Leveraging Economy of Scale across Construction Projects by Implementing Coordinated Purchasing

The paper presents a case study of the implementation of coordinated purchasing in a large Nordic contractor as an example of a successful but challenging radical innovation. The paper describes the practices and tools for analysing the existing purchasing activities, categorizing the purchasing volume, and the different strategies for addressing the different categories. In particular the interface between the project and central purchasing activities is portrayed. The paper further describes the implementation struggle, which have required a significant change of mindset in the organisation. A much greater challenge than initially imagined. The implementation of central purchasing activities has been in direct conflict with predominant project culture, as the project culture and identity formation is tightly coupled to the project based purchasing activities. Finally the paper discusses how coordinated purchasing is an important step in the attempt to rethink the existing business model in construction. Going from competing on overhead (in a red ocean) to start to compete on company specific core competencies. The paper concludes highlighting the next milestones at the journey leveraging economy of scale even further, though the use of platforms, modularization and configuration.

General information
State: E-pub ahead of print
Organisations: Planning and Management of the Built Environment, Department of Management Engineering
Contributors: Thuesen, C. L.
Publication date: 2010

Host publication information
Title of host publication: CIB Proceeding
Keywords: industrialization, identity, purchasing, culture
Source: orbit
Source-ID: 271950
Research output: Research - peer-review › Article in proceedings – Annual report year: 2010