

# Portland bus company

Business



Reports to David, director of Material Department Be responsible for sourcing fabricated metal components BBC was owned by Dade Motors First use of reverse auctions assisted by Laura Henning, business consultant for Bother US operations Approximately 290 components Involving 7 suppliers Current situation Total annual purchases were approximately \$250, and about \$60 million to be sourced through Materials Department 10 suppliers were responsible for 290 monuments In 3 fabricated metal parts, representing about \$2 million annual spend BASIC ISSUES: 1 .

The use of new information technology (online reverse auction) in supply process for the first time and its future impacts. 2. Supplier selection policies. 3. Business splitting: grouping and commodity. 4. 25 percent costs reduction. 5. Maintain supplier relationship. 6. Strategic spend and non-strategic spend of supplier 7.

Leading and managing team Problems: A lot of time is spent in purchasing. The costly and time-consuming purchasing of 290 Items on 10 suppliers under the rent standard process.

Tasks: Status quo Do nothing and stay on the standard purchasing process (RFC/RIB, negotiation) The use of new technology: reverse auction Group the components Into packages-21 packages Choose vendors—choose 6 suppliers from the old ten suppliers and add a new one use the new technology for reverse auction Preparation for reverse auction Time for prepare for the auctions Supplier selection policies Type of auction Event Price validity Bid ranks Implementation and Follow-up Negotiate and clarification Process efficiency and effectiveness

What are alternatives? The type of auction to be used The policy for selecting suppliers  
 Actions: Communicate with internal partners before preparation: Form cross-functional team Create shared or common goals  
 Design standards for supplier selection Obtain other neoprene factors for bid ranks Preparation Certify appropriate suppliers Set the quality, quantity, delivery, and service requirements and length of contract  
 Trains Laurel's team members and supplier representatives on the auction Tests the technology Confirm award criteria

Make auction rules, such as the length of the auction and the rules for extending the time period Guarantee the price visibility Messages cannot be visible to other participants Guarantee the technical assistance and communication between suppliers and buyer Implementation and follow-up Establish a process policy and procedure manual.

Announce the results to participants and respond to questions Technical assistance should be available Update electronic files and hard copies of the order-related documents to maintain the records and suppliers relationships Make a flowchart to improve supply process efficiency and effectiveness Apply time, money, people and other resource involve in early supply and supplier to assure continuous availability at the lowest cost in strategy spend.

Results: Result 1: If communicate with internal partners Lower total cost of ownership Reduced lead times snare International Ana support correlation Walton ten organization Result 2: If manage the preparation and event: Reduce the risk to select unqualified suppliers No unreasonable low prices on

bids Increase the competition No supplier collusion Avoid the risk of interrupting good supplier relationships

Save the cost of running the auction Result 3: If reverse auction process rely on information technology: Invite pre qualified suppliers to online auction that bidders submit bids and buyers receive contracts for predefined items for a set period of time Allow organizations to be connected with important partners networks Benefits of information systems . Cost reduction and efficiency gains Data accessibility 2.

Speedier communication 3. Dedicate resources to strategic issues 4. 5. Data accuracy 6. Systems integration Monetary control 7.

Priorities: 1. 5 percent reduction in cost 2.

How should the packages be awarded and to what extent prices can be negotiated in the auction 3. Other factors other than price Cost of switching suppliers The order of awarding business 4. Long-term relationship with suppliers 5.

Prevention of collusion Best Conclusion Although using online reverse auction for nonstarter's, large numbered item, low valued commodities (especially for the first time) may face supply organization with a lot of risks, however it will bring more benefit. Furthermore Laura is professional to assist Richard to manage the reverse auction.

The direct advantage of reverse auction is achieving Davit's goal that is 25% reduction in cost. Suppliers compete with each other openly, so the prices will be lower, the cost of ownership (TCO) will be reduced. These auctions <https://assignbuster.com/portland-bus-company/>

also save time. It may take some more time for preparation for first time, but it will be reduced too much after the first time when all the suppliers trainer Ana get Tambala wilt n ten cotton steward.

Len Dryer slimly posts his request online, invitations to pre-selected vendors are distributed automatically y email, and it will cut off the time of unnecessary negotiation between buyers and suppliers.

Suppliers can be distributed around the world, and the buyer can be compared by prices, qualifications, and other factors at a glance. The accumulation of historical purchasing data could be a good guidance for future decisions. The basic issue to approve all benefits is technology support. Laura should be sure all the technologies work well, and auction policy is draw up clearly so that it will control the reasonable price, quality, and avoiding supplier collusion.