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Title	Development of purchasing function – Case UAB Vilniaus Mesa		
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The purpose of this study was to describe the development of the purchasing practices of meat raw materials in UAB Vilniaus Mesa, a Lithuanian daughter company of Atria Group plc, and to identify possible barriers and enablers to further purchasing development. Vilniaus Mesa is the only Lithuanian meat processor owned by a foreign company even though investors' interest in Lithuanian meat industry is growing. The researcher interviewed 8 persons. Interviewees were of three different nationalities and worked in Atria Oy or UAB Vilniaus Mesa. Also memos were used for triangulation purposes.

Long (2004) has argued that the transition from traditional to strategic purchasing is the biggest challenge the purchasing profession will face over the next ten years. Many scholars have presented models of the development of purchasing function. Three purchasing development models (Reck and Long 1988, van Weele, Rozemeijer & Rietveld 1998, Monczka, Trent & Handfield 2005) were presented in detail in this study. Based on these three models the researcher constructed an operational theoretical model for the study. She came up with a four stage model: transactional orientation, coordinated purchasing, limited integration and fully integrated supply chains. At the first stage purchasing function can be characterised as a reactive low level support function. Suppliers are handled in an adversarial manner and buying decisions are based solely on low price. At stage 2 the focus is on cross-unit coordination. Purchasing function starts to get attention from top management, but other functions still do not fully appreciate the function. Now quality aspects are taken into account and long-term contracting is adopted. At stage 3 the focus is on cross-functional integration. Supply management becomes supply chain management at this stage. At stage 4 it is finally understood that the most important thing is to deliver value to the end customer.

When Vilniaus Mesa was acquired by Atria Group in summer 2003 the purchasing practices were quite different from what they are nowadays. The case company was only at stage 1 (transactional orientation). The culture was very reactive because they did not plan anything, but just took a day at a time. The company relied solely on spot market buying and thus, they had many suppliers. Supplier relations were adversarial and corrupted. Buying decisions were based solely on low price. The conversation over the departmental boundaries was very limited. They bought a truck load of raw materials at a time and because the production need was rather low, inventories increased and increased. Nowadays Vilniaus Mesa's purchasing practices resemble the stage 2 function (coordinated purchasing). The group has started to coordinate purchasing efforts between different units and there is some strategy development going on. The case company purchases from a few preferred suppliers with whom they have long term agreements. Also the quality aspects are now taken into account when making purchasing decisions. The culture is not that reactive anymore, but they are planning raw material needs. Inventories are very small nowadays. Top management supports the purchasing development and thus, this support may serve as an enabler to further development. Performance measurement and information systems, in turn, are lagging behind and may thus serve as barriers to further development.

The operational theoretical model depicted the change in the case company rather well. It is, however, good to note that this study does not give any implications of the suitability of the later stages of development because the case company has only reached stage 2. Purchasing development models do not consider inventory management at all. This study implies that the attitude changes from seeing large stock as security to seeing it as a waste at the stage of coordinated purchasing. More research is, however, clearly needed in order to identify if the change pattern is applicable to other cases as well and to find out on what stage purchasing function is sophisticated enough to engage in forward buying.

Key words	purchasing development, traditional purchasing, strategic purchasing, supply chain management
Further information	

