

# Bal case study



The continued advances in procurement and information technologies, have presented BAL an opportunity to build on initiatives put in place since 1999. The P-Card initiative has produced cost savings through the shortening of procurement process for non traceable generic goods, but new e-based initiatives must be sought to further stream line the bidding and contracting process. One tool presently available is e-buy. A tool developed with other large buyers and our Parent company Boeing.

Since 80% of the procurement transactions are for these “ day-to-day” buys, it is imperative these new processes target this segment. Making the process dimplier and more efficient on these “ day-to-day” buys will leave us more time and resources to promote and invest in supplier management programs with our “ critical” or “ strategic” suppliers. Most of which supply the “ traceable” items required. Investing in supplier management will enable BAL to attain total overall cost in the purchase of critical items.

Since procurement is only one sector of the information systems at BAL, the time is right for us to look at inexpensive ways to integrate our other “ back end” legacy systems to take full advantage of interacting with suppliers and customers alike. This can be achieved by working with our present ERP provider, WDS, to contract with other information system providers to find an inexpensive way of reaching our goals. BAL’s information systems help to execute our core business. This will enable us to leverage new business which is the key to growth and profitability. Now is not the time to “ sit-on-the-fence”.

If we do, we run the risk of losing our strategic advantage. Statement of Issues To maintain BAL's strategic advantage in the Asia-pacific aerospace industry, we must look at ways to build on the gains we have made, since 1999, in the areas of e-commerce and supplier management. To continue to find ways to lower procurement costs through process improvement, spend analysis and system upgrades. In addition, we need to assure BAL can continue to deliver up to date information system solutions for our primary customer, the Australian Defense Force, as stated in the BAL vision statement.

The main issue that BAL faces is how to implement new procurement and information systems, at an affordable cost. Electronic Commerce We have implemented several key procurement initiatives since 1999 that have resulted in cost reductions through process improvement. One of these was the use of P-Cards for the purchases of indirect spend items. This indirect spend accounts for 80% of total procurement transactions, while totaling only 20% of the dollar spend. To continue to increase customer and shareholder value, we need to remain strategically competitive.

This entails locating, and employing new technology that shortens the procurement process time. Finding the “ best fit” for BAL will be a challenge, but one I feel we can overcome by looking at the various options available in e-commerce technology. The issue we have is what type of e-procurement systems we can obtain, at a reasonable cost, which would integrate with our present legacy systems. Supplier Management The Aerospace Industry is a highly technical industry. Customer support and satisfaction are two of our guiding vision statements.

The ADF mandate for traceability for “ fly away” purchased items, mandates BAL continue to improve on our supplier management initiatives. Allocating sufficient resources to accomplish this task will be one of our top priorities. We also classified supplier relationships into four segments: 1) day to day 2) Strategic 3) bottleneck 4) critical to business. The aim of implementing standard procurement process, were to take care of the “ day-to-day” category of relationships. We also implemented a program that received supplier feedback on BAL’s performance, as well as supplier performance.

Information Systems ADF has requested from BAL, a continuous improvement path in all areas of the contract. To facilitate this, real time availability of web based data needs to be provided the ADF on project status. Presently, this is a problem due to our “ legacy” systems we now have in place. Criteria Any decision we make, in regards to system upgrades, must take into account the core directive of our business – “ To create shareholder value through the provision of customer focused space communications’ and system support solutions. ” – BAL Vision Statement.

We have implemented various procurement initiatives since 1999, and must continue to look at ways to lower over all cost and to create added value, to both our shareholders and customers. We are in the business of “ System Support”, and cannot continue to “ sit on the fence” in the age of continued technological advances in procurement practices. If we do, we run the risk of losing our strategic advantage amongst our competitors, and alienating our most important customer, the ADF. Because of the size of BAL, a complete “ cleansing” and re-tooling of our present system could be cost prohibitive.