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FINAL REPORT

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WEST COAST SUPPLY GROUP

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Management Summary

This report deals with the bottlenecks of West Coast Supply Group and provides some methods/ advice which helps the company improve its purchasing process. The company has become aware of effective operations and the impact of technology in term of supply chain. Therefore, the goals are to identify the real issues and create a better understanding of bottlenecks as well as alternative options that may be applied to smooth the operating process.

Primary qualified field research is based on the company's information as well as interviews of colleagues or the hands-on experience of an intern. The second quantitative method includes desk research from five main e-books and some research reports focusing on the supply chain and logistics management. The main findings of the report describe the primary roots of the issues that the company is dealing with. To further consider the performance of the company before suggesting solutions, an overview of its finances is considered to see whether it has the capacity to change and develop. So far, three pillars of purchasing and supply chain Excellence consists of human resources, organizational structure and information technology are also mentioned as an input requirement to analyze. Findings also concerns the external factors which are the technological development in relation to smoothen the process and make it more effective. The SWOT analysis focuses on those as it summarizes and evaluates the company from four different perspectives in terms of strengths, weaknesses, opportunities, and threats. The SWOT model shows that West Coast Supply Group has developed in a stable market with many opening opportunities as well as a few setbacks.

The recommendations have shown the suggestions/ advice as well as a new advanced technology for applying to purchasing process at West Coast Supply Group. Therefore, it solved clearly the six mentioned bottlenecks from human mistake to machines' errors. The recommendations made in internal operations focus on training, feedback, or standard operating procedures, whereas external factors such as suppliers, forwarders, or external warehouses will consider meetings and communication methods. Furthermore, the utilities of technology will boost the process more efficiently than manual operation or using outdated systems. It will mitigate the bottlenecks and make it lean.

The impact of those actions on West Coast Supply Group will resolve around the implementation of its four elements (organization and management, marketing, finance, and planning). The company will require more manpower in this growth phase and make the process accessible to every employee. Each individual will test the process and take responsibility for giving feedback. The marketing team will focus on the campaign of making everyone be aware of changing and be productive (internal marketing) which shows the customers a smooth operation in company (company's image). This will open more opportunities to become resilient and sustainable in the supply chain management of the company and provide the best service for customers. The finance department should prepare to support software with an emphasis on implementation. Finally, the planning will put the appropriate suggestions into action, and the trial phase will last between 1-3 months.

Abbreviations

TS: Trade support	TR: Trader	WCSG: West Coast Supply Group
TMS: Transport Management Services	WHS: Warehouse	Hands: Health and Skincare
NAV: Navision	PO: Purchase order	WCOS: Health Skincare department
QV: Qlickview	SO: Sales order	Dossie code: specific code for orders.
OB: Orderbook	OK: Approval	ERP: Enterprise resource planning
OBA: Order Building App	EDI: Electronic Data Interchange	SRM: Supplier Relationship Management

Figure 1: Abbreviations (West Coast Supply Group, 2022)

1 Introduction

1.1 Company description

West Coast Supply Group has over 40 years of experience as a leading wholesaler of FMCGs (Fast-Moving consumer goods), which is located at Admiraal Banckertweg 12, 2315 SR Leiden, the Netherlands. (West Coast Supply Group, 2022). The company was established in 1975 and is a fast-growing company with around 200 employees now. The company has been active in more than 75 countries around the world. The company's vision is to go the extra mile to find the best options for its customers. The company's mission is to meet the needs of each specific market, with the main goal being to offer the absolute best when it comes to logistics, service, quantity, pricing, and conditions. (West Coast Supply Group, 2022). The company strives to constantly improve its extensive market knowledge, high-tech warehouses, and smart logistics network. There are six primary departments in the company: Personal and Homecare, Hair and skincare, Food and Drinks, Sports, and Liquor. Their activities mainly involve trading various kinds of products such as food, drinks, alcoholic beverages, homecare, skincare, food, drinks, etc. The WCOS company has experienced some issues happening during the purchasing process in the Anchor account and other account generally. It leads to many serious consequences such as sales 'dropping, margin's down, and targets cannot be reached. As a result, some solutions should be recommended to improve the purchasing process and keep the sufficient inventories.

1.2 Problem description

1.2.1 Current situation

There are some issues that occur frequently during the purchasing process, as described following. It might be causing the insufficient inventory and late stocking. The WCOS company has experienced some issues happening during the purchasing process in those accounts, such as an order cannot be booked with a small number of lines, the company received more than what was ordered from the lines, the suppliers tend to overpromise and underdeliver, and the issued numbers do not come through the brand owner. The purchasing process is also interrupted by many factors, such as suppliers, transportation, and warehouse operations. There are a lot of related results: fewer sales, lower rotation, money stuck in stock that cannot be shipped yet, angry customers, or customers who no longer trust the company. As a result, the company wants to have a smooth run-in in terms of the purchasing process, as mentioned in the research question.

1.2.2 Desired situation

The company has a desire of getting the goods on time and there will be some improving methods to solve the issues during the purchasing process to supply the sufficient stock. All the possible risks should be reduced to ensure a smooth process, on-time delivery, and sufficient stock for sales. The margin, therefore, will not drop, and the relationship between the company and supplies is still good.

1.3 Research objective

"To submit an advisory report with good recommendation in terms of improving purchasing process to Niels Rietberg, the export manager in Supply chain management and Operations of West Coast Supply Group before week 17 (15th12/2023). This report contains advice regarding which the best strategies/improvements are to ensure the company has efficient stock and on-time delivery from suppliers in terms of purchasing"

1.4 Research questions

“Which improvements can the WCSG implement, in order to ensure efficient stock rates and on-time delivery?”

2 Internal analyses of West Coast Supply Group

2.1 The Supply chain Umbrella-Functional Activities

2.1.1 Purchase order process in term of Operations

This is a purchase order process which is used in West Coast Supply Group. As can be seen from the process, Trade Supports take responsible for eight steps after traders got invoice, packing list and logistical information. Trade Support helps to arrange transport/get pick-up/delivery date via the transport company. Then, they have to inform warehouse on Inbound and Estimated Time of Arrival. It should be noticed that for T1, trade support should provide commercial invoice and T1 documents. When the goods have come to warehouse, warehouse employees will start to do inspection goods and make inbound inspection report. Trade Support will record the report to the system and match invoice again. If there are any damages, missed and extra goods, it will be recorded and credit notes/additional invoice on discrepancies will be created. Then, it will be transferred to Dobbe warehouse and checked again. After this warehouse employees checked and confirmed. TS can post and inform the orders for sales sides.

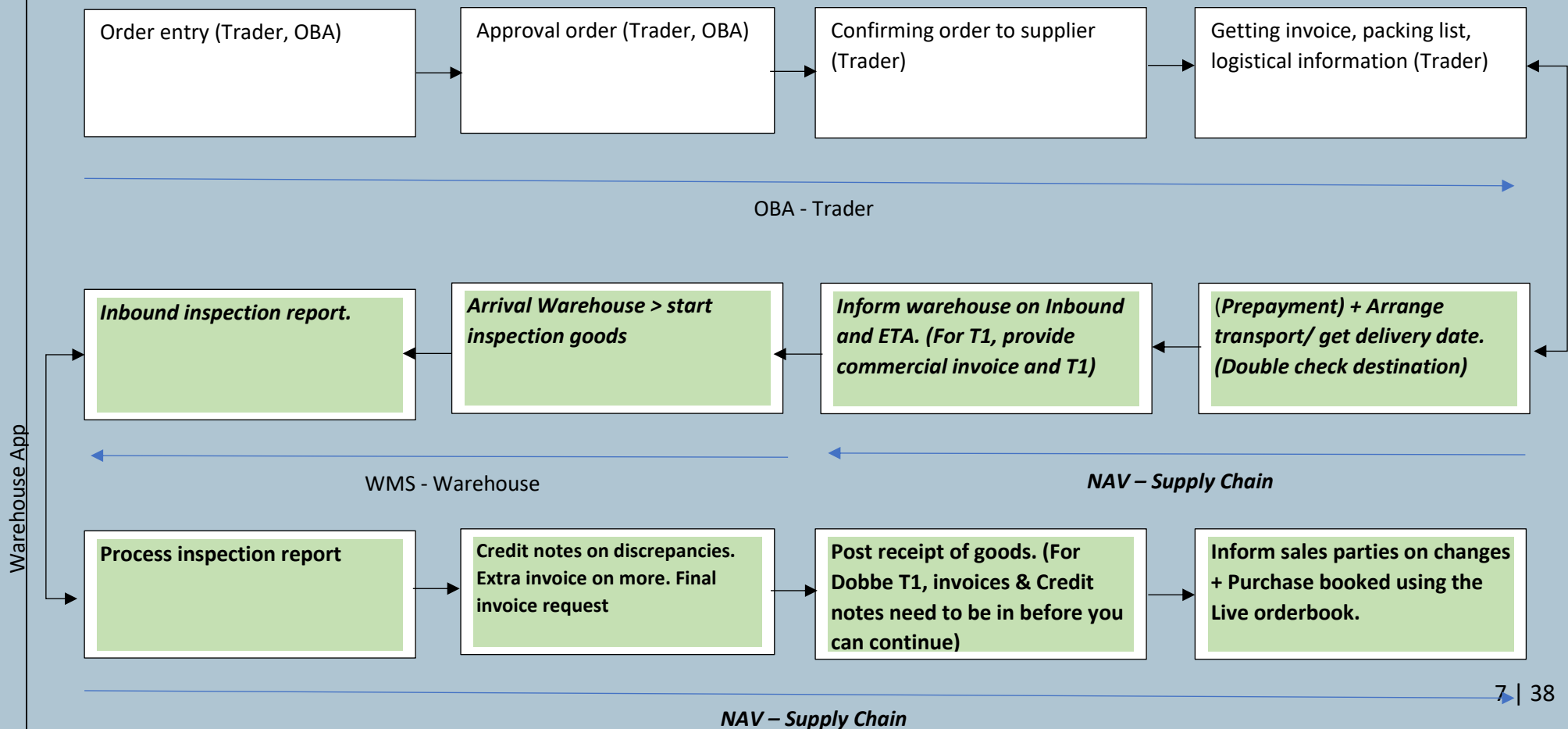


Figure 2: Purchase order process in WCOS (West Coast Supply Group, 2022)

2.1.2 Inbound transportation

Inbound logistics bring supplies or materials into a business and tend to focus on the transporting of goods. WCOS has been using the two transportation partners which are A and B. Company A is booked when the goods ordering from supplier to WCOS's warehouse in the Netherlands and Belgium. The company B will be booked to pick up the cargoes outside the Netherlands and Belgium (but still in Europe) using trucks. The portal of booking transport from company is their website. Most suppliers come from Europe and our company tend to use EDI (Electronic Data Interchange) with company B to request transport. The process of requesting the transportation from company B is somewhat easy with inserting the data and choose company B as EDI partner. However, it is important to let the company B know about the number of pallets, Dossie code and time to pick up at the supplier's warehouse. By putting the comments code Logistics, company B will follow the instructions and when they require DGN (Dangerous Goods Notes), our TS will provide as soon as possible. (West Coast Supply Group, 2022)

2.1.3 Quality control

Quality control is vital to all organization these days. According to Investopedia (2022), quality control is defined as a process through which a business figures out the ways to ensure that product quality is improved or maintained. Nowadays, it tends to focus on supplier's quality which has shifted from detecting the defects at the time of receipt. Many organizations those days have tendency to work directly with supplier to develop suitable quality control procedures and processes to minimize the costs and time of incoming inspection. However, it seems that WCOS is still on the way of finding out how to make sure the supplier to deliver in good quantity and quality. It has been seen that many suppliers deliver the numbers of goods in bad status which causes damages or shortages, and over expiration date products. For damages, even though WHS Leiden has been using the damage codes to specify several types of damages, but it still consumes a lot of time. Then our Trade Support will make credit note and inform trader about the difference. This process is also a time-consuming issue and affects the suppliers' relationship.

2.1.4 Demand planning

Demand planning schedules the quantity and timing of a goods' input. This is based on the forecasts of customer's demand, inventory adjustments, non-performance inventories, aftermarket requirements, etc. Demand planning is the process of taking demand data and develop the plan to help fulfill the sales 'order. The company first set the budget for how much they are willing to spend on purchase each month and then use the OBA to check if it reached the target. Trader will operate the weekly meeting to see if the target has been reached. Purchase Budget Allocation is created by manager to demonstrate specific suppliers (often fixed suppliers) related to various brand. Yearly budget is ranging from 500.000 euro to 5.000.000 euro with the order frequency (monthly, bi-monthly, every 6 weeks, etc.). It is true that demand management is used for planning purposes, based on this planning, a company can make purchasing decisions. For Health and Skincare department, demand comes from the inputs of orders out at the end of the month (sales 'orders) and non-performance inventories. Since the company is fast-moving consumer goods wholesale, it fluctuates in term of specific products and customers 'demand, the budgets for buying are changed monthly. For example, in festive seasons, WCOS will buy more and supply more for customers (B2B).

2.1.5 Receiving, Materials Handling and Storage

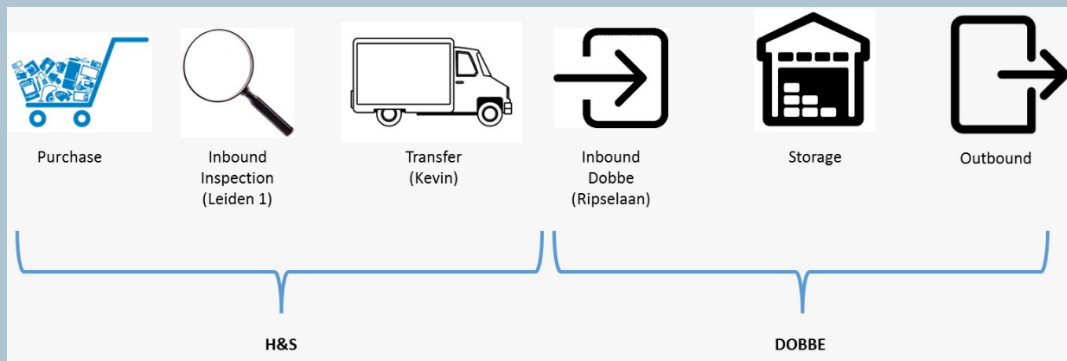


Figure 3: Way of working in WCOS (West Coast Supply Group, 2022)

After receiving the goods from suppliers to Leiden's warehouse, the orders will be checked by warehouse (lead time A-C). Warehouse in Leiden is the internal company's warehouse, however, there are some issues such as Leadtimes, Capacity and storage, MSDS per category, the storage has been changed to ABC warehouse (external warehouse). The external warehouse (ABC) has capacity and storage around 8000 bin locations storage, outbound 200 lines per day and can be increased. (West Coast Supply Group, 2022)

2.1.8 Payment terms

There are 3 types of payments used within WCOS- prepayment, ONTVG (full after payment) and deposit before picking up (West Coast Supply Group, 2022). Prepayment is the most used payment term within WCOS, and it means that the purchase order needs to be fully paid from the WCOS side before TS proceed with arranging transport and documentation. The second payment term is ONTVG (full after payment) which means the company needs to pay the purchase order after they receive and check goods. The third most used payment term within WCOS is when half of the amount needs to be paid as deposit and the rest will be paid after the order is received. Different payment term depends on different percentage of deposit. For example, 10%, 20%, 30%, 40%, 50% are presented in the system.

2.2 Three Pillars of Purchasing and Supply chain Excellence

2.2.1 Human Resources

Human Resources are enabling capabilities support the development of strategies and approaches. This includes supply chain professionals who have the ability to view the supply chain holistically and manage the critical relationship. The Supply chain specialist team in WCOS can do the proper operations of purchasing and engage in fact-based decision making. The operational leaders are able to analyze the big data and competitive markets. The team is young and dynamic working with different operating system (Navision, OBA, Shypple). The core values within WCOS are "Do it, Own it"; "Go the extra mile", "Find a way, not an excuse"; "Results and people count"; and "Constantly improve". "Do it, own it" means everyone should feel a personal responsibility for the desired result, both towards clients and colleagues. Each employee should have entrepreneurial, winning attitude and certainly not a "nine to five" mentality. "Go the extra mile" means each employee should always make a special effort to achieve something. "Find a way, not an excuse" stands for the initiative of finding the solutions for problems which lead the good

results. By doing personal development, each individual contributes to the ultimate goal of the organization. (West Coast Supply Group, 2022)

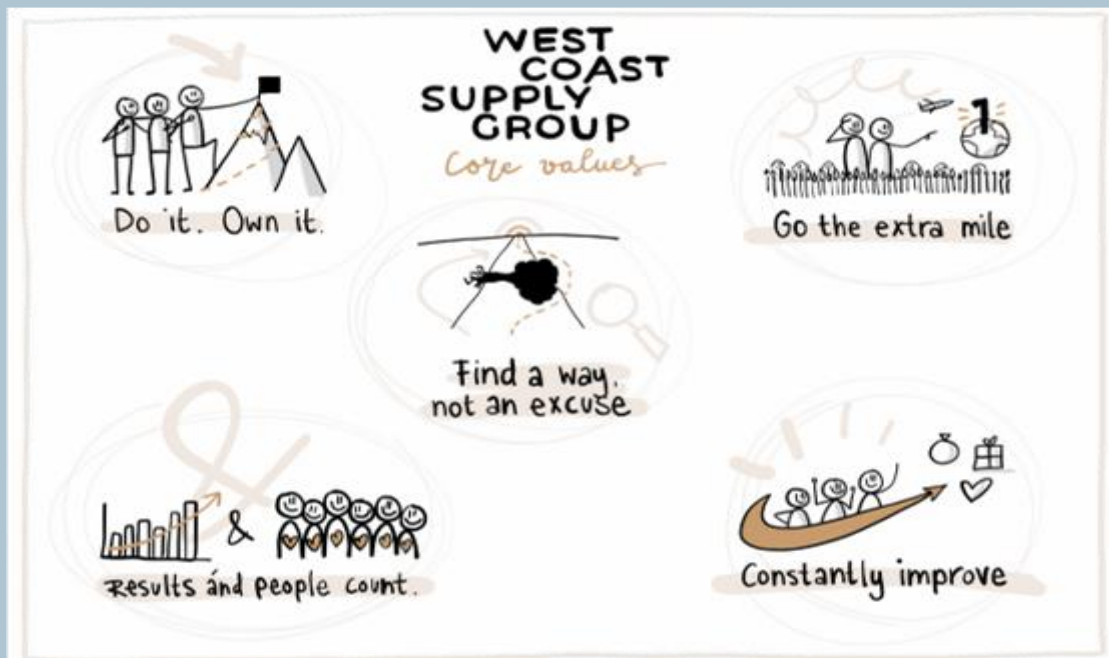


Figure 4: Core Values at WCOS (West Coast Supply Group, 2022)

2.2.2 Organizational design

This is the organization structure of West Coast Supply Group. There are 6 departments in the company for now. The department includes two important positions: traders and supply chain specialists (operations). In addition, there are an operational lead and head of department. Traders have functions to buy and sell goods while trade support will help with the operational process such as booking transports, checking invoice, checking inbound, etc.

It can be seen from the picture below:

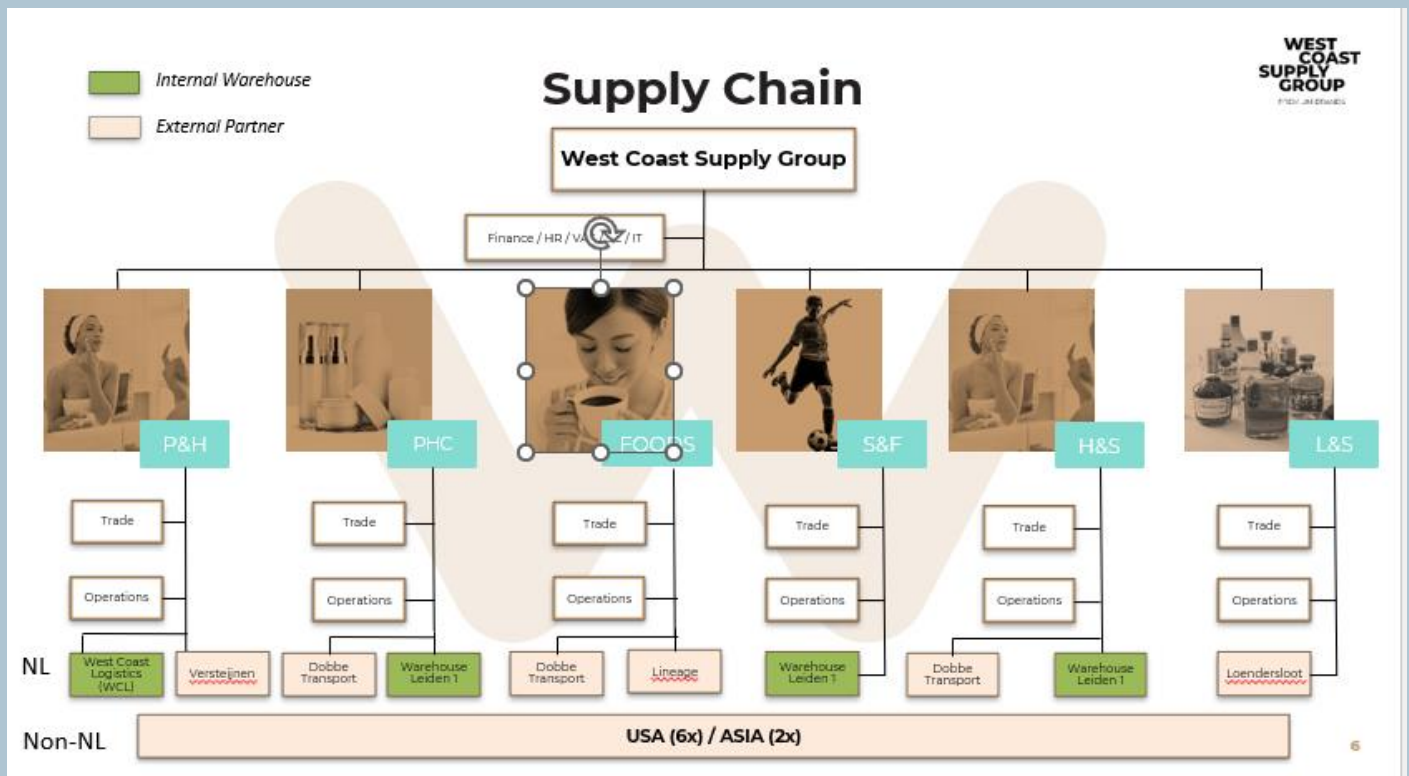


Figure 5: Organisational structure (West Coast Supply Group, 2022)

2.2.3 Information Technology of WCOS

The company has been using many information technologies to run the business. Those are the real-time system software on supporting supply chain planning and performing: demand planning, order statuses, distribution and transport scheduling, intranets, and company's data. Microsoft Dynamics Navision is used to store master data such as Sales, Purchases Orders, Items, Vendors. The other app is IWA (Inbound warehouse app) to record all the orders from warehouse side while Order Building App (OBA) is used for submitting orders from traders. The Quickview is used to manage and visualize stock, debtors, creditors and margin. In addition, Shypple app is a portal to book vessels, planes and communicate with forwarders.

2.2.4 Measurement

There are some main reasons to explain why measurement is so important. The first reason is that objective measurement supports fact-based rather than subjective decision-making. It is also the way to communicate requirements to the other supply chain members and to promote continuous improvement and change. Although there is no definitive set of supply chain measures, but it might be known that effective measure tends to satisfy specific criteria. Therefore, three mentioned enablers (human resources, organization structure, and information technology) constantly support the pursuit of progressive strategies that helps to define purchasing and supply chain excellence. The organization has to care about those pillars if they want to develop strongly and not to fall short of competitors. By noticing the bottleneck from three mentioned pillars and external factors, the company can immediately evaluate and improve to get progress.

2.3 Financials

2.3.1 Overview of Finance Department.

The Finance department at WCSG includes Treasury, Credit Control, Accounting, Payroll, Financial, Control, and Business Control. Each of them has different tasks/ functions, for example, Treasury will take care of cash issues, Payment of stock invoices, Debtors questions, Coface, cash usage, sales invoicing. Finance takes responsible for questions regarding to added cost, tax, monthly closing figures, payment regarding to cost invoices, year-end figures, fixed assets administration, etc.

2.3.2 Rotation on Investment/ Return on Investment

Return on Investment is defined as a performance measure used to evaluate the efficiency of an investment. (Investopedia , 2022). The normal formula to calculate return on Investment is described:

$$ROI = \frac{\text{Current Value of Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

Figure 6: Return on Investment formula (Investopedia , 2022)

In WCSG, the ROI is calculated by: ROI = Cash rotation * Margin%, while cash rotation:

Cash rotation = 52/ (payment term supplier + weeks stock on floor + payment term client).

According to WCOS (Health and Skincare department) data, the current ROI is 48, 64 and this number is not bad in a fast-growing company. As a result, every trader has to keep in mind about closing deals since if the deal go through lower than 4%, it will be the loss for the company.

RETURN ON INVESTMENT															
Margin in % →	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
20	20	40	60	80	100	120	140	160	180	200	220	240	260	280	300
19	19	38	57	76	95	114	133	152	171	190	209	228	247	266	285
18	18	36	54	72	90	108	126	144	162	180	198	216	234	252	270
17	17	34	51	68	85	102	119	136	153	170	187	204	221	238	255
16	16	32	48	64	80	96	112	128	144	160	176	192	208	224	240
15	15	30	45	60	75	90	105	120	135	150	165	180	195	210	225
14	14	28	42	56	70	84	98	112	126	140	154	168	182	196	210
13	13	26	39	52	65	78	91	104	117	130	143	156	169	182	195
12	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
11	11	22	33	44	55	66	77	88	99	110	121	132	143	154	165
10	10	20	30	40	50	60	70	80	90	100	110	120	130	140	150
9	9	18	27	36	45	54	63	72	81	90	99	108	117	126	135
8	8	16	24	32	40	48	56	64	72	80	88	96	104	112	120
7	7	14	21	28	35	42	49	56	63	70	77	84	91	98	105
6	6	12	18	24	30	36	42	48	54	60	66	72	78	84	90
5	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75

Figure 7: Return on investment table in WCSG (West Coast Supply Group, 2022)

Based on the table, it can be seen that the deal between trades and customers is more than 4% margin considering in a good margin. The manager will not approve any orders which are below that margin since it takes a lot of time, efforts of every team member. The margin is higher, the return on investment is better. In general, the financial situation at West Coast Supply Group is stable and the growth rate is good during previous years. Every department at West Coast Supply Group tends to fulfil the target at the end

of the year with the good margin. The company is predicted to see the remarkable growth during the next few years.

2.3.2 Overdue % trade debtors

The employees at Health and Skincare department will have a weekly meeting to discuss about Debtors overdue and updated from traders/ trade supports about situation. The debtor overdue will be mentioned if they have not made payments around 2-8 days, 9-15 days, 16-30 days, 31+ days. The debtor's overdue situation at WCOS is still significant which affects cash position in a negative way.

2.4 Bottleneck in operations process

2.4.1 Vendors/ Clients activation

As an intern, Vendors/ Clients creations are part of my daily tasks; my responsibility is to creating vendors, clients in the Microsoft Dynamic NAV system and request an activation from Finance. During many times repeating the tasks, I found down that there have always been mistakes made by trade supports during the process of creating vendors or clients. There could be missing IBAN, bank account or language, currency, etc. since when trade support receives the supplier form from traders which are different from system's information order or mistakes. It makes finance spend more time on checking and getting back to trade supports. There is also missing information in Coface (country risk classification by the French company) related to vendors/ customers' information checking. When the customers or suppliers do not exist in Coface, I have to create a company and take a screenshot, then send it to Finance. This step still lacks the authentication and trustworthy since Coface takes a long time to identify the company and get back in a long time. As a result, the solution could add more value to this process is asking the permission from purchase managers. It will ensure to create double check process and any risks will be considered carefully. This step also escalates the existing of suppliers in the system and traders can import the orders in OBA app. After that, trade support will help to submit the order from OBA app to NAV and make sure the lead time will be followed. This step will affect to another step in significant ways.

2.4.2 Items activation (ADR/ T1/T2 goods)

Based on the experience of creating and taking ownership of items, it is clear to see that there are a lot of items have been created with wrong information in Microsoft Navision. The information for dangerous goods (ADR goods) has been missing and a lot of other items from other departments in the Hands and Skincare department system. The items of T1 are created with 21% tax which is wrong (T1 items are from outside Europe with BWT0, T2 items are from inside Europe with BWT21). The gross weights are not filled in which are often consumes a lot of time for sales process since trade supports have to fix again before creating any documents for sales or posting orders for Finance. This issue makes a negative impact on purchase process as well since the import orders cannot be done without items activation. However, items are only activated by filling all the information in the box. Looking back to the whole items existing in the system, there are a lot of items which are still in new status, especially for Anchor 2 (new account). As a result, there should be a way to gradually fix and change all the status of items in a correct way of working.

2.4.3 Warehouse issue (Leiden)

For the normal orders, goods have to come to warehouse Leiden first for inspection and then to external warehouse. Warehouse Leiden has around 21 employees and they can do two or three purchase at one time. The bottleneck of warehouse is that they cannot accept the too many orders loaded in day – max 80 lines and for the peak times of the years such as November and December, lack employees in the

warehouse often happens. They sometimes make mistake in term of checking the goods and import to system for trade support double check. Most of the time, handwriting is used in the inbound check first and around 2-3 hours, the report is updated. Because of the goods have not been divided equally for the time arrival, the mistakes happen with wrong quantity check and the lead time for checking goods lasts longer. Employees at warehouse have to work overtime or double tasks. The reasons could be lack of communication between warehouse and trade support in terms of planning and forecasting at the beginning of the month. Warehouse tends to refuse the goods if they are delivered at the different times and without references/ inbound sent before. The pressure of warehouse comes from unexpected coming goods in a day and goods are checked with many wrong item's numbers.

New warehouse

As mentioned above, the external warehouse has been rent to use with large capacity from August instead of Leiden warehouse in some ways. also provides some additional services such as pick up of containers from Terminal, Clearance of goods, and issuing Custom and Export documents. The larger warehouse with right standards will ensure the goods will be stored in the good condition. However, from starting using the new warehouse, some issues happened which takes a lot of time and efforts/ resources to solve. First of all, the external warehouse cannot complete check the goods as they planned which leads to the results of late update in the system (invoice processing) in term of purchasing. The goods were put into storage late and makes the sales drop out at the end of the month. The reason is the employees from Dobbe are mostly temporary and they only work according to forecast. If the forecast is wrong, it leads to frustrating unhanding goods situation.

A lot of charge were made by external warehouse since there were not standard ways of the trade support team to work in the first few months (from July 2022 until now). Every member of Hands and Skincare department must put extra work since it is the new process. There are still some discrepancies in terms of goods quantity checking in Leiden and in external warehouse. For example, Dobbe warehouse sometimes checks the goods which are not matching with Leiden warehouse in term of quantity after Leiden warehouse checked first.

2.4.4 Rating of supplier's performance

These days, many companies have policies related to ethical and sustainable developments, for example, many corporations extol the virtues of the ethical, child-free factories. Recent laws which used in many states such as United Kingdom, Austria and states like California now requires human labor policies and laws related to corporate purchasing policies. Many program initiatives or campaign is finding the solutions for chemicals containing in transportation, usage, and safety disposal, health and safety issues. Suppliers' evaluation is considered with the key reason of evaluating the supplier and assessing the environmental policies of suppliers. It should be known that environmental risk will happen due to the particular chemical in products which are being purchased. In WCSG, however, the rating of suppliers' performance is not taken into the serious ways. The rating of suppliers might be done in some department, but it is not compulsory to do it. As a result, the situation is out of control sometimes when suppliers are delivering late the goods, or not really focusing on doing their performance since our company is neglecting at some point. In the past, there are a tool conducting by warehouse (an excel file) which records the performance of suppliers, but trade supports teams are not really evaluating or considering it after doing the inbound check. One of the most common issues is that packing from suppliers 'side is not good, and it causes a lot of damages during the transfer of products. The trade support team has to make credit notes with a large amount and the relationship between buyers and suppliers will not maintain in a good way. Sometimes, suppliers tend

to deliver with one pallet missing and for this case, it needs to be a strong response from company's side to avoid for the next time. Company has not paid much attention to source the green suppliers which provide the sustainable products for environment. The profit is still in the top priority which could lead the bad image for overview's company image rating. The profit should combine with people and planet which helps could further their business in a long-term.

2.4.5 Transports' issues

There are many reasons which could lead to the damages/ extra/ missed items receiving issues at WCOS. The reason could be from the transport's side (the incoterm is FCA- free carrier), the company takes responsible for picking up the goods. The external transport is underperformance sometimes due to many reasons such as convenient days to combining many orders, fuels saving, etc. As a result, the goods are not picked up and delivered to company's warehouse in the right days. This will cause discrepancies between warehouses and transportation since warehouse sometimes does not have enough employees to work or capacity of that days is overloaded. They will be panic and affect the process of checking goods, cause mistakes (internal breaks). In addition, transports company sometimes delivers the goods to the incorrect address which takes a lot of time for trade support to figure out.

2.4.6 Miscommunication between different parties

Purchasing goods in WCOS are often implemented by negotiation method while trader could lead or coordinate conversations with suppliers. They tend to negotiate the purchasing price and create offers to suppliers with the ultimate goals of validating a deal. Traders often transmit their needs by phone, words of mouth or mails. It is considered to be an unsure agreement and time-consuming. Then, they put their order in OBA app which Trade Support needs to submit to NAV. After that, Trade Supports have to confirm with traders about suppliers/ payment term/ pick-up/ transport arrangement/ buying quantities, etc. or directly via suppliers via mail. It consumes a lot of time for Trade Support to do the operations tasks after traders purchase the goods and submit to Order Building App. There are no purchasing requisition form/ documents for traders to send to suppliers to ask about details of orders which serve for logistics' purpose and reduce the time of receiving goods. Trader supports have to ask traders to get invoices, packing lists and logistics information which takes around 2-3 days until the answers are replied. In addition, traders submitted orders to OBA app first which are totally not matching to Invoices Suppliers and Trade Supports have to solve which takes more times to put in Document Confirm status before 15th. The new traders' employees often did not know the rules and working standards. Traders who are new are also the reasons which consumes a lot of times from warehouse since they take the items' numbers from suppliers which are wrong and different from items which has been created from company's system. Sometimes, EAN code are wrong and different descriptions are different too. When Trade Supports check inbound, they have to change those to the correct one and delete the wrong ones.

2.5 Integration with other departments

2.5.1 Internal integration

Bad Integration between Finance and Trade Support

This table demonstrated the integration between Health and Skincare department and Finance department for monthly closing schedule. It shows how activities of each department relate which helps to achieve the goals at the end of the month. If trade supports from Hands and Skincare don't fulfil their responsibility of submitting the invoices on time, it will be hard to Finance to conduct the next step. As a

result, the performance of Hands and Skincare department will be affected, and the target will not be reached.

There is also another aspect which tends to affect the purchasing orders in Hands and Skincare department which are cash budget allocation from Finance. Many orders have been in Awaiting Payment status too long which means suppliers have not been paid before releasing the goods (if the payment term is Prepayment). If there is no cash to pay for suppliers, the goods will not be out of suppliers 'warehouse. The reason why the department often has no cash to pay for suppliers is that there are many debtors from sales. It affects cash position in a negative way and there should be a way to take control of cash which will be introduced in recommendation. Another reason why Finance will not pay for suppliers is that the wrong information in invoices (wrong supplier's name, the invoices are not addressed to the right company, the order amount is not same as the invoice amount, all the lines have not the same VAT or orderliness is not booked in the right currencies). As a result, some advice will be addressed in the recommendation part to help solve the invoice's issue parts and help the process a little bit smoother.

Date	Department	Action
September 30	Trade/Logistics	Last day of physical outbound pick-up and shipments for September orders
October 4	Trade support	Supply transport document towards treasury for sales order
October 4	Finance	Closing Navision for trade for sales orders in September
October 4	Treasury	Invoicing of sales of all September shipments
October 5	Finance	Book purchase orders for September
October 5	Trade Support	Complete added cost for September orders in QV
October 6	Finance	Close NAV for external cost for September orders in QV
October 6	Finance	Prepare accruals for OPEX and finalize accruals for Added Cost in NAV
October 7	Finance	Finalize monthly closure (incl. Consolation) and balance sheet reconciliation
October 10	Finance	Numerical Review
October 11	Controlling	Analytical review, reallocations
October 12	Controlling	Publish Monthly report

Figure 8: Integration between trade support and finance (West Coast Supply Group, 2022)

2.6 Bottleneck summary

This section discusses various bottlenecks that occurred frequently in West Coast Supply Group and their outcomes:

Bottleneck	Outcomes
1. Incorrect vendors/ clients' activation input	<ul style="list-style-type: none"> • The Finance department is unable to activate the vendors/customers. • Traders are not able to enter and process orders into the system. • Having an effect on the purchasing lead time. • Time-consuming for TS and Finance
2. Wrong items activation	<ul style="list-style-type: none"> • Orders cannot be imported into the system unless the items have been activated. • Incorrect information on export documents • Orders cannot be posted for finance to pay. • Influencing stock management
3. Warehouse issue (capacity, employees, schedules, forecasting, inbound check, lack of communication, new processes)	<ul style="list-style-type: none"> • Orders have been delayed in being checked, and stock cannot be entered into the system. • The incorrect quantity of products was entered because the inbound check was incorrect. • Extending the lead time, causing sales orders to drop at the end of the month. • Employees are overworked sometimes; they cannot accept too many orders in a day.
4. Rating of suppliers' performance is neglected/ Poor sourcing the green suppliers	<ul style="list-style-type: none"> • Suppliers occasionally deliver goods late and in insufficient quantities. • The goods are packed inaccurately. • The products are not ready at the supplier's warehouse when the forwarders arrive. • Increasing the lead time for product delivery. • It takes time for trade supports to create credit notes or additional invoices when goods quantities are delivered incorrectly. • Some products include ingredients that cannot be sold in Asia. • Products with good ingredients for environment have not been got much attention which affects the company's image (no sustainable products' profile).
5. Transports' company issues	<ul style="list-style-type: none"> • Late delivery lengthens the lead time. • When the forwarder tends to combine orders, the goods are not in good condition. • If the goods are delivered on the incorrect day, the warehouse will refuse to accept them. • Pick-up goods and delivering to the wrong address would take a lot of time for trade support to figure out.

6. Miscommunication between trade supports and traders, trade support and warehouse.	<ul style="list-style-type: none"> • It takes time to ask questions about logistics information again and again. • Traders frequently obtain item numbers from suppliers that differ from those generated by TS. • Document Confirmation (Transport Booked) cannot be completed due to trader information delays, causing goods to arrive late. • Multiple pick-up dates/times for a single order because there is no official document to record it. • If trade support did not send the inbound check first, the warehouse will not load the goods. • A lack of supply chain transparency makes the process extremely slow.
7. Bad Integration with Finance	<ul style="list-style-type: none"> • An increase in the number of invoices that will take 2-3 months to resolve. • Suppliers cannot be paid if the invoice and orders in the system did not match. The goods will be delivered late (prepayment term). • The relationship between the two parties will be strained, and finance will not assist in borrowing more money and paying suppliers. • Debtors are overdue too much which blocked all cash for department.
8. IT System Errors	<ul style="list-style-type: none"> • Orders cannot be posted due to IT errors (Stock cannot be used for sales orders) • System outages occur frequently throughout the day. The Citrix system is frequently updated, which has an impact on employees' work. • The systems, which date back to 2013, are out of date and poorly developed which consumes a lot of time of employees.

Figure 9: Bottleneck and outcomes (West Coast Supply Group, 2022)

3. External analysis

3.1 Supply management integration for competitive advantage

3.1.1 Technology trend analysis

Digital transformation has shown rules of the organization's process of design, procurement, storage, logistics, transportation. The organization is become a data-driven one whose foundation is data. These days, many organizations are able to analyze massive procurement data to identify strategic suppliers, effectively manage individual suppliers for added value and perform spend analysis. Recently, intelligent supply is mentioned as the next generation of the procurement function (purchasing and sourcing) with the purpose of cost optimization, value maximization, risk minimization, and business automation. (Sinha, Bernardes, Calderon, & Wuest, 2020). Machine learning algorithms use data from the ERP system, invoices, past orders, external systems, together with real-time market data to identify value opportunities and predict potential failures. There are some consuming tasks such as purchase order creation, shipment notification, material receipt, invoice creation, invoice matching and payment processing will be eliminated by multiple technologies. As a result, the efficiency and accuracy are improved significantly. It will help to avoid humans' mistakes and free supply chain specialists to handle other tasks. The intelligent supply capabilities are demonstrated below:



Figure 10: Intelligent Supply Capabilities (Sinha, Bernardes, Calderon, & Wuest, 2020)

3.1.2 Factors affects purchasing/power operations

Warehouse tends to be choke-full at the end of the year 2022 which is called bullwhip effect strikes. It is becoming increasingly full of unsold products because consumers are tight due to the result of sky-high inflation. The energy crisis is happening due to the war between Russia and Ukraine, the demand is decreasing in buying some products.

3.1.3 Purchasing law and ethics

Contract law

According to Monczka, Handfield & Larry (2020), commercial law is referred to how business firms (parties) enter contracts with each other, implement contracts and correct issues that happen in the process (Monczka, Handfield, & Larry, 2020). There are two areas related to laws which are agency and contracts. In legal thinking, a contract contains 3 elements which are offer, acceptance and consideration. It comes to the question if the purchase order-is it a contract? It will be concluding after analyzing the elements of contracts' process which started by the request for quotation (RFQ), sent by the buyer to the supplier. The request for quotation includes the elements:

- Standard terms and conditions of the transaction
- Services
- Quantity/ conditions of delivery
- Description, specifications, and end use of the item.
- If customized, reviewed by legal counsel before the RFQ is submitted.
- If a competitive bid, description of the manner and time in which the bids will be evaluated.

(Monczka, Handfield, & Larry, 2020)

However, the purchase order can be an offer, acceptance, or counteroffer, depending on the circumstances. Once it is accepted by buyer, a purchase order becomes a contract. There are some important parts which a normal purchase order will include:

- Fixed prices and quantities (including taxes)
- Buyer's right of inspection and rejection
- Right to make specification/ design changes
- Holding buyer harmless, patent infringement
- Statement of credit and payment terms
- Identification
- Shipment quantities/ dates
- Right to cancel unshipped portion

Cancellation of Orders

Contract cancellation can be classified as three types which are cancellation for default, cancellation for convenience of the purchaser or cancellation by mutual consent (Monczka, Handfield, & Larry, 2020). Cancellation by default refers to the cancellation of one of the parties to live up the terms and conditions of the contract. The second type is cancellation for the convenience of the purchaser which makes the purchaser liable for any resulting injury to the supplier. Cancellation by mutual consent shows that cancellation of a last agreed-upon contract does not automatically lead to legal action. A breach of contract occurs when either party fails to perform the obligation due under the contract. For example, The West Coast Supply Group and company B now have a valid contract. The supplier B accepted the PO and promised to deliver them to the West Coast Supply Group's warehouse on November 1, but they never delivered.

Laws affecting Global Purchasing

Export Administration Act

The Export Administration Act of 1979 provides the legal authority to control U.S exports for many reasons. The Export Administration Regulation (EAR) governs the export and re-export; in most case, products do

not need license for export, but some goods are needed to comply with export regulations. The suppliers want to export the goods who have to check if their products are on the commerce control list. If the products are on the list, more information needs to provide such as where it is going, to whom it is going to, what the end-use is. If the products are not in the commerce control list, it is classified as EAR99 and it will not need a license. Suppliers have to care about denied parties who are certain individuals, groups, or countries that they cannot export to. (U.S Export regulations, 2022)

Free trade under the EU

There are three main areas under the concept of free trade in the European Union which are the four freedoms, harmonization of law and competition rules. Four fundamental freedoms under the EU are free movement of goods, people, services and capital. In the EU, economic legislation is greatly harmonized by primary and secondary EU legislation. Primary EU legislation are treaties, and the secondary legislation are regulations, directives, opinions, recommendations. (Bart, 2021). According to Bart (2021), there are three main rules in competitive law: the prohibition to cartels, the prohibition to abuse a dominant position, and merger and rules on concentrations.

Foreign Country and International Laws

Sustainable sourcing

Sustainable sourcing refers to the program which developed by United Nations Development making sure the products and services consumers buy are as sustainable as possible with the lowest environmental impact. Consumers these days are focusing on sustainable products, origin of goods, etc. and companies always wants to be seen as leaders in environmental protection. As a result, many companies focus on sustainable procurement which reduces the environmental impacts. There are some significant benefits of sustainable procurement which are reducing risk and bolstering reputation since some suppliers with and reputation of using of child labor can hurt the company's value. It also helps to make revenue growth since customers have tendency to pay a little bit more to know the products are ethically sourced and sustainable. Sustainable sourcing is an essential element in Corporate social responsibility. Companies with sustainable sourcing could play a huge impact on reducing food scarcity, global warming, energy crisis. It shows in recent years that the organizations are becoming aware of future impacts and taking a serious consideration when doing procurement. (Flobrant , 2022).

4. SWOT Analysis

In this part, the SWOT analysis will be considered which aids for the recommendation part. It is visualized as following:

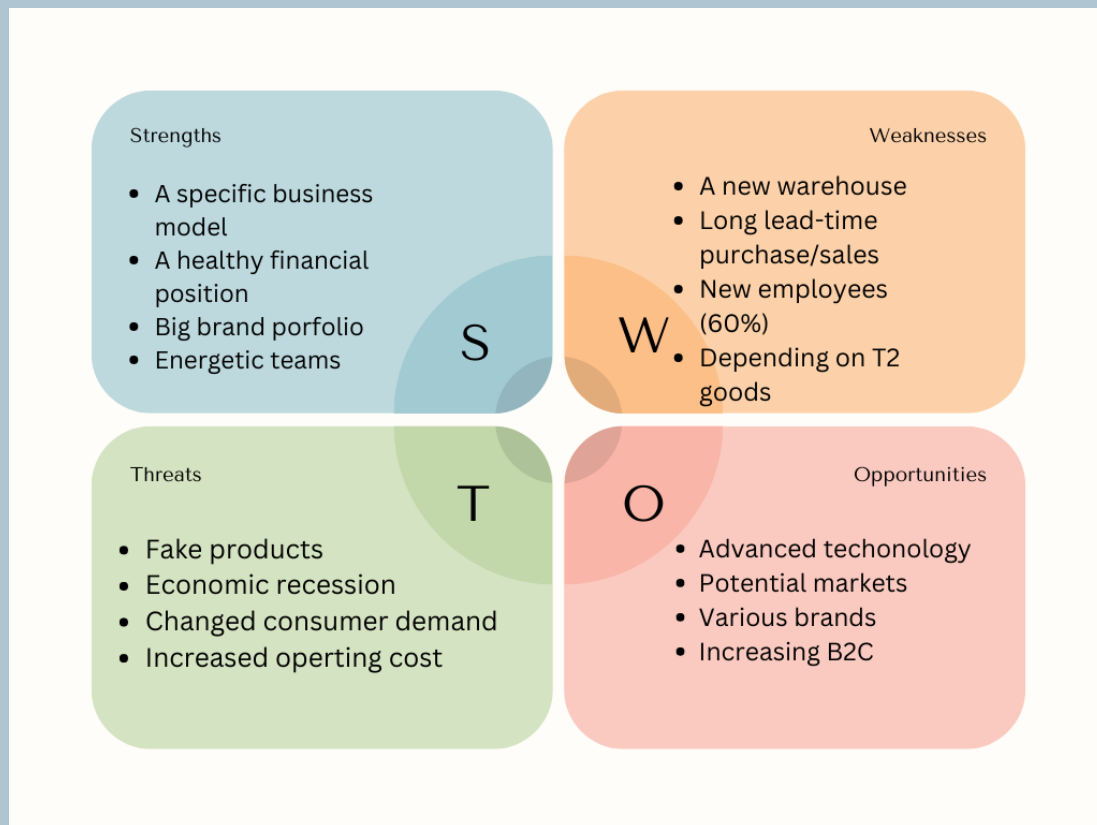


Figure 11: SWOT analysis (Phan, 2022)

5. Conclusion

In conclusion, there are many factors which affects the purchasing performance from the beginning to the end. In order to get sufficient goods and on-time delivery, every step related to it such as choosing suppliers, getting invoice, materials creation, suppliers' activation, payment process to choose the third-party transport or manage warehouse or inventory will affect in a specific case. From analysis' part (bottleneck's in purchasing analysis), the lists of barriers are mentioned which extends the lead-time to five-six days (over 22nd of the month) and cause many bad consequences. To sum up, human's mistakes and unsure working of standards are the primary reasons. Miscommunication between various parties and cooperation with external transportations/ warehouses lead to unexpected consequences. By pointing out the single bottleneck, it will help to remove non-added value and standardize the way of working in term of purchasing in West Coast Supply Group. In addition, the external part will provide some insights of technology trends, factors affect purchasing power operations, purchasing law and ethics which will support for decisive solutions. SWOT analysis is the strategic part of helping organization to shape current and future operations and help develop strategic goals. West Coast Supply Group has lots of strength which are a specific business model, delegated supply chain specialists, healthy financial position, big brand portfolio and energetic traders. Those are the main core for surviving and developing in a long run. However, from the analysis parts, there are also some weaknesses which can be drawn such as new warehouse facilities, long lead-time purchase/ sales. In addition, around 60% of team members are new and the company is still lacking traders/ operation leads. The goods are mostly bought in T2 conditions (in Europe) and West Coast Supply Group still depends on a small range of suppliers, and clients. Despite some weaknesses, there are various opportunities for West Coast Supply Group to develop now and in the future such as advanced technology, increasing B2C, various potential markets. Besides opportunities, there are

some threats which WCSG should take into account such as competitors, fake products, economic recession, changed consumer demand and increased operating cost. In the next part, some recommendation will be given on purpose of minimize the mistakes, add more value, and reduce the lead-time for purchase process. The recommendation is considered based on many elements from internal analysis to external analysis as well as consolidated SWOT analysis.

6. Recommendation

In this section, certain recommendations will be introduced with the goal of assisting the organization in reducing the mentioned bottlenecks in the future. It contributes to the smoothness and efficiency of the purchase process. Since those bottlenecks all hampered the process and prevented the goods from arriving on schedule and in adequate quantities.

Correct vendors' or clients' activation input or items' activation

The first recommendation dealt with erroneous activation input from vendors/clients as well as inappropriate item activation. The cause is due to erroneous human input. As a result, new employee training should be performed by experienced individuals. They will make sure that any information entered into the system is correct. After generating items/ vendors, and clients, someone should be in charge of double-checking and providing feedback to the creator. The second suggestion for this issue is regarding the manuals, which are all too brief and do not provide adequate information for new learners. The guidebook should be revised and confirmed by the managers as the standard way of working. The process of creating items, vendors, and customers should be standardized so finance can proceed in a quick way. This is the vendor card, which I designed to add another step to ensure that all information is entered correctly into the system. After traders submit the supplier's form, trade support should import the information into this Excel file first and then put it into the system. This is the form making by me which is used to record the supplier's information before importing it into the system. By doing so, all the information will be summarized and checked before being imported into the system. The pickup address will not be overlooked, and suppliers' bank accounts will suffice. Every employee will get it right the first time. This reduces errors and missing information, as well as negative results.

A	B	C	D
Supplier card			
General			
Nr:	Automatic Number		
Name		Place	
Nam2:		Supplier status	nvt
Adress		Search name	nvt
Adres2		Balance	nvt
Postcode		Buyer (not in stamdata)	DOMINIKB
Land/Region code		Division	nvt
Telephone		Blocked	nvt
Primary contact		Modified on	nvt
		Divisioncode (not in stamdata)	PHC
		Map	Already made - if not make it
Communication			
Telephone (primary contact)	nvt	No. Chamber of Commerce	
Fax	nvt	lc-Partnercode	nvt
E-mail (primary contact)	nvt	Report group	nvt
Homepage	nvt		
Invoicing			
Payment to	nvt	Invoice discount code	Automatic
Company booking group	STAND	Inclusivebtw	
VAT business posting group	0	Payment in advance	
Vendor posting group		0 Credit limit	
		Intercompany	
Payment			
Payment terms	0	Block payment tolerance	
Payment method	Bank	Transaction mode code	SEPA at EU
Priority	nvt	Creditor number	
		Preferred bank account	Comes to bank accounts
Reception			
Branch	nvt	Delivery term	nvt
Transport method	0	Basis code	nvt
Shipping method	Gotukola	Personalized calendar	nvt
Foreign trade			
Currency code	0	BTW-nummer	
Language	0		
Contacting			
Nr	Automatic	Telephone	Automatic
Type	Person	Sales person	EXPORT
Company	Company number	Salutaion code	Optioneel
Bedrijfsnaam:	Automatic	Contact status	nvt
Adres	Automatic	Map:	nvt
Adres2:	Automatic	Function	Optioneel
Postcode	Automatic	Checklist	nvt
Plaats	Automatic		
Land/Regio code:	Automatic		
Zoekaam:	Automatic		
Profiel			

Communicatie			
Telephone	Automatic	Email contact persoon	Fill
Telefoon(mobile)	Automatic	Homepage	
Fax		Language	
Telex		Salutation code	
Paper		Correspondence type	
Telex reply			
Segmentation			
Level code within the organisation	Select		
Pick-up address			
General			
Code (post code)	7253047	Contact	11:00-16:00
Name		Telephone	nvt
Name 2:		Opening hours	0
Adress		Forwarder	nvt
Adres2		Delivery conditions	nvt
Postcode		Default address	Check box for default address
Place			
Province	nvt		
Land/Region code	Yes or No		
Communication			
Fax		Email	0
Bank account			
General			
code (Last 5 digits IBAN)		Telephone	nvt
Name	nvt	Contact	nvt
Address	nvt	Currency code	nvt
Address 2	nvt	Bank branch no:	nvt
Postcode	nvt	Bank account no:	contact*
Place	nvt	Transit number	nvt
Land-/Region code	0		
Communication			
Telephone		E-mail	
Fax		Homepage	
Transfer			
Bank branch no		Swift-code	Oren Jacob Nagi
Bank account no:	Automatic	Iban	Finance contact*
Transit number:			
Account holder			
Name of Account holder		Residence	
Account holder		Country/ region code	
Zip code account			

Figure 12: Input supplier sheet in NAV (Phan, 2022)

An efficient warehouse management

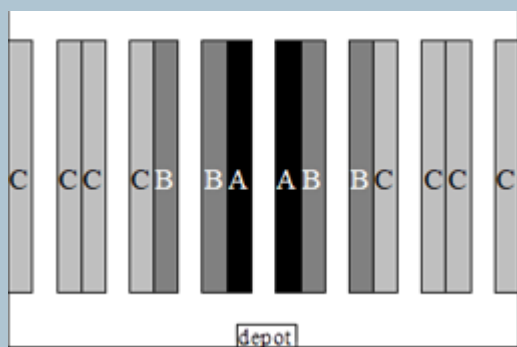
The second suggestion is for warehouse issues, which relate to many things such as capacity, employees, schedules, forecasting, inbound checks, etc. As a result, the working environment in Leiden should be uniform. The warehouse manager should hold a meeting with all warehouse personnel to examine the difficulties that have arisen throughout the years. The meeting will create opportunities for all employees to address the difficulties they experience and suggest methods to solve them. It is also beneficial to have a specific standard operating procedure manual that every employee should follow that makes activities explicit. To improve the capacity of the warehouse, the manager should rely on a data-driven quality plan. For example, order forecasting for the previous months should be based on how many orders had come to the warehouse and the warehouse's capability of keeping items. The DMAIC model can be used to improve the quality of results that company processes produce as follows:



Figure 13: DMAIC model (Ronin consultoria, 2022)

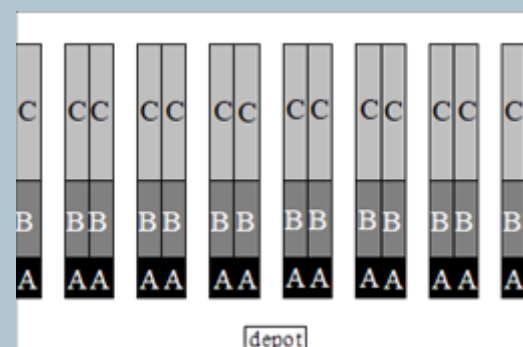
The goal of using this model is to improve the process through statistical data and significantly reduce errors. The way to use this powerful model requires company completing five stages. First, company should define the objective of the program and problem as well as who will participate. Then measure the current state of the problem in question, the number of current defects. The next step is to analyze the cause of the problem, then improve the process through the minimum possible investment. Finally, the improvement system implemented over time must be controlled. (Ronin consultoria, 2022). For the external warehouse, the solution for now is providing the manpower from Leiden warehouse to help when it has too many orders. It will be extremely beneficial to external warehouse until more employees are hired. Another strategy for storing the orders quickly and having spare employees to do other activities is storage strategy which includes random storage strategy and ABC storage strategy. Randomized storage is used if an item can be stored at any empty location in the warehouse. (Drop shipment or sales which will do out in 2 days). There is no specific location where the products have to be stored, but in reality, it means the items will be stored at the nearest appropriate warehouse location. It is necessary to keep the order pickers well informed about where the products are stored. (Material Handling Forum, 2022). Another storage strategy is the ABC strategy which requires products subdividing into three categories. The

grouping of the products into categories is based on the nature as well as the size of the products. Category A is used for products whose turnover rate is high and the number of locations is rather small. Fast-moving products, for example, are stored where they require the least amount of effort to pick. Category C will be used for products which average storage times are much longer than the storage time of the so-called A-products. It should be known that category C needs a lot of space in the warehouse. Category B is in between category A and C which concern turnover rate and space needed. It is very helpful to use these categories so the warehouse can be grouped into three zones in which just one category of products is stored. It is proven that if three categories are stored in one aisle, it will save up to 60 percent. The layout of the division of the products into categories depends on the location of the depot. The products A should be near the depot; their location depends on the depot. For example,



Within-aisle storage

Layout type 1



Across- aisle storage

Layout type 2

Figure 14: Layout type 1 and 2 (Material Handling Forum, 2022)

Supplier' performance management

Rating and analyzing the performance of suppliers can be done by the warehouse by using the scanning machine. Employees at the warehouse are now able to evaluate the suppliers based on delivery conditions such as supplier stickers, tape on the boxes, stickers on articles, lots of mix boxes with different items, wrong pallets, mix lot per pallet delivered, etc. For traders, there is no specific method to let them review their supplier's performance. As a result, they are barely aware of the suppliers who sometimes send outdated products, lots of damaged or missing/damaged/ extra goods, or fake goods. Traders should be able to take actions and review the suppliers' performance by evaluating it via the Order Building App (if it is possible). This strong supplier system will regularly evaluate suppliers, using categories and rankings within some specific categories to determine where strong and weak supply areas are. Traders will later decide whether to continue doing business with those suppliers based on this. At the end of the quarter, the manager should consider a summary of supplier performance. A final summary should contain a final score, which will be calculated for each supplier, based on the weight each criterion holds. A final summary could be an excel file with all the scorecards; save it for future comparisons. It also helps distinguish which of the suppliers should be prioritized, as well as map out potential risk areas. The goal of this action is to track the consistency of vendor performance in a way that's incorporated into the purchasing process. Another point that should be made related to purchasing is sustainable sourcing, which makes suppliers responsible for their own products. Cooperation with green suppliers brings a variety of benefits, which are explained in the paragraph on sustainable sourcing. Furthermore, the company will improve its image among customers, partners, and other stakeholders, as well as develop sustainably in the wholesale role.

Good forwarders' cooperation

For transportation companies' bottleneck issues, it should have been noted by all trade support staff about their underperformance and reported to managers. Then, at the end of the month, a meeting should be held between managers and representatives of the transportation company to solve it. Managers of West Coast Supply Group should consider expertise, crisis management, customer service, compliance, and reliability when measuring forwarders' performance by get input from supply chain specialists who directly work with forwarders. In terms of expertise, it is important to understand if the forwarders have experience dealing with dangerous goods, perishable goods, etc. It is very essential if forwarders could provide value added services such as insurance, kit assembly, on-time tracking, etc. For crisis management such as overcapacity, lack of qualified labor, supply chain disruption, peak seasons, etc., it is vital to see how forwarders handle those challenges. In terms of customer service, meeting customer requirements such as on-time delivery and easy accessibility are important. West Coast Supply Group should frequently consider if the forwarders are good at transiting goods with structured communication, timely updates, and assistance in times of uncertain situations. A reliable forwarder tends to have a global presence, which helps the company's business reach other destinations. This is also one of the main criteria for assessing the forwarders' performance. Forwarders should also pick up and deliver on time and in good condition, which are the ultimate goals. Otherwise, feedback will be given at the meeting between the two sides, and then solutions should be provided. If it happens many times about the late delivery and underperformance, a replacement will occur to deal with it. In addition, trade supports should clearly give instructions to transportation's company, so it helps to prevent the mistakes. For example, the pick-up time, date, and address or loading places, dangerous items should be mentioned again in the email, which double-confirms them to the transportation company.

Standard ways of working

There are still no official requisition documents that contain all the necessary information as mentioned below. As a result, the form should be used as a standard, and traders should send it to suppliers after they make their deals, which makes it easier for trade support. Trade supports will save a lot of time from repeatedly asking for logistics information. This form should be completed by the 10th of each month and submitted to trade support before booking transportation around the 15th. As a result, it will push the orders come to the warehouse before 22nd and sales orders could be out at the end of month. In this document, the official pick-up, or delivery date (based on the incoterm) has been confirmed, so orders will arrive at the warehouse on time. The goods will be put into stock and ready for sale in the next few days.

The Purchasing Requisition

[illegible]

CORPORATE FORMS MANAGEMENT

Figure 15: The purchasing requisition (Monczka, Handfield, & Larry, 2020)

It is recommended to use this form as a standard way of working since it shows clear information in terms of logistics. It could be transformed into an Excel file, which each trader will save in their folders. It helps to record sufficient information rather than using email, and trade support must trace back when they register for transports. It is also considered as a proof to show the orders' information besides purchase orders. There are two more important information which should be added in this form are the number of pallets and pick-up time in supplier's sides. By filling this form, traders should be aware of their orders in terms of logistic parts and traders/suppliers will get mutual agreements in terms of delivering goods on time (not only trade supports' responsibility). If suppliers fail to provide the logistics 'information in a fixed timeframe, the orders will be deleted right away. Trade support will save a lot of time and money if the orders are confirmed at the first stage of buying by traders and suppliers in terms of orders and logistics information.

A schedule of official meetings between trade representatives and the warehouse manager or finance representative.

To improve communication between trade support and warehouse, trade support and warehouse representatives should meet more than once every two months to resolve issues. Clear communication will help the purchase process go smoothly and effectively. Since the employees are mostly new and young, training should always be held to help them have a clear view of what needs to be done and involve them in the process of working in the warehouse. Clear responsibility divisions for meeting with the warehouse, creating the forecast for the warehouse, and contacting them should be done by the leaders. It will be solved in the same way as integrating with finance, a meeting should be held to get agreement on the way of working between the head of department and finance representative. In order for finance to pay for the invoice as soon as they can, trade support should make sure the invoice contains the right supplier's name and that it needs to be addressed to the right company. The order should be booked in the right currency, and all the lines need to have VAT; the VAT needs to be the same for all the lines. In addition, the order amount needs to be the same as the invoice amount. The training for new employees should also mention this knowledge, which will make the process a bit smoother. To solve the overdue debtors every month, there should be a strict rule about it. For example, if the debtors are over 31 and have received more than three reminders, Coface (credit insurance) should contact them to solve the problem, and every member of the team should accept responsibility for it. All of these actions will help to mitigate the previously mentioned negative outcomes.

Advanced IT structure

The last recommendation is about the IT system, which is a big change for the organization. As mentioned in the outcomes part, the company's system now is outdated and poorly developed, which consumes a lot of time for employees. As a result, it is recommended to switch to the new system, named SAP. SAP is one of the world's major suppliers of software for business process management, creating systems that enable effective data processing and information flow across enterprises. (SAP, 2022). SAP is widely regarded as the global standard for enterprise resource planning (ERP) software. SAP S/4HANA now elevates ERP by leveraging the power of in-memory computing to process massive volumes of data and support sophisticated technologies such as artificial intelligence (AI) and machine learning. SAP now has over 230 million cloud users, over 100 solutions covering all business areas, and the most comprehensive cloud portfolio of any provider. These product categories include Enterprise Resource Planning, Financial Management, Business Technology Platform, CRM and Customer Experience, Human Capital Management, Supply Chain Management and Spend Management. One of the most recommended software systems to establish is S/4 HANA ERP, SAP S/4HANA pricing is determined according to total user equivalent (FUE). (SAP, 2022). A complete user equivalent is one user who interacts with the system for at least half of their working time. SAP requires at least 35 FUE per deployment. (Seidor, 2022). There are three main benefits of using SAP S/4HANA improved financial visibility, operational efficiency, and customer relations. The consequences of implementing this software system will be mentioned in the next part. To obtain an estimate of how much the solution will cost, businesses must approach SAP or a reseller partner to get a quote. The West Coast Supply Group could try out SAP S/4 HANA for free during a 14-day trial period (Technology Evaluation Centers, 2022). The company can try and help refine the price quote provided by figuring out the features and software modules that the company needs. To understand more about the software, it is better to contact the software company to consult and make a specific project for it which requires the whole efforts of company's employees. According to Project Management Institution (PMI) there are normally five stages of project management which are project initiation,

planning, execution, monitoring and closing. (Kissflow, 2022). The figure below demonstrates the phases of new software alternative project, and it will be explained more in the implementation part.

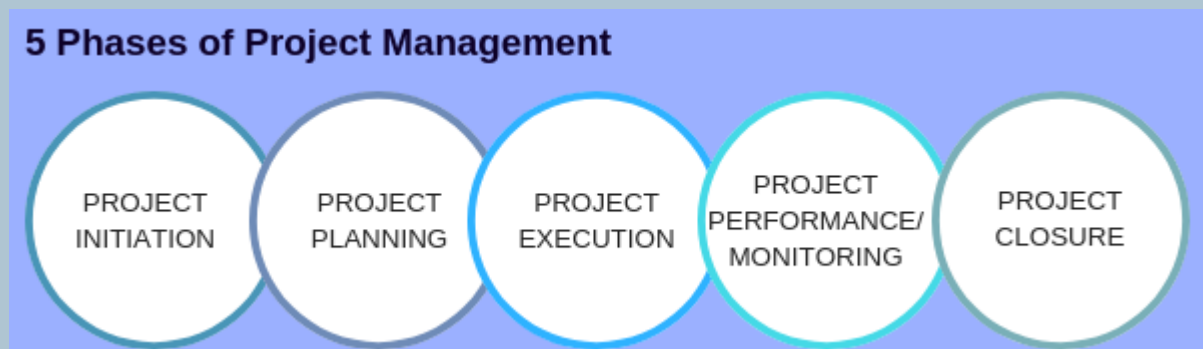


Figure 16: 5 Phases of Project Management (Kaushal, 2022)

7. Consequences of implementation

7.1 Management and Organization

West Coast Supply Group is a question mark (BCG-matrix) company with a flat organizational structure. Based on the BCG-matrix, it can be seen that the company does not have a particularly high market share, but the growth potential is high. In addition, the organizational structure shows that there are few levels of management in the company. As a result, the contributions of each department are significant to the organization. In other ways, the impact of every recommendation could take different approaches per department and be influenced by different levels of the organization.

Preparation for manpower

The recommendation focuses on the company's purchasing improvements and on variable elements that can be applied to each employee segment, including warehouse employees, office employees, and managers. This is also due to the fact that the company has been lacking employees recently for positions such as trader, supply chain specialist, warehouse employee, etc. The head of the health and skincare department is also very important, and many additional employees should be recruited due to the workload. The organizational change should be adaptable as a consequence of new approaches and ways of working with the new processes (a new warehouse management method or new required purchasing operations steps, extra actions with transport partners, etc.). Another reason could be the pursuit of new innovations. By constructing better communication methods, such as meetings, team buildings, or clear training overviews throughout the company, it could help a lot in solving internal problems and cutting down on expenses (return on investment will be high).

Clear communication for a new process/ install the new software

As a consequence of the implemented recommendations, West Coast Supply Group has to optimize the purchasing process and unify its team force. The decision-making should be done from the top down, and each level of management should be responsible and accountable for it. In addition, an effective change in terms of new processes, new technology requires open communication. The open communication comes from both sides, between managers and employees, and includes constant feedback every week.

Furthermore, employee training and personal development programs related to knowledge and expertise of the implemented recommendations should be provided. All in all, each department could have their own ways to adapt to the new recommendations, but the main idea is still to make the purchasing process efficient and suit the long-term company strategy.

7.2 Marketing

Internal marketing for sustainable growth

The marketing implementation plan consists of a strategic road map that businesses use to organize, execute, and track the company's marketing strategy over a given period. The plan consists of internal changes and external awareness based on the impact of starting to source green suppliers and optimizing the purchasing process. The marketing budget could be around €8,000 to get the attention of more reliable green suppliers for the complete purchasing portfolio's products as well as stimulate the good performance of each department in terms of smoothing the purchasing process.

Internal marketing strategy: Before launching a campaign to get everyone's attention on sustainable sourcing, input from current vendors and sources that create the highest profits is required. Customers' attitudes toward green products are also studied. Internal marketing is critical for employee retention since it focuses on creating a pleasant culture inside West Coast Supply Group and requires efforts from everyone. It is critical to ensure that all recommendations are implemented properly and to document the internal requirements for resources that can be used to alleviate bottlenecks: resources include time, budget, knowledge (expertise), labor, and so on. Those will aid in optimizing the purchasing process in terms of the essential alterations. Everyone should be aware of changes in the purchasing process that improve outcomes and make them easier to measure and review. Once it is finished, the official results will be discussed with the other departments, such as finance and the human resources department, etc.

External marketing for company's image

Afterwards, the external analysis will be implemented with the aim of connecting West Coast Supply Group values, products, and services to consumers by offering the various portfolio products and best service to customers through smooth operations in the company. Improving the company's process may decrease purchasing lead times, allowing it to deliver quality products in a short amount of time. In this case, it consists of three main points: image management, information dissemination, and the company's reputation. First, image management means customers and stakeholders tend to perceive better brand images by addressing customers' concerns related to green sourcing and providing smooth services. It will help to build a trust from customers' target (customers sometimes are suppliers). For information sharing, online communications channels such as LinkedIn, email, and intranets are used to share information with customers, suppliers, and other external and internal stakeholders. For building company's reputation, efficient operations process will encourage potential customers to try products and services. A large and various products portfolio related to sustainable development will promote the consumption of goods which can result in more cooperation from suppliers/ other brands leads to big customers 's profile finally.

All in all, the marketing plan gives the organization an opportunity to show its conscious business to suppliers, customers, and other stakeholders. By combining the internal and external marketing methods as well as the resources in the company, it could gain an ethical image, respectable reputation in the long run. Moreover, when the operations are running smoothly, it will allow the company to deliver products on time to customers and increase their satisfaction.

7.3 Financing

Costs for installing the new software

The financing part will focus on expense which is used to implement the recommendation part. For instance, the cost of installing the software or added service from software. The applicable expenses will be noted down and arranged via a balance sheet with financial software management support. The mentioned costs are not set in stone and company could consult based on that. As mentioned before, SAP could be the new Enterprise Resources Planning system in West Coast Supply Group. The following cost are produced when implementing this suggestion:

Platform Access level	Professional	Enterprise
Number Of Users	51-100	101-500
Platform Extensions Available	Unlimited	Unlimited
Advanced Functionality Available	10 users	20 users
Platform Integrations Available	✓	✓
Data Visualization Users Included	✓	✓
Automated Document Emailing	✓	✓
Quarterly Platform Enhancements	✓	✓
Free Annual Upgrades	✓	✓
Net Change Education Webinars	✓	✓
Monthly Software Subscription	\$199 / user	\$199/ user
One-time Implementation Fixed- Price	\$ 3,500/ user	\$ 3,000/ user
Go-Live Guarantee	150 days	180 days

Figure 17: Enterprise Plan - Implementation Price (StellarOne , 2022)

For Cloud ERP Software Implementation, the minimum price is \$303,000. The company can access to the Stellar One Cloud Platform for 101 to 500 users with monthly subscription. With monthly subscription about \$199 and users are around 200, the cost will be around \$39,800. The total cost will be around \$480,303 finally. This subscription is the SAP Business One all-access pass which provides various functions

from Accounting to Sales and Purchasing, from Project Management to Service Management, from Inventory Management to Production and Material Requirements Planning. In addition, it includes Mission Assurance (support). For Advanced Functionality such as data collection (barcode scanning), warehouse management solution, the subscription will be around \$155 and \$250 monthly per user. For data collection (barcode scanning), warehouse will have opportunity to run efficiently by extending the ERP software transaction functionality to mobile scanning devices. In term of extra service such as warehouse management solution, it is designed to boost productivity and profitability in the supply chain by changing the logistics processes into finely tuned operations. (StellarOne , 2022).

For trainings or meeting activities, it does not seem to cost a lot from the company’s budget or in the other words, it will cost nothing but time. Those activities are not really related to financial expense of the company. In term of warehouse management/ supplier’s evaluation, the new approach also does not affect to the financial situation of the company. For sourcing more green suppliers, it might be cost some money for traders to take business trips or join the fair events. This cost is variable, and it depends on the traders’ destination and trade fairs.

7.4 Planning

General planning for implementing all the recommendations

Planning is a vital component of management because it enables the organization to achieve its objectives while making optimum use of time and other resources. It addresses several issues, including how, when, and who will be involved in the first goal-setting process. A comprehensive planning overview will assist the organization in achieving its objectives while saving time. More specifically, the organization should address the planning of enhancing and adapting a new working method. For example, a new SAP system installation planning should be carried out as follows:

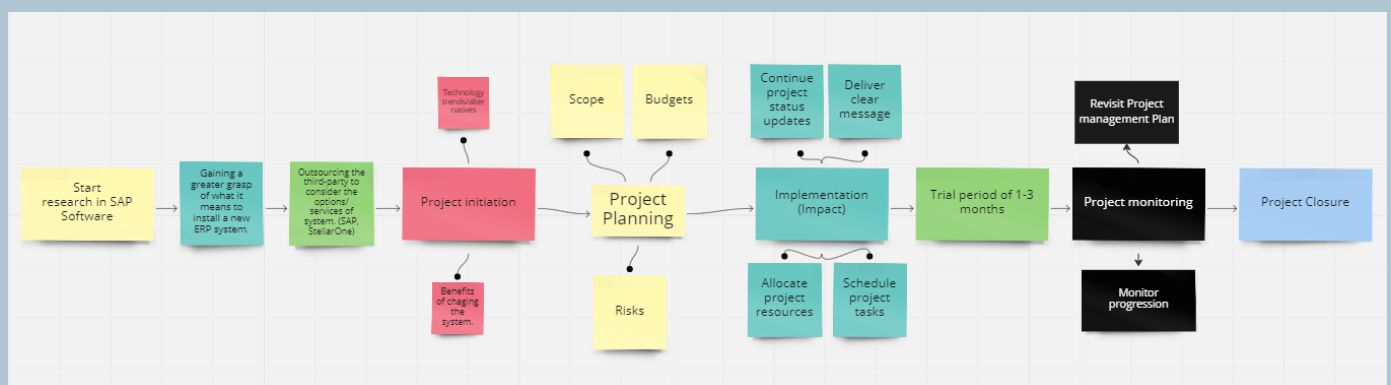


Figure 18: Planning implementation visual (Phan, 2022)

For clear overview of the planning, follow this [link](#).

The new system has been outsourced and implemented by a "third party," which will recommend and implement the suitable solutions for West Coast Supply Group. The first step before installing the system, changing, or adding a new step into the company's operations is starting research and consulting knowledgeable experts in the field of logistics and supply chain management. New strategies and enhancements should be planned and implemented once the bottlenecks of the processes have been identified. It is critical to ensure the clear analysis and right inputs of alternative approaches, which result

in specific recommendations based on financial, marketing, sales, and the organization's management of the company. Following the implementation of solution and services, the trial period for new system and solutions should span one to three months. After that, projects for installing the new systems or new methods will be measured and closed if they are successful.

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