

THE EFFECTS OF E-SOURCING ON COST REDUCTION IN A MANUFACTURING
FIRM

A CASE STUDY: CENTURY BOTTLING COMPANY LTD

BY

ABDIHAKIM MOHAMED GAANI

BSP/1234/161/DC

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL
FULFILLMENT FOR THE REQUIREMENT OF
THE AWARD OF A BACHELOR'S DEGREE IN
SUPPLIES AND PROCUREMENT OF
KAMPALA INTERNATIONAL UNIVERSITY

JANUARY 2019

DECLARATION

I, **ABDIHAKIM MOHAMED GAANI** declare that, this is my original work and it has never been submitted before for the award of a diploma/degree in any university or institution

Signature..........

Date.....5/02/19.....

APPROVAL

This research report has been under my supervision and is now ready for submission.

Signature.....*Mulimira*.....

Date.....*06/02/2019*.....

MR. MULIMIRA EMMANUEL

DEDICATION

I dedicate this report to my parents; my father Mr. Mohamed Gaani and my mother Mrs. Khadijah Arale, my Beloved Sisters Mrs Halima Mohamed and Nuria Mohamed, my brothers Abdirahman and Yussuf, my friends Abdikadir Mohamed, Abdifatah Noor for enhancing discipline and up bringing all through my academics. I dedicate this report due to their support and in term of physical, financial and moral support as well.

Thank you all.

ACKNOWLEDGEMENT

I would like to take this opportunity to appreciate my supervisor Mr. MULIMIRA EMMANUEL for professional guidance which has seen me successfully through this research report period. Without his kind guidance, I would have not realized how important and friendly undertaking a research could be.

Special thanks go to friends for their materials and advice they extended to me during my struggle with the research proposal

May God bless you all abundantly.

TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT	i
TABLE OF CONTENTS	ii
LIST OF TABLES.....	viii
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction.....	1
1.1 Background of the study	1
1.2 Statement of the problem.....	2
1.3 Objectives of the study	3
1.3.1 Main objective	3
1.3.2 Specific objectives	3
1.4 Research questions.....	3
1.5 Scope of the study.....	3
1.5.1 Content scope.....	3
1.5.2 Geographical Scope.....	4
1.5.3 Time Scope	4
1.6 Significance of the study	4

CHAPTER TWO	5
LITERATURE REVIEW	5
2.0 Introduction.....	5
2.1 The concept of electronic sourcing.....	5
2.2 Effects of using e-Sourcing on costs within Century Bottling Company Ltd	6
2.3 Challenges of implementing e-sourcing within Century Bottling Company Ltd.....	8
Political	8
2.4 Relationship between electronic sourcing and cost reduction.....	10
2.5 Conclusion	12
CHAPTER THREE	13
METHODOLOGY	13
3.0 Introduction.....	13
3.1 Research Design	13
3.2 Study Population.....	13
3.3 Sample Size and Selection.....	13
3.3.1 Sample size	13
3.3.2 Sample selection	13
3.4 Sources of Data.....	14
3.4.1 Primary Data.....	14
3.4.2 Secondary data.....	14
3.5 Data Collection Methods and Instruments	14

3.5.1	Interview Method.....	14
3.5.2	Questionnaire.....	14
3.6	Data Analysis and Presentation.....	15
3.7	Anticipated Limitations.....	15
CHAPTER FOUR.....		16
DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF THE FINDINGS.....		16
4.0	Introduction.....	16
4.1	Respondent characteristics.....	16
4.1.1	Age.....	16
	Table 1 showing respondents' age.....	16
4.1.2	Gender Respondents.....	17
	Table 2 showing respondents' gender.....	17
4.1.3	Education level of the respondent.....	17
	Table 2 showing respondents' Education Level.....	18
4.2	To establish the challenges of Implementing E-sourcing within Century Bottling Company Ltd.....	18
4.2.1	E-sourcing reduces procurement costs in Century Bottling Company Ltd.....	18
	Table 4 showing that e-sourcing reduces procurement costs in Century Bottling Company Ltd.....	19
4.2.2	E-sourcing leads to effective supplier sourcing in Century Bottling Company Ltd.....	19
	Table 5 showing that E-sourcing leads to effective supplier sourcing in Century Bottling Company Ltd.....	20

4.2.3 E-sourcing leads to efficiency in procurement process in Century Bottling Company Ltd	20
Table 6 showing that E-sourcing leads to efficiency in procurement process	21
4.3 To establish the challenges of Implementing E-sourcing within Century Bottling Company Ltd	22
4.3.1 A lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully	22
Table 7 showing that a lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully	22
4.3.2 Lack of Skilled Personnel makes it hard for the company to successfully use e-sourcing tools	23
Table 8 showing that lack of skilled personnel makes it hard for the company to successfully use e-sourcing tools	23
4.3.3 Lack of Top Management support affects implementing e-sourcing within Century Bottling Company Ltd	23
Table 9 showing that lack of top management support affects implementing e-sourcing within Century Bottling Company Ltd	24
4.4 To establish Relationship between electronic sourcing and cost reduction	25
4.4.1 E-sourcing has a direct effect on the costs within Century Bottling Company Ltd	25
Table 10 showing that E-sourcing has a direct effect on the costs within Century Bottling Company Ltd	25
4.4.2 Because of using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd	26
Table 11 showing that using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd	26

4.4.3 Before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd	26
Table 12 showing that before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd	27
CHAPTER FIVE	28
SUMMARY, CONCLUSION AND RECOMMENDATION.....	28
5.0 Introduction.....	28
5.1.1 The effects of e-sourcing on cost reduction within Century Bottling Company Ltd	28
5.1.2 The challenges of Implementing E-sourcing within Century Bottling Company Ltd.....	28
5.1.3 The relationship between electronic sourcing and cost reduction	29
5.2 Conclusion	29
5.2.1 To establish the effects of e-sourcing on cost reduction within Century Bottling Company Ltd.....	29
5.2.2 To examine the challenges faced when implementing e-sourcing within Century Bottling Company Ltd.	29
5.2.3 To establish the relationship between electronic sourcing and cost reduction.....	29
5.3 Recommendations.....	30
5.4 Areas for further research	30
REFERENCES	31
APPENDIX I:	32
questionnaire.....	32
APPENDIX II:.....	37

<i>FINANCIAL BUDGET</i>	37
APPENDIX III:	38
TIME FRAME.....	38

LIST OF TABLES

Table 1 showing respondents' age.....	29
Table 2 showing respondents' gender.....	29
Table 2 showing respondents' Education Level	30
Table 4 showing that e-sourcing reduces procurement costs in Century Bottling Company Ltd	31
Table 5 showing that E-sourcing leads to effective supplier sourcing in Century Bottling Company Ltd	32
Table 6 showing that E-sourcing leads to efficiency in procurement process.....	32
Table 7 showing that a lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully	34
Table 8 showing that lack of skilled personnel makes it hard for the company to successfully use e-sourcing tools.....	35
Table 9 showing that lack of top management support affects implementing e-sourcing within Century Bottling Company Ltd	36
Table 10 showing that E-sourcing has a direct effect on the costs within Century Bottling Company Ltd	37
Table 11 showing that using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd	38
Table 12 showing that before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd	39

LIST OF ACRONYMS

CBC Century Bottling Company Ltd

ABSTRACT

The study aimed at determining the impact of e-sourcing on cost reduction. It further looked at various specific objectives which include; benefits of implementing e-sourcing and current procurement practices. To determine the various e-sourcing tools used by manufacturing firms. And to examine the various costs incurred by manufacturing firms. And to find the relationships between e-sourcing and cost reduction. The study also investigated the challenges of implementing e-sourcing within Century Bottling Company Ltd. It was noted that with ever increasing competitive pressures, growing number of firms use electronic sourcing in an attempt to reduce costs and increase profitability. Academics and practitioners alike agree that one of the most benefits of e-sourcing is its ability to reduce costs within a business firm.

A cross sectional and descriptive research design was employed. Questionnaires and interviews were the methods used to collect data on a sample size of 52.

The results of the study revealed that e-sourcing plays a bigger role in reducing costs within Century Bottling Company Ltd although there are other elements which include proper management of the procurement process, better contract management, better acquisition analysis which also play big role in cost reduction.

The management of Century Bottling Company Ltd should acquire more e-sourcing tools and soft wares if they are to fully benefit from the use of e-sourcing tools. This will help the firm to improve on profit margin as they reduce on the procurement costs. The Management of Century Bottling Company Ltd should also continue recruiting skilled employees to use the e-sourcing tools to fully benefit the organization. The management should acquire funds from financial institutions so as to supplement its capital base to acquire the required tools and resources to enable the firm to grow and achieve the best for the organization. The management should introduce motivation incentives for example bonuses for employees who perform well and also increase salaries for the workers so as they can perform better. This developed a heart of commitment hence efficient work done.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study looked at the effectiveness of electronic sourcing on cost reduction in a manufacturing firm. This chapter covers the background of the study, statement of the problem, objectives of the study, the research questions; scope of the study and the significance of the study.

1.1 Background of the study

Century Bottling Company Ltd deals in food retailers, bottled water, and beverage business activities and it carries out different manufacturing and procurement related activities like sourcing suppliers, procurement of materials and other related items.

According to Allen & Hamilton, (2009) the days of pushing paper are swiftly drawing close in a world of procurement. As e-business transforms the market for goods and services globally, it is redefining the way companies manage their supply chains. E-sourcing, whether an electronic catalog, online auction or virtually buying community, it is emerging as one of the quickest and least painful ways for companies to boost their bottom lines in reducing costs as well as being competitive.

Electronic sourcing (e-sourcing) is an electronic procurement model that is used to identify, evaluate, negotiate and configure purchases and supplier relationships that will effectively support supply chain and other business operations. (John Wiley & Sons, 2010)

Electronic sourcing does more than establishing streamlines workflows, enhances flexibility and drives transparency in the buyer-seller relationship. By automating and speeding up the transaction end of the purchasing process, e-sourcing frees up purchasing personnel to spend more time on a strategic level-tackling the total value chain for the business and delivering the right supply relationships. (Allen & Hamilton, 2009)

E-sourcing and reverse auctions can provide benefits to buyers including process cost savings, reduction in search / information costs, and a more efficient procurement process (Garicano and Kaplan, 2000). More so, e-sourcing solutions create value to the business firms that implement them by lowering spend costs, streamlining processes and enabling new business development.

To note; almost 50% of best-in class enterprises that source strategically using best practice strategic sourcing techniques report more than four times greater procurement cost savings, better supply performance, and greater profitability than industry peers."(Aberdeen Group, 2005)

Many manufacturing firms have incurred a lot of costs and as such this has made the researcher to find out whether e-sourcing can reduce on these costs in manufacturing firms.

1.2 Statement of the problem

As much as Century Bottling Company Ltd is a successful manufacturing firm, there are bottlenecks as far as managing procurement of goods and services is concerned; increased cost in acquiring raw materials, managing supplier relationships, screening and selection of suppliers as a result of high inflation rate and distant located suppliers. (CBC Annual Report, 2012) More to note; Companies are increasingly looking at e-sourcing and reverse auctions as a means by which to reduce their procurement expenses and provide bottom line savings to the organization in a relatively short time.(Garicano, 2000). When firms continue using the traditional approach to sourcing, they miss the advantages that come with e-sourcing and in most cases they face a lot of drawbacks which include increased procurement costs, delayed decision making on suppliers, increased paper work, high relationship costs among others. (Ellram, 2008)

Therefore, it is against this background that the research is taken to find out whether E-sourcing can effectively reduce on the costs that are incurred by manufacturing firms.

1.3 Objectives of the study

1.3.1 Main objective

The main objective of the study found out the effectiveness of e-sourcing to cost reduction in a manufacturing firm; considering Century Bottling Company Ltd as the case study.

1.3.2 Specific objectives

The research was guided by the following specific objectives;

- i. To find out the benefits of using electronic sourcing to a manufacturing firm
- ii. To determine the various e-sourcing tools used by manufacturing firms
- iii. To examine the various costs incurred by manufacturing firms
- iv. To find out the relationship between e-sourcing and cost reduction

1.4 Research questions

The research was guided by the following research questions;

- i. What are the benefits of using electronic sourcing to a manufacturing firm?
- ii. What are the various e-sourcing tools used by manufacturing firms?
- iii. What are the various costs incurred by manufacturing firms?
- iv. Is there a relationship between e-sourcing and cost reduction?

1.5 Scope of the study

1.5.1 Content scope

Electronic sourcing implementation and practices vary from organization and from firm to firm. This implies that the nature of the form and business determine the tools of e-sourcing to adopt. Therefore, it is practically impossible for the study to discuss E-sourcing techniques of all firms. Consequently, this study was limited to the effectiveness of e-sourcing technologies on cost reduction at Century Bottling Company Ltd.

1.5.2 Geographical Scope

The study was carried out at Century Bottling Company Ltd which is located in Mukono, central Uganda; Jinja Road, Namanve industrial area/park. The company deals in food stuff, bottled water, and beverage business activities. The company is ideal for the study as it mainly involves in sourcing practices in most of its activities within and outside its physical premises.

1.5.3 Time Scope

The study covers a period of two financial years ranging between 2017/2018 and 2018/2019.

1.6 Significance of the study

The study would be important on a wide scope that includes but not limited to the following; **Century Bottling Company Ltd**; the report would be useful to Century Bottling Company Ltd as the recommendations went a long way in proposing better ways of optimizing cost reduction strategies by always upholding effective sourcing systems and practices. This benefited the company as it improved on the profitability as extra sourcing and product related costs was determined at earlier stage and thus eliminated by the concerned management.

Other manufacturing firms; the research findings would be useful to management of other business enterprises on how to source the right suppliers without incurring a lot of costs thus improving the effectiveness of the business in relation to procurement practices.

Scholars; the findings from the study may act as a basis of gathering information for reference purposes on issues related to e-sourcing and cost reduction among manufacturing firms by other interested scholars.

The researcher; the study will assist the researcher to obtain an award of the bachelor's degree in Procurement and Logistics Management.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to address the objectives of the study through reviewing literature from related topics of the study. This chapter utilizes literature relevant to the study by revising text books, internet websites and articles, Newspapers which helped the researcher to fulfill the research objectives and consequently answer the research questions.

2.1 The concept of electronic sourcing

To David Eakins, (2004), e-Sourcing can be regarded as the strategic activity conducted by the procurement professional to establish, manage and monitor a compliant contract. These contracts are made available and accessed through the use of tactical, purchase 2 Pay (P2P), solutions generating transactional management information.

According to Ramesh Mehta, 2002, e-Sourcing is the process of reengineering a company's supply base to reduce costs and gain other competitive advantages such as: improved quality; reduced lead time, access to leading edge technology, improved delivery, and ensured availability of product.

According to Minahan et al, 2002, E-sourcing is defined as the use of web based applications, decision support tools and associated services to identify, evaluate, negotiate and configure purchases and supplier relationships that effectively support supply chain and other business operations.

E-Sourcing, also referred to as strategic sourcing, e-auctions, sourcing events, or reverse auctions, is a real-time dynamic negotiation between a host company and a group of pre-qualified suppliers who compete against each other to win the business. Goods or services must have clearly defined specifications for design, quantity, quality, delivery, service, and related terms

and conditions. Suppliers bid against each other using specialized web-based software by submitting successively lower price bids during a scheduled time period (Steve Whiteman, 2003)

2.2 Effects of using e-Sourcing on costs within Century Bottling Company Ltd

According to the survey made by Aberdeen Group (2004), the implementation of e-sourcing models leads to the following benefits in costs control;

Reduced off contract (maverick) spending by 64 percent

This reduces the costs spent by most manufacturing firms thus leading to more profits for the manufacturing business.

Reduced prices by 7.3 percent for expenses brought back onto contract

Many manufacturing firms face issues related to high prices when using traditional models of purchasing and sourcing for suppliers, however with use of e-sourcing models, the firm can realize reduced prices of inputs bought from suppliers

Reduced requisition top order cycles by 66 percent

Manufacturing firms usually spend costs in placing orders, however, with the use of e-sourcing, the firm can reduce the requisition to order cycles and this is due to the use of information technology that facilitate quick responses and monitoring of buyer's inventory

Reduced requisition to order costs by 58 percent

This is as a result of reduction in use of papers, personnel and stationery in facilitating the processing of new orders for each item. The system automatically reorders when needed.

According to Paul Boateng et al, e-sourcing does more than establish an electronic avenue for buyers and sellers to meet; it also streamlines workflows among others.

Other benefits include the following;

Competitive Advantages

E-Sourcing is about creating competitive advantage. This certainly includes improving a firm's cost picture, but other factors may be more important, depending on your company's strategy and competitive environment. (Hutchinson, 2001)

According to Art Hutchinson, 2001, different buyers place emphasis on different aspects of the E-Sourcing process, but most initially come to it with the simple goal of saving money. And the potential savings are huge. More than a few firms who've used E-sourcing claim implemented savings of over \$1 Billion to date. Various analyst and vendor estimates put the global worldwide savings potential from E-Sourcing at close to \$1 Trillion (yes, trillion with a 'T'). Such numbers speak for themselves – even if they're off by 50%!

Price Benefits

The ability to prove to your suppliers that you are using e-procurement as a tool to ensure end users do honor their contract status will enhance ability to negotiate down prices through: greater enhanced capture and therefore, reliability of spending information; and increased confidence that spending volumes can be guaranteed from increased compliance with the system, thus allowing

Management Information Benefits

According to David Eakin, 2003, the fact that key information (cost center, commodity codes, etc.) is hard coded against the user dramatically reduces coding errors and provides highly detailed and easily accessible data. This is essential to maximize the financial benefits of strategic sourcing. A successful e-sourcing implementation provides high quality, detailed management information and negates the need for data warehousing or resource-heavy data mining.

Compliance Benefits

In many cases within an organization, compliance and maverick spending is a significant issue – not because employees deliberately purchase outside of preferred arrangements, but rather through lack of awareness. E-sourcing addresses this through tools such as catalogs and standard order processing and approval processes. (David Eakin, 2003)

2.3 Challenges of implementing e-sourcing within Century Bottling Company Ltd

Political

A major benefit of e-Sourcing is that it enables organizations to benefit from the use of Sourcing processes and best practices in areas where purchasing has historically had a very limited role (marketing, temporary labour, logistics ...). This may be viewed as the stakeholders from these functions as a threat, and as a loss of control. In addition deployment of e-Sourcing, although it is a comprehensive change project that should be regarded as a transformation process (involving strategy, rethinking of the organization, process redesign, technology,) that allows purchasing to reach the next level of performance, holds an important technological component. The requirements and the direction purchasing is driving may be again perceived as a threat by the IT function. To overcome this, purchasing needs top level buy-in to its transformation plan and needs to involve functional stakeholders appropriately along the process.

Organizational

In order for Buyers to effectively use the appropriate tools, organizations have to invest in growing awareness and training the purchasing organization. As in any transformation program, resistance to change also occur from within the purchasing organization. Buyers see e-Sourcing as a threat:

- “Why would the use of e-Sourcing allow us to obtain greater savings? As a purchasing professional/category manager I know my domain best”, Implementing e-Sourcing makes the Sourcing process transparent, measurable and allows buyers and suppliers to create an audit trail
- Buyers fear e-Sourcing will create additional non value add work. There will initially indeed be additional efforts required, but this leads to greater efficiencies down the road.

Supplier engagement

It is vital that suppliers are on-board with an e-Sourcing strategy and programme. This both aids the process but also ensures that the benefits (process savings and compliance) can be achieved. To overcome these fears, uncertainties requires a structured change management program.

Expensive

E-sourcing requires huge investment in terms of computers, internet and software packages and in most cases many companies cannot afford the costs of the software and computers thus making it a challenge when implementing e-sourcing.

Costs incurred within Century Bottling Company Ltd

Costs are the necessary expenditures that must be made in order for the business to run. Every factor of production has an associated cost. The cost of labour for example used in production of goods and services is measured in terms of wages and benefits. The cost of a fixed asset used in production is measured in terms of the interest expense associated with raising the capital (Albrecht, et al, 2004)

According to a survey result (Radovilsky and Hegde, 2004), the most important cost categories reduced by e-sourcing appear to be transactional cost due to the paperless environment, administrative costs associated with reduction of purchasing procurement personnel, inventory cost, and reduction of prices of materials and services.

To Kimmel et al (2002), there are different costs that are incurred by manufacturing firms that include the following;

Fixed and variable costs

The two basic types of costs incurred by firms are variable and fixed costs. Fixed costs don't vary with the output while variable costs do. Fixed costs are sometimes called overhead costs. They are incurred whether the firm produces items or not e.g. rent, insurance e.t.c. Variable costs fluctuate in direct proportion to changes in output. In a production facility, labor and material costs are usually variable costs that increase as the volume of production increases.

Direct and indirect costs

Direct costs are similar to variable costs. They can be directly attributed to the production of output. The system of valuing inventory called direct costing is also known as variable costing. Direct costs are costs that vary with the volume of production and they are charged to a product as it is manufactured. Indirect costs on the other hand, are similar to fixed costs. They are not

directly related to the volume of output. Indirect costs in manufacturing plant may include supervisor's salaries, indirect labour, factory supplies used, taxes, depreciation e.t.c.

Product and period costs

The concept of product and period costs is similar to direct and indirect costs. Product costs are those that the firm's associates directly with output and that are used to value inventory.

Period costs are charged expenses to the current period. Period costs are not viewed as costs of the products being manufactured, so they are not associated with valuing inventories.

Expired and Unexpired Costs

Expired costs or expenses are the used up value of assets. Expired costs are always shown on the income statement as deductions from revenue. Expired costs may be thought of as that portion of the asset value benefitting current operations. It is helpful to think of expired costs as former assets values. To illustrate, supplies expense is an expired cost. The cost allocated to supplies expense, of course, is the used portion of supplies, an asset.

2.4 Relationship between electronic sourcing and cost reduction

According to a survey result (Radovilsky and Hegde, 2004), showed the link between the e-sourcing and costs. The survey showed the most important cost categories reduced by e-sourcing appear to be transactional cost due to the paperless environment, administrative costs associated with reduction of purchasing procurement personnel, inventory cost, and reduction of prices of materials and services.

According to the survey with catalogs can substantially reduce time and costs of the procurement cycles by 66 percent, lower the price of purchased materials by 7.3 percent and provide savings of 64 percent by reducing maverick buying. All these impact of the cost structure of the firm as costs will tremendously be reduced when e-sourcing is implemented.

More to note, many companies have successfully implemented e-sourcing models. For example, IBM, by implementing these models, was able to reduce the order processing time from 30 days to only 1 day (Pike, 2002). IBM also reduced the level of maverick buying from 30 percent to

less than 2 percent. At the same time, the contract negotiation time reduced from average of 6 to 12 months to only 30 days with a minimum number of six pages per contract. All these improvements raised the satisfaction of internal customers (managers and other employees who were involved in procurement) from 40 to 85 percent (Pike, 2002)

According to the Aberdeen Group, 82% of best-in-class companies strategically source their spend, compared with only 35% of industry-average companies. A 2006 study by Americas' SAP Users' Group, an independent, not-for-profit organization of SAP customer companies and eligible third-party vendors, revealed that companies with strategic sourcing programs achieve significantly higher savings than those that do not. Because an e-sourcing solution lets you efficiently conduct these events and thus enhance your end-to-end strategic sourcing capabilities, speedy and full adoption of an e-sourcing solution by both employees and suppliers can help you realize the complete benefits of e-sourcing more quickly. As technology advances (the Aberdeen group states that the market for e-Sourcing technologies is currently growing at a 98% compound annual gross rate), Organizations are embracing Sourcing applications because it is a clear and direct approach to capturing value and is moreover a toolset for capturing and storing relevant data and effective efficient analysis.

Every pound spent poorly or otherwise wasted is a pound of lost profit. According to Tim Minahan, Vice president, Supply Chain Research at Aberdeen Group, "e-Sourcing delivers significant benefits and is possibly one the greatest levers an organization can pull to get quick cost-savings and performance improvement". There have also been reports of improved quality among suppliers and enhanced levels of co-operation with the suppliers' customers are doing business with.

According to rick, 2014, only e-Sourcing focuses squarely on bottom-line cost savings (the 73% of purchasing savings opportunity). It is estimated that every \$1 saved in sourcing is worth \$5-25 in increased sales. E-sourcing is a viable opportunity for businesses to start gaining insight and savings by expanding their supply chain options and adopting the technology behind these electronic platforms. With commodity prices increasing and fluctuating significantly just this year alone, we'll see the subject of e-sourcing, which is often smarter sourcing, come into the limelight.

In general, reduction of costs associated with the e-sourcing and e-procurement models can substantially influence the company's bottom line in terms of profit margin.

2.5 Conclusion

In conclusion therefore, electronic sourcing has impact on cost reduction within the manufacturing firms as seen from the survey made by Aberdeen group and as such firms should implement it if they are to manage the costs that are incurred when procuring and managing the materials needed in the manufacturing of products.

Also, it is understood that a firm that doesn't implement e-sourcing is likely to lose the chance of enjoying the benefits of e-sourcing such as reducing costs that are incurred when managing operations related to procurement of materials. Hence it is very important for the firm to implement e-sourcing if they are to manage the costs incurred during their operations.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The chapter covers the research design, study population, area of the study, sample size and sample selection, sampling techniques, and methods of data collection and how the data was analyzed, processed and presented and limitations of the study.

3.1 Research Design

A combination of descriptive and cross sectional research design was used because it is most appropriate. This enabled the researcher to collect as many options as possible from respondents.

3.2 Study Population

The study population comprised of 60 people working with Century Bottling Company Ltd at all levels of management (HIUL Annual Report, 2013). These were selected on the basis of their roles in the company.

3.3 Sample Size and Selection

3.3.1 Sample size

A sample size of 52 respondents (krejcie and Morgan) was considered and was divided depending on their responsibility which the respondents were in.

3.3.2 Sample selection

In this study, the considered sample size of 52 respondents was sampled both simple random selection and purposive sampling technique. This was because each unit in the population was easily identified and had an equal chance of being selected.

3.4 Sources of Data

Data was in two categories; Primary and Secondary data

3.4.1 Primary Data

Primary data refers to data observed from original sources and compiled for the purposes of this research study. Primary data was collected from the respondents.

3.4.2 Secondary data

This is the data extracted from existing literature for example procurement reports, audited procurement reports, annual budget proposal and the background to the budget.

3.5 Data Collection Methods and Instruments

Both qualitative and quantitative methods were used. The methods were used to collect data from primary and secondary sources. These included the following;

3.5.1 Interview Method

A direct personal interview was used. The researcher used face to face interaction with respondents. This was used to obtain qualitative data which gave the researcher first-hand information.

3.5.2 Questionnaire

This is an important method of data collection. Questionnaires were edited to make sure that they are completed and scored. One set of questionnaires was designed for the workers' of the company. The questionnaire included both open and closed ended set of questions that were answered. Reliability analyses in relation to consistency of respondents' answers were done on the questionnaires administered to the staff.

3.6 Data Analysis and Presentation

This was done using editing and tabulation. Editing was done to detect and eliminate errors and identifying vital information that were relevant in coding and tabulation

Tabulation involved the use of statistical techniques like use of percentages and tables to test significance of the data from which meaningful interpretation were drawn, Classification were also used. This is where data was classified for according to age bracket, responses from respondents and marital status among others. The response to the item in the questionnaire was analyzed. Quantitative data was analyzed through the process of data cleaning, coding and then entered in a computer using statistical package. These packages helped the researcher to generate percentages, tables and graphs that are crucial for the explanation of this study. Qualitative data was analyzed according to the themes of the study throughout the data collection process by cleaning the data and organizing it according to different thematic areas of the study.

On completion of processing and analysis of the collected data, the findings were presented according to the objectives of the study and were in tabular form so as to enable prior decision making.

3.7 Anticipated Limitations

The researcher faced various challenges;

- i. The problem of financial constraints, a lot of money was needed for typing, printing, photocopying, researching information on the internet. However, friends and family contributed for this matter.
- ii. The problem of limited time, a lot of time was needed to research for information and also typing the researched information yet the project work as a time period. To solve this problem, the questionnaires were distributed and collected at a later time.
- iii. Some respondents were not willing to provide information for they were suspicious for where the information was to be taken. It was then easy to solve this problem through the managers of the company.
- iv. The researcher also faced a problem of fatigue as the research study involved moving to distribute the questionnaires and picking them from the respondents

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF THE FINDINGS

4.0 Introduction

This chapter looks at the presentation of data and discussions of findings in line with the study objectives and these included; What are the effects of e-sourcing on cost reduction within Century Bottling Company Ltd? What are the challenges faced when implementing e-sourcing within Century Bottling Company Ltd? What is the relationship between e-sourcing and cost reduction? the response rate was 100%. This was because of total cooperation of the respondents.

4.1 Respondent characteristics

To appreciate the reliability and the accuracy of the finding, the researcher identified the respondents' bio-data in the respect of age, gender, level of education, and the marital status of the respondent.

4.1.1 Age

The study captured different age brackets of respondent to reveal the extent of the participant in the study. The distribution was in the table below

Table 1 showing respondents' age

Response	Frequency	Percentage	Cumulative percentage
Below 25 years	8	15.4	15.4
26-40 years	34	65.4	80.8
Above 40 years	10	19.2	100
Total	52	100	

Source: primary data

From the table above, it was revealed that 15.4% of the respondents were below the age of 25 years, 65.4% majority of respondents were between the age of 26-40 years, and 19.2% of the respondents were above 40 years of age. This implies that respondents were mature enough to answer the questionnaires which make the study reliable.

4.1.2 Gender Respondents

Responses from different sex were obtained to have unbiased gender information. The pattern was as in the table below;

Table 2 showing respondents' gender

Gender	Frequency	Percentage	Cumulative percentage
Male	30	57.7	57.7
Female	22	42.3	100
Total	52	100	

Source; primary data

From the table above, most of the respondents were male 57.7% and the minorities were female by 42.3%. There are more men than women in Century Bottling Company Ltd because the natures of the jobs in **Century Bottling Company Ltd** require more men than women though women are also employed to do the work within their means. This indicates that both sexes work with Century Bottling Company Ltd.

4.1.3 Education level of the respondent

Findings of the education level of the respondents were considered to find out whether they have enough knowledge and can be evidenced in the table below.

Table 2 showing respondents' Education Level

Education Level	Frequency	Percentage	Cumulative percentage
Primary	2	3.9	3.9
Secondary	9	17.3	21.2
Diploma	22	42.3	63.5
Degree	18	34.6	98.1
Masters	1	1.9	100
Total	52	100	

Source: primary data

From the table above, 3.9% of the respondents had only primary qualification, 9 respondent had attained only secondary education thus amounting to 17.3%, 42.3% of the respondents had a diploma qualification, 34.6% of the respondents had a degree qualification, 1.9% had master's degree and no respondents had a PHD qualification. This shows that Century Bottling Company Ltd has fairly qualified staff.

4.2 To establish the challenges of Implementing E-sourcing within Century Bottling Company Ltd.

4.2.1 E-sourcing reduces procurement costs in Century Bottling Company Ltd

Respondents were asked whether E-sourcing reduces procurement costs within Century Bottling Company Ltd and the summary of the results is shown in the table below.

Table 4 showing that e-sourcing reduces procurement costs in Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
strongly Agree	25	48.1	48.1
Agree	22	42.3	90.4
Not Sure	3	5.8	96.2
Disagree	2	3.8	100
Total	52	100	

Source: primary data

The study revealed as shown above that e-sourcing reduces procurement costs in **Century Bottling Company Ltd** as the majority of the respondents strongly agreed (48.1%) and agrees (42.3%). The study reveals that whenever e-sourcing is used, it reduces the costs of procuring the goods and services within **Century Bottling Company Ltd** reduce tremendously. The 5.8% were not sure and 3.8% disagreed since they could not see any difference in cost savings when it comes to heavy investment in terms of computer and computer packages.

4.2.2 E-sourcing leads to effective supplier sourcing in Century Bottling Company Ltd

Respondents were asked whether e-sourcing leads to effective supplier sourcing within **Century Bottling Company Ltd** and the summary of the results is shown in the table below.

Table 5 showing that E-sourcing leads to effective supplier sourcing in Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	29	55.8	55.8
Agree	17	32.7	88.5
Not Sure	1	1.9	90.4
Disagree	3	5.8	96.2
Strong Disagree	2	3.8	100
Total	52	100	

Source: primary data

The study revealed that 55.8% strongly agreed and 32.7% agreed that e-sourcing leads to effective supplier sourcing within **Century Bottling Company Ltd** giving the reason that e-sourcing tools enable the firm to access a wide database of potential suppliers with just one click thus making the activity of sourcing for suppliers economical and rewarding in short time. 1.9% of the respondents were not sure, 3.8% strongly disagreed and 5.8% disagreed giving a weak point that using e-sourcing tools requires internet to access the potential suppliers.

4.2.3 E-sourcing leads to efficiency in procurement process in Century Bottling Company Ltd

Respondents were asked whether e-sourcing leads to efficiency in procurement process within **Century Bottling Company Ltd** and the summary of the results is shown in the table below.

Table 6 showing that E-sourcing leads to efficiency in procurement process

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	18	34.6	34.6
Agree	26	50	84.6
Not Sure	1	1.9	86.5
Disagree	5	9.6	96.1
Strong Disagree	2	3.9	100
Total	52	100	

Source; primary data

The study revealed that 34.6% strongly agreed and 50% agreed that e-sourcing leads to efficiency in procurement process within Century Bottling Company Ltd since it enables the firm to acquire potential suppliers that can deliver the right quantity and quality at the right cost within the agreed time. They also supported their argument but saying that the time spent using the traditional sourcing makes procurement process longer as compared to e-sourcing tools that reduce the time spent. 1.9% were not sure, giving no reason and 3.9% of the respondents strongly disagreed and the 9.6% disagreed saying that other are many other factors that enhance the efficiency of procurement process rather than e-sourcing alone

4.3 To establish the challenges of Implementing E-sourcing within Century Bottling Company Ltd

4.3.1 A lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully

Respondents were asked whether a lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully and the summary of the results is shown in the table below

Table 7 showing that a lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	24	46.2	46.2
Agree	22	42.3	88.5
Not Sure	6	11.5	100
Total	52	100	

Source; primary data

The study revealed that 46.2% strongly agreed and 42.3% agreed of the respondents a lot of resources needed to fully use e-sourcing tools hinder Century Bottling Company Ltd to use e-sourcing successfully. This is because the firm has failed to continually update the supplier database because of the quarterly subscription needed and also some e-sourcing tools and software that can effectively be utilized to manage the procurement process and also reduce costs have not yet been acquired due to the costs involved and finances needed to get them. 11.5% were not sure about the situation. No respondents disagreed and strongly disagreed.

4.3.2 Lack of Skilled Personnel makes it hard for the company to successfully use e-sourcing tools

Respondents were asked whether lack of skilled personnel makes it hard for the company to successfully use e-sourcing tools and the summary of the results is shown in the table below;

Table 8 showing that lack of skilled personnel makes it hard for the company to successfully use e-sourcing tools

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	25	48.1	34.6
Agree	27	51.9	84.6
Total	52	100	

Source: primary data

The study revealed that 48.1% strongly agreed and 51.9% agreed that lack of skilled personnel makes it hard for the company to successfully use e-sourcing tools. This is because, e-sourcing tools have just been developed and it requires people with information Technology skills and experience to use the e-sourcing tools which Century Bottling Company Ltd lacks. No respondents were unsure, disagreed and strongly disagreed.

4.3.3 Lack of Top Management support affects implementing e-sourcing within Century Bottling Company Ltd

Respondents were asked whether lack of top management support affects implementing e-sourcing within Century Bottling Company Ltd and the summary of the results is shown in the table below;

Table 9 showing that lack of top management support affects implementing e-sourcing within Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	12	23.1	23.1
Agree	20	38.5	61.6
Not Sure	5	9.6	71.2
Disagree	5	9.6	80.8
Strong Disagree	10	19.2	100
Total	52	100	

Source: primary data

The study revealed that 23.1% strongly agreed and 38.5% agreed that lack of top management support affects implementing e-sourcing within Century Bottling Company Ltd. This is so because a lot of resources like money and needed e-sourcing tools are needed and it's the management to provide those resources which they don't at times provide thus frustrating the whole process of using and acquiring e-sourcing tools. 9.6% were not sure and 19.2% of the respondents strongly disagreed and the 9.6% disagreed saying that the management has tried to facilitate the whole process of using e-sourcing to its capacity and they argued that there are other factors that have made it hard to implement e-sourcing successfully like organizational culture.

4.4 To establish Relationship between electronic sourcing and cost reduction

4.4.1 E-sourcing has a direct effect on the costs within Century Bottling Company Ltd

Respondents were asked whether E-sourcing has a direct effect to the costs within Century Bottling Company Ltd and the summary of the results is shown in the table below;

Table 10 showing that E-sourcing has a direct effect on the costs within Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	20	38.5	38.5
Agree	18	34.6	73.1
Not Sure	6	11.5	84.6
Disagree	5	9.6	94.2
Strong Disagree	3	5.8	100
Total	52	100	

Source: primary data

The study revealed that 38.5% strongly agreed and 34.6% agreed that E-sourcing has a direct effect on the costs within Century Bottling Company Ltd. This is so because the firm carries out a lot of procurement since it is a manufacturing firm and almost 60% of its company's budget is on procurement. When the uses e-sourcing it enables the company to use potential suppliers who in turn help the firm to reduce costs of supply of poor quality items, late deliveries among others. Also e-sourcing reduces the number of workers to execute the procurement activities thus showing a direct effect on costs. 11.5% were not sure and 5.8% of the respondents strongly disagreed and the 9.6% disagreed saying that e-sourcing is doesn't have a direct effect on costs because using e-sourcing doesn't change the price of the product and the transport costs that are to be incurred when buying the needed materials.

4.4.2 Because of using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd

Respondents were asked whether using e-sourcing, the business has reported a reduction in costs incurred and the summary of the results is shown in the table below;

Table 11 showing that using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	24	46.1	46.1
Agree	20	38.5	84.6
Disagree	5	9.6	94.2
Strong Disagree	3	5.8	100
Total	52	100	

Source: primary data

The study revealed that 46.1% strongly agreed and 38.5% agreed that using e-sourcing, the business has reported a reduction in costs incurred within Century Bottling Company Ltd. This is so because e-sourcing has enabled the firm to use potential suppliers who deliver quality materials on time at right prices. Also e-sourcing has reduced on time to transfer funds as well as paying suppliers. It has also reduced on the number of workers employed to carry out the sourcing activities. No respondents were not sure and 5.8% of the respondents strongly disagreed and the 9.6% disagreed saying that the acquisition of e-sourcing tools was costly to the organization and no changes in costs have been evident so far.

4.4.3 Before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd

Respondents were asked whether before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd and the summary of the results is shown in the table below;

Table 12 showing that before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd

Responses	Frequency	Percentage	Cumulative percentage
Strongly Agree	27	51.9	51.9
Agree	20	38.5	90.4
Not Sure	5	9.6	100
Total	52	100	

Source: primary data

The study revealed that 51.9% strongly agreed and 38.5% agreed that before the implementation of e-sourcing, procurement costs were high within Century Bottling Company Ltd. This is because the company used to use unreliable suppliers who provided poor quality items and used to delivery past time. 9.6% were not sure and no respondent either strongly disagreed or disagreed.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the general summary, conclusion and recommendation made based on the objectives of the study and data collected from employees/staff of Century Bottling Company Ltd

5.1.1 The effects of e-sourcing on cost reduction within Century Bottling Company Ltd

The study revealed that e-sourcing leads to reduction in costs within Century Bottling Company Ltd, increases efficiency in the procurement process and leads to effective supplier sourcing. Since every manufacturing has the main objective of survival and make profits, Century Bottling Company Ltd needs to put in more effort to achieve more benefits of using e-sourcing as it enables firms to achieve the long-term objectives of profits and survival.

5.1.2 The challenges of Implementing E-sourcing within Century Bottling Company Ltd

Lack of skilled personnel to use e-sourcing tools and lack of enough resources has made it had for Century Bottling Company Ltd to successfully implement e-sourcing tools. The study reveals that due to lack of skilled personnel and enough resources to acquire e-sourcing tools, it has made **Century Bottling Company Ltd** fail to enjoy full benefits that come with e-sourcing like contract management, contract supervision, documentation checks among others. When the resources are not enough, it becomes hard for the firm to get the required tools needed to use to get the best out of the procurement. But Century Bottling Company Ltd will be able to successfully implement e-sourcing by accessing funds from financial institutions and also to train and recruit where necessary the competent employees who can use the e-sourcing tools to the best of the organization. This will help the business to reduce more costs and to get the best from the e-sourcing implementation.

5.1.3 The relationship between electronic sourcing and cost reduction

E-sourcing has direct impact of the costs of the organization. The findings reveal that e-sourcing affects the costs and this reduces the costs related to poor quality materials, late deliveries among others. Through e-sourcing, Century Bottling Company Ltd has managed to work with reliable suppliers who are competent enough thus enabling the organization to reduce on costs associated with using unreliable suppliers. E-sourcing is related to cost reduction in the way that the more use of e-sourcing tools, the lower the procurement costs within Century Bottling Company Ltd

5.2 Conclusion

5.2.1 To establish the effects of e-sourcing on cost reduction within Century Bottling Company Ltd

The researcher concluded that e-sourcing plays a bigger role in reducing costs within Century Bottling Company Ltd. It also increases the effectiveness of supplier sourcing thus ensuring quality materials and on time delivery.

5.2.2 To examine the challenges faced when implementing e-sourcing within Century Bottling Company Ltd.

It was revealed that lack of skilled personnel and lack of enough resources are the major challenges faced by **Century Bottling Company Ltd** when implementing e-sourcing. Lack of skilled personnel and resources has hindered the firm from successfully achieving e-sourcing benefits.

5.2.3 To establish the relationship between electronic sourcing and cost reduction.

This was revealed that implementing e-sourcing enables the use of potential suppliers who provide quality materials and deliver on time thus reducing costs related to poor quality materials, late delivers among others. Thus there is a relationship between e-sourcing and cost reduction.

5.3 Recommendations

Basing on the research findings, the researcher made the following recommendations.

Firstly, in regards to the findings and conclusions of the research findings, it is vital to make the following recommendation which could help in bringing better organization performance in terms of performance. Since costs affect the operations of the business, Century Bottling Company Ltd should continue recruiting skilled employees to use the e-sourcing tools to fully benefit the organization.

Secondly, Century Bottling Company Ltd should acquire more e-sourcing tools and soft wares if they are to fully benefit from the use of e-sourcing tools. This will help the firm to improve on profit margin as they reduce on the procurement costs.

Thirdly, the management should acquire funds from financial institutions so as to supplement its capital base to acquire the required tools and resources to enable the firm to grow and achieve the best for the organization.

Furthermore, the management should introduce motivation incentives for example bonuses for employees who perform well and also increase salaries for the workers so as they can perform better. This will develop a heart of commitment hence efficient work done.

Lastly, the management of Century Bottling Company Ltd should use more appropriate technology to ensure timely preparation of procurement activities and acquisitions. Computerized systems will lead to faster processing of transaction and reduce on the costs like late payments, late order processing among others.

5.4 Areas for further research

Future researcher can study the impact of electronic procurement on the profitability of manufacturing firms.

Future researcher can study the impact of reverse e- auction on the sales performance of business firms.

REFERENCES

- Allen & Hamilton, impact of electronic sourcing on supplier relationships: overview, impact and effects (working paper - June 2009)*
- Beil, D. R. & Wein, L. M. (2003). An inverse-optimization-based auction mechanism to support a multiattribute RFQ process. Management Science, Vol. 49, No. 11, pp. 1529–1545.*
- Century Bottling Company Ltd , Executive Annual Report, CBC Annual Report, July, 2013*
- David Eakins Hossein Bidgoli Hossein Bidgoli, John Wiley & Sons, the Handbook of Technology Management, Supply Chain Management, Marketing, Jan 12, 2010*
- Emiliani, M. and Stec, D. (2004), Aerospace parts suppliers' reaction to online reverse auctions. Supply Chain Management: An International Journal, Vol. 9, No. 2, pp. 139-153.*
- John Wiley & Sons, Cost Reduction and Control Best Practices: The Best Ways for a Financial Manager to Save Money, Institute of Management and Administration (IOMA) Jul 3, 2012*
- Luis Garicano and Steven N. Kaplan, the Effects of Business-to-Business e-commerce on Transaction Costs: Description, Examples and Implications (Working Paper- July 2000)*
- Minaham, T,F. Howarth and M. Vigoroso, making e-sourcing strategic: from tactical technology to core business strategy, Boston Aberdeen group, 2002*
- Phillips, P and Piotrowicz, W, E-procurement: How does it enhance strategic performance? Working paper 116, Kent Business school, April 2006*
- Pike T, Retail e-procurement: minimizing cost and improving productivity. IBM Executive strategy Report, 1-7, 2002*
- Radovilsky, Z and V. Hegde: factors influencing e-commerce implementation: analysis of survey results, with Vish Hegde, Journal of Academy of business and Economics IV (1): 29-37, 2004*

**APPENDIX I:
questionnaire**

Dear Respondent

The researcher is a student of Kampala International University conducting a purely academic study on the topic; **“The Effect of Electronic sourcing on cost reduction in a manufacturing firm”**: **“A case of: Century Bottling Company Ltd”** as a partial fulfillment for the award of a Bachelor's Degree in procurement and logistics management.

Your response will be for academic purposes only and subsequently treated with Utmost confidentiality

A. DEMOGRAPHIC DETAILS – *Please provide some background information (Tick where appropriate)*

Department :	Region1	Region2	Region3	Head office Dept.	
Level :	EXCO	H.O.D	SNR MANAGER	MANAGER	NONMANAGER
Length of service:	1-5years	6-10years	11-15yrs	16-20years	+20 years

B. What are the current direct and indirect procurement practices of Century Bottling Company Ltd?

Please indicate with an 'X' (1– strongly disagree, 2– disagree, 3– neutral, 4–agree, 5- strongly agree)

We use Internet-based technologies to:

	1	2	3	4	5
E-mail					
Purchase office supplies					

Purchase maintenance and repair products (MRO)					
Purchase building materials					
Online ordering					
Purchase approvals					
Payment to suppliers					
Order Tracking					
Collaborate with suppliers on product design issues					
Place orders on suppliers' web sites					
Access electronic marketplaces					
Search for suppliers					
Use the software services of an electronic sourcing solutions					
Check suppliers' finances					
Search for low-cost suppliers					
Access on-line catalogs					

C. What are the e-sourcing drivers and barriers that impact Century Bottling Company Ltd?

Please indicate with an 'X': Identify the 5 most important e-sourcing drivers and barriers, ranking them from (1– least important, 2– less important, 3– neutral, 4–important,5 -most important)

E-sourcing drivers	1	2	3	4	5
Price Reduction					
Improve efficiency					
Improve effectiveness					
Negotiated Unit Cost reduction					
Improved Visibility of Internal Customer Demand					
Reduced Administration Costs					
Reduced Operational & Inventory Costs					

Shortened Procurement Cycle Times					
Reduction in the number of suppliers					
Standardize procurement processes across the organisation					
Reducing “maverick” purchases					
Improved Contract Compliance					
e-Sourcing Barriers	1	2	3	4	5
Inadequate Technological Infrastructure					
Inadequate financial resources					
Lack of Skilled Personnel					
Inadequate Technological Infrastructure of Business partners					
Lack of Integration with Business Partners					
Implementation ,Training and indirect Costs					
Company Culture					
Upper Management support					
Inadequate business processes to support e-procurement					
Security					
E-procurement software immaturity					
Internal end user resistance to learn multiple procurement systems and procedures					
Lack of supplier interest					

D. What are the e-sourcing success factors in Century Bottling Company Ltd?
Please indicate with an 'X': Identify the 5 most important key success factors of esourcing uptake, ranking them from (1– least important, 2– less important, 3– neutral, 4–important,5 -most important)

Factor	1	2	3	4	5
---------------	---	---	---	---	---

Analyze purchasing behaviors of end users					
Consolidate suppliers and contracts					
Involve preferred and strategic suppliers planning for eprocurement					
Reduce number of suppliers					
Understand preferred supplier technology plans and their ability to support e-procurement and e-sourcing initiatives					
Centralize control of contracts, product data, catalogs, and price updates for indirect procurement					
Give individual and unit spending a lot of visibility					
Enforce on-contract buying with preferred suppliers					

E. What are the perceived benefits/transformations resulting from e-sourcing initiatives in Century Bottling Company Ltd? Please indicate with an 'X': indicate the impact of e-sourcing initiatives on strategic sourcing processes in **Century Bottling Company Ltd**, ranking them from (1-very low, 2-low 3-moderate, 4- high,5-very high)

Factor	1	2	3	4	5
Supply chain integration					
Supplier sourcing					
Employee overhead					
Efficiency of Procurement procedures					
Strategic positioning of procurement					
Changes to technological infrastructure					
Staff development & training					
Other-please indicate					

F. E-Sourcing Readiness: Please indicate with an 'X': (1– strongly disagree, 2– disagree, 3–neutral, 4–agree,5- strongly agree)

	1	2	3	4	5
In your opinion is Century Bottling Company Ltd ready for e-sourcing?					

Thank you for your cooperation and Participation

APPENDIX II:

FINANCIAL BUDGET

PARTICULARS	AMOUNT (Shillings)
Ream of paper	20,000/=
Typing	15,000/=
Photocopying	15,000/=
Printing	15,000/=
Binding	20,000/=
Transport	50,000/=
Telephone expenses	10,000/=
Meals	30,000/=
Miscellaneous	50,000/=
TOTAL	225,000/=

APPENDIX III:

TIME FRAME

ACTIVITY	DURATION
Proposal writing	8 weeks (Sept - Oct 2018)
Proposal review	2 weeks (Oct 2018)
Data collection	2 weeks (Nov 2018)
Data processing	2 weeks (Dec 2018)
Writing final report	2 weeks (Dec 2018)
Typing, printing and binding	1 week (Jan 2019)
Submission of the final Report	1 week (Jan 2019)
	18 weeks