

Measuring service delivery in the supply chain department of a petrochemical organisation

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ABSTRACT

The essence of this study is to measure the factors that lead to the negative perception of poor service delivery from the Supply and Demand Management (SDM) department of Company X.

The Sasolburg operation was selected to pilot the study in order to determine the underlying issues that contribute to the perceived poor service delivery. Improved service delivery would contribute to the organisation's overall strategy of functional excellence through its operations and service departments.

Using a qualitative approach, this study attempts to obtain a clear insight of the perception of poor service delivery and ways of stimulating uniform approaches in order to being able to work together

It is essential for the organisation to regularly assess its operational performance in order to ascertain whether progress has been made in terms of strategy changes.

The purpose of the study is not to prove that the supply and demand department is not delivering to expectations, but to measure the delivery the factors that create the perception of poor service delivery.

The initiative is also to identify the weaknesses, and suggest how these weaknesses can be remedied as well as to share the findings with the various stakeholders within the organisation.

The findings of the study demonstrate that communication gaps exists within the organisation and communication is perceived as playing a key role in overcoming poor service delivery

Keywords: Service Delivery, Supply Chain Services, Petrochemical, Customer Service.

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LIST OF ABBREVIATIONS

BU	Business Unit
CEO	Chief Executive Officer
CRM	Customer Relationship Manager
DM	Demand Management
KPA	Key Performance Areas
KPI	Key Performance Indicators
MM	Materials Management
MRP	Materials Requirement Plan
SAP	Systems Application Programme
SCM	Supply Chain Management
SDM	Supply and Demand Management
SLA	Service Level Agreement
SM	Supply Management
SS	Shared Services
TQM	Total Quality Management
VC	Value Chain
WM	Warehouse Management

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CHAPTER 1

NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

Company X is an international integrated energy and chemical company. The company develops and commercialises technologies, build and operate world scale facilities to produce a range of product streams including liquid fuels, chemicals and electricity.

The aim of this study is to measure service delivery in the supply chain department of Company X. .

In order to be globally competitive as a group, Company X has had to restructure its operational structures, with the purpose of strengthening the organisation's competitive position, namely to relentlessly build the competitive advantage, and then convert into sustainability.

These changes have been necessary to enable all operational business units (BUs) to focus on core business activities, which is primarily production, in order to become more profitable.

As part of Company X's strategy, there has been a need for all functional departments to be withdrawn from all business operations to form a new BU called Company X Shared Services (Pty) Ltd. These functions include financial management, procurement and supply management (SM), information management, human resources management, etc.

The functional excellence philosophy that the company's management has adopted, aims at integrating all functions to create significant value to Company X, by providing improved quality services.

The optimisation of the SDM function is to constantly aim to reduce variability in the organisation, by enhancing value through greater collaboration and cost efficient

practices. Via these practices, performance improvements will be achieved through the extended supply chains, such as improved inventory management, real time communication, better demand/supply relationships, and the overall operational excellence.

The researcher is employed by the organisation, which has enabled the researcher to systematically observe the process in order to obtain scientific knowledge. The research method has sequentially been conducted in order to understand the methods and objectives of the study, by evaluating reliable research instruments, and the sampling process.

1.2 PROBLEM STATEMENT

The impact of these changes has resulted in perceptive challenges by internal customers in the operational effectiveness through service delivery and efficiency, and from an inbound supply chain perspective through responsiveness, reliability, flexibility, confidence, supply chain costs and asset management.

During the process, this has negatively influenced the relationship between the various BUs in the organisation, as well as the SDM department. It is imperative that these relationships are re-established and developed, in order for all stakeholders to understand the procurement processes, and to build strong, solid working relationships to achieve the group's strategy.

It is therefore important to find a balance in which all relevant stakeholders understand the impact and importance of the processes, especially the requirements from a SDM perspective, as well as the impact of the customer relationship management (CRM), hence sustaining healthy relationships within the value chain (VC).

1.3 THE OBJECTIVES OF THE STUDY

1.3.1 Primary objective

The primary objective of the study is to measure the perception of internal customers with regard to service delivery from the SDM department of the organisation.

1.3.2 Secondary objectives

The secondary objectives of the study are the following:

To determine what elements of customer services is required by internal customers in order to achieve a satisfactory service. The nature of the service provided by the SDM department needs to be determined and understood. Thereafter an evaluation of change management principles should be implemented for all BU's.

1.4 RESEARCH METHOD

The research, pertaining to the specific objectives, consists of two phases, namely a literature review and an empirical study.

1.4.1 Phase 1: Literature review

The literature review provides background and important facts about the study in general. The literature review also helps with insight into the topic and assists in gaining ideas to formulate an opinion.

Customer service and SDM have been researched on so many aspects, thus findings will be cited in support of the researcher's opinion with regard to the study.

Customer service, procurement and SCM have been researched in many different industries. However, the company has a unique challenge in the form of its new strategy with regard to its shared services (SS) department, which might not be the same as the normal service delivery in other procurement and SM processes.

1.4.2 Phase 2: Empirical study

The empirical study consists of the research design, the participants, the measuring instrument, and the statistical analysis. This planning will enable the researcher to highlight the strategy that is required in collecting data, analysing the data and the formulation of an opinion.

1.4.2.1 Research design

The aim of the study is to use a qualitative research method, which includes the reviewing of literature both from a primary and secondary source, conducting interviews with all relevant stakeholders, analysing questionnaires and the results of the questionnaires, as well as comparing the results with the interviews conducted.

The essential meaning and character of a research subject is determined by using a qualitative approach methodology (Cooper & Schindler, 2003:152). According to Welman, Kruger and Mitchell (2011:188) qualitative research is a descriptive form of research with the intent to decode, translate and otherwise come to terms with the meaning of a naturally occurring distinctiveness.

The qualitative field of study will be limited to the Sasolburg operations of Company X SS (Pty) Ltd, and focused on studying cases that may not necessarily fit into appropriate theories.

1.4.2.2 Statistical Analysis

The statistical analysis approach will be the identification of important themes in the interview, coding the data, along with creating frequency distributions for these themes (Welman et al., 2011: 241).

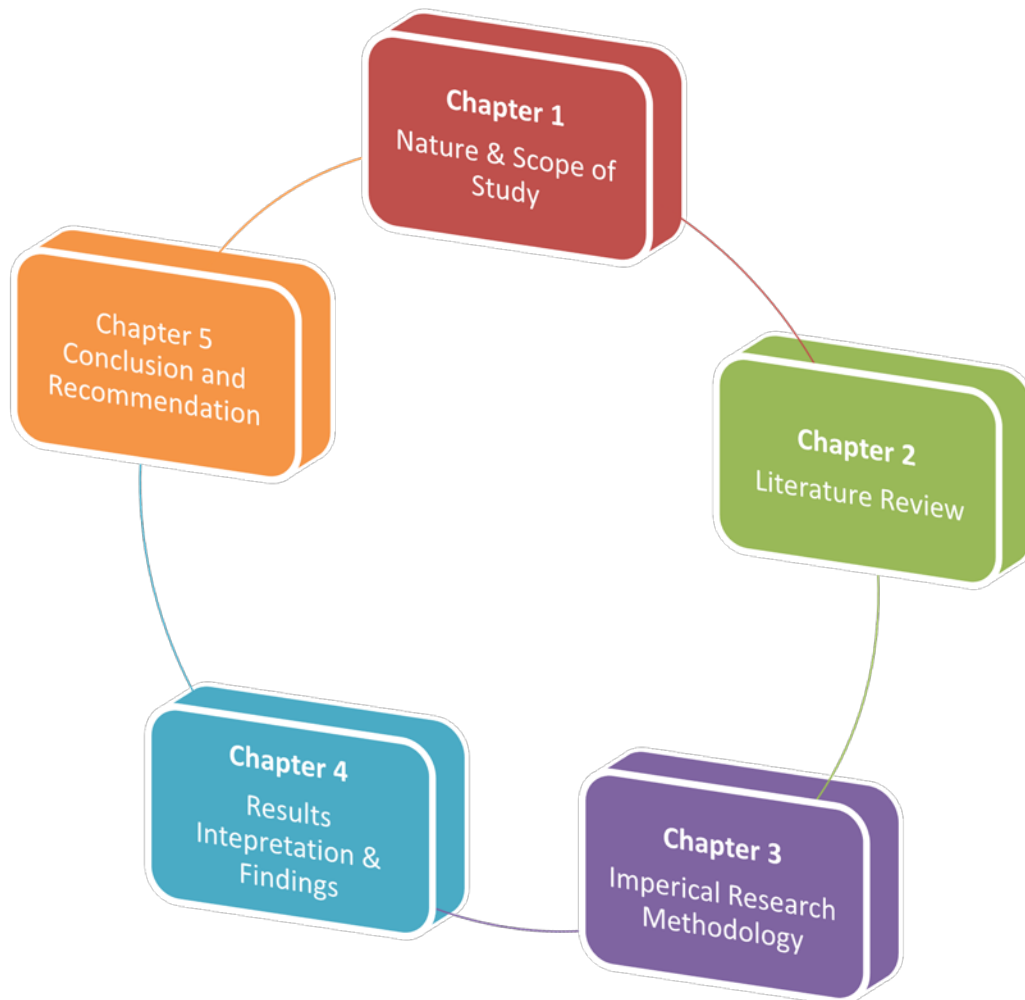
Data will be displayed in network or matrix displays, and the content of analysis will involve the sequencing of words, concepts and phrases, as well as the counting of frequencies to identify keywords or themes (Welman et al., 2011: 242).

After the research has been concluded, the results will be interpreted.

1.5 LIMITATIONS TO THE STUDY

- The research will be limited to Sasolburg operations. For this reason it may become difficult to find significant relationships from the data
- The lack of prior research studies on the topic serves the basis of the literature review and helps lay a foundation for understanding the research problem being investigated
- Self-reported data is limited that it can rarely independently verified. One has to take what the respondents say in interviews, questionnaires at face value
- Measures used to collect data, after completing the interpretation of the findings may lead to regrets of not including a specific question in the survey.

1.6 LAYOUT OF THE STUDY



Chapter 1 provides the background of the research topic and the general information of the organisation. It also provides the research methodology and concludes with the layout of the study.

Chapter 2 contains the theoretical framework of customer service management, SCM and change management's primary and secondary literature. This chapter also defines all related definitions and examined models and processes that have been studied previously.

Chapter 3 deals with the design and the methodology followed during the research. It provides full details of the data collection process, through in-depth interviews, surveys, data collection techniques and reviewing of internal procedures.

Chapter 4 is the most important chapter, because it interprets the main findings of the structured in-depth interviews, by presenting the product of the research. This chapter compares the literature with the actual experiences of the industry. A conclusion is gathered from these variables.

Chapter 5 deals with the conclusion of the findings and recommendations that have been made by the researcher.

1.7 CHAPTER SUMMARY

A summary of the problem statement was introduced in this chapter, in addition to the research methodology used to investigate this problem.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The aim of this chapter is to understand the views of various subject matter experts, and to understand the important aspects in the discipline of customer service management, SCM and change management, in order to have a clearer and broader understanding of these principles.

2.2 CUSTOMER SERVICE CONCEPTS DEFINED

2.2.1 Services

According to Etzel, Walker and Stanton (2007:286), service is defined as an identifiable, intangible activity to provide want satisfaction to customers of a main object. Kotler and Armstrong (2012:248) notes that service is a benefit, activity or satisfaction which is essentially intangible and that does not result in ownership of anything - this is what business can offer to customers. Customer service is not an additional cost to the customer, but is seen as part of the product or service delivery.

2.2.2 Customer Satisfaction

According to Hoffman, Bateson, Wood and Kenyon (2009:369), customer satisfaction can be explained as that it is a comparison of customers' expectations and perceptions regarding the service encountered. The customer's perception of the service performance can be perceived in comparison with the customer's expectation (Schiffman & Kanuk, 2007:9). According to Kotler and Armstrong

(2012:37), customer satisfaction is dependent on how performance of the product or service is perceived; therefore performance relative to a buyer's expectation.

2.2.3 Customer Service Expectations

Du Plessis et al. (2007:159) state that customer service expectations involve the pre-purchase beliefs, concerns and performance of the service. Customer service expectations are beliefs about service delivery that provide standards or reference points against which performances are evaluated (Wilson et al., 2008:55).

Customer perceptions is the customer's process of observing, selecting, organising and reacting to the environmental stimuli in a meaningful way (Du Plessis, et al. 2007:160). Wilson, *et al.* (2008:79) note that customer perceptions are built up by customer experiences and how the customer perceives the service; how it is offered and ultimately received.

2.2.4 Service Quality

Service Quality is the one performance for which uniform quality specifications can rarely be set, as it is an activity or a process, which is intangible and heterogeneous (Tsitskari, Tsiatras & Tiotras, 2006:4).

Schofield and Breen (2006:199) define service quality as a way to win and retain customers. Service quality is widely regarded as important to achieve customer satisfaction.

Service quality is an activity or a process, which is intangible and heterogeneous (Gronroos, 2004:46).

A service process is simultaneous because of its production, distribution and consumption. A customer's participation in the core value created by seller-buyer interaction, contributes immensely to how the customer experiences the quality of a service delivered.

2.2.5 Service Delivery

Service delivery comprises of systematic arrangements for satisfactory fulfilling the various demands for services (SAMDI, 2003:5). The results in achieving measurable and acceptable benefits to customers, is the undertaking to purposefully optimise the activities by using all resources efficiently, effectively and economically (SAMDI, 2003:5). Fox and Meyer (1995:118) define service delivery as the provision of public activities, benefits or satisfaction to the citizens.

During the service delivery process, customers measure service satisfaction and evaluate overall service quality, by comparing their expectations with their perceptions (Coye, 2004:68).

According to Flynn (1997:163), service delivery involves that users are the passive recipients of the service delivered.

2.2.6 Total Quality Management

Total Quality Management is methods that management uses to enhance quality and productivity within organisations (Murad & Shastri, 2010:9). It may also be considered as a comprehensive systems approach that works horizontally across an organisation, involving all departments and employees, extending backward and forward to include suppliers and customers (Murad & Shastri, 2010:9). According to Gilbert (2004:205), TQM is a management philosophy, mainly focusing on the expectations of customers, preventing problems, building commitment to quality in the workforce, and therefore promoting open decision making, which is based on the participation of all its members, and aiming at long-term success through customer satisfaction, and along with that benefits all the members of the organisation.

2.3 THE CHARACTERISTICS OF INTERNAL CUSTOMERS

Internal customer service is the interaction between colleagues, by the provision of one colleague rendering a service to the other, or one BU rendering a service to another BU. Service delivery in the context of this study, is the satisfaction of the internal customer concerning the service rendered by the SDM department in the procurement of goods and services. Naumann and Giel (1995:365) describe the important features of internal customers as follows:

- Internal customers consume services provided by other departments. In turn, internal customers rely on each other for products, services and support, in order to meet or exceed their needs.
- Internal customers do not have any pressure to change the internal services. Employees are expected to adjust to situations and be satisfied with the fact that the company employs them.
- Organisations are forced to change, due to external customer departures and the resulting drop in profits, the high employee turnover rate, etc.
- Internal customers are more knowledgeable and familiar about the service on offer, than the external customer.
- The dimensions of service quality for internal customers are unique, thus it can be more useful to have a unique measurement tool designed to measure the service quality of internal providers (Naumann & Giel, 1995:365).

If satisfactory internal customer service is provided, it leads to increased internal customer satisfaction, which will in turn lead to increased employee productivity and performance.

2.4 THE DIMENSIONS OF INTERNAL SERVICE QUALITY

In order to measure a customer's satisfaction levels, the service provider must ensure that the quality of the service provided must meet the customer's expectations, through ensuring that internal service quality dimensions are met. Awoke (2010:10) describes the measurement of internal service quality as follows:

- **Reliability** – The internal customer expect the service delivery to be reliable and the service should be delivered on time, every time, without any errors.
- **Assurance** – Employees are expected to be competent to render a service, be polite and respect the customer at all times. The server should always have the internal customer's best interest at heart, and should have a generally good attitude.
- **Empathy** – The effort of service employees is expected to be approachable, and understand the needs of internal customers and be sensitive to it.
- **Tangibles** – The physical aspects of service delivery is, equipment, facilities, communication materials and personnel.
- **Responsiveness** – Being able to respond rapidly whenever a problem has occurred, and to keep the customer positive about service delivery (Awoke, 2010:10).

The abovementioned dimensions are critical to ensure that the best possible customer quality service will be rendered.

2.5 USAGE OF CUSTOMER RELATIONSHIP SKILLS TO ATTAIN CUSTOMER SATISFACTION

Customers automatically expect the service provider to provide value added service, whenever a service is rendered. Roberts-Phelps Graham (2001:171-182) provides a list of important customer relationship skills that is required by the customer, in order to fulfil a customer's satisfaction needs. It is described as follows:

- **Turning complaints into opportunities** – The deficiency of the business has not been improved. This increases the customer's dissatisfaction.
- **Follow up and follow through** – Issue feedback management.
- **Creation of crucial moments** – Organisations should pay special attention to the needs, complaints and customer suggestions, at all times.
- **The importance of systems** – An organisation should have systems in place to ensure that customer needs are always attended to in the most efficient and prominent manner.

- **Faster customer service** – Speed is one of the most essential aspects in satisfying customer needs. Customers always require the goods and services at the fastest, most efficient manner. Organisations should address this need, in order for the customer to feel valued and cared for.
- **Positive communication** – Organisations should ensure that the most efficient communication channels are available between the customer and the organisation, so that the transition of information is clear, concise, specific and simple, which will enable the process to flow smoothly.
- **Exceeding expectations** – Value creation enables a business to grow. When an organisation under promises and over delivers to a customer, the customer becomes satisfied with the performance.
- **Keeping customers** – For any organisation to grow, the organisation should work on a strategy to focus on retaining its current customers, before focusing on expanding its customer base.
- **Personal touch** – Organisations need to educate their employees to treat customers with politeness, and adopt courtesy in order to build trust with the customer.
- **Deliver** – The main rule to maintain a customer is to deliver to promise. Customers will not accept anything less than what they require. An organisation that consistently delivers below standard is subject to lose loyalty from customers (Roberts-Phelps Graham, 2001:171-182).

2.6 THE IMPORTANCE OF CUSTOMER SATISFACTION

A customer's needs should always be fulfilled; this will enable the customer to become loyal to his/her service provider on different aspects. It is important to ensure that customers are always satisfied with services that are rendered. Gerson (cited by Adegbola, 2010:14-16) discusses the important elements to achieve customer satisfaction as follows:

- **Cost reduction** – Customers always prefer to pay the lowest possible price for goods or a service, without compromising on quality. A customer's

expectation in terms of quality could lead to reparation costs, low time cost, operational cost, return cost and cost of acquiring new or lost customers.

- **Improved goodwill** – Goodwill increases the worth of the business organisation. The worth of an organisation will continue to increase if all customers of the organisation are satisfied with the service of the organisation, and continue to do business with the organisation. A positive reputation builds good sustainable relationships with customers, while good ethical relationships build positive relationships with the public in general.
- **Long-term success and survival** – Business assets are the key to ensure that an organisation achieves its goals to maintain its long-term survival. Success is determined by the customer's satisfaction, which in turn, will determine the survival of the organisation.
- **Customer loyalty and retention** – In order to satisfy customers, organisations need to differentiate their products and services as well as customise their goods and services to suit the customer's needs. A business strategy's focus should be on achieving the desired results in order to attain success with retaining loyal customers.
- **Increase in market share and price leadership** – Business organisations that focus on customer satisfaction may easily set the pace in competitive pricing structures, which may in turn gain market share by attracting more customers. Customers value the lowest prices for the best quality available.
- **Increase in sales and profits** – If customers are satisfied, they will continue to buy from the organisation. A satisfied customer becomes an indirect marketer and advertisement for an organisation in the sense of "word-of-mouth" advertising. Satisfied customers refer the organisation to family and friends, which in turn increases the customer experience (Gerson, cited by Adegbola, 2010:14-16).

2.7 GENERAL PRINCIPLES OF TOTAL QUALITY MANAGEMENT (TQM)

Customers in a shared services (SS) environment also have needs and expectations. An organisation needs to consider the quality elements that may influence the satisfactory levels of the customer. Erto & Vanacore (cited by Stromgren, 2007:7) list attributes concerning the impact of quality elements that may influence customer satisfaction:

- **Must be quality elements** - customers may fail to consider these basic elements, unless the service fails to provide them. The absence of the basic quality elements expectation is very dissatisfying to the customer, and often goes unnoticed.
- **Attractive quality elements** - these elements pleasantly fulfil the customer's needs if they are present and these attributes exceed the customer's expectations. However, the absence of these elements will not necessarily cause customer dissatisfaction.
- **One-dimensional quality elements** - desirables or determinants of these elements satisfy service qualities differently, depending on the level of presence (Erto & Vanacore, cited by Stromgren, 2007:7).

According to Sila & Ebrahimpour (cited by Stromgren, 2007:9), the fundamental characteristics of the TQM philosophy is that it emphasises prevention, rather than a detection approach, to the product or service. The critical success factors of TQM factors are as follows:

- **Customer focus** is the embracement of TQM principles by an organisation. Both actions and functions are designed and performed with the aim of meeting the needs of customers, who also determine their value.
Top management and leadership must be the sponsors of the entire TQM system. Top management and leadership must also drive the whole TQM system to achieve customer satisfaction through creating values, setting goals, and developing systems to improve organisational performance.

- **Teamwork** enables the company to be committed to learning, as well as to change produced by quality improvement. The lack of teamwork creates an overall burden on the TQM process.
- **Continuous improvement and innovation**, is one of the core processes of TQM. TQM is dependent on the continuous revision of both administrative and technical processes.
- **Customer satisfaction** is, when the user of the products is satisfied with the products or services. The purpose of TQM is to continue increasing customer satisfaction.
- **Commitment and personnel involvement** is the creation and deployment of clear quality values, and setting goals consistent with the objectives of the company.
- **Quality information and performance measurement** is the gathering of data to support and co-ordinate the process, of making decisions and taking action throughout the organisation.
- **Employee involvement** means that employees actively take part in the process of continuous improvement. Employees assume responsibility to achieve quality in the accomplishment of their tasks.
- **Employee training** is the provision of necessary knowledge and skills for the enablement to solve problems, self-management and self-control in task accomplishment Sila & Ebrahimpour (as cited by Stromgren, 2007:9).

2.8 SERVICE QUALITY DETERMINANTS IN A BUSINESS TO BUSINESS SETTING

Company X SS's, supply and demand management (SDM) department, renders a procurement services to the rest of the group's operating BUs. The function of the SDM department is to procure goods and services as requested by the various businesses, and deliver these goods and services to the internal customer at the right price, time and quality. Van Ree (2009:49) describes important variables that need to be achieved by ensuring that Company X SS's SDM department achieves service quality determinants in a business to business setting. The following elements discussed, describe what needs to be done in order to achieve their goals:

2.8.1 Reliability:

- The consistency of services.
- Doing it right the first time.
- Performing the service correctly consistently.
- Proper follow through on assignments.

2.8.2 Responsiveness:

- The readiness or willingness of employees to provide a service.
- Meeting deadlines on assignments.
- Being proactive on unmet needs and unperceived problems.
- Reduced cycle time and delivery for services.
- Being on time to scheduled meetings and events.

2.8.3 Competence:

- The possession of the required skills.
- Having expertise in the area of the provided service.
- Possessing good problem solving skills.

2.8.4 Access:

- The ease and approachability of conduct.
- Being solely dedicated to the account.
- Being available at all times to assist the client.
- Having technical resources and other experts that can assist the client when needed.

2.8.5 Price:

- Monetary allocation in return for the service.
- Securing the most cost effective options for multi competitive bids.
- Meeting the budget objectives of the client.

2.8.6 Courtesy:

- Respect, politeness, consideration and friendliness.

- Being friendly and sociable.
- Being polite and respecting the privacy of others.
- Promoting a highly interactive environment.

2.8.7 Market Clout:

- The ability to secure the lowest prices, and best service offerings for other suppliers in the market.
- Having a large market share or presence in the market.
- Having the ability to coordinate and consolidate resources with other companies.
- Having leverage in the market.
- Acting as an advocate with other companies in the market.

2.8.8 Credibility:

- Trustworthiness and honest.
- Being honest and believable.
- Having good and personal company reputation in the market.
- Demonstrating ethical conduct.
- Protecting proprietary and confidential information.

2.8.9 Tangibles:

- Physical evidence of the service.
- Offering hardware and software computer processing capabilities.
- Offering order entry devices, fax machines, database management systems, etc. (Van Ree, 2009:49).

2.9 THE GAP MODEL

Goods' quality can easily be objectively measured in terms of the number of defects and durability, however service quality is an elusive construct that may be difficult to measure because service quality is a function of the difference between expectation and performance along the quality dimensions (Parasuraman, Zeithamal & Berry, as cited by Stromgren, 2007:16).

The development of a service quality model is based on gap analysis, which is derived from the dimensions of a customer's expectation or the desires of the service provider, with their perceptions of actual service performance (Parasuraman *et al.*, as cited by Stromgren, 2007:17).

GAP 1 is the research gap defined as the perception of those gaps between customer expectations and management's perception.

GAP 2 is the design and planning gap - this is the difference between management's perception and the customer's expectations concerning the designed capabilities of the system, service quality specifications, and improper service-quality standards that management develops to provide the service.

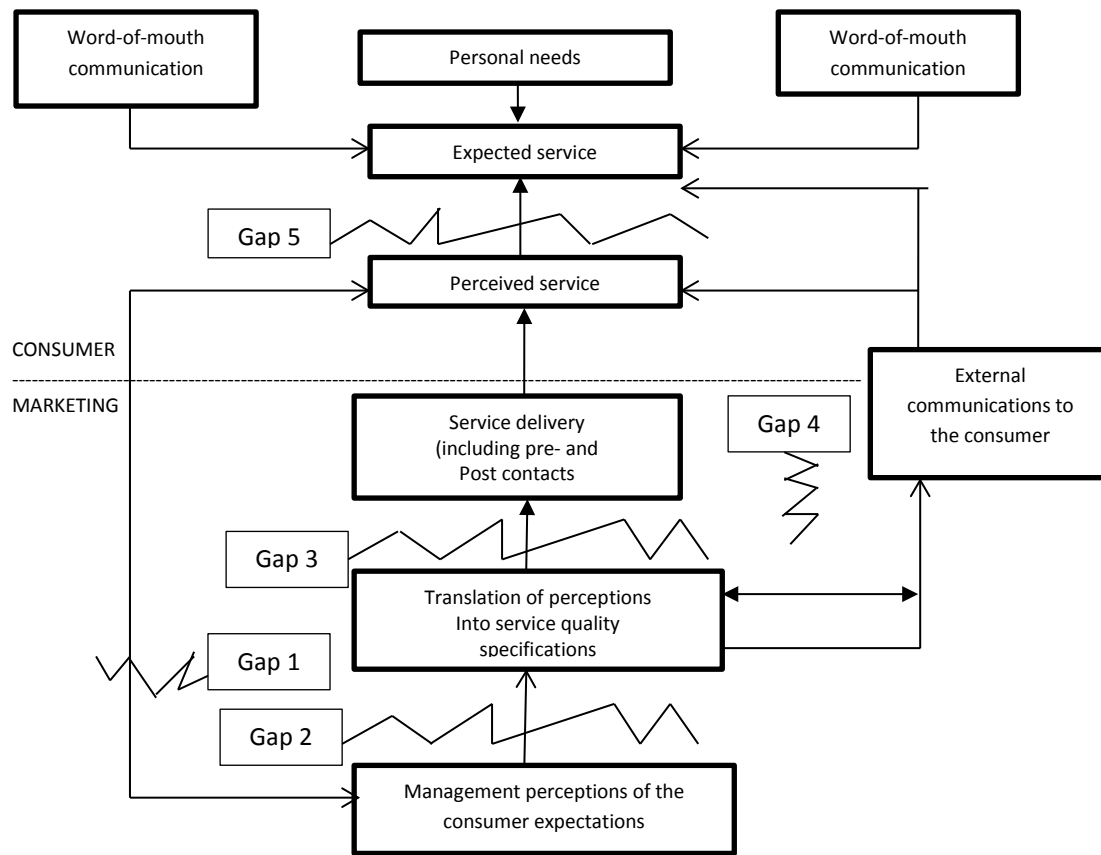
GAP 3 is the implementation delivery gap, between the service quality system designed as per specifications to provide the service, and the actual service delivered.

GAP 4 is the communication gap concerning what the system delivers, and the communication relating to what the customer has been informed would be delivered.

GAP 5 is the reality gap - is the customer's service expectation and the perceived service rendered.

For the purpose of the study the GAP Model enables management of an organisation to breach the gap created by customer's expectation with the actual performance. This aim may be achieved by the understanding and improvement of the operational processes. The illustration in figure 2.1 depicts the gaps that needs to be filled when problems are identified and the prompt and systematically realising service performance measures and measuring customer satisfaction levels and other performance outcomes

Figure 2.1 The GAP Model



Source: Stromgren (2007:17)

The GAP model is understood to be a model that assists organisations to identify the gaps that exists in not meeting the customers' expectations, and rectifying the problems by implementing ways in which the shortcomings will be addressed. It is for this reason that the GAP Model was deemed appropriate for this study.

2.10 SUPPLY CHAIN MANAGEMENT CONCEPTS DEFINED

2.10.1 Supply Chain Management

SCM is the management, planning and encompassing of all activities involved in the procurement, sourcing, conversion, as well as all logistics management related activities. It includes the collaboration and coordination plus the integration of

activities, through improved supply chain relationships, in order to achieve a sustainable competitive advantage (Ballou, 2003:5).

According to Fayazbakhsh, Sepehri and Razzazi (2009:27), SCM is a collection of suppliers, manufacturers, distributors and retailers along with all interrelationships. It is the direct and indirect relationship of several businesses to satisfy customer demands and have several stages to provide different types of products.

Sadler (2007:1) observes that a basic supply chain comprises:

- A range of suppliers of raw materials and components.
- A focal company which forms goods or services for a set of consumers.
- Distributors who deliver goods to customers.
- Modes of transport, which move products between each location in the chain.

For the purpose of the study supply chain is defined as the combination of different activities from the beginning of an operation to the end of the final product and all processes or stages that is used to convert and transform products.

2.10.2 Value Chain Management

According to Modares and Sepehri (2009:13), it is realised as value added when goods and services arrive where they are needed (destination).

Walters (2009:105), describes value chain management (VCM) as an analysis that takes the entire production chain of activities into account, and which is also referred to as value network, activities chain, production network, commodity chain and input-output analysis. It can be presented in an equation as follows:

VALUE = results produced (Value-in-use) for customer + less price for the customer + process quality + cost of acquiring the product.

Van Weele (2010:5) describes VCM as all stakeholders belonging to the same value chain who are challenged to improve the company's buying value proposition to its final end customers. Van Weele (2010:19) further explains VCM as a composition of value activities and margin, which is achieved by these activities. These value activities can be divided into primary and support activities. The margin represents

the value that the customer is willing to pay extra for the company's efforts, compared with the costs that were required for these efforts.

For the purpose of this study VC can be described as the value added by each activity or process within the total supply chain in order to pass the process value gained through the process to the end customer

2.10.3 Supply and Demand Management

Yoki (2010:18) says DM is a key performance indicator that enables supply chain professionals to begin a meaningful dialogue with their department heads to understand why any commodity that they are buying is increasing or decreasing beyond normally acceptable, justifiable level.

DM is also referred to as consumption management or strategic spend management, and involves all activities associated with managing the volume of an organisation's external purchases (Kearney, 2003:2).

Supply management (SM) includes purchasing, while materials management (MM) involves incoming inspection and receiving. Supply is used when relating to buying based upon total cost of ownership in a manufacturing environment (Van Weele, 2010:411).

Simchi-Levi, Kaminsky and Simchi-Levi (2003:200) describes DM as communication of the projected market demand as a critical component of the success of the supply chain.

According to Grant, Lambert and Ellram (2006:5), the number of sellers will be able to produce the exact quantity of products and services that the buyers want to buy at a specific price.

For the purpose of the study SDM is the combination of what the end user requires and what value the supply department can provide within reasonable time at the best value.

2.10.4 Purchasing/Procurement Management

Purchasing management is the management of a company's external resources, in such a way that the supply of all goods, services, capabilities and knowledge which are necessary for running, maintaining and managing the company's primary and support activities, are secured under the most favourable conditions (Van Weele, 2010:3).

Van Weele (2010:6) further highlights that procurement management includes all activities required in order to get the product from the supplier to its final destination. It encompasses the purchasing function, stores, traffic and transportation, incoming inspection, quality control and assurance, allowing companies to make supplier selection decisions based on the total cost of ownership, rather than the purchase price.

Procurement is the acquisition of goods and services, other than services of employees acquired by means of commercial transactions (Hugos, 2006:44).

2.10.5 Logistics Management

Van Weele (2010:253) describes logistics management as the management of materials planning, the supply of raw materials and other purchased goods, internal transportation, storage and physical distribution.

Coyle, Bardi and Langley (2003:40) note that logistics is the process of anticipating customer needs and wants; acquiring the capital, people, information, materials and technologies necessary to meet those needs and wants; optimising the goods and services producing network to fulfil customer requests; and utilising the network to fulfil customer requests in a timely way.

2.10.6 Materials Management

Materials management (MM) can be described as the planning and control of the flow of materials that are a part of the inbound logistics system. MM usually includes the following activities: warehousing, procurement, production planning, inbound transportation, receiving materials, quality control, inventory management and control, salvage and scrap disposal (Coyle *et al.* 2003:119).

Grant (2006:174) states that MM consists of four activities that includes anticipating materials requirements, sourcing and obtaining materials, introducing materials into the organisation and monitoring the status of materials as a current asset.

2.10.7 Materials Requirements Plan

The standard system for calculating the quantities of components, sub-assemblies and material required to carry out a production programme for complex products, is called materials requirements planning (Baily, Farmer, Crocker, Jessop & Jones, 2008:171).

The MRP system consists of a set of logically related procedures, decision rules, and records designed to translate a master production schedule into time-phased net inventory requirements, and the planned coverage of such requirements for each component item needed to implement this schedule (Coyle, et al. 2003:251).

2.10.8 Customer Relationships Management

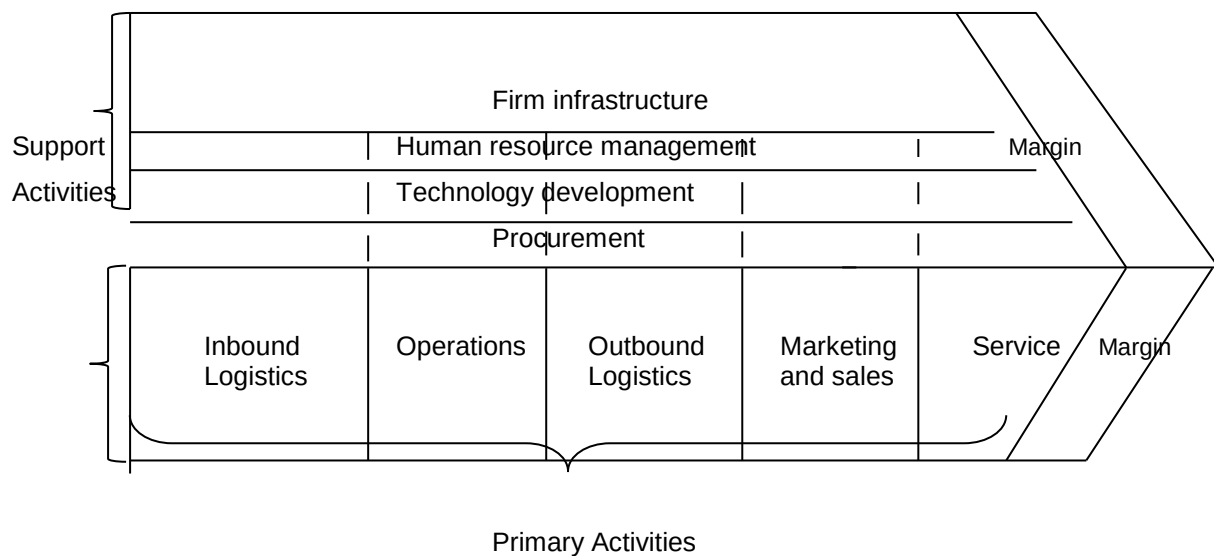
CRM involves the management of all aspects of a customer's relationship with an organisation, in order to increase customer loyalty and retention along with the organisation's profitability (Baltzan & Phillips, 2010:573).

According to Kotler and Armstrong (2011:36), customer relationship management is the overall process of building and maintaining profitable customer relationships, by delivering superior customer value and satisfaction.

2.11 THE ROLE OF PURCHASING IN THE VALUE CHAIN

Value chain management plays an important role in the purchasing and supply function of organisations. The value chain is comprised of various activities that combine these activities to achieve the value in the chain. According to Porter (1985:39-40), the value chain can be divided into two categories, namely primary activities, which are those activities that are directed at the physical transformation and handling of the final products, and support activities, that enables the support for the primary activities, as illustrated in Figure 2.2 below:

Figure 2.2: Purchasing and the value chain



Source: Van Weele (2010:5)

2.12 THE DUTIES OF THE PROCUREMENT DEPARTMENT IN SUPPORT TO THE BUSINESS ACTIVITIES

The function of the procurement department is to render a demand and supply service to the business activities, as illustrated in Figure 2.2. The purchasing department makes unchanging and repetitious purchases of low to high value. Typical types of purchases include, but are not limited to, maintenance, raw materials, trading inventory, and project equipment, such as fixed assets, etc.

According to Van Weele (2010:7), the duties of the procurement department are in support of the business activities to ensure that the customer needs are met through the following:

2.12.1 Primary Activity Procurement

Make to stock - the purchase department should ensure that the MRP system for purchased products is effective, in order to ensure that goods are available as determined by the sales demand forecast.

Make to order - ensuring that all raw materials, packaging materials, components inventory, bulk products, etc., are available when needed for production, or trading stock as per the customer's order through sales demand planning.

Engineered to order - the manufacturing activities from a design to assemble perspective, and the purchasing of the required materials, are related to a specific customer order.

2.12.2 Support Activity Procurement

The supplying of products and services for other support functions, such as:

- Research and development laboratory equipment;
- Accounting office equipment;
- Cleaning material for housekeeping;
- Lease-cars for the sales force and senior management;
- Machinery and infrastructure;
- Computer hard- and software, for the central computer department.

2.13 THE IMPORTANCE OF PURCHASING TO BUSINESS

Van Weele's (2010:12) DuPont analysis shows that purchasing contributes to improving the company's return on net assets (RONA) in three ways:

- **Reduction of all direct materials' costs:** This will improve the company's sales margin that will positively affect the organisations RONA. The reduction in the number of suppliers, application of competitive tendering, improvement in product and service standardisation, and searching for substitute products and services, may lead to lower direct materials' costs.
- **The reduction of the net working capital employed by the organisation:** This will improve the organisation's capital turnover ratio. Examples of improved capital turnover ratios are longer payment terms, reducing inventory levels, leasing equipment instead of buying capital equipment, etc.
- **Improving the organisation's revenue generating potential:** This can be done by creating new customer value propositions and improving processes by generating new product ideas. Innovation today comes from suppliers, thus the mobilising of supplier's expertise and the involvement of supplier's technical expertise, is of paramount importance in the development of new product processes.

2.14 THE PURCHASING MANAGEMENT PROCESS

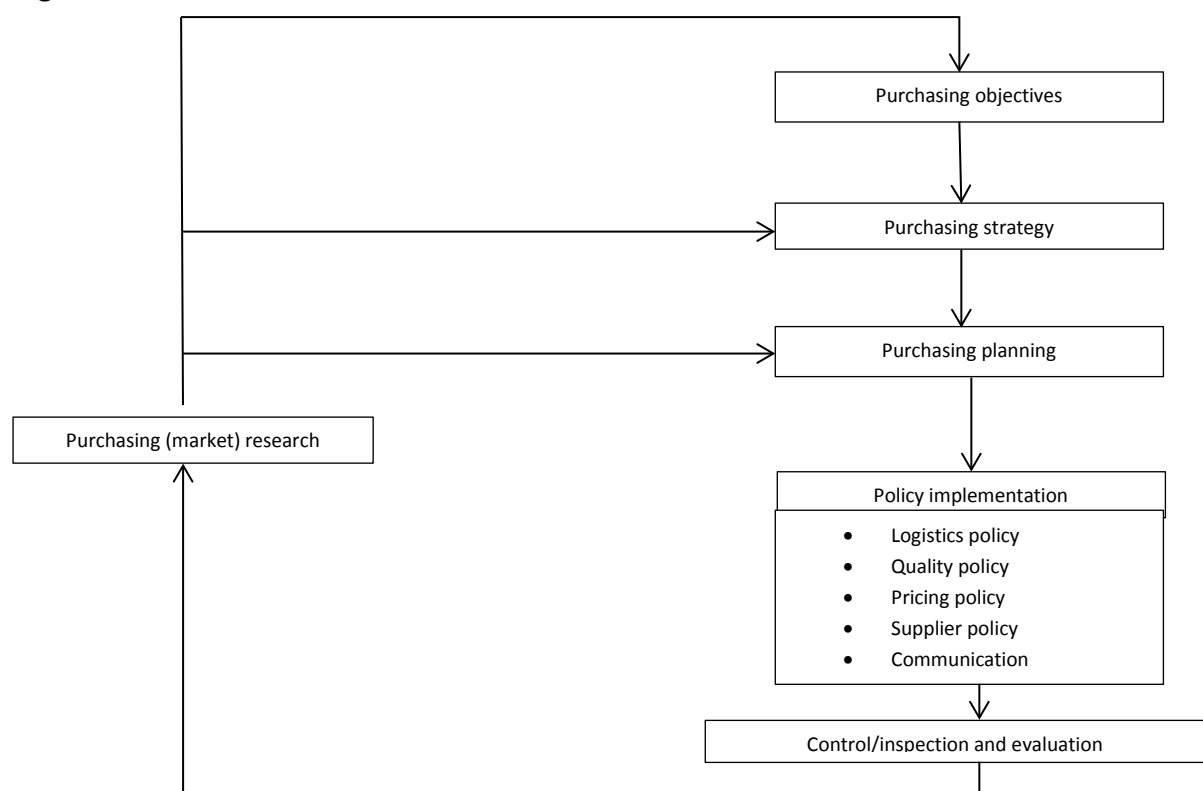
Van Weele (2010:61) argues that purchasing objects and strategies should be based on the organisation's overall (financial) objectives and product/market strategies. This will automatically lead to a strong focus on cost reduction and innovation.

As per the illustration in Figure 2.3, the detailed discussion of the successive elements of the purchasing management process, is described for each of the activities below (Van Weele, 2010:63).

Purchasing and supply (market) research - the gathering of and systematic classification and analysis of data considering all relevant factors that influence the procurement of goods and services for the purpose of meeting present and future company requirements.

The purchasing management process

Figure 2.3



Source: Van Weele (2010:63)

Purchasing and supply objectives, strategy and planning – based on the organisation's overall objectives, purchasing objectives relate to cost reductions, the reduction of the supplier base, and improving product quality.

Purchasing and supply objectives, strategy and planning - the organisation directs, manages and controls its purchasing activities and relationships with suppliers, through its purchasing objectives relating to cost reduction, improving product quality, lead time reduction and the reduction of suppliers. These and other aspects are covered in the commodity sourcing strategy document, which includes:

- Sourcing policies, which determine the dependency on suppliers and designing plans to reduce this dependency.
- Direct versus indirect buying - determines the possible cost benefits of buying from importers and distributors, or buying directly from the manufacturer.
- Make or buy analysis - the elimination of particular production activities and buying the required products from third parties; buy-or-lease may be considered as an alternative.
- Integration between purchasing and other functional areas - the removal of interface problems, between purchasing and MM, purchasing and engineering, and purchasing and financial administration or treasury.
- Setting up a purchasing information and control system - analysis of purchasing information needs and the design of an automation plan; possibilities of linking this system with existing information systems in other functional areas.
- Centralised or decentralised purchasing - balancing cost benefits and strategic considerations related to a centralised or decentralised organisation of purchasing.
- Standardisation possibilities - to achieve product and supplier variety reduction; by balancing savings and risks (Van Weele, 2010.64).

2.15 IMPLEMENTATION OF PURCHASING POLICY

- Supply aims for the optimisation of both the order to pay process, and the incoming materials flow.
- Product and supplier quality, purchasing's early involvement in the design and product development, and improving product and supplier quality performance. The activities which may contribute to both areas are:
 - o Standardisation of material.
 - o A purchasing policy focused on the life cycle of the end products.
 - o Specific quality improvements.
 - o Agreeing on and gradually extending permanent warranty conditions that should be provided by the supplier.
 - o Initiating special programmes in the field of value analysis to simplify product design or reduce product costs.
- Material cost policies, are to obtain control of materials cost and prices in such a way that suppliers are unable to pass on unjustified price increases to the company.
- A supplier policy is focused on the systematic management of the company's supplier base.
- The communication policy of the organisation needs to communicate to the purchase policy, both internally and externally (Van Weele, 2010:64-65).

2.16 CONTROL AND EVALUATION

Activities that have been planned should be realised within the available financial resources.

Van Weele (2010:68) further states that the purchasing and development model identifies the development stages over time, indicating how purchasing and supply may develop in terms of professionalism within an organisation.

Van Weele (2010:68) describes the six-stage purchasing development model as follows:

Stage 1 – Transaction orientation - serving the factory through finding appropriate suppliers, and ensuring that the company's process does not run out of raw material, and supplied components.

Stage 2 – Commercial orientation - the negotiation of the lowest possible prices from the suppliers through the influence of product development, engineering and manufacturing.

Stage 3 – Co-ordinated purchasing - led by a strong central purchasing department to implement uniform buying policies and systems. Cross unit coordination and compliance with nationally negotiated contracts are the focus.

Stage 4 – Internal integration - is focused on cross functional problem solving with the objectives of reducing total life cycle costs and not just the unit cost of purchased components.

Stage 5 – External integration - the collaboration with supply chain partners on product development and preproduction, characterised by explicit combined outsourcing strategies.

Stage 6 – Value chain orientation: is focused on the delivery of value to the customer in recognition of success (Van Weele 2010:68-72).

2.17 THE GENERAL BENEFITS OF INVENTORY VISIBILITY

According to Coyle *et al.* (2003: 211), inventory visibility can be interpreted as the ability of an organisation to have inventory available on real time basis throughout its logistics and supply chain system. The reason to have inventory visibility is to enable the user of the inventory to consume it when needed by departments, such as production, warehouses, customers and internal users.

Coyle *et al.* (2003:211) states that the benefits of inventory visibility include:

- Improved customer service through on-time deliveries of complete orders to customers with visibility into order status at all stages of the supply chain.
- Improvement of vendor/supplier relations and cost by providing accurate, timely information regarding requirements.

- Improved cash-to-cash and/or order-to-cash cycles by faster flow of inventory through the supply chain and by faster order fulfilment.
- Improved performance metrics for overall supply chain, carriers, vendors, logistics service providers, and even customers, by having timely accurate information available.
- Decreased cost-of-sales by lowering inventory holding costs, minimising errors and back orders, and decreasing obsolete inventory.
- Increased return on assets and shareholder value through lowering investment in inventory, reducing fixed facilities expenditure for holding inventory, and turning inventory faster.
- Ability to proactively respond and facilitate service recovery when delays and/or stock outs are probable, by making adjustments in the system and responding quickly to service demands (Coyle *et al.* 2003:211).

2.18 THE ROLE OF THE WAREHOUSE IN THE LOGISTICS SYSTEM

As stated by Coyle *et al.* (2003:285), warehousing is where organisations store and hold raw materials, semi-finished goods, spares, finished goods etc., for varying periods of time. The view of warehousing is that it can add more value than perceived cost to a product in the form inventory realisation.

Coyle *et al.* (2003:286) describes the warehouse's value adding roles as follows:

- Transport consolidation allows an organisation to consolidate small shipments into large shipments with significant transport savings.
- Product mixing for customer orders: Customers often request a product line mixture. A product-mixing warehouse for multiple product lines, leads to efficient order filling.
- Cross docking facilitates the product-mixing function, by the arrival of various truckloads of material from various suppliers.
- Service is a function of warehousing: The importance of customer service is obvious. Goods should be available in the warehouse, especially when a customer places an order, particularly when the warehouse is in close proximity to the customer.

- Contingencies, in the form of transport delays, vendor stock outs, or strikes: This function is very important for physical supply warehouses in that a delay in the delivery of raw materials or spares can delay the production of finished goods.
- Smoothing is the decoupling of the successive stages in the manufacturing process: Seasonal demand and the need for a production run long enough to ensure reasonable cost, and quality, are examples of smoothing (Coyle et al. 2003:286).

(Coyle et al., 2003:288) states that the warehousing functions can make important contributions to logistics systems and company operations. The view of realising that warehousing's contribution to profits is greater than its cost.

For the purpose of the study change management can be described as the transition from situations in order to achieve lasting change within an organisation.

Change management will address the process, tools and techniques to address the people side of business change and the different methodologies used address these changes, to achieve the required business outcome, and to effectively realise business change within the social infrastructure of the workplace.

Further to the study is the idea of trying to identify and using a systematic approach to deal with changes from both an organisation and individual level addressing adapting to change controlling change and effecting change proactively.

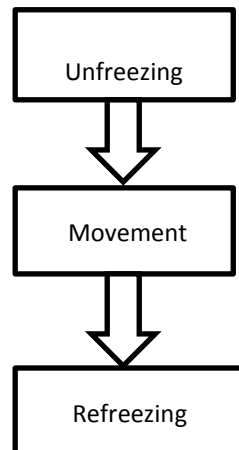
2.19 THE NATURE OF PLANNED CHANGE

According to Cummings and Worley (2009:23), the theories of change describe activities that must take place to initiate and carry out successful organisational change.

The Lewin's model of change conceives change as a modification of those forces keeping a system's behaviour stable (Cummings & Worley, 2009:23). The Lewin's

model also views the change process as consisting of the following three steps, shown in **Figure 2.4 below**:

Fig 2.4 **Lewin's Planned Change Model**



Source: Cummings & Worley (2009:23)

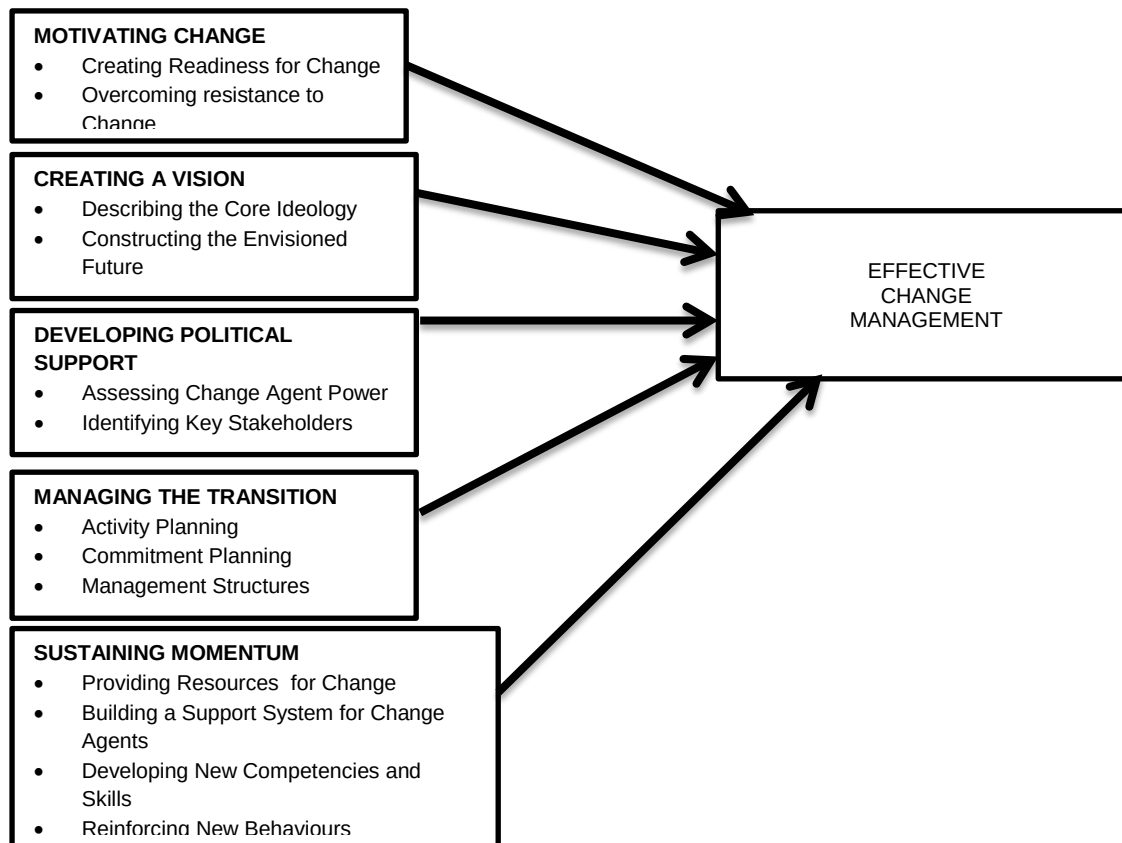
2.19.1 Unfreezing, is the reduction of the forces maintaining the organisation's behaviour at its current level. Unfreezing is accomplished through a process of psychological disconfirmation.

2.19.2 Movement shifts the behaviour of the organisation, department, or individuals to a new level. It involves the intervening in the system to develop new behaviours, values, and attitudes through changes in organisational structures and processes.

2.19.3 Refreezing stabilizes the organisation at a new state of equilibrium. The use of a supporting mechanism that reinforces the new organisational state is accomplished frequently, like organisational culture, rewards and structures.

2.20 THE ACTIVITIES CONTRIBUTING TO EFFECTIVE CHANGE MANAGEMENT

Fig 2.5 **Activities Contributing to Effective Change Management**



Source: Cummings & Worley (2009:164)

As illustrated in the Figure 2.5, Cummings and Worley (2009:164) discusses the change activities, directing attention to how leaders contribute to planning, and implementing organisational change, as follows:

2.20.1 Motivating change

Cummings and Worley (2009:165) describe organisational change as the involvement of moving from the known to the unknown. Because the future is

uncertain and may adversely affect people's competencies, worth, and coping abilities, organisations' members generally do not support change, unless compelling reasons convince them to do so.

2.20.1.1 Creating readiness for change

People's readiness for change depends on creating a felt need for change - through making people feel dissatisfied with the status quo, they become motivated to try new work processes, technologies, or ways of behaving (Cummings & Worley, 2009:165). Generally, before people and organisations undertake serious meaningful change, they experience discomfort before the changes are accepted. The following three methods can help to generate sufficient dissatisfaction to produce change:

- **Sensitise organisations to pressure for change:** Countless pressures for change operate both internally and externally in organisations. From an internal perspective, pressures in the form of poor product quality, high production costs, new leadership and excessive employee absenteeism; and from an external perspective, foreign competition, changing technology, and environmental pressures. Organisations should be sensitive towards these changes.
- **Reveal discrepancies between current and desired states:** This is to identify whether an organisation's current way of operating is in line with the organisation's strategic vision of the way it is supposed to operate. If there are discrepancies, this will motivate the organisation to rapidly initiate positive changes that are in line with the organisation's goals and standards to achieve a desirable future state.
- **Convey credible positive expectations for the change:** Employees are habitually concerned about the imminent changes of organisations. Positive expectations may lead to positive energy released by the employees, provided the organisation invests in a positive approach to the planned changes. When employees experience success, the commitment levels improve and the behaviour constructively changes.

2.20.1.2 Overcoming resistance to change

Cummings and Worley (2009:166) says that change could arouse considerable anxiety concerning letting go of the known and moving on to an uncertain future. The authors further state that technical resistance derives from habits that were followed through common procedures and the consideration of sunken costs invested in the status quo. Cultural resistance is the procedures and systems that promote conformity to existing values, norms and assumptions about how things should operate, which in turn, reinforces the status quo. Finally, political resistance is when there are changes in the organisation which may threaten powerful stakeholders such as top executive or staff personnel. The following three major strategies for dealing with resistance to change are:

- **Empathy and support** - is to learn how people experience change, how they deal with change in the form of acceptance, or resistance, and how to overcome these changes. This process demands the willingness of employees to suspend judgement and to evaluate the situation from another perspective; a process called active listening, but also requires a great deal of empathy, sympathy and support to overcome the changes.
- **Communication** - anxiety generally associated with change, through inadequate information, leads to people spreading rumours and gossip, which fuels uncertainty about the consequences. Employees can effectively prepare for change, if effective communication about imminent changes is channelled to avoid speculation and dispel tenuous fear.
- **Participation and involvement** - directly involving employees in the planning and the implementation of change, leading to the design of high quality changes and incapacitating resistance to implementing change. Employees can provide an assortment of information and ideas, which can contribute in making the innovations effective and appropriate to the situation. Employees can also add value by identifying pitfalls and barriers to implementation.

2.20.2 Creating a vision

According to Cummings and Worley (2009:169), creating a vision is the description of the core values and purpose that guide the organisation as well as an envisioned future toward which change is directed. In most leadership frameworks, creating a vision is considered a key element. Cummings and Worley (2009:165) further notes that research suggests that compelling visions are composed of two parts namely:

2.20.2.1 Describing the core ideology

Core ideology describes the organisation's core purpose and value and is relatively stable over time. Core values are values that are in use, but not embraced values. These values teach employees the importance of the organisation.

2.20.2.2 Constructing the envisioned future

The envisioned future typically includes the following two elements that can be communicated to the organisation's employees:

Bold and valued outcomes are those that may include goals for the change process and standards for the assessing progress.

The desired future state is what the organisation should accomplish in order to achieve bold and valued outcomes.

2.20.3 Developing political support

Cummings and Worley (2009:171) indicate that organisations are seen as loosely structured coalitions of individuals and groups that have different interests and preferences. Managing the political dynamics of that includes the following activities:

Assessing change agent power is the organisation's leader in the change management process who influences others to support the change process.

Identifying and influencing key stakeholders, such as staff groups, unions, department managers, and top-level executives, to thwart and support the change. A map must be created to show relationships among all the stakeholders, in order to identify which stakeholders are very influential. The influential stakeholders will support in the motivation of the critical masses for change.

2.20.4 Managing the transition

Cummings and Worley (2009:176) regard the transition phase as a period during which the organisation learns how to implement the conditions needed to reach the desired future. The transition may be quite different from the present state of the organisation and consequently may require special management structures and activities. The major activities and structures to facilitate organisational transition are as follows:

2.20.4.1 Activity planning

This involves the construction of a road map for change, citing specific activities and events that needs to occur if the transition is to be successful.

2.20.4.2 Commitment planning

This includes the identification of key people and groups whose commitment is needed for the change to occur and formulating a strategy for gaining their support.

2.20.4.3 Change management structures

This encompasses the creating of special structures, in order to manage the change process, and to accommodate and direct ambiguous organisational transition. The management structures should include people who have the power to mobilise resources to promote change, the respect of the existing leadership and change advocates, and the political and interpersonal skills to guide the change process.

2.20.4.4 Learning process

It is the acquisition of new skills and knowledge that support new behaviours, by creating shared meaning, describing the use of models, language, tools, and processes. It also involves the decentralising of the implementation processes and decisions to the lowest possible levels in the organisation.

2.20.5 Sustaining momentum

The excitement and activity of changing often dissipate in the face of the practical problems of trying to learn new ways of operating. The following five activities can help to sustain momentum for carrying change through to completion (Cummings & Worley, 2009:180).

2.20.5.1 Providing resources for change

If the organisation continues its day-to-day operations while trying to change, it normally leads to the need for additional human and financial resources, namely training, consultation, data collection. These extra resources are helpful to provide a buffer as performance usually drops during the transition period.

2.20.5.2 Building a support system for change agents

Support systems provide change agents with psychological distance from others to gain the perspective needed to lead the change process. This process may be filled with tension and is difficult.

2.20.5.3 Developing new competencies and skills

In order to implement changes, new competencies are required by members. Organisational changes frequently demand new knowledge, skills and behaviour from organisational members.

2.20.5.4 Reinforcing new behaviours

Reinforcement of new behaviour can be achieved by directly linking formal rewards to the desired behaviour, by encouraging teamwork, rewards and recognition and giving praise.

2.20.5.5 Staying the course

Change requires time and many of the expected organisational and financial benefits of change lag behind its implementation. If the change is too quick or the change is abandoned prior to full implementation, the benefits may never materialise.

2.21 CONCLUSION

In this chapter, literature has been studied to understand the importance of service delivery to the customer and the elements connected to ensuring what a customer's expectations are, with regard to rendering of a near perfect service. The chapter also discusses the elements in inbound SCM, such as what the SDM department provides, and the importance of purchasing to the various BUs, along with the processes to be followed to ensure that goods and services are delivered on time, at the right place, in the correct quality and quantity, for the right price.

The next chapter will provide the research techniques employed to describe the objectives and the methodology of the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter outlines the techniques that were employed to describe the objectives and the methodology of the study. The data collected were from both primary and secondary sources, which included a survey conducted by Company X SS and a qualitative interview questions method as a primary method of collecting data. The interview questions included both unstructured and open questions.

The research encompassed various methods and procedures in obtaining scientific knowledge Welman *et al*; (2011:3). The research methodology explains the logic behind research techniques and methods considerably (Welman *et al.*, 2011:3).

As noted by Henning, Van Rensburg and Smit (2004:36), research methodology is the decisions the researcher has to undertake to execute the research project by focusing on the research process. Henning *et al.*, (2004:36) further states that research methodology is a group of coherent processes that complement each other.

3.2 THE RESEARCH DESIGN AND APPROACH

Maxwell (2005:3) states that research design involves the modification and development of theory by identifying validity threats and addressing them, the collection and analysing of data and the elaboration and refocusing of research questions.

As explained by Cooper **and** Schindler (2003:146), research designs provide the following essentials:

- It is always based on the type of research questions.
- It outlines research activity procedures.

- The sources and type of information selection are guided by this process.
- The design is a time and an activity based plan.
- The research design is always based on the type of research question.

Research design is a strategy or plan that moves from the underlying philosophical assumptions to specifying the selection of respondents, the data gathering techniques that was used and the data analysis done (Nieuwenhuis 2010:70).

The understanding of research designs is important, with the view of directing the researcher into a particular study direction, with the view of achieving the goals set to be achieved by the study objectives.

Research designs are classified in different practices. These practices are determined by how and what the researcher intends to achieve through these classifications. The uniqueness of a research design reproduces or cartels the different forms of research designs dependent on the study objectives.

There are various methods of achieving research designs by identifying which design method is appropriate in achieving the goals of the study, such as exploratory designs, descriptive designs and inductive theories.

Cooper and Schindler (2008:704) propose that exploratory design is having the knowledge of background information to answer the research questions, whereby the researcher undertakes to obtain deeper knowledge of the problem and thus finding ways to resolve the problem.

Respondents relate to key stories and incidents that in turn, relates to the research topic, and in this way their experiences provides insight to the researcher (Lee & Lings 2008:165).

Lee and Lings (2008:247) describe that descriptive studies entail the explanation of deep understanding of a situation, where words rather than numbers are used to convey the results of the study.

Lee and Lings (2008:7) further explain that inductive theories move the specific objectives to a more general theory, by collecting data and exploring the data to determine and which themes to concentrate on.

The researcher formed part of the inner circle, acting as an agent (CRM) between the customer and SCM. By having access to both parties independently, this has enabled the researcher to formulate the best practical approach to conduct the design.

The researcher has proposed to combine both exploratory and descriptive studies.

The exploratory study assisted the researcher to draw decisive conclusions with extreme caution, after data have been collected and analysed in order to gain significant insight.

Descriptive research enabled the researcher to listen, observe and identify the actions, behaviour, attitudes and approach of all stakeholders.

In order to achieve the set goals, the researcher chose to adopt a qualitative research methodology.

3.3 ADOPTION OF A QUALITATIVE RESEARCH METHODOLOGY

Crouch and Housden (2003:115) argue that qualitative research is the usage of explanatory data that cannot be justified statistically and is carried out by a few respondents.

Peter and Donnely (2008:30) describe qualitative research as a method whereby the researcher can interview respondents face to face, in order to develop an understanding of what the respondent experiences and believes with regard to the research topic.

Qualitative research provides insight, shows sensitivity, has substance, is grounded in data, is creative in conceptualisation and is unique (Corbin & Strauss, 2008:302).

According to Welman et al. (2011:188), qualitative research as a descriptive form of research with the intent to decode, translate or otherwise come to terms with the meaning of a naturally occurring distinctiveness.

Nieuwenhuis (2010:50) says that qualitative research attempts to collect rich descriptive data regarding a particular phenomenon, with the attention of trying to understand what is being studied or observed.

The researcher agrees with all the authors describing qualitative research as naturally being a reminiscent form of research with the aim of translating or interpreting the sensations of individuals, groups, societies or businesses.

3.4 QUALITATIVE RESEARCH METHODS

In order for the researcher to conduct the study both exploratory and descriptively, the researcher has to identify and select the most appropriate qualitative research approach when investigating individuals, groups, societies and organisations. According to Welman *et al.* (2011:193), ethnography can be described as a descriptive design in the investigation amongst individuals, groups, communities and organisations.

Welman *et al.* (2011:193) further highlight that ethnography research enables the researcher to uncover and explicitly study the ways in which people manage the situations they encounter.

By following the appropriate qualitative research method, the researcher will be able to observe and interview the targeted population in order to collect field notes to analyse and draw conclusions.

Welman *et al.* (2011:193-206) mention that there are various methods of qualitative research, namely:

3.4.1 Case Study Research

Case study research is the intensive study of a limited number of units of analysis, being directed towards understanding the uniqueness and the features of a particular case in all its complexity.

3.4.2 Participant Observation

This research method enables the researcher to experience the daily activities first hand as an insider. This allows the researcher to become part of the inner circle of the group or event that is being studied.

3.4.3 Unstructured in-depth interviews

Unstructured in-depth interviews have been developed to formulate penetrating questions, to generate hypotheses and to try and identify important variables in a particular area. The purpose of using unstructured in-depth interviews is to guard against asking questions that will prevent individuals from revealing their feelings and beliefs.

3.4.4 Focus Groups

Focus groups are described as in-depth group interviews. With unstructured in-depth interviews, one could focus more on interviewing individuals, whereas in focus groups the essential qualitative technique would be to collect information through drawing groups together for the purpose of expressing their opinions on a specific set of open questions. The purpose of focus groups is not to replace individual interviewing, but to strategically gather more relevant information that could not have been collected through interviewing individuals.

3.4.5 Participatory Research

Participatory research is the collective involvement of all participants in the planning and implementation of the research outcomes, by bringing social change. The researcher is dependent on the participation of all important stakeholders to bring about social change, by involving and integrating elements such as educational work, social investigation and actions in an interrelated process (Welman *et al.* 2011:193-206).

3.5 Data collection method

3.5.1 The Target Population

The qualitative field of study was conducted at the Sasolburg operations of Company X SS (Pty) Ltd. The population selected were employees from different BUs, who represented the demographics of all the BUs in the Sasolburg area.

3.5.2 Participants

Participants were randomly selected through business demographics as well as the access advantages that the researcher had, as a result of being an employee of the organisation, and occupying a CRM position enabled easy access to the participants.

The participants from the various BUs, included amongst others, the following:

- Demand and Supply Manager.
- Customer Relationships Manager.
- Materials and Warehouse Manager.
- Mine Manager.
- Mechanical Equipment Artisans.
- Demand Coordinator.
- Buyer.
- Planner.
- Electrical Equipment Artisans.
- Rotating Equipment Artisans.

3.5.3 Research Instrument

The instrument selected for the collection of data has been the use of unstructured in-depth interviews by using an interview guide. The interview guide is a set of questions compiled in order to probe and retrieve information from the respondents.

The advantage of using unstructured interviews helps the researcher to identify important variables in a particular area, and also assists the researcher to formulate penetrating questions (Welman et al; 2011:197). This will assist the researcher to probe questions and diagnose the information to make conclusions.

Welman et al. (2011:198) state that when conducting interviews, the researcher should take the following guidelines into consideration:

- Compiling of field notes - the researcher should be systematic in the way observations are made and recorded and should also plan how questions will be asked and how the participation will be conducted.
- The setting - the researcher should dress appropriately when conducting these interviews and try to be as professional as possible.
- Presenting oneself - the researcher should take note that different cultures exists in organisations and that he/she should take cognisance that people's opinions may differ as a result.
- Trust - the interviewer must gain the trust of the respondent, as that will set the tone. The researcher should be frank and honest with the respondent in order to gain the trust of the respondent.
- Rapport - the researcher must be able to put him-/herself in the role of the respondent, in order to understand how the respondent may react to certain academia, and preconceptions.
- Language and culture differences - a researcher may be faced with conducting cross cultural interviews, by being English speaking and the respondent being conversant in another language, this may create misunderstanding barriers.
- Sexual differences - this may result in the researcher reacting in a paternalistic way to a respondent of the opposite sex.

The type of information gained from the study through the interviews enabled the retrieval of inner feelings, behaviour and response from the participants to make an informed analysis of the responses.

Welman et al. (2011:201) further summarise the advantages and disadvantages of unstructured interviews as follows:

- It helps to clarify concepts and problems by providing possible solutions to the researcher.
- However unstructured interviews may be time consuming and for the fact that the researcher is directly involved, it could seem bias in the interview situation.

3.6 CONCLUSION

This chapter described the research process by discussing the methodology used in the process to obtain results from the empirical study.

The following chapter will analyse the data, identify the findings, conclude and recommend solutions arising from the results.

CHAPTER 4

FINDINGS AND CONCLUSIONS

4.1 INTRODUCTION

This chapter provides a detailed qualitative analysis of the data collected. A qualitative research method has been employed, through the usage of interviews and company documents compiled as instruments.

The collection of data through interviews conducted, and company documentation collected and analysed, assisted the researcher to become more conversant with the study of service delivery and the way service delivery has to be achieved.

The data collected has been examined to gain scientific knowledge of the problem and to formulate an understanding by interpreting the information extracted to form an opinion on the subject matter. Nieuwenhuis (2010:99) describes the collection of data and the interpretation thereof as a systematic approach that summarises the content of the message and refers to the analysis as items, such as transcripts, written documents, news reports and visual media.

4.2 QUALITATIVE DATA COLLECTION

4.2.1 Documents collected from the organisation

A set of customer satisfaction survey documents were collected from the company, with regards to service delivery.. The survey conducted was a questionnaire which had questions asked to different management level internal customers (business to business), within the group of companies.

The data collected through the questionnaires were categorised and captured through the usage of a theme, in order to interpret the data to achieve a particular response from the customers (management).

The theme was designed to induce BU managers to express their opinion through a structured questionnaire.

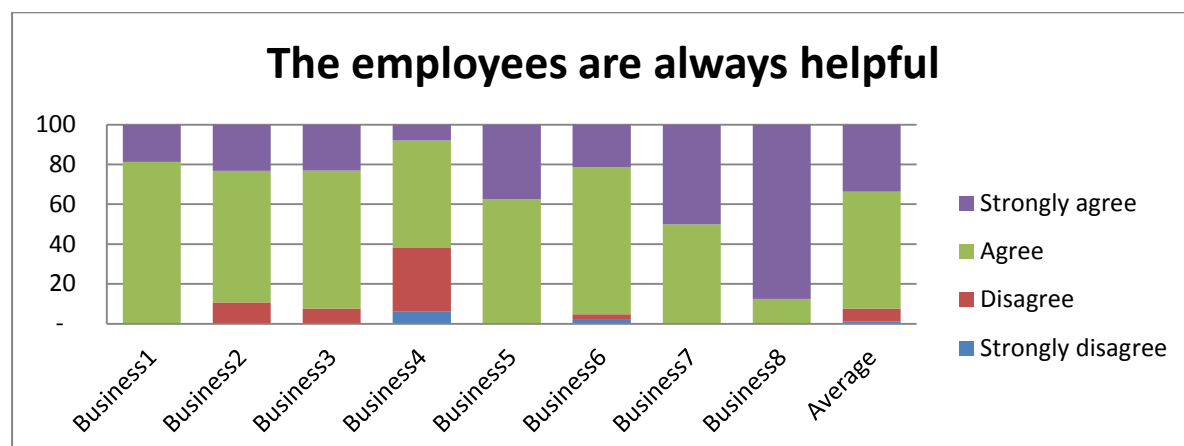
A number of questions were asked pertaining to customer service experience, namely:

- Are the employees from SDM always helpful?
- Are the employees of the SDM always friendly?
- Is service always delivered professionally?
- Do the employees always deal with all requests in an enthusiastic manner?
- Do the employees always go the extra mile to ensure that good service is delivered?
- Do the employees always keep to their promises?

The following graphical representation is an illustration of the findings on how the internal customer (management) perceived the SDM department on the various service delivery questions asked in a recent survey conducted.

4.2.1.1 The employees are always helpful

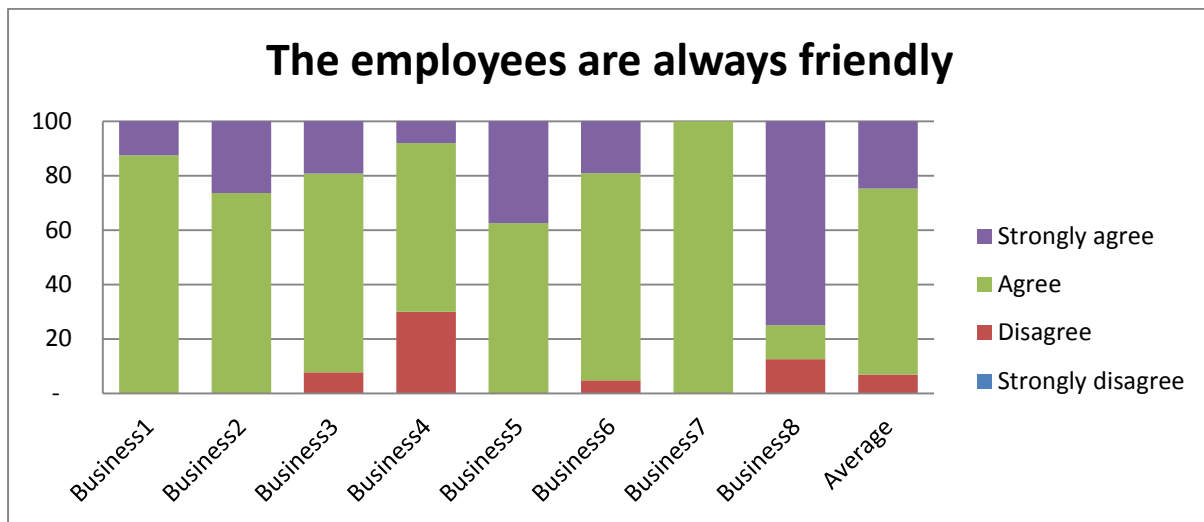
Figure 4.1



Findings: Figure 4.1 illustrates that 92% of the respondents believe the SDM are always helpful and that 8% of the customers are in disagreement.

4.2.1.2 The employees are always friendly

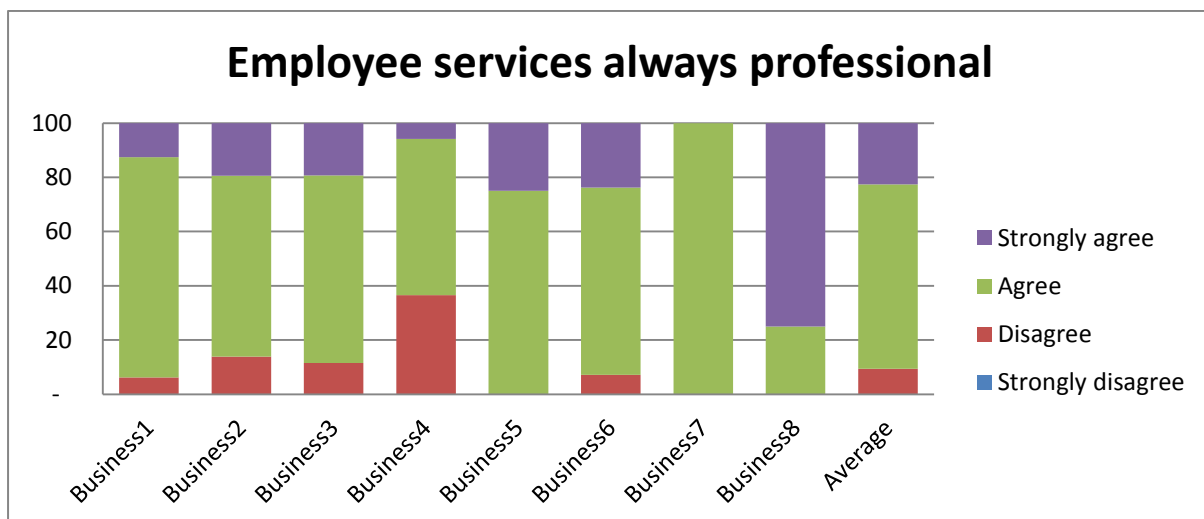
Figure 4.2



Findings: Figure 4.2 illustrates that 93% of the respondents are satisfied that the employees of the SDM are always friendly in the way they conduct service.

4.2.1.3 The employees' services are always delivered professionally

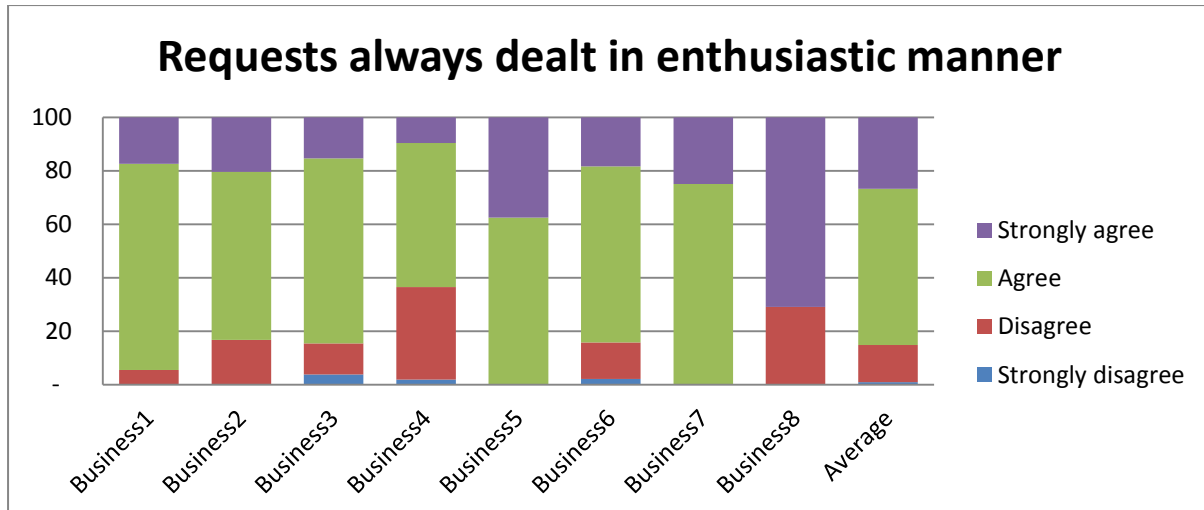
Figure 4.3



Findings: Figure 4.3 illustrates that 91% of the respondents are satisfied that the employees of SDM always deliver their service professionally.

4.2.1.4 The employees always deals with all requests in an enthusiastic manner

Figure 4.4



Findings: Figure 4.4 illustrates that 85% of respondents are content that SDM deals with all requests in an enthusiastic manner, whereas 15% of the respondents are not satisfied in the way SDM deals with their requests.

4.2.1.5 The employees go the extra mile to ensure good service delivery

Figure 4.5

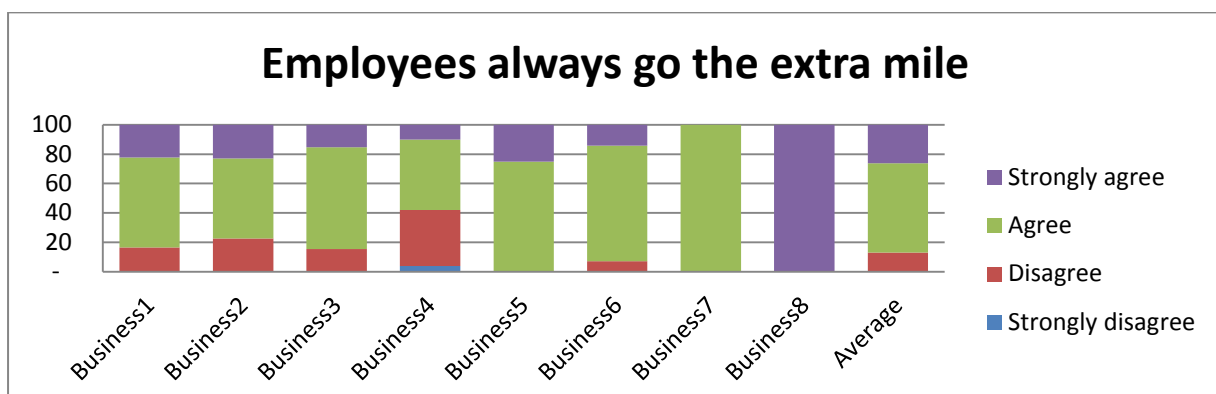
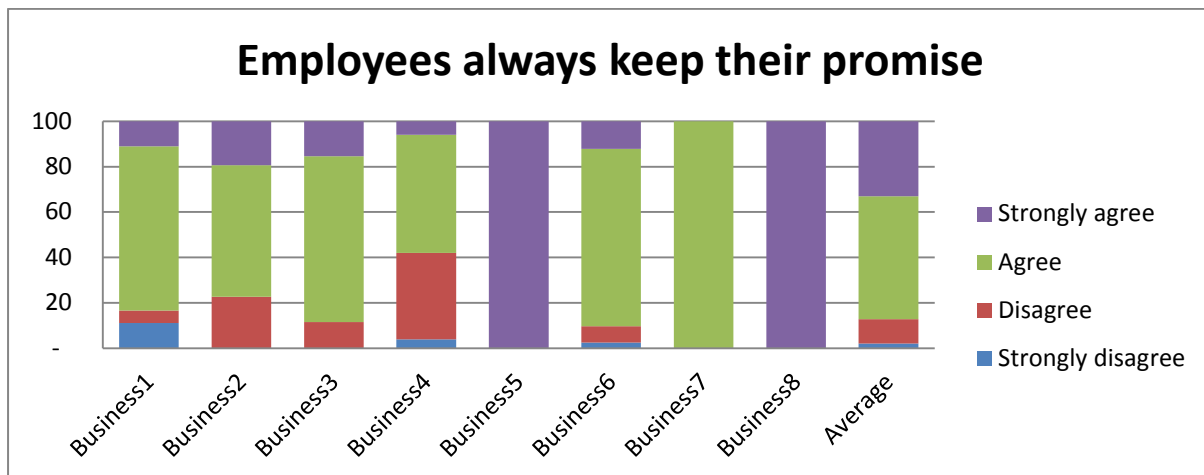


Figure 4.5 illustrates that 87% of all respondents believe that SDM goes the extra mile to render a service

4.2.1.6 The employees always keep their promises

Figure 4.6



Findings: Figure 4.6 illustrates that 87% of all respondents are satisfied that SDM always keep to their promise.

Conclusions

Based on the general analysis of the survey conducted, it is clear that management from the various BU's are generally satisfied with the service delivered by the SDM department. An overwhelming majority of management respondents are satisfied with the service delivery.

4.3 THE INTERPRETATION OF INTERVIEWS CONDUCTED

Interviews were conducted with the internal customer at operations level as well as employees from the SDM department. Different sets of questions were asked to the customers and the employees of SDM. The internal customers buy goods and services through the SDM department.

The interviews enabled the researcher to transliterate and analyse the data. The presentation and analysis of the data presented conserved the authenticity of the respondents.

The following statements were the direct responses of questions asked to the SDM department. Henceforth the employees will be addressed as respondents. The data presented as gathered from the interview has not been edited.

4.4 THE ANALYSIS OF INTERVIEWS CONDUCTED WITH THE CUSTOMER

4.4.1 *What were your expectations with regard to the role of the demand coordinator, as opposed to the role of the spares coordinator?*

Respondent 1

We still don't know what the duty of the demand coordinator is. Our expectation was that we will receive the same service as in the past with the role of the spares coordinator. When functional excellence started we were told that the demand coordinator will not fulfil the role of the spares coordinator. This is very disappointing to the BUs because the spares coordinators were removed from the business and there has been no adequate replacement for the duties that the spares coordinator has fulfilled.

Respondent 2

We do not need a demand coordinator because a demand coordinator does not add value to the business in what he does and what our expectations are. From an end users perspective if the procurement system works the way we desire it to be we will not need a demand coordinator to render any service to us.

Respondent 3

The demand coordinator does not add any value to us. For the type of salary the demand coordinator is earning and the level of service we are receiving there is a huge discrepancy. The duties performed by the demand coordinator can really be

performed by a junior administrator, or Company X can instead return the spares coordinator. A spares coordinator has added much more value to the business than what a demand coordinator means to us.

Findings

The respondents were clearly dissatisfied with the abolishment of the spares coordinator role with the replacement of a demand coordinator in a different role. The respondents were frustrated that the new role of the demand coordinator does emphatically not add any value to their business process; in fact the respondents are of the opinion that the role of the demand coordinator is a wasted resource which incurs costs with no value.

4.4.2 *What are your ideal expectations with regard to the SDM department?*

Respondent 1

What was sold to us as a service and what we are receiving is totally the opposite. The competency of the buyers and the demand coordinators is the problem. The buyers from SDM need to understand our business environment. I still believe that the ideal solution is that each BU should have its own buyer just like what it used to be in the past. When the buyer was sitting at the plant level, the buyer would know the 'heartbeat' of the plant in other words the buyer would immediately know how to react if there are priority jobs that needs urgent attention and the buyer can priorities all the buying jobs. Now we have a faceless systems where buyers do not understand our business processes and this causes a serious risk to the business because buyers buy wrong materials with poor quality and they source the materials from the wrong suppliers because they lack the technical knowledge that the spares coordinator could have guided the buyer to do.

Respondent 2

This centralised buying department is causing serious challenges and risks to the plants. The buyers that are currently employed do not have any technical background to source the right goods. The buyers don't understand what the

reliability and availability of the plants means thus they do not follow up on outstanding actions with regard to the procurement process.

Respondent 3

My expectations were that the process would improve with the new functional excellence processes and I was hoping for a better return. I must be honest with you it looks like we have gone ten years back. The service delivery has gone beyond my expectations in a very negative way. The service delivery is very poor. It is becoming very said because we here at the plant are fulfilling the roles that the buyer and the demand coordinator was supposed to fulfil by following up our own purchase orders. We are paying Shared Service a monthly service fee, but we don't receive the benefits for the fees paid.

Findings

From the above response it is clearly manifested that the customers are very disappointed and immensely frustrated with the competency levels of the buyers, as well as the changed processes. The customers are of the opinion that the process was much better when the buyers used to sit at the BU.

The customer's expectation is that there should be one buyer per BU and these buyers should sit at the BU and not at SDM, exactly the way it used to be before Company X's overall strategy change. The customers are questioning the implemented design, and the buy in from the plant, with regard to the changed model.

4.4.3 Has the SLA between your BU and Company X SS (SDM) been discussed with you by your management before it was signed and accepted?

Respondent 1

The SLA has never been introduced or discussed with us.

Respondent 2

I have not seen the SLA at all.

Respondent 3

No I have not seen the SLA agreement

Findings

The above statement clearly indicates that the SLA has not been discussed with the employees of the BUs. The management teams of the various BUs have committed to the SLA without discussing it with their teams.

4.4.4 *What are your realistic training expectations with regard to understanding the SDM procurement processes?*

Respondent 1

Most definitely yes we would like to have training to understand how the procurement processes works so that we can ascertain whether these processes are reasonable as well as to assist us in understanding what and where these bottlenecks are that the SDM department claim they are experiencing.

Respondent 2

Training on SAP is a problem; the end users have had no formal training on how to use the system. Maybe it is the lack of system knowledge from our employees that results in us not executing or purchase requisitions correctly and timeously.

Respondent 3

No we do not need training about the processes, our enablement team is assisting in that regard, what we need is for SDM to shape up their delivery and provide us solutions to their incompetence to meet the deliverables.

Findings

Based on the response from the respondents, it is clear that the majority needs training on the procurement process, so that they can understand what needs to be done. If an individual understands the process, it will become easier from both the customer's and SDM's perspective, to achieve the objectives. The minority of the respondents do not need training on the processes. It has also been observed that some of the customers need more than just the process training, they also need systems application programme (SAP) training, which is fundamental to their job description.

4.4.5 *How often would you like to have feedback with regard to your procurement health checks?*

Respondent 1

I am not fussy with regard to the feedback, all we expect is that when the goods are for shutdown and it is long-term, we expect at least feedback once a month, and when it is operational depending on the lead time of the item we expect more frequent updates.

Respondent 2

When we had a buyer at the plant the buyer used to give us frequent update with regards to deliveries. Once again if the SDM system can work there will be no need for feedback.

Respondent 3

We expect at least feedback once a week on all outstanding purchase orders and overdue orders.

Findings

It is clearly documented that the customers require regular feedback on the status of their outstanding purchases and the expected delivery. Regular feedback will also assist in better planning and will enable the customer to make decisions based on

the outcome of the feedback, which in turn, will strengthen the relationship between the parties. When feedback is given at the right time, it may yield positive results through positive and constructive messages. The customer feels that regular feedback will enhance growth and development to all employees of the organisation. Regular feedback promotes personal growth and professionalism in employees and it also assists in improving job performance. In this regard it will benefit both the customer and the SDM employee.

4.4.6 *Is there any improvement in the procurement process from the first six months post functional excellence to now?*

Respondent 1

No, there has been no improvement; we are still as frustrated as what we were from the beginning.

Respondent 2

No, the service delivery is still poor, the contracts are not visible and the contracts owners do not take accountability for their contracts. When there are changes on contracts nobody communicates to us.

Respondent 3

I am so frustrated with the service delivery from SDM I would rather reserve my comment.

Findings

The frustration experienced by the respondents can be picked up clearly. These frustrations portrayed, clearly indicates that the respondents are feeling helpless about their situations and it seems to them that they are stuck and cannot proceed.

4.4.7 What was your SDM knowledge before and after functional excellence changes?

Respondent 1

Our SDM knowledge is limited; we still sit with the same problem as before, if we create and release a purchase requisition, it looks like there is where the ball stops, it is really frustrating. In the past when the buyer sat at the plant, things were running much smoother.

Respondent 2

Now I am struggling, in the past I could directly interact with both the buyer and the supplier, and now because of governance I am not allowed to engage the supplier with results to costs. So how am I going to know what the costs would be and how will I be able to manage my costs. The buyers are sending the requests to the wrong suppliers. The buyers are incompetent and the plant does not have the luxury of time with all these delays. It is costing the plants a lot of money.

Respondent 3

I understand the principle of SDM before functional excellence, when SDM used to be retained within the business; it was easier going directly to the buyer and asking for assistance. Now after functional excellence, you hardly know the buyers, people send you from pillar to post if you need assistance and then at the end of the day you still do not have a resolution to your problem. It is really frustrating.

Findings

The customers' SDM knowledge are very limited, therefore this is a key learning area as described by the respondents. It clearly indicates that the customers require guidance and understanding on how to go about the processes.

4.4.8 Do you know why the changes were brought about?

Respondent 1

Yes it is as a result to reduce costs. It doesn't benefit us at all; in fact it has taken us back.

Respondent 2

I don't know, but no one has a problem with the new systems and we welcome the systems that have been implemented, but the system should work for you. If the system starts to influence the fact that you cannot do your job then it becomes a serious problem. A lot of plant time is being spent on following up commercial issues and not on maintenance as what I am employed to do. I cannot work like that. The plant that keeps us alive we are neglecting because of commercial inefficiencies.

Respondent 3

Yes I do, it is because of a mandate given by the CEO to cut costs and to achieve a 30% reduction in fixed costs savings, also to try and optimise our processes.

Findings

The overwhelming majority of the respondents were aware of why the changes were brought about. The majority of the respondents indicated that the biggest driving force was to save costs and minimise expenditure. They also knew that this was a mandate from the Chief Executive Officer (CEO) of the group.

4.4.9 How do you experience the SDM support system?

Respondent 1

It will be better if the buyer sits on the plant and works for the BU. The expectation of the demand coordinator is too much. The role of the demand coordinator is limited to

a certain point and then left unattended too. The buyers need to resolve their own issues especially in the contract side of things.

Respondent 2

I do not receive support from the SDM department at all

Respondent 3

I must admit that I receive support from the SDM department but very selectively. I receive great support from materials and WM, but I battle to get decent support from the buying department. The role of the demand coordinator does not add any value to our business. This is a wasted resource that is incurring unnecessary costs.

Findings

The general feelings amongst respondents are that they receive selective support from the SDM department. The support received is not consistent across all SDM departments and this may influence the relationships negatively.

4.5 THE ANALYSIS OF INTERVIEWS CONDUCTED WITH EMPLOYEES OF THE SDM DEPARTMENT

4.5.1 What was your expectation of your new role within the new SDM department?

Respondent 1

"I thought it would be different from what I was used to do at the mine. My understanding was that we were only going to do the demand coordinating and my expectation was that we were only going to address the queries in demand and SM"

Respondent 2

“The most important thing was to get to know your clients in order to create visibility to the end user. My expectations were that there would be an open relationship so that the clients may know what our expectations are and what they may expect from us, however consistency being the most important variable in the discussion in order to share the same message over and over, so that it could become their reality.

Respondent 3

My expectations were that all end users had a clear understanding of what supply and DM is all about and the roles of each function with SDM. Road shows were held and manuals were distributed. It is clear that management of the BUs did not communicate the changes to the other end users. All the changes were clearly communicated and the expectation was clear that Company X SS was not going to be viewed as an independent BU.

Findings

The interpretation of the response was positive, as the respondents knew with conviction that their roles were based on quality service delivery, and getting to know the customers, by building open relationships and resolving their queries with ease, as well as providing feedback.

4.5.2 What were your expectations with regard to personal development and succession planning?

Respondent 1

I thought that my personal development will go a little easier because I will be involved in the total supply chain. My expectation did not realise as I expected.

Respondent 2

My expectation was to learn the geographical change by moving from Secunda to Sasolburg. The customer's needs in Sasolburg differ from the customer's needs in Secunda to what I was accustomed to. DM was something new to me as appose to

my vast knowledge in SM. SMs principles always remain the same and do not change. My challenges were to get the understanding of what does DM principles include and exclude, and how I was going to align the client's needs in the supply plan. For succession planning, my motto is to always throw your subordinates into the deep end by giving them exposure in what I do. I am confident that all of my subordinates will be able to fulfil my roles and succeed me in my role.

Respondent 3

I am satisfied that I received the necessary training, mentoring and coaching as expected and was promised in order to fulfil my role in MM. With regard to succession planning I am a little disappointed that with all the hype created when functional excellence started. With response to my succession planning, I was disappointed that the promotion I was promised provided I meet the required expectations was not forthcoming although I surpassed my goals with ease. I felt we performed beyond all expectations and management did not acknowledge our achievement. We had to request recognition in order to get promoted.

Findings

The respondents were quite satisfied with the progression of their personal development and succession planning. Only a few individuals were not satisfied with the progress that had been made with regard to their development and their succession planning. A theme that clearly stood out, was the positive attitude and energy portrayed by the employees regarding their willingness to face the challenges relating to service delivery, head-on

4.5.3 How have you experienced the changes of the SDM department within your role?

Respondent 1

The new Company X SS is very different from what I was used to at the mine. The fact that we had to integrate with new people and this was negative because you could sense and pick up that the businesses were not aligned and geared up with the Company X SS functional excellence service offering model.

Respondent 2

This model did not exist previously and it was a new role to create. The challenge is what we think the role is and how we have to sell it to the end user, and in the process eliminating the bottlenecks associated with the procure to pay principle. The goal is to sell the same message to all the end users.

Respondent 3

Interestingly, initially I thought that all the end users understand our role in materials and WM as well as MRP. After two years post functional excellence implementation it is clear that the end users still do not understand the processes and the roles of these various functions. We have recently started coaching the end users. Once again it is apparent that management did not communicate to the other end users on the model adopted by SS. The end users are complaining to the wrong people that they were not informed and trained about the new processes and the problems continue to exist.

Findings

From the above analysis, the SDM employees are excited about the changes and are embracing these changes very positively. The SDM employees are enthusiastic about facing the challenges of the customers and are willing to work together with the customers in order to achieve a common goal.

The SDM department understand their roles and their duties in order to support the BUs to achieve their business objectives. The SDM department also realises the importance of purchasing from the BU in ensuring that the lowest possible cost of purchasing direct materials, by creating new customer value.

4.5.4 Has the SLA been discussed with you?

Respondent 1

Yes, the SLA was discussed with me but the end users have a different view, in that the SLA has never been discussed with them.

Respondent 2

No, the SLA has never been discussed with me and no inputs were even requested from us.

Respondent 3

I know about the SLA but no one and nothing has ever been discussed with me, but however I am comfortable with the KPI that I am responsible for that came from the SLAs.

Findings

From the above analysis, it is clear that no formal service level agreement (SLA) has been discussed with the employees. It seems that the SLAs has only been discussed at management level and only the Key Performance Indicators (KPI) have been discussed with the employees.

4.5.5 Does the SDM department provide the correct type of service to the customer?

Respondent 1

Yes we do, we are currently in the second phase of change in our same roles. We have a new manager who has different expectations. Our KPI's has been totally changed.

Respondent 2

Yes, in terms of governance we are rendering the correct service to the customer, in terms of customer expectation no we are not rendering the desired service. There is too much red tape. The processes are very difficult. We need to go for a simpler process, but our country and business are faced with corruption challenges.

Respondent 3

Yes I do think we are providing the correct service. Company X SS strategic goals and objectives are realistic but I just don't think that it is easily achievable with the

current systems that are in place and the lack of knowledge of the end users with regard to the processes and what we expect from the end users.

Findings

The respondents are in agreement that good customer service is rendered, and that only in some instances there are shortcomings. There is a general feeling that service delivery is not fully achieved by the current level of service offered to the customers.

What is encouraging from the respondent's point of view, is the acknowledgement that there are gaps, but that these gaps can be rectified if both parties can work together to close these gaps.

4.5.6 How do you feel about your current workload?

Respondent 1

The workload is acceptable; it did not turn out badly.

Respondent 2

The workload is totally different. I have never experienced so much change management previously than what I have experienced before. The human aspect side is quite difficult as oppose to the health checks, which is less complicated. In Secunda I had more challenges with the health checks than people issues. The different business cultures are causing these challenges.

Respondent 3

The workload is realistic and previously we had capacity to do more.

Findings

The respondents are satisfied with the workload that they have received and are comfortable with it. This is positive response, as this may not influence their focus on delivering good customer service.

4.5.7 How do you feel about the changes and did you know how these changes came about?

Respondent 1

I am quite comfortable and content with the changes. I think the changes came about as a result of Company X's fines incurred, as a result of the competition laws act.

Respondent 2

Nobody could ever prepare me for the magnitude of the changes that I have encountered. These changes were not pleasant for me. In the beginning it was difficult and now it has improved although the people maturity issues are increasing.

Yes the changes were as a result of the greater Company X cost savings initiative. The mandate from head office was that functional excellence initiative will contribute in saving 30% in fixed cash costs.

Respondent 3

I am positive about the changes, Company X Shared Service in particular the supply and demand function have now more skilled and specialised personnel to render service delivery efficiently. The only concern is that there are imminent changes and the powers to be always want to fix supply chain and that they do not focus on what I believe where the problems are at the BU level. I believe BU management should instead focus on ensuring that the maintenance of equipment is prioritised instead of focusing on the inefficiencies of the supply chain. Company X's continues improvement value is not been implemented at maintenance level. According to my knowledge I believe that the SCM is well on par with its competitors and the operational side of the business is lacking behind. We don't get rid of the black book mentality. I emphasise that supply chain is far beyond its end users and the BUs will have to look at their processes. With these differences Company X will battle to optimise its processes. Yes, the changes were as a result of cost saving initiatives.

Findings

The employees are quite positive about the changes that have occurred. They are willing to embrace these changes and work together with the customers to achieve the strategic goal of the company.

4.5.8 Is there any change in your work efficiency?

Respondent 1

There are two different roles. It was the management of the total supply chain function in a smaller environment and now it is the management of a small supply chain function in a bigger supply chain environment.

Respondent 2

The efficiency in the past was better because the human maturity issues were managed well and this in turn resulted in the work processes to flourish. Now we are faced with the challenge of the maturity levels of the end users are hindering the progression of productivity. The efficiency is disrupted by the individual immaturity levels. The external factors disrupting my efficiency are people issues and not the processes. This keeps me busy all the time and influences my productivity.

Respondent 3

The Sasolburg HUB, we never had formal processes, procedures and work manuals. Since this has been implemented, the people are much more efficient which enables them to work even faster.

Findings

The respondents are quite positive about their work efficiency, although they experience customer maturity challenges, which may hinder the flow of service delivery. In order to be efficient in their work, the SDM employees will continue to be productive through providing assurance to customers, by rendering competent service levels, being respectful and polite to customers at all times.

4.6 CONCLUSION

This chapter has provided detailed response from all participants, together with the researcher's interpretation and analysis of the response, in order for the researcher to gain scientific knowledge of the problem at hand.

The results of the empirical study and the main findings were presented in this chapter. The results were obtained through exploratory factor analysis.

Various themes have been identified from the interviews and from the researcher's analysis, which will enable the researcher to draw conclusions and propose recommendations, using the literature as support.

The next chapter will provide the conclusions and recommendations in aid to enhance the service delivery perception.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The purpose of this chapter is to present the overall conclusions with regard to the following secondary objectives:

- To determining the elements of customer service required by internal customers.
- To determine the nature of service provided by the SDM department.
- To evaluate the progress of change management principles implemented for all stakeholders within SDM.

5.2 CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations will be presented in this chapter, based on the findings that were discussed in Chapter four of this study.

The conclusions and recommendations are based on the primary objective of this study, which has been to measure service delivery of the SDM function within the supply chain (SC) of the organisation.

5.2.1 Conclusions of the study

Based on the findings discussed in Chapter four, the researcher can conclude that a number of themes have been identified through the evidence that has been presented in Chapter four.

5.2.1.1 The effects of poor communication

The evidence presented clearly indicates that communication gaps exist in the BU communication process. The communication lines between BU managers and employees are not operating smoothly.

By analysing the response of BU management through the questionnaires, it illustrates that the management are satisfied with the service delivery of the SDM department. However based on the interviews conducted with the employees of the BU, they are in direct contrast with what their management has stated.

Paragraph 2.5 states that organisations must ensure that the most efficient communication channels are available between the customer and the organisation, in order for the transition of the information to be clear, concise, specific and simple and thus enable the process to flow smoothly.

The effect of poor communication also contributes to the employees' lack of awareness. When employees were asked whether they knew about why these changes were brought about, some employees were unaware about why these changes were made.

Lack of knowledge may lead to frustrations if employees are unaware of changes within the business.

5.2.1.2 Lack of training amongst employees

From the interviews conducted, it has been evident that customers are very frustrated because they do not understand the procurement processes along with a need for SAP training. In the past, the buyers used to assist the customers at the plants, because the buyers used to be stationed there. However, after functional excellence implementation, the buyers are centralised at the SDM department, thus it has become more difficult for the customers to have services rendered with regard to the procurement process.

As part of the TQM philosophy, one of the key success factors in any organisation is employee training, as discussed in section 2.7 on page 20 of the literature review. Employee training is the provisions of empowering employees with skills and knowledge to enable them to resolve problems, assist in self-management and self-controlling in tasks accomplishment.

If employees are not trained, it leads to frustration. It is important to deal with frustrations as swiftly as possible, because it can lead to other negative situations, such as anger, negative attitudes, complacency, unhappiness and so forth.

Negative situations in the form of emotions, can spread and interrupt the cycle. This may influence the group's strategy negatively.

Knowledge management can help solving the problems. If the customers clearly understand the SDM processes, it can help eliminate a lot of bottlenecks in the process. The customer should in the meantime try to work on accessible problems in order to make progress. Knowledge management is not justified; it however serves as encouraging appeals to authority, which serves as vindication.

5.2.1.3 Resistance to change

Another aspect that the researcher has picked up from the interviews conducted with the customer is that in some instances the customers would continuously blame the system, in that they proclaim that the new system does not work. However if the problem is explored more thoroughly, it is evident that the system does work, but people tend to blame the system for their incompetency's or lack of adapting or adjusting to new circumstances.

One of the activities contributing to effective change management is to motivate change. Organisational change happens quite frequently and this involves moving from the known to the unknown, and because the unknown future may adversely affect people's competencies and coping abilities, there is a resistance against change.

Employees always blame the system due to anxiety about letting go of the known and moving to an uncertain future. Employees form habits that are followed through common procedures and this creates technical resistance.

5.2.1.4 The poor relationship between the customer and the SDM department

During the interviews conducted with the SDM employees, the questions have been asked in such a manner as to determine whether the change has affected the moral of the SDM employees. The SDM employees were quite excited about the changes, and there has been positive feedback with regard to their personal development and the outlook in their department. As a result this could not lead to poor service delivery.

The relationship between the two departments is poor. Paragraph 2.7 on page 20 indicates that teamwork enables companies to be committed, while the lack of teamwork creates an overall burden on the TQM process.

Both departments lack the commitment and personnel involvement to create and deploy clear quality values, and setting goals consistent with the objectives of both BUs and the SDM.

Conclusion

The study concludes that the misconception of poor service delivery is as a result of challenges from the change to the functional excellence philosophy, adopted by the CEO of Company X SS (Pty) Ltd.

The evidence presented a signal that the service delivery notion has been wrongly interpreted and that there are other underlying problems that causes the procurement process to be deemed, as not reliable, which will be addressed in the recommendations.

5.3 RECOMMENDATIONS

5.3.1 Recommendation 1 Addressing communication gaps within the organisation.

Effective communication is important to any organisation. Communication plays such an integral part in employee management, relationships, product development, customer-supplier relationships, in fact in every facet of the organisation.

Due to ineffective communication within the Bus, it has led to the thought that the SDM department is poor in service delivery.

Management must become the sponsors of effective communication. Effective communication leads to the following:

- **Strong teamwork:** It leads to employees at all levels to work together in order to achieve the organisations goals. The success of functional excellence is dependent on the ability of all employees working together and this can lead to employees resolving issues.
- **Strong relationships:** Effective communication will build the relationship between the customer and the SDM department through focusing on achieving each other's needs. This may also lead to improved loyalty and trust in each other.
- **Customer/Supplier Ambassadors:** Effective communication will lead to the SDM department becoming an ambassador to the group when dealing with external suppliers, Government and other business connections. Employees can become a highly valued and trusted source of information about the company
- **Clear expectations:** Effective communication will enable employees the opportunity to determine how their performance will have an impact in their departments, and how this will influence internal customers to help manage their expectations about service delivery, as well as how to best interact with the SDM department.

- **Creation of ideas and innovation:** Effective communication leads to employees understanding what is important to their BUs, and can spot opportunities to assist the SDM department in making a success of their processes through innovation and new ideas.

5.3.2 Recommendation 2: Providing relevant training to employees

The benefits of training your staff will lead to improved business performance and confidence in employees. Training will boost the staff's moral and this in turn, will translate to effortless performance.

The organisation should target the shortcomings of the employee's skills which prevent them to perform their duties effectively. Training with regard to the understanding of the procurement process is fundamental. This as well as providing the employees with SAP training, will lead to employee confidence which will eliminate all the bottlenecks from an internal customer's perspective.

Providing relevant training to both the BU and SDM employees will result in better customer service, productivity improvements and better work safety practices.

Training will motivate employees and build their self-esteem.

5.3.3 Recommendation 3: Managing the change process

It is important for the management of the organisation to assist the employees to overcome the resistance to change that is creating the negative energy amongst the employees.

In dealing with the change, management should provide support and empathy to all the employees. Employees should also learn to actively listen and try to suspend judgement before anything has been done.

Management must always try to ensure that all the employees in their area of responsibility receive communication about any imminent changes, in order to dispel

tenuous fear and speculation effectively. This will successfully prepare the employees for change.

Involving employees in the change management process will add value, because employees can identify pitfalls and barriers to change management implementations.

5.3.4 Recommendation 4: Building the relationship between the internal customer and the SDM department

In a business to business setting, it is fundamental that the relationship is built on a solid foundation that is immovable; this can only be achieved if both parties can prescribe to service quality determinants as described in section 2.8 namely:

- The parties are both reliable by being consistent in both expectation and delivery.
- The parties are both being responsive through readiness and willingness to do business.
- Both parties are competent in their areas of responsibility.
- The ease and approachability of conduct by both parties.
- Agreement in monetary allocation and the return of service.
- Being respectful, polite and considerate to each other.
- Having credibility in being trustworthy and honest.

5.4 LIMITATIONS TO THE STUDY

The following limitations were identified for this study:

- The results of the study have not been a representation of the entire population, because the study has been limited to the Sasolburg area of the organisation.
- There was a limitation in finding another organisation with the same set up to make comparisons.
- The researcher is not a subject expert in customer service management.

- There were challenges in which key individuals were not prepared to participate in the interview process.

5.5 RECOMMENDATIONS FOR FUTURE RESEARCH

The following recommendations can be done for future research:

- It is recommended that a future study can be done at another organisation which has a similar setup, that has a Shared Services division.
- The number of respondents in the interview process was limited; a recommendation for future research is that a quantitative research methodology should be used to collect evidence.

5.6 CONCLUSION

A final summary to the study is that it has shown how serious and misleading perceptions could be if the real facts are not on the table. The study has identified that the perception of poor service delivery has turned out to be a result of other underlying reasons.

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