kraljic matrix (Kraljic, 1983), TCO concept (Ellram, 1993) or normative strategies (Skowronek & Sarjusz-Wolski, 2008, p. 158) indicate possible trends of changes in purchasing strategies.

3. CASE STUDY

The investigated enterprise exemplifies the activity in producing electronic devices. The enterprise adapted to ongoing changes in economy and technology in a fast way.

The purchasing activity includes the cooperation with national and European catalogue distributors of electronic components and the already direct cooperation with manufacturers of plastic casings and selected Asian electronic components. Non-standard elements are a significant share in the purchases. The elements make it possible to adapt goods to the customers' wishes. The finished goods recipients are mainly chains of retail stores inland and abroad. They bring 95% of the enterprise revenue and ensure its dominating share at the national market. This family business formula comes from the owner's personal performance of all the works. This is presently manifested by the central planning of each action and its performance supervision, precisely according to the owner's guidelines.

The purchase manager noticed the need for the purchasing strategy adaptation to the functioning conditions of the investigated enterprise. In the purchasing process one introduced such minor corrections as the separation of the purchases from the production department, first buffer inventories in the suppliers, and partial consolidation of purchases. These minor corrections with keeping the same resource size did not bring the expected results. One decided to perform a profound analysis of the current situation and introduce strategic changes to the purchasing area.

The authors' case study analysis aims at making an attempt to find a method of making changes to the purchasing strategy in enterprises of similar kind. It is necessary to assess the current purchasing strategy of the investigated enterprise to indicate a trend of its changes.

3.1. Current State Analysis

The everyday purchasing department activity is largely influenced by its **relations to other enterprise departments**. The enterprise **board** specifies current procurement priorities and its additional tasks whereby there are separate lists of additional tasks for the enterprise chairperson and the executive director. Furthermore, the board determined a two-week order processing date that should be included in trade offers for customers. The date includes the time for delivering components, manufacturing products and their delivery to the customers. As regards to the **national and foreign sales departments**, it is a practice to declare immediate deliveries. The salesmen's active action system is oriented to an always unexpected customer's order and this makes it impossible for an action plan to be executed on its development day. This plan is determined every morning by purchases. The yesterday-planned request and demand are made and related to both large quantities and minor transactions. The remuneration system of the salesmen is of key importance in this case. The sales person gets a commission from each, even the smallest transaction. The orders introduced to ERP are processed by the **production department** from which a **planner** moves them to the purchase department as generated order shortages. Skirmishes between the above departments are on a daily

basis. This is caused by no production components and no chance to meet the supply deadline. The skirmishes end up with time-consuming meetings in the board office to make a step-by-step explanation of the situation. Apart from the inventory shortage policy, one also detects mistakes in ERP production receipts, delays in production settlements, i.e. the warehouse state update. There is usually some information from the warehouse on bringing out last component items from its stock. In this way the purchasing department is supported in faster reacting to such a situation. Once the items ordered by the purchasing department are accepted to the warehouse, the goods received note (GRN) is passed by the warehouse to the purchasing department to get it verified in terms of its content and quantity. The information on possible supply shortages are transmitted in the same way whereas deviations from the specified quality requirements are reported by the quality control department and the purchasing department conducts further complaint proceedings. In this area there are common quality tests of trade goods. Their results are then announced to the sales departments. The research and development (R&D) department makes a list of materials and services to be used in new projects and passes it to the purchasing department in order to find new suppliers and specify the purchase prices. Samples of components for the sake of pre-production tests are also purchased by the purchasing department as commissioned by the R&D department. At this stage one also forms appropriate warehousing indexes in ERP which are then used by R&D. The cooperation with the accounts and financial department is crucial in the case of the purchasing activity. On the one hand, the cooperation means the document circulation and completeness control. On the other hand, it means making fast payments to Asian suppliers who will start executing their orders from the investigated enterprise as soon as prepayments are posted in their bank accounts. One should also mention a foreign department subordinate to the purchasing department in Poland in its operational area. All trade and customs documents related to purchasing transactions need to be sent to an accountant in that country.

In the enterprise there is also a service department, although it is formally located in the sales department. A service coordinator manages a group of external technicians who perform ready-made goods installation and servicing. The purchasing department satisfies the service demand for tools and materials to execute servicing tasks and provides necessary manuals and technical documentations of external suppliers' systems.

No production components were the embers of most conflicts in the investigated enterprise. The conflicts were not eased by the parties' knowledge of the reasons for the lack. On the one hand, the domestic sales and export departments did not provide any forecasts related to their activity. On the other hand, the inventory formation was prohibited in the enterprise. This ban was implied by no forecasts and large amounts of yet unusable components lingering in the warehouse as a result of carefree sales and production planning a few years beforehand. For the above reason the owner decided to purchase the amount of components and goods exactly according to their customer's order.

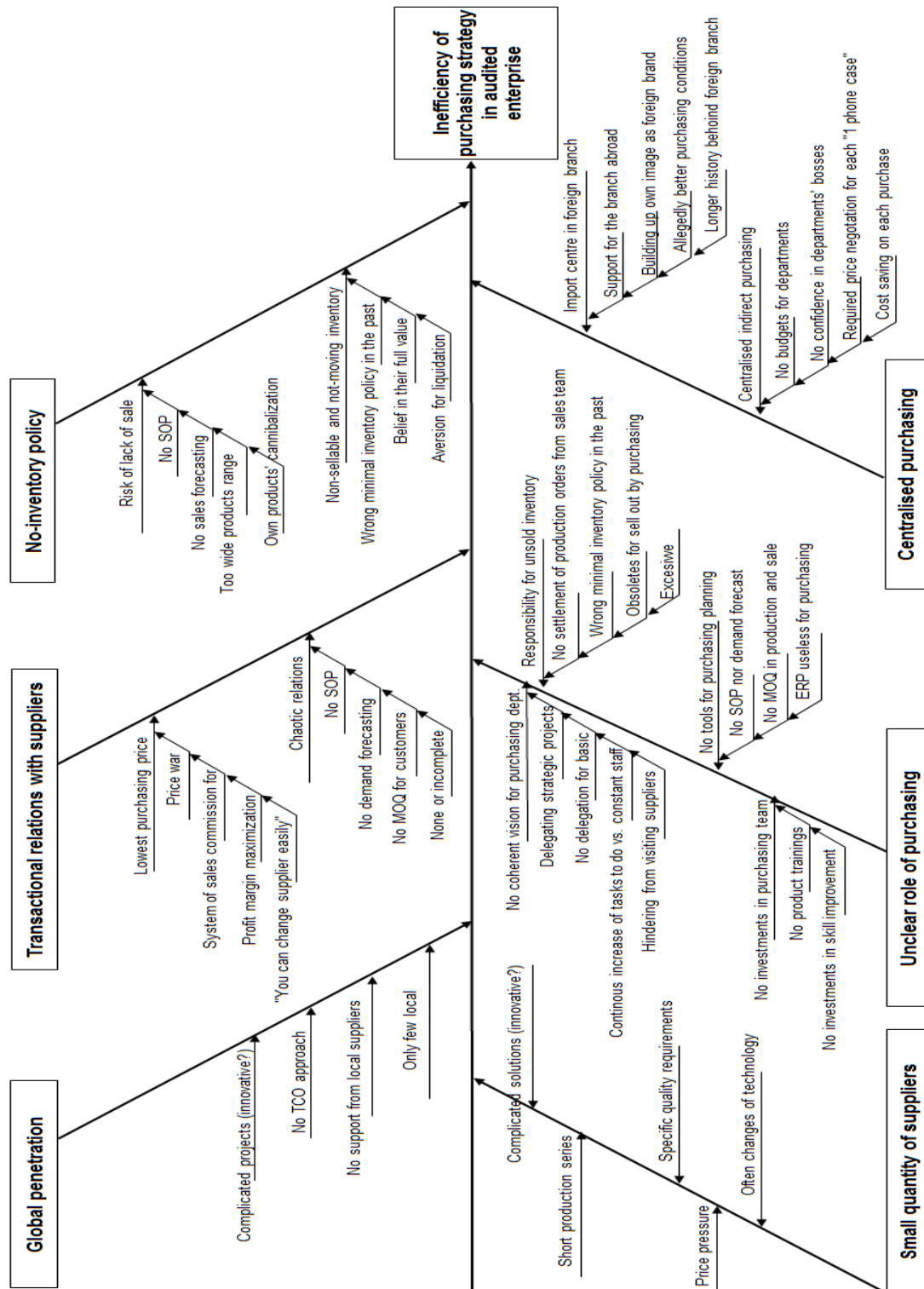
Such a formulated purchasing strategy element, actually an inventory management element, exhausted the enterprise ability to manage the processes efficiently. Due to the lack of components there were expensive production

stoppages. The purchasing department “stopped the fire” by frantically getting parts in an express pace and still in the amounts according to the customer’s order. The salesmen excused themselves to their customers for the ready-made goods supply dates which were longer than declared. On the other hand, any inventory left after the completed production order was profoundly analysed with respect to the reason for purchasing its larger amount and was named as “excessive”. The R&D department participated in the above process. As an electronics development follower, the R&D department modernised the present solutions and equipped new products with the newest components. In the wake of the modernisation the production recipes needed to be regularly changed and enriched by the solution multi-optionality – their “custom sewing”. This led to increasing the number of goods with a diverse internal structure. The purchasing department played a typically operational role oriented to the fast and cheapest supply.

The identification of problems in the purchasing strategy area of the investigated enterprise was begun by mentioning such symptoms that could be potential limits in conducting the purchasing activity. The limits were considered to include: lacks of production components and goods – frequent corrections of production plans and production based on the “list of shortages”, no information on the real demand for production components and goods.

In order to identify the source causes of the noticed symptoms one identified the problems which were implied by the purchasing strategy of the investigated enterprise. This was started by developing an Ishikawa diagram. The analysed problem was formulated as follows: “The purchasing strategy inefficiency in the investigated enterprise”. Selected elements of the present purchasing strategy were used as problem categories. The analysis results are presented in Figure 1.

Figure 1. Ishikawa diagram for purchasing strategy



Source: own elaboration.

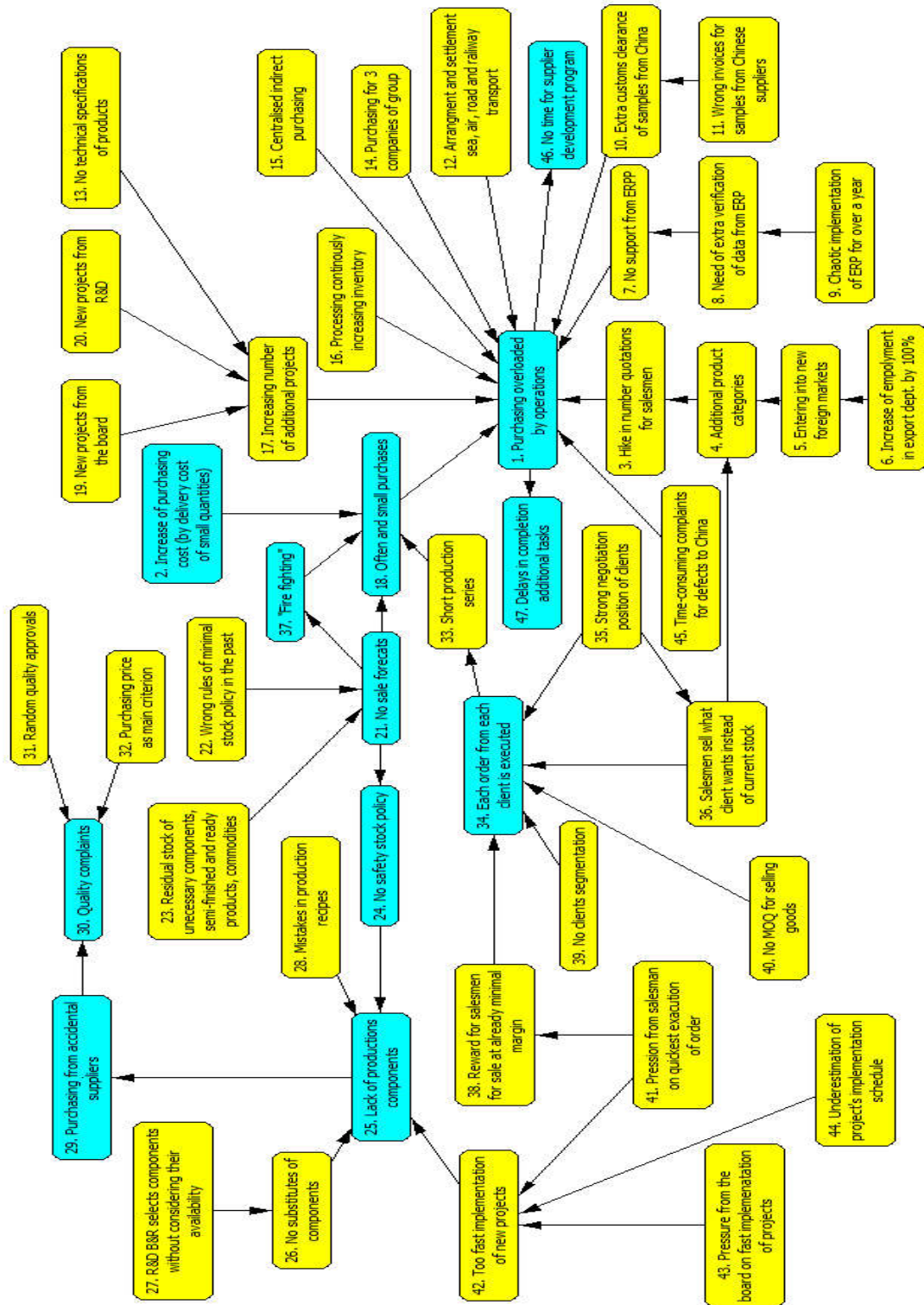
It is implied by the above diagram that the causes of the previously defined problem symptoms are:

- no Sale and Operational Planning team
- no sales forecasting
- cannibalisation of their own solutions
- lingering and yet non-sellable inventory – as a succession of the safety stock that was wrongly calculated in the past.

Thereby, it was proven that there was no foundation which is purchase planning and the inventory level specification in the case of the procurement department (Sincic Coric et al., 2017). As a result, the investigated enterprise made purchases exactly when it received a customer's order. This meant a huge time pressure and a risk of no components in the suppliers. Such conceived purchases were oriented to fast action with no partnership elements and no bargaining position construction.

The next analysis element was to form a Current Reality Tree (CRT) (Goldratt, 1994, p. 94) of the investigated enterprise – Figure 2.

Figure 2. Current Reality Tree in purchasing department



Source: own elaboration with usage of jThinker tool [available at: <https://code.google.com/archive/p/jthinker/downloads> , access November 30, 2016]

During the CRT construction one identified the major problem which was called as „overloading the purchasing department staff with the number of a dispatching operations”. In this way a hierarchy of problems and their causes was specified but it did not reflect their significance. The “lack of production components” was the greatest challenge in everyday work. The tree of its causes was much more complex and was related to most internal processes in the enterprise.

The FMEA analysis (Tague, 2004) was prepared based on such selected problems and their causes. In the next stage, the analysis was transformed into a corrective actions coverage of problems matrix according to most probable dangers as presented in Table 1.

Table 1. Corrective actions coverage of problems matrix

Corrective Action (CA) /Problem (P)	Risk Priority Number RPN per CA	Q-ty of Failures (F)	Q-ty of Undesired Effects (UDE)	Part of total RPN (%)
CA1	RPN1	F1	UDE1	RPN1/RPN
P1	RPN (P1)	P1F	P1UDE	RPN (P1)/RPN
P2	RPN (P2)	P2F	P2UDE	RPN (P2)/RPN
P3	RPN (P3)	P3F	P3UDE	RPN (P3)/RPN
P4	RPN (P4)	P4F	P4UDE	RPN (P4)/RPN
CA2	RPN2	F2	UDE2	RPN2/RPN
P5	RPN (P5)	P5F	P5UDE	RPN (P5)/RPN
P6	RPN (P6)	P6F	P6UDE	RPN (P6)/RPN
...
CAx	RPNx	Fx	UDEx	CAx/RPN
Px	RPN (Px)	PxF	PxUDE	RPN (Px)/RPN

Source: own elaboration

Corrective Action CA1 covers problems P1...P4 and is sorted by diminishing Risk Priority Number RPN. In particular cases RPN can be misleading because it attempts to quantify risk without adequately quantifying the factors that contribute to risk (Sankar & Prabhu, 2001). F1 specifies the number of errors which might be eliminated by the CA1 corrective action and corresponds to the sum of problems P1...P4. The UDE1 value is a total number of undesired results which be removed

due to the CA1 implementation. The last column indicates an RPN1 share in the RPN sum in the case of all CA. Such a developed matrix suggests a sequence of corrective actions starting from the most frequently mentioned to the most highly assessed failures.

16 failures, 26 results, 52 causes and 32 unique corrective actions were identified in the investigated enterprise. Such a variety of the detected phenomena excluded the Pareto Principle and meant a necessity to undertake numerous initiatives to improve the situation.

The above research was supported by the customers' ABC analysis that showed as much as 94% of the group A customers in the total sales volume of the enterprise. This gave an impulse to review the sales policy and to clearly indicate its further direction. Such actions should be translatable into shaping the purchasing strategy and the purchasing department operational functioning.

3.2. The Concept of the 7-step Purchasing Strategy Change in the investigated enterprise

A source cause of developing the concept of the 7-step purchasing strategy change was to overcome the resistance of changes at the level of both the enterprise board and departments directly related to the purchasing department, i.e. the sales department and the R&D department. The objections were all the more motivated as the departments appeared to have no ability to absorb the changes with no large impact on their work (introducing minor corrections in the purchasing process).

It is assumed by the developed concept of the 7-step purchasing strategy change in the investigated enterprise to fulfill 7 consecutive steps as presented in Table 2.

Table 2. The Concept of the 7-step Purchasing Strategy Change in the investigated enterprise

Step	Step name	Short description
1	Present purchasing strategy assessment	This step relies on both the qualitative and quantitative assessment of the currently functioning purchasing strategy. The recommended methods to be applied within this step are: Ishikawa diagram, current reality tree, system virus analysis (Cyplik & Hadaś, 2015, p. 315) and indicator analysis. This step aims at identifying the present strategy advantages and disadvantages and major problems/challenges and their source causes.
2	Knowledge complement	This step relies on presenting a theory related to the purchasing strategy role in the enterprise strategy by means of workshops with an internal and external coach. The workshops are intended to present major role that should be played by the purchasing

Step	Step name	Short description
		<p>department in the enterprise at the strategic, tactic and operational level. The workshops also aim at presenting the possibilities to apply contemporary tools to manage this area.</p> <p>This stage aims at making the decision-makers conscious of the purchasing role in the enterprise based on contemporary market trends.</p>
3	Change realisation necessity	<p>This step relies on analysing the problems/challenges that were identified in the first step by means of qualitative methods. This step also relies on analysing key performance indicators (KPI) of the assessment. Benchmarking is the method applied in this step.</p> <p>This stage aims at convincing decision-makers of the necessity to make changes in the purchasing area based on potential measureable results of the introduced changes.</p>
4	Change-related benefit indication	<p>This step relies on diagnosing the benefits of potential changes in the purchasing strategy. As part of this step, one analyses potential benefits of changes in the investigated enterprise with reference to the benchmarking-implied indicator levels. One analyses i.a. the financial result that would be possible to obtain in the case of the improvement of the KPI indicator values in the purchasing area compared to the values obtained by other enterprises. As part of this step one compares what cost should be carried to increase the margin by 1% by actions in the sales area and what costs by actions in the purchasing area.</p> <p>This stage aims at understanding the limited possibilities to generate enterprise benefits that are implied by the present purchasing strategy or inappropriately selected strategy fulfilment tools.</p>
5	Analysis of possible change variants	<p>This stage relies on diagnosing possible methods of improving the purchasing area functioning in the enterprise. One makes a list of methods to achieve the objectives set in the purchasing area – the list covers all the identified problems within step 1. To fulfil this step, one might use the FMEA analysis results.</p>

Step	Step name	Short description
		One discusses possible actions related to achieving strategic objectives in the purchasing area within the modified purchasing strategy. This stage aims at developing variant methods of eliminating the problems identified in step 1, preparing the organisation to get changed and selecting the best purchasing strategy adjusted to the enterprise limits.
6	New purchasing strategy proposition	This step relies on proposing a change in the purchasing strategy. The strategy is implied by new possibilities as presented in the previous stages and apparently indicates the differences from the present activity methods. This stage aims at presenting a proposition that will not only enhance the efficiency of the purchasing department activity but also improve the entire purchasing process.
7	New purchasing strategy transfer	This step relies on indicating corrective actions which are implied by the conducted present purchasing strategy analyses. The actions should be implemented in other enterprise departments. At this stage a division of responsibility for implementing the actions in particular departments need to be specified. The RACI matrix is a tool to perform the specification (Works & Price, 2017). This stage aims at making the decision-makers realise the necessity to introduce changes outside the mere purchasing department to obtain real benefits from the new purchase strategy. The success key is to make the decision-makers understand mutual relations between purchases and other areas. Thereby, the strategy becomes a prime mover of positive changes in the entire enterprise.

Source: own elaboration

The Concept of the 7-step Purchasing Strategy Change is considered to be a thought process that treats the considered problem in a complex way. The identification of problems/challenges in the purchasing area was a point of departure in the investigated enterprise. The identification was a basis of the more profound analysis of the fulfilled purchasing strategy. Due to applying the problem identification and analysis method one identified basic problems/challenges of the purchasing area in the investigated enterprise. To visualise the problems/challenges one used the Ishikawa diagram (Figure 1) and CRT diagram (Figure 2).

In step 2 there were internal trainings in which an internal coach (the coach was a purchasing department manager – a recent MBA programme graduate) presented the theoretical foundations of the purchasing role in enterprises with respect to current market trends. As part of the workshops one found considerable differences between the purchasing area functioning in the investigated enterprise and the current market trends.

As part of step 3 one performed a profound analysis of the step 1 results. One compared quantitative data (indicator analysis) with the results of the quantitative analyses. As a result, one confirm the current purchasing strategy unadjustedness to the enterprise functioning conditions. The comparison of major KPI indicator values in the investigated enterprise with indicators of other enterprises (within benchmarking) revealed that all of them are considerably under the values obtained by their competitors.

Step 4 relied on calculating potential cost reduction and revenue increase possibilities. The KPI indicator values obtained in the benchmarking-compared enterprise were used to do the calculations. The works resulted in a potential possibility to improve the financial result by more 25%. The result was measured as ROS. This result comes from the revenue leverage. It states that the procurement cost decrease by 1 dollar results in increasing the gross revenue by 1 dollar, whereas the sales increase by 1 dollar results in increasing the gross revenue by the one-dollar margin only. The second procurement cost decrease effect is the decrease in the goods inventory value, i.e. assets value. Thereby, the ROA indicator (revenue/total assets *100%) of the investigated enterprise has an increasing potential by more than 20%. This is if the sales income amount is assumed to be maintained.

As part of Step 5 one performed the FMEA analysis. Due to the analysis one selected the solutions (one made a list of corrective actions) that cover the diagnosed problems in the purchasing area (cf. Table 1). One also discussed possible actions related to achieving strategic goals in the purchasing areas within the modified purchasing strategy. The proposed solutions are intended to increase the purchasing area efficiency.

In step 6 of the 7-step concept as implemented in the enterprise one proposed the purchasing concept changes and the strategic role increase of the purchasing department in the enterprise. The changes will be related not only to the relations with the suppliers but also to a different location of the purchasing department in the enterprise structure and to the changes in the mere department. The proposed changes developed within this stage are presented in Table 3.

Table 3. Assumptions of new and former purchasing strategy

Purchasing strategy elements	Approach within the strategy	
	Before changes	After changes
Insourcing/outsourcing	Own production first and then outsourcing	Insourcing calculated based on sales forecasts, BEP and ROI
Number of suppliers	Unimportant	Diversification of supply sources
		Max 75% of the supplier's share in the purchasing category

Purchasing strategy elements	Approach within the strategy	
	Before changes	After changes
Penetration areas	First of all China	Global and local, including TCO
Type of relationships	Transactional	Partnership for strategic goods and „bottlenecks”
		Transactional for standard goods and „leverages”
Supplier selection criteria	Price and delivery time	TCO
		Audits and assessment of the supplier
		Segmentation of suppliers
Centralisation	Full	Direct purchases - full
		Indirect purchases - competency delegation to departments
Inventory management	Full availability-informal buffer inventory in the suppliers	Safety stock based on sales forecasts
		Buffer inventories (liquidatable) at 4 supply chain levels based on forecasted sales
Purchasing start	Purchase according to the customer’s order (make to order logic)	Connection of the make to stock logic with the make to order logic
		Search for a scale effect in cumulated purchases
Purchasing role in the organisation	Operational, tactical	Operational, tactical
		Strategic

Source: own elaboration

Step 7 was very meaningful in the context of broadening the implementation areas of the proposed changes with other enterprise functional areas. One added RACI analysis elements to the list of corrective actions as made in step 5. This unambiguously identified the places of making changes (organisational cells). In this way one obtained a matrix of changes implied by the decision about correcting actions in the purchasing

areas with reference to all the enterprise organisational cells. The decision-makers got the arguments to introduce changes in the entire enterprise. The changes will lead to the expected results which are implied by the purchasing strategy change.

4. CONCLUSION

The purchasing area is more and more appreciated and became an essential link in the entire enterprise structure as a purchasing budget disposer. The purchasing area is still grappling with challenges that are both implied by its internal organisation and derived from other organisation areas. No cooperation of particular enterprise cells causes difficulties in efficient purchase management. A particular case is that the decision-makers do not realise the chances of an efficient purchasing strategy and its influence on the entire organisation activity. Everyday purchasing department experiences give appropriate, measurable and logical arguments and might be an inspiration to introduce serious changes in numerous aspects.

The case of an enterprise with the above needs noticed gave rise to developing the concept of the 7-step purchasing strategy change. The concept describes the step sequence in detail and gives hints of how the steps might be used in similar cases. Thereby, the concept becomes universal. Noticeably, initiators of the purchasing strategy change might encounter implementation barriers that might occur in each of 7 steps of the presented concept. In such a situation one should take a step backwards and reanalyse the previous step results profoundly. In the authors' view the developed concept is a cohesive whole and enables smooth purchasing strategy implementation in the enterprise.

The authors performed research on another 2 family enterprises (of the furniture industry) and stated that they had problems similar to the ones as described in the investigated enterprises in this article. The purchasing department managers in those enterprises initiated the modification process of the purchasing strategies based on the Concept of the 7-step Purchasing Strategy Change.

The proposed concept efficiency is especially high in family enterprises that are managed by their owners in an authoritarian way. The owners cultivate their habits and courses of action adopted at the business activity beginning. These methods are all the more cultivated if they were successful. The owners create action procedures of their enterprises based on the habits and methods and expect their unconditional execution. This is how the owners create their image of the only leader and the source of determining the most efficient courses of action in their team. These owners are the most resistance to change their habits. The reason for their resistance is no trust in the employed managers, unwillingness to delegate competences and the confidence in their own methods only. Finally, the owners are simply afraid of the own enterprise future. Furthermore, such a dominated environment of employees are the most endangered by inertia and the least susceptible to undertake content-based discussions. Therefore, it is efficient to make an application of the Concept of the 7-step Purchasing Strategy Change as presented in this article. In the first place, the concept application presents local benefits in the purchasing area which imply changes in the entire organisation in the next place. The argumentation is constantly based on indicating measureable benefits

gained from the changes. The concept implementation has a positive influence on the financial result, increases the purchasing department significance and make the enterprise owner trust the purchasing department manager .

The presented 7-step Concept is intended to change the Purchasing Strategy Change which is its basic advantage. The change models in the reference literature e.g. 8-Step Process (Kotter, 2011), 10-Step Process (Pendlebury et al., 1998, p. 40, Kanter et al., 1992) or Deming's PDSA Cycle (Donnelly, 2015), present courses of actions which are admittedly applicable to investigate each process. Nevertheless, the authors' own Concept of the 7-step Purchasing Strategy Change is a ready tool to be applied in its respective area (purchases). The strategy provides a detailed description of each step by mentioning its essence, what actions should be undertaken within each step and what objective should be achieved. The strategy is characterised by being easy & ready to use for each purchasing manager.

The authors emphasize that an essential issue in any process of change planning and implementation is support from decision-makers. Described method presents a comprehensive analysis of purchasing strategy with use of Ishikawa diagram, benchmarking and KPI's as well as FMEA analysis. Obtained results can be verified by decision-makers on each stage of process. Conclusions and proposed correction actions are logical consequence of stated root causes. Purchasing is a well measured area and offer an opportunity to present positive results of arranged changes (e.g. improvement of OTIF, identifying and managing bottle necks, TCO implementation) basing on the Concept of the 7-step Purchasing Strategy Change. In this moment only the crucial indicators have been listed. More indicators should be applied according to balance scorecard (Kaplan & Norton, 2007) in course of the Concept implementation.

An added value of such developed concept is a clear indication that purchasing has a strategic role for enterprise. It is one of essential puzzles to achieve processes stable and efficient. It crosses over purchasing itself and reflects entire organisation. In this way a purchasing manager can contribute much more than operational proficiency. Transparency and logic in concept application as well as its holistic aspect enable to find a real synergy between internal processes of enterprise.

The Concept of the 7-step Purchasing Strategy Change creates a ground for future research on effectiveness of tools for implementation purchasing strategy changes in small and medium-sized family enterprise. Especial case is TCO concept which expresses level of organizational maturity to manage purchasing processes. This brings an obstacle at the same time – a limitation on access to such information from organisation from this sector.

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