

# Series Preface

The trend towards globalisation and increasing labour division, as well as the rapid development of information and communication technology, has led to worldwide value creation networks connected by material, informational and financial capital flows. Owing to their complexity and cross-border natures, these global supply chains issue a challenge to the involved agents.

Supply chain management aims to plan and steer efficient value creation networks while taking economic, ecologic and social aspects (keyword: sustainability) into account. A successful procurement function (advanced purchasing) encompasses the entire management of all processes that provide a firm with all its required goods from external sources. Realising a competitive advantage for the firm is an initial goal of supply chain management. By linking procurement and supply chain management, cross-company improvements can be achieved and permanently established.

Procurement as part of supply chain management is a central management task—in many firms it is embedded at the top management level. For these reasons, procurement and supply chain managers no longer focus on pure cost reductions; instead, they are trying to create a differentiation benefit for their firms and value creation networks. Issues such as risk management, funding, sustainability within supply chains and product innovation continue to grow in importance because of new challenges, for example changing political parameters, oligopolies in supplier markets and scarce resources.

Despite procurement's major practical relevance, these challenges do not seem to have been acknowledged sufficiently from an academic perspective. The connection between procurement and supply chain management has also not yet been fully researched. The series “Advanced Purchasing & Supply Chain Management” aims to contribute to closing this gap. This goes hand in hand with generating applicable value for science and practice. In parallel, the publications appearing in these series will be published in the English series “Professional Supply Management”.

Reaching this ambition has been supported by the “Kerckhoff Competence Center of Supply Chain Management” (KCC), which is a joint excellence platform of Kerckhoff Consulting and the Logistics Institute of the University of St. Gallen. The KCC's goal is to create an intersection point between science and practice by

analysing the trends and challenges in purchasing, procurement and supply chain management as well as deriving recommendations for practical actions. In addition, practical knowledge advancement in procurement and supply chain management is being strived for.

The contributions in the series “Advanced Purchasing & Supply Chain Management” cover current topics such as innovation and excellence in the management of value creation networks and link theoretical concepts to practical application. The authors are researchers from the University of St. Gallen, scholars from other leading international research institutes who focus on procurement and supply chain management, Kerkhoff Consulting advisors and other experts in the field. Research and practice have been linked tightly by bringing together such contrasting author teams.

After the economic and financial crisis 2008/2009, many firms are again striving for growth. Even though crisis-related cost reduction programs are still in effect, purchasing departments are refocusing on securing availability. Additional emphasis should be placed on replacement and extension investments and their cost management, especially when purchasing capital equipment.

The first volume of this series is based on a situation of increased capital demand combined with the reluctant granting of credit by banks. It introduces ways out of the “working capital trap” by looking at strengthening internal financing capability from a practical firm and supply chain perspective. In addition, concrete guidance is offered for purchasing and supply chain managers on how to improve the financial competitiveness of their own firms and their value creation partners. Other planned topics of this series are “Performance Measurement in Procurement”, “Evaluation and Differentiation of Supply Chains”, “Cost Structure Analysis in Purchasing” as well as “Procurement of Upkeep and Maintenance Services”.

This book is the second volume of the series. It focuses on the challenges of capital equipment purchasing and offers instruments and methods for all participants. The depicted process of capital equipment purchasing also helps structure the complex procurement process and allows the positioning of instruments and methods within it. With this, the book contributes towards the professionalisation of the so far insufficiently noted success factor of procurement management.

As the publishers of this series, we wish the readers distinct interest, as well as numerous suggestions and inspiration on how to master the challenges of capital equipment purchasing. We are convinced that the depicted procurement process and the presented instruments and methods offer a valuable contribution.

Düsseldorf, Germany  
and  
St. Gallen, Switzerland  
June 2011

Gerd Kerkhoff  
Erik Hofmann  
Wolfgang Stölzle

**Capital Equipment Purchasing**

**Optimizing the Total Cost of CapEx Sourcing**

Hofmann, E.; Maucher, D.; Hornstein, J.; den Ouden, R.

2012, XII, 124 p., Hardcover

ISBN: 978-3-642-25736-0