

Purchasing needs to improve at chemical firms

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Chemical companies would benefit from a more structured approach to procurement, a study has found.

A report by consultancy Accenture discovered that while chemical firms have made broad improvements to their supply chain operations in the past two years, procurement departments are the exception.

The report said the approach to procurement was mixed, with direct spend often centralised, and indirect spend decentralised. It found 72 per cent of firms source direct materials with a rigorous process. But only half of firms do the same for their indirect spend. There was a similar trend when it came to compliance. Eighty-two per cent of sourcing decisions were followed by the company with direct spend, but this figure fell to 59 percent on indirect spend.

The study said businesses should take a 'well thought out' approach to the design of their procurement function to achieve maximum benefits.

Overall the report said firms had made progress in their supply chain since the previous study in 2005 (Web news, 3 May 2006), but there was still little sharing of best practice. Sixty-three per cent of companies had no formal process to identify and share best practice, and only 11 per cent recorded and translated it into standard procedure.

'There are still areas for improvement,' said Christopher Lange, author of the report and senior executive in Accenture's chemical practice. 'In a competitive global landscape, sharing best practices will be critical to increasing performance.'

The survey interviewed 400 supply chain professionals at 150 chemical companies worldwide.