

Analyzing of Issues Relating to Suppliers Techniques Being Employed by Accra Brewery Limited, Ghana

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Problem Statement

Effective supplier performance has a direct and indirect impact on operational effectiveness, corporate success and long term competitive sustainability. Managing suppliers is a perennial problem for most organizations. The only means by which organizations can achieve success and be responsive to their customers is through effective supply chain systems. This indicates that increasing supplier performance goals and rewarding supplier improvement have been recognized as efficient ways to motivate suppliers to enhance performance. Monczka et al (1993) argued that, buying firms should challenge suppliers to achieve higher levels of performance. Only by aggressively increasing supplier performance expectation can a buying firm expect supplier contributions to increase at an accelerated rate. Lascelles and Dale (1989) also noted that supplier improvement should be recognized by buyers through offering improvement rewards such as future and long term contracts. The success of every organization is embedded in how well its sources of inputs is managed leading to reductions in costs of operation. Despite the fact that ABL is doing well in terms of its financial stability and operational effectiveness, the dynamism of the market, behooves on the company to constantly and continuously pursue and implement very good supplier management programs to increase the company's fortunes. This study therefore is set out to under study how the company ensures suppliers' performances are in consonance with corporate objectives, the arrangements put in place to ensure effective outsourcing of materials and services and how can effective supplier performance facilitate customer satisfaction packages being rolled out by ABL. These snags constitute the focus of the study.

I. INTRODUCTION

In the views of Fawcett and Fawcett (1995), organizations have started focusing on their core competencies and outsourcing the remaining activities to outside vendors. Suppliers have even been responsible for design of new products, sub-assemblies and component parts in some instances where supplier development programs exist. The above facts, in the opinion of Monczka and Trent (1991), have made buying organizations to rely more on suppliers for the improvement of their performance. As organizations have to seek performance improvement, Chopra and Meindl (2007) maintain that, they are recognizing their supplier base and managing it as an extension of the firm's manufacturing system. These developments and paradigms have greater influence on the organization of supply chain in all companies'. Supply chain management is creating new challenges to corporate managers as they strive to derive the best from their efforts. Ayers (2002) identified some paradigms that make up the new trends in SC as times moves on and competitive pressure shifts, the need to change viewpoints on SC arises. These paradigms are functional paradigm (the various business units adding value), logistics and transportation paradigm (part of SC that efficiently and effectively managing the flow of resources), information paradigm (improving the link within and outside the organization using enhanced technology), strategic paradigm (SC as integral part of competitive strategies), business process reengineering- BPR paradigm (essential restructuring of processes to eliminate waste and improve quality) and procurement paradigm (value based efforts towards achieving lower total cost of materials) Ayers (2002). Managing sources of organizational inputs is very critical to the success of every organization that strives to gain long term competitiveness. Determining the effectiveness and efficiency of Suppliers, start with careful evaluation of source selection processes leading to long term agreement and continuous improvement. According to Bhutta and Huq (2002), an industrial buying research shows the following explicit criterion for improved performance such as quality, service, delivery and price dominating the supplier selection process. In another write up, Tracey and Tan (2001) reiterated that evaluating and selecting suppliers on the basis of quality, delivery, reliability and product performance enhances the four dimensions of customer satisfaction through price, quality, variety and delivery enhancing overall firm's performance. It is evident that, effective supplier performance is a whole process that starts from source selection, evaluation and contract management, managing performance, effective communication, supplier development, continuous improvement and building core competencies to gain long term sustainability and competitiveness. Whereas in the past, according to Lewis (1995), manufacturers were only concerned in improving efficiency and effectiveness of end products, today manufacturers are much interested in an enhanced supplier performance to create better quality product to meet changing trends in consumer desires.

II. LITERATURE REVIEW

A. *Supplier Evaluation*

Ernst and Bamford (2005) indicate that, more and more businesses are relying upon suppliers to innovate faster, cheaper and better than the suppliers of its competitors. But, most firms do not routinely evaluate the need to overhaul relationships or intervene to correct performance problems. Even fewer firms have an adequate understanding of these reciprocating relationships between the buyer and the supplier. Thus, coordinating with trading partners, negotiating terms, monitoring performance, and switching partners is costly. Alternatively, identifying resilient performance for each dyad member can provide new performance prescriptions for each member during the supplier evaluation process. Liker and Choi (2004) acknowledge the fact that, when firms make sourcing decisions, they should take into account both supplier performance and buyer performance in the relationship as a behaving system by considering exchange cost criteria, technology-based information sharing criteria, order fulfillment and quality criteria and demand planning criteria. Each of these criteria is directly observable and relates to the performance contribution of both the buyer and the supplier. Buyer and supplier performance examination is of consequence because these relationships enable entry into new markets, provide for deeper penetration into current markets for both suppliers and buyers, and reduce the risk of supplier failure.

Ross (2011) argues that for businesses to operate successfully today requires organizations to become much more involved with their suppliers and customers. As global markets expand and competition increases, making products and services that meets customers' needs means that, businesses must pay closer attention to where materials come from, how their suppliers' products and services are designed, produced and transported, how their own products and services are produced and distributed to customers, and what their direct customers and the end-product consumers really want. These efforts demand critical evaluation on suppliers' performance and the steps taken by them to improve processes that assures continuous quality delivery. Evaluation of suppliers forms a critical part of the supply chain and procurement function. Evaluation can be done in different folds thus pre-qualification, during performance stage and post-performance criteria respectively.

Chopra and Meindl (2010) recognizes the need and reiterated that, suppliers performance must be constantly and periodically appraised and assessed for better supplier service and comparison. They therefore in addition to price, set the following dimensions that can be used in the performance appraisal of each supplier as; on-time performance, supply flexibility, replenishment lead time, delivery frequency or minimum lot size, supply quality, information coordination capabilities, supplier viability, inbound transportation cost among others all working towards the determining of the total cost of maintaining a supplier against the value observed from their performance. Van Weele (2010) argued that, effective supplier management is another cornerstone for a successful business strategy and development. How this policy is executed in organizations' increasingly determines shareholder value and competitive sustainability. Continuous supplier performance improvement greatly determines this objective.

B. *Inventory Management in the Brewery Industry*

Inventory in most breweries consists of raw materials, finished products, components parts, supplies and work-in-process. In most breweries, Ayers (2002) observes that, inventory in several different forms notably; bags of grain rested in the production room as raw materials and finished products that consisted of cans and kegs of beer are stored in a warehouse. Some of the supplies used were two copper brewing kettles and an advanced refrigeration system, and all of the beer stored in the fermenting tanks can be considered work-in-process. When considering the different aspects of inventory control in the brewery industry, Tracey and Tan (2001) identified four key activities involved: controlling costs, ordering and tracking, reconciliation and physical controls.

- i. **Controlling Costs:** Robert et al (2008) point out that, inventory can have a number of significant costs to a company. The first and most broad expense is holding cost. This category can encompass several aspects ranging from storage and depreciation, to insurance and obsolescence. According to Ross (2011), the largest of the costs are holding costs, which include storing and packaging beer. Usually when the malt is delivered to the warehouse, it is loaded into a large silo. After it has been made, it is packaged offsite and stored in the warehouse. Brewery companies strive to keep a quick and continuous flow of inventory because costs associated with the silo and packaging are high. Krajewski and Ritzman (2001) further note that, the second cost typically associated with inventory is setup cost or production change cost. This is the expenditure made for arranging new equipment setups, charging time and materials, and moving out previous stock. This expense is especially applicable to brewery industries because it uses the same equipment to make several types of beer.

Tracey and Tan (2002) also mention that, another charge to consider is ordering cost. This incorporates the clerical costs of calculating order quantities and upkeep on the order tracking system. If order sizes are small, relationships with suppliers are poor, and many orders are required, this cost can be large. The final cost asses are shortage cost, which arises from a lack of product and puts a sales order on hold. The sales orders must be postponed until more stock is produced or be canceled. While companies would prefer to keep this cost to a minimum, or even zero, it is difficult to estimate. All of these costs, according to Beamson (1998), play an important role in the manufacturing process at brewery industries and must be checked to avoid unnecessary increase in operational costs.

- ii. **Ordering and Tracking:** According to Ayers (2002), another important aspect of inventory control is tracking. The easiest way for a company to track inventory levels is to maintain an inventory system. An inventory system, or a set of policies and controls that monitor levels of inventory and determine what levels should be maintained, protects the brewery. Ross (2011) notes that, a company uses inventory systems to reduce risks of loss while protecting its assets and future profits. These systems can be divided into two types: single-period and multi-period. Single-period systems are based on one-time orders and concern the amount of inventory needed along with the risk of a shortage. Hertz (2001) submits that, multi-period systems are further broken down into fixed-order quantity models and fixed-time period models. The fixed-order quantity model is a perpetual system that constantly tracks inventory levels and is event triggered. This means that when inventory levels have reached a certain low point, they will be reordered. In the fixed-time period models, reorder takes place at the end of a certain time period.

Beamon (1998) submits further that, a brewery industry has a multi-period ordering system. Demand fluctuations and production needs dictate the ordering practices. It would not be feasible for a company to use a single-period system. It would be almost impossible to estimate sales to determine the quantities required. The system put in place to control ordering and tracking at Brewery industry are fairly straightforward. All inventories are tracked on a computer system at the facility. Any time raw materials are brought into the warehouse or finished goods leave the warehouse, it is recorded in the system.

In the view of Robbins & Decenzo (2005) at the end of each day, finished goods are counted and compared to the amount in the system. Each month, a physical inventory of all materials is performed and results are compared to month-end amounts on the system. These numbers are used for control purposes and as guides for next month's budgeting and ordering decisions. Accurate ordering and tracking also involves employee experience. Ayers (2000) indicates that employees who are authorized to order materials must monitor inventory levels and have good instincts to know when more materials need to be ordered whilst nurturing good relationships with all stakeholder. Therefore, brewery industries focus on training and retaining its employees.

- iii. **Reconciling Inventory Levels:** According to Hertz (2001), because inventory is so important in a microbrewery, Brewery companies perform cycle counts of their inventory. Employees under takes periodic stock counts preferably every quarter to ascertain any variations that may arise in the course of operation. After the counting, results are reconciled with amounts shown on the computer system and stock taking report is generated for decision making. The reconciliation can be difficult to perform, especially because the Brewery industry provides free samples to a countless number of people during public tours of the facility. In the opinion of Kotabe & Murray (2001), the company must estimate how many kegs of beer to be used for tours and take this into account when reconciling inventory records.

Christensen et al (2005) are of the conviction that, it is important that a company's financial statements accurately display the amount of inventory in the warehouse. So, how often does this happen? Usually never, since it is difficult to get an exact match, many companies use a measure of inventory accuracy, or the difference between the actual count and the records, to account for the precision of their records. Kotable and Murray (2001) further explains that, some companies engage in cycle counting to reconcile their inventory counts more than once a year. The mismatch of records and actual inventory can be attributed to rush requests that are not yet recorded, canceled orders that have not been received, and the occasional forgetfulness of employees. It is therefore necessary to monitor inventory movement and make appropriate decision that will not impedes production process.

- iv. **Physical Controls:** Physical controls, in the views of Mintzberg and Waters (1998), can also be established to maintain and protect stocks. Locks, access codes and passwords are all examples of physical security measures companies' can take to safeguard its assets from theft and damage. Pfeffer and Salancik (2003) note that, using bar codes and RFID tags is another way to keep an accurate count of inventory and know its location. Additionally, hiring trustworthy and knowledgeable individuals is a good method of control. By doing background checks and extensive interviewing, the brewery can keep only the best possible candidates for any job. Warehouse access is given to selected employees including brewers to enter certain areas. During tours, at least one employee is assigned to conduct the group around at all times. This system according to Wells (2009) has worked well for many Breweries. Inventory is important to a company's operations and must be managed effectively to ensure success. At many Breweries, Mintzberg & Waters (1998) says inventory accounts for nearly half of its current assets; therefore, these control measures protect it from shrinkage and obsolescence. Chopra & Meindl (2007) also argues that, to improve upon controls of stocks, companies must find the correct balance between trust and restrictive policies to protect the goods while maintaining the fun, relaxed atmosphere noticed during facility tours at the Breweries. Overall, brewery inventory systems and controls have been effective in managing costs, reconciling inventory and tracking orders without much problems emanating.

C. Supplier Development

According to Hales and Arumugan (2012) the unfortunate developments which occurred recently at one of Apple's supplier facilities adds credence to the need for focusing on supplier development program. This is the view of the co-authors above can be done under the auspices of supplier relationship management (CRM) initiative. In the view of Cannon and Perreault (1999) the losses that supplier relationship may bestow on an image of an organization can be very enormous. Hales and Arumugan (2012) also explains that effective supplier development program essentially helps to:

- Clearly establish, define and govern the relationship
- Observe, monitor, improve and sustain operations
- Transfer technology and lend financial support
- Train management and the workforce
- Enforce environmental and social compliance
- Identify and mitigate all sources of risk

Traditionally, Cooper and Gardner (1993) argue that medium and large organizations maintain some kind of supplier development program. Organizations often conduct on-site audits to enable them implement performance improvement plans that benefits both parties. Owing to the development of more advanced technology and serious cost cutting pressures Arthur (1994) notes that a good number of companies have slowed down on their supplier development programs and even in some case on-site supplier audit activities have been abandoned.

Initiating supplier development activities requires organizations to have the opportunity of building sound relationships with their current and new suppliers respectively. In the absence of a serious supplier development program, it is difficult for companies to establish the much needed trust and commitment from supplier partners and build long term collaboration Maloni and Benton (2000).

- i. **Significance of Supplier Development:** A good number of recent example points to the need for maintaining a serious supplier development activity. A healthy relationship with key suppliers helps to minimize the risk associated with supplier management. For instance, partnership relationship with a supplier assures a buying organization of constant supply even in the face of difficult market juggling condition. Under the supplier development package, a company could enter into an arrangement with a supplier to assist produce alternate materials Krause et al (2000). The company therefore buys the materials at an agreed prices sometimes resulting in a major cost savings. The co-operation of both internal and external stakeholders is very essential for the successful implementation of the supplier development program. For such co-operation to be realized it is important according to Maloni and Benton (2000) to empanel a cross-functional team with representation from both supplier's company and the buyer's organization. Such teams' works together to ensure the objectives are achieved.

- ii. **Relevance of Supplier Audits:** In order to tap into the hidden potential of strategic relationship with suppliers Handfield et al (2000) note that organizations need to carefully examine practices and strategies within their supplier development programs. To begin with, there is the need to conduct on-site inspection of the supplier's facility. This affords the company an opportunity of having a deeper insight into the operations of the supplier thereby, working out a modality for managing the relationship. Boyle et al (1992) provides a sound methodology for conducting an on-site supplier audit which include first and foremost, checking the organizations management style, personnel management, quality of production, organizations' operations whiles focusing on its creativity and innovative strategies. Examining the organization's resources involves taking a good look at its technology and business processes checking the health of the company demands that the suppliers finances and supply risk ought to be critically examined.

It is also important, according to Shin et al (1993) to examine the corporate social responsibility of the company especially issues relating to environmental management and quality certifications. Watts and Hahn explains further that the audit task is performed by the cross-functional team with sub-section is made up of an array members during the audit and employs a scoring system to record the performance of the supplier. Scores emanating from sub-sections are tabulated and performance gaps are noted at the end of each audit. The audit team then draws up a contract for an improvement in suppliers performance. The audit score helps the supplier to earn a world-class status through providing a schedule to help the supplier improve upon performance. Subsequent audits according to Monczka et al (1993) center on business priority, supplier classification tier, performance improvement contract and audit score. Organizations that constantly monitor the activities of developments partners especially suppliers, protect themselves against such outside threats as activism, consumer awareness and the influences of social media.

D. Communication and Supply Management

It is important for buyers to motivate suppliers to perform better and this is usually achieved through the development of supplier evaluation and reporting. The outcome and results of such reports are communicated to the supplier with the hope that the supplier will work on the short comings and improve upon performance. The nature of the evaluation would also indicate to the buyer whether the supplier would be able to meet current and long-term contracts demands. According to Krause et al (2000), the absence of effective communication system in an organisation, results in the inter-organizational coordination and improvement initiatives being non responsive. Communication therefore is relevant in the development of corporate strategies that seeks to achieve corporate goals and objectives resulting in short, medium and long term gains to the organisation.

- i. **Communications between Organizations:** According to Cooper and Gardner (1993) communication may be described as the glue that holds together a channel of distribution. Krause et al (2000) also speaks of four categories of communication namely content, medium, feedback and frequency. For a thorough assessment of communication, it is important to effectively manage and handled the above mentioned categories. The message that is being transmitted constitutes the content of communication. Mohr and Nevin (1990) write about two main sub-categories of content of communication namely "the type of information being exchanged and the type of strategy embedded in the exchange". This gives room to direct and indirect influence. Indirect content is design to effect a change in the belief patterns and attitudes of the recipients such as through some education and communication of evaluation thereby placing the recipient in a better position to enjoy a more complete knowledge for decision making.

E. ICT and Supply Chain Management

Development of SCM cannot be conclusive without the mention of Technological aids. Software such as Enterprise Resource Planning (ERP) helps management to relate to suppliers in a very special way. Through ERP some important suppliers are able to monitor stock levels and therefore get to know when next to supply. ERPs could also help management in managing suppliers in that the facility could indicate in advance which supplier is likely to be delinquent so as to plan to mitigate the effect of any unfortunate eventually.

Mckeen et al (2003) note that, the unprecedented growth of information and communication technologies (ICT) driven by microelectronics, computer hardware and software systems have influenced all facets of computing applications

across organizations. Simultaneously the business environment is becoming increasingly complex with functional units requiring more prompt and efficient procurement of parts, management of stock, reconciliation, human resources and distribution of goods and services. In this context, management of organizations needs efficient information systems to improve competitiveness through cost reduction and better logistics strategies.

It is universally recognized by large and small-to- medium-size enterprises (SME) that the capability of providing the right information at the right time brings tremendous rewards to organizations in a global competitive world of complex business practices. Starting in the late 1980s and the beginning of the 1990s new software systems known in the industry as enterprise resource planning (ERP) systems have surfaced in the market targeting mainly large complex business organizations. These complex, expensive, powerful, proprietary systems are off the-shelf solutions requiring consultants to tailor and implement them based on the company’s requirements. In many cases they force companies to reengineer their business processes to accommodate the logic of the software modules for streamlining information flow throughout the organization.

III. ANALYSIS OF ISSUES RELATING TO SUPPLIERS TECHNIQUES BEING EMPLOYED BY ABL

Issues to be analyzed here include respondent’s views on the nature of supply chain management, view on supplier selection techniques, modalities for effective supply performance, issues related to the functions of suppliers and the essence of supplier management practices.

A. Views on nature of Supply Change Management

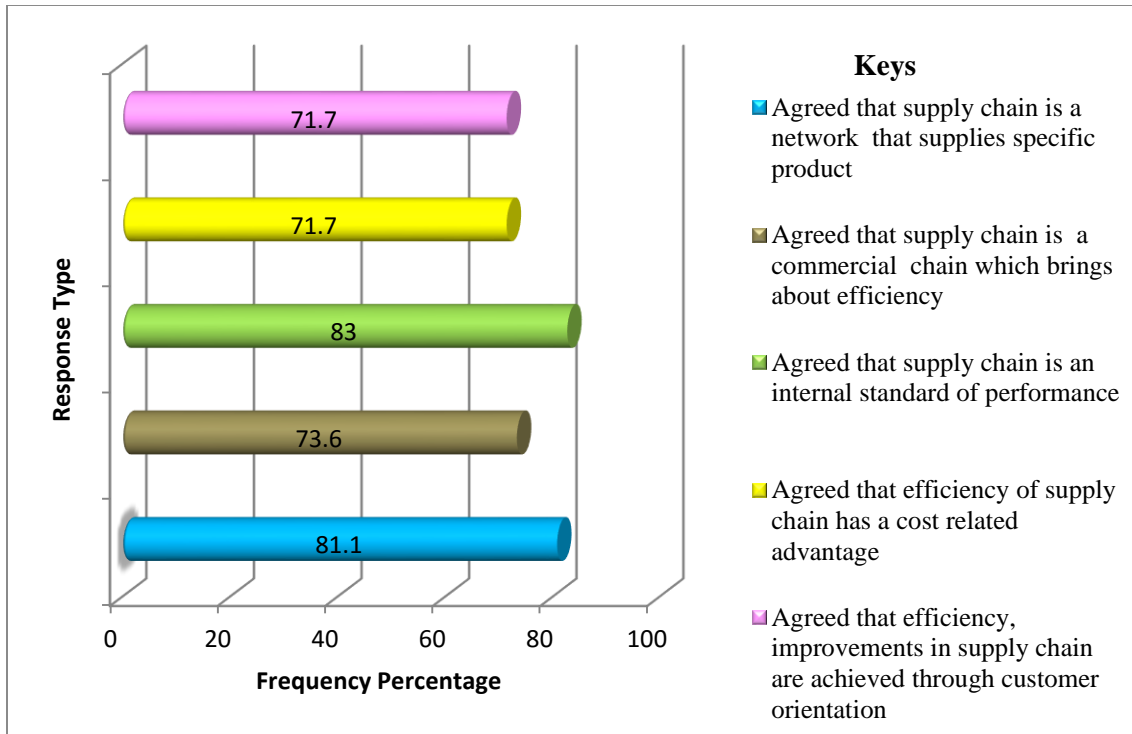
The study wanted to assess the respondent’s views about the nature of supply chain management. Both ABL officials and the company’s suppliers shared the views on the nature of supply change management as catalogued in Table 4.4

Frequency Table showing the Level of Agreement on Nature of Supply Chain Management

Statement on supply management	Agree (%)	Disagree (%)	Don’t know (%)
Supply chain is a part of a network that supplies specific product from raw material to final customer	81.1	-	18.9
Supply chain is a whole commercial chain embedded in the network with a common objective of efficiency and effectiveness	73.6	9.4	19
Efficiency of supply chain is an internal standard of performance while effectiveness is an external standard of fix o various groups	83	-	17
Efficiency of supply chain is cost-related advantage while effectiveness is an advantage of customer responsiveness within the supply chain management research	71.7	9.4	18.9
Efficiency, improvements in supply chain are achieved through Just-In-Time production and effectiveness is achieved through customer orientation	71.7	9.4	18.9

Source: Field data (2012)

Bar graph showing level of agreement on nature of supply chain management



Source: Field Data (2012)

In table, 43 out respondents made up of both ABL officials and suppliers the statement that supply chain is a part of a network that supplies specific product from raw material to final customer.

Ten (i.e. 18.9%) respondents appeared to have no idea about the statement.

Thirty-nine (i.e. 73.6%) respondents agreed with the suggestion that supply chain is a whole commercial chain embedded in the network with a common objective of efficiency and effectiveness.

Twelve (i.e. 22.6%) respondents did not have any idea on the issue while the remaining two (i.e. 3.8%) respondents disagreed with the statement.

Forty-four (i.e. 83.0%) respondents agreed with the statement that efficiency of supply chain is an internal standard of performance while effectiveness is an external standard of fit to various groups. Nine (i.e. 17%) respondents did not have any idea on this issue.

Thirty-eight (i.e. 71.7%) respondents appeared in agreement of the statement that efficiency of supply chain is cost-related advantage, while effectiveness is an advantage of customer responsiveness within the supply chain management research.

Ten (i.e. 18.9%) respondents exhibited no idea on the issue while five (i.e. 9.4%) respondents disagreed entirely with the statement.

Thirty-seven (i.e. 69.8%) respondents appeared comfortable with the efficiency improvements in supply chain are achieved through Just-In-Time production and logistic supply nets while effectiveness is achieved through customer orientation.

Thirteen (i.e. 24.5%) respondents had no idea on the issue while three (i.e. 5.7%) respondents disagreed outright with the statement.

Forty-three (i.e. 81.1%) respondents appeared comfortable with the statement that supply efficiency is a direct influence on value while supply effectiveness and network effects are seen as an indirect influence on value in relationship.

Eight (i.e. 15.1%) respondents virtually had no idea on the statement while two (i.e. 3.8%) respondents disagreed with the statement entirely.

Thirty-nine (i.e. 73.6%) respondents agreed with the statement that determining the effectiveness and efficiency of supply starts with careful evaluation of source selection processes leading to long term agreement and continuous improvement.

Ten (i.e. 18.9%) respondents had no knowledge on the issue while four (i.e. 7.5%) respondents did not agree with the statement.

Most of the statements, mentioned above have been corroborated by existing literature on the subject. According to Tompkins (2002) supply chain is a part of a network that supplies specific product from raw materials to final customers. Mckeen et al (2003) also notes that supply chain constitutes a whole commercial chain embedded in the network with a common objective of efficiency and effectiveness. In the view of Weber et al (2000) supply chain efficiency is a cost-related advantage while supply chain effectiveness confers some advantage responsiveness with the research into supply chain management.

A. Views on ensuring effective supplier performance

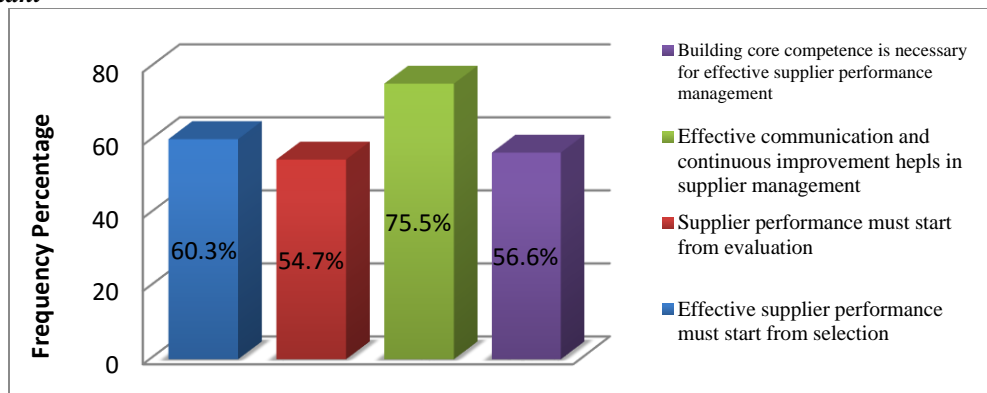
Findings on how supplier’s performance could be enhanced have been presented in table 4.5.

Frequency table showing the Level of Importance of Modalities for enhancing supplier performance

Type of Statement	Very Important	Important	Least Important	Not Important
Effective supplier performance must start from source selection	60.3	26.4	13.3	-
Supplier performance must start from evaluation and contract management.	54.7	34	11.3	-
Effective supplier performance starts with managing performance, effective communication, supplier development and continuous improvement	75.5	25.5	-	-
Effective supplier performance must start from building core competencies to gain long term sustainability and competitiveness	56.6	37.7	5.7	-

Source: Field Data (2012)

Bar graph showing the percentage of views on how to ensure effective supplier performance which were ranked as very important



Source: Field Data (2012)

In Table, 32 out of the 53 respondents constituting 60.3 percent pointed out that it is very important for effective supplier performance to start from the source selection.

Fourteen (i.e. 26.4%) respondents mentioned this suggestion as important while 7 (i.e. 13.3%) respondents described the statement that effective supplier performance must start from source – selection as least important.

Twenty-nine (i.e. 54.7%) respondents described as very important the fact that effective supplier performance must start from evaluation and contract management.

Eighteen (i.e. 34%) respondents saw the statement as important while 6 (i.e. 11.3%) respondents felt it was least important.

Forty (i.e. 75.5%) respondents are of the view that it is very important for effective supplier performance to begin by managing performance, effective communication supplier development and continuous improvement.

Thirteen (i.e. 24.5%) respondents are also of the conviction that managing performance, effective communication, supplier development and continuous improvement are key ingredients in effective supplier performance.

Thirty (i.e. 56.6%) respondents mentioned as very important the fact that effective supplier performance must commence from building core competencies to gain long term sustainability and competitiveness.

Twenty (i.e. 37.7%) respondents also described as important the need to begin effective supplier performance by building core competencies to gain long term sustainability and competitiveness.

Three (i.e. 5.7%) respondents however saw the statement as least important.

The findings above are supported by studies by Trent (2005) and Ross (2011). These scholars submit that effective supplier performance management is a function of the effectiveness of source-selection evaluation and contract management as well as careful management of performance, effective communication supplier development and continuous improvement. Hale and Arumugan (2012) also mentioned benchmarking as one key ingredient in effective supplier performance management. Views on ensuring effective suppliers performance shown in table 4.5 have also been presented in figure 4.5.

A. Views on Importance of Strategic Supplier Management Activities

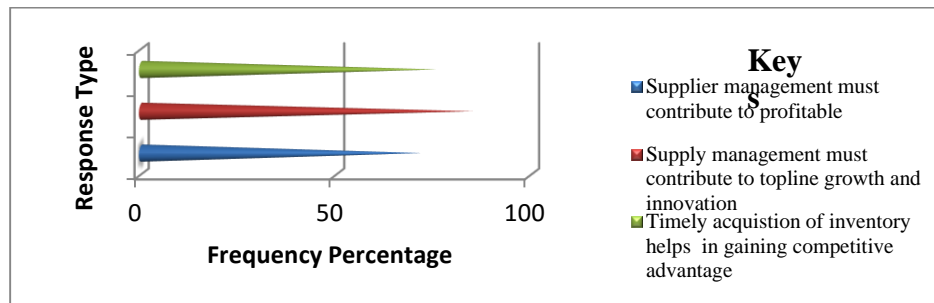
The study sought views from both ABL officials and its development partners i.e. suppliers on the importance of being strategic in management suppliers. Findings have been presented in Table 4.6.

Frequency Table Reflecting Respondents Ranking Level of Importance of Statements on strategic supplier management

Statement on supplier management	Very Important (%)	Important (%)	Least Important (%)	Neutral (%)
To remain competitive supplier management must contribute to profitability	71.7	28.3	-	-
Supplier management must not only focus on cost savings but also contribute to top-line growth and innovation	84.9	15.1	-	-
Business leaders ought to develop a deep insight into the global supply market’s ability to meet their requirement	-	64.2	15.1	20.7
There should be timely acquisition of inventory and supplier performance maximization so as to gain competitive advantages	75.5	17	-	7.5

Source: Field Data (2012)

Bar chart showing views on the importance of strategic supplier management activities ranked very important by respondents



Source: Field Data (2012)

In table, 38 out of the 53 respondents pointed out that it is very important for supplier management to contribute to profitability to remain competitive.

Fifteen (i.e. 28.3%) respondents described as important the need for supplier the company's profitability so as to stay competitive.

Forty-five (i.e. 84.9%) respondents felt it is very important for supplier management not only to focus on cost savings but also contribute to top-line growth and innovation.

Eight (i.e. 15.1%) respondents ranked this statement as important.

Thirty-four (i.e. 64.2%) respondents ranked the statement that business leaders ought to develop a deep insight into the global supply market's ability to meet their requirements as important.

Eight (i.e. 15.1%) respondents felt the statement is least important while eleven (i.e. 20.7%) respondents remained neutral over the statement.

Forty (i.e. 75.5%) respondents described as very important the statement that there should be timely acquisition of inventory and supplier performance maximization so as to gain competitive advantage.

Nine (i.e. 17%) respondents referred to the statement as important while Four (i.e. 7.5%) respondents remain neutral over the issue.

The findings above concur with conclusions drawn by Handfield et al (2000) as well as Talluri and Sarkis (2002). These researchers noted that the importance of strategic supplier management practices lies in the fact that it helps not only in cutting cost, thereby contributing to profitability but also helps in remaining competitive while contributing to top-line growth and innovation. Weber et al (2000) further submit that for companies like Accra Brewery Limited to gain competitive advantage their supplier management activities should reflect a timely acquisition of inventory and supplier performance maximization. Wells (2009) also adds that supplier management leaders should develop a comprehensive insight into international supply market activities so as to meet their requirements profitably.

IV. CONCLUSIONS

The study can conclude that ABL's supplier selection techniques is based on quality, smart delivery, reliability, product performance and previous track records of suppliers. Moreover selection technique is also strategized to bring about customer satisfaction through control, competency, capacity and creativity. Supplier selection techniques should therefore take cognizance of variety and delivery records thereby enhancing overall firm's performance.

Recommendations

- a. **Building the Capacity of Local Suppliers to enhance their Performance:** The study noted that although the social sustainability concept dictates that ABL engages local SMEs suppliers in their supply chain activities

a good number of them lack the capacity and competence to effectively execute their obligations to meet desires of the company. It is hereby recommended that conscious effort is made by the management of ABL to expose these SMEs to some kind of capacity building workshops so as to soar up their ability to properly help achieve corporate goals of the company. Suppliers who benefits should also help contribute towards the upkeep of such training and skills development sessions.

- b. *Difficulty in Developing Suppliers for long term mutual benefits:*** The study discovered that one other problem facing ABL in effectively managing the performance of suppliers has to do with the fact that it is getting increasingly difficult to develop suppliers for a long-term partnership relation. It is therefore recommended that in short listing suppliers for contracts, serious efforts are made to ensure that selected suppliers are willing to enter into long term relationship and have the capacity to sustain development programs. Additionally, management of ABL should quickly put in place structures that support collaboration such as Strategic Supplier Development Programs. This will result in long-term competitive advantage since local suppliers enrolled on the program will further improve their performance to offer corporate benefits through diligent and dedicated services to the company.
- c. *Unstable Value of the Local Currency on Corporate Success:*** The study noted that with most of ABL's raw materials imported, the unstable value of the local currency, the cedi often increases operation cost thereby adversely affecting the fortunes of the organization. This problems, like high inflation, high interest rates, are all macro-economic constraints which are way beyond the control of the brewery. Consequently, the only way forward is for management to reduce operation cost especially by implementation of automation and more lean and agile operation procedures to reduce the quantum of operational cost to compensate for the erosion in profit as result of such external shocks as depreciation of the local currency etc.
- d. *Streamlining facilities to enhance import business:*** The study also made bare the fact that import business facilities such as import licensing, clearing procedure at the port of Entry, import duty etc. are not the best and contribute in no small measure towards discounting the suppliers performance towards enhancing the corporate success of ABL. It is hereby recommended that government of Ghana takes a second look not only at import licensing procedure but also goods clearing procedure at the Ports and Harbours by reducing the clearing time as well as waive some of the taxes paid by manufacturing importers. High import duty often translates into increasing cost of production and by extension high prices of ABL products. Compared with imported finished products especially from the Far East, ABL products are not competitive and therefore adversely affect the revenue base of the company.

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