

THE APPLICATION OF STRATEGIC SOURCING TO IMPROVE COMPETITIVENESS IN THE ACQUISITION OF NEW CONTRACT IN EPC BUSINESS

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ABSTRACT

Competition in the increasingly competitive construction business forces companies to make changes in an effort to increase competitiveness in the acquisition of new contracts. In the last three years the Engineering, Procurement and Construction (EPC) business in one of state-owned construction company in Indonesia has been faced with a declining trend in hit rate of contract acquisition. Evaluation result indicates that less competitive price is the most dominant factor as the cause of failure in the tenders followed. This research is intended to find the gap between strategic sourcing currently applied with best practice. The evaluation conducted by comparing the existing strategic sourcing with the model in the literature review. Improvement were made to address the gap to obtain a more appropriate strategic sourcing and supplier relationship management using spending analysis, supply market analysis, Kraljic's matrix supplier segmentation and business model mapping toolkit. This research is expected to provide a more appropriate alternative strategy for supplier selection and supplier relationship management to improve company's competitiveness in the acquisition of new contracts. This research is also expected to be able to give insight and open opportunity for other research related to the implementation of supply chain strategies in the EPC business.

Keywords: Business model mapping toolkit, EPC, Kraljic's Matrix, Strategic sourcing.