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### Abstract

Jiangu Aucksun Metal Co., Ltd., is a professional logistic service provider and a metal processing firm for various IT manufacturing firms situated in Zhangjiagang. The firm offers a variety of products such as aluminum alloy plates, stainless steel products, galvanized steel plates, and hot-rolled steel plates among others. The firm's managing director, Mr. Li, is in charge of the manufacturing department and also responsible for the procurement processes of the firm (Zeng, Zhao, & Hou, 2009). He is expected to develop a plan that should change the firm's procurement process. His three plan action aims at addressing some of the leading challenges faced by the firm such as market uncertainty, capital risk, and an unbalance between customization and integration. His plan comprises of the following procurement processes; seeking an acquisition that helps reduce the firm's procurement cost, acquiring quality raw materials for the firm, and efficiently managing the amount of inventory held by the firm to enhance production continuity. His plan aims at improving supply base management and collaboration with downstream customers through information sharing and customization of supplies.

Keywords; Outsourcing, Warehouse, Inventory, supplies, and Purchase.

Just like any other company in the modern market, Jiangu Aucksun Metal Co., Ltd. faces huge market competition and have to implement different strategies to beat its rivals. One such policy implemented by the firm is the use of forwarding purchasing process. Forward purchasing process is where a firm buys excess raw materials to hedge against possible future shortages or to gain a discount through bulk buying. Jiangu uses the following procurement process; first, it performs an inventory analysis and demand forecast. Places a consolidated order composed of different small purchases from the various user departments, selects the best supplier, enters into a contract with them. It gets the letter of credit and allocates the right amount of money from its budget which is followed by final payment. They then inspect the goods, plan for the customs clearance and shipping process depending on the type of incoterms they agreed on in the contract and finally code the materials and store them in their warehouse. This paper will identify ways in which Mr. Li can improve this process.

His first action is to ensure that each purchase focuses on reducing its associated cost. Such costs include holding cost, carrying cost, ordering cost, and buying cost among others. He can achieve this by seeking suppliers who sell their raw materials at the lowest market price. They can also integrate modern technology in the procurement process more so in their warehouses to ensure that they capitalize on the store and reduce the holding cost. However, some difficulties that might be encountered while doing this include acquisition of low-quality material translating to low-quality finished products and reduced sales due to customers' loss and transfer of risk through integration and customization. Some of the required resources in this step include the use of modern material handling and storage equipment such as cranes and forklifts.

Another action he can employ is the acquisition of high-quality raw materials for the firm. To achieve this goal, Mr. Li needs to change the method and culture that guides the firm's supplier selection procedure. They should shift their focus from seeking the cheapest supplier

in the market to the one who meets their minimum requirements both technically and financially (Kumar Kar & K. Pani, 2014). This strategy will give the firm a quality based advantage and also enable it to differentiate its products to meet the different market needs. The process should also prioritize sustainability and green procurement. Some of the likely challenges for this action include increased cost and time associated with finding and retaining such suppliers. The firm should acquire modern technology to help conduct a thorough market analysis before selecting a supplier. To make this action fruitful, Mr. Li needs to advocate for proper supply chain management. Both the firm and the suppliers' needs to adopt modern communication technologies such as embrace the use of EPOs and use of e-mails and other modes of communication. The firm can also employ the use of the integrated data envelope analysis (DEA) model to determine their suppliers' sustainability (Azadi et al., 2015).

Each purchase should also focus on ensuring production continuity. Mr. Li plan should focus on having the right amount of material above the re-order level and below the maximum level. It will enable the firm to have extra inventories to ensure continuous production in case of unseen circumstances while at the same time guaranteeing that it does not hold too much capital that is held up in form of stock. Such a move can, however, result in increased cost associated with hiring competent personnel and technology to manage the warehouse. Some techniques necessary during his step include better inventory management tool, use of economic order quantity, and also the application of JIT for some readily available products.

In conclusion, information on the customers' needs and the level of competition in the market is essential in conducting a further analysis of the ideas and in the decision making process. Mr. Li, therefore, has to involve all stakeholders in the decision-making process. He should make sure that the firm's supplier is aligned with the firm's goals by involving them

in the decision-making process and letting them know of the intended goals (Steinfeld, 2010). Their involvement will help identify the market needs, the warehouse capability, financial capability of the firm, and the suppliers' interests among other issues and information. Data on the current laws guiding the procurement both locally and internationally should be considered when reaching the final decision.

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