

Milestone Seven

The Improve and Control Phases

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Root cause identified:

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The case is about the ABC Pvt. Ltd which manufactures the cement. The organization needs to improve the purchasing procedure, and the loopholes are discussed in detail which is the actual root cause. The basic problem is the requirement of the cement is fixed in the marketplace, and it is easily affected by the economic situation of the country. Hence, it is difficult for the purchase manager to calculate the requirement of the material as well as to predict the requirement of the cement. In the given case, the company follows the past trend of the purchasing but does not follow the requirement of the cement. Another root cause in the given case is, the company does not have any identified group members in the procedure of the purchase those who are responsible for the complete system. The accountability is on an individual, and he has to look after the entire system, and in this case, he is unable to handle the complete structure efficiently alone. The main root cause I realized in the given case is that material suppliers are not advised by the organization to offer the estimate of the material. The Company also chooses the suppliers without doing any kind of market research as well as do not check quotation of the competitors. As the organization does not have any assigned team for controlling the purchasing system they do not prepare any budget also and it leads to the problem of losing the control over the cost of purchase. Organization does not keep any kind of record of purchase, and they order without keeping any kind of records. (Nathan, n.d.)

Plan to improve the process:

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The organization must follow the procedure where they should have a specific team dedicated to maintaining the system of the purchase order. The beginning point of purchase procedure is the need obtained from user section who utilizes the substance brought. After getting the categorize, it is moved to store section those who accumulate the products, if the collection has needed the amount of substance then no buy will be done however on the another side if the collection is not obtainable store section will support the order obtained. Purchases sections of receiving of order inquire for the quote from different suppliers at the confirmed cost as well as then suitable suppliers are chosen for a supply of necessary product. Following the selection of the supplier, needed product are provided by them besides with the statement for such obtained material. Purchase

section on receiving of statement as well as substance did the entrance of purchases on an individual section by the accounts section. ("Purchasing Procedures — Purchasing Department", n.d.)

Time and cost estimation for the improvement:

As per the requirement, the organization needs to hire a team for handling and control the purchasing system which can calculate the economic condition and the requirement of the cement in the marketplace as well as the team should follow the procedure of getting the quotation from the various companies and should also research the competitors' price. The team should be able to prepare a budget rather than simply place the order, and in that case, they would be able to control the cement price and judge the requirement. The time estimation for the improvement is approximately 6 months as well as cost involved in the improvement would be depend on the step taken by the company as they want to hire a separate team on the salary basis or want to delegate work to the present team as part-time work whereas they can give them special perks for the innovative ideas.

Potential Risks involved in the improvement scenario:

The chances of risks are very less if the company follows the standard procedures as well as the maximum they need to prepare their employees to accept the change as the employees are mainly resistant to change. If employees are not ready to accept the change it may lead to anger, absentness, dissatisfaction, and uncertainty in the company.

Risk responses:

It is important for the senior management to drive the change in a positive manner so that workers can accept the change and can bring a standard procedure for the company. If once standard procedure is followed it will lead to the positive and benefit for the company and it is beneficial for the growth of the company. As ABC Pvt. Ltd is facing the problem in the purchasing department it can be solved by hiring a team, and the top management can discuss the complete scenario in open meeting where employees' point of view should be welcomed. So that employees feel their opinion also matters and do not oppose at the time of change and ready to accept the new procedure or technology. ("Purchasing Procedures — Purchasing Department", n.d.)



References



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