

Abstract

This dissertation is based on a comprehensive literature survey and empirical research. The exploratory study's findings indicate that monetary purchasing savings negatively impact sustainable company success. It is evident that an alternative to savings must be found, because they are incompatible with the objectives of supply chain management. To achieve long-term success, the author proposes that the monetary measurement of purchasing savings be conducted by measuring process times within the procurement organization. A new, quantifiable method is developed during the case study. The former is not based on monetary factors and supports the objectives of supply chain management.

This case study, conducted within the German defense industry, compares purchasing-savings with supply chain management objectives. It shows that the objectives compete. Compared to supply chain management objectives, purchasing savings also negatively influence sustained corporate success. Furthermore, a quantifiable method based on a definition of “quality in procurement” and the First-Time-Right principle is developed that supports the objectives of supply chain management and is expected to have long-term, sustained effects on the company's performance and to replace purchasing savings as a performance measuring method.

This study fulfills an identified need to further determine whether purchasing savings are compatible with the objectives of supply chain management and if not, how they could be replaced. The research may lack generalizability due to the case study approach. Researchers are therefore encouraged to test the assumptions to determine whether the new, quantifiable measurement method can be implemented effectively in other procurement organizations.

Key words: Supply chain management, purchasing savings, procurement, first-time-right, quality management, business process management, defence industry, sustainability, Six Sigma, performance measurement

First-Time-Right Procurement
Substitution of the Paradox Purchasing Savings
through First-Time-Right Procurement (FTRP)
Münch, O.
2015, XXV, 243 p. 52 illus., Softcover
ISBN: 978-3-658-08619-0