

The School of Higher Commercial Studies
EHEC Algiers

**Thesis Submitted in partial Fulfillment
of the Requirements for Master's Degree in Commercial Sciences**

Major: International Affairs

Subject:

**Impact of the Procurement Process on the
Commercial Performance of a company**

Case Study: SARL BOUBLENZA

Submitted by:

Miss. Radja MORTAD

Supervised by:

Pr. Farah RAHAL

Professor at EHEC Algiers

10th Promotion

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Dedications

*To the pillars of my life, **my beloved parents**:*

Your unwavering support, sacrifices, and belief in me have been the driving force behind my pursuit of knowledge. Thank you for instilling in me a passion for learning and for always being there to lift me up. This achievement is a testament to your endless love and guidance.

*To **my siblings**:*

Who have been my constant companions and confidants, it is in your presence that I find strength and comfort. Thank you for your support and understanding. I am grateful for the cherished bond we share. This thesis is dedicated to you.

*To my dear friends and classmates at **EHEC** and **ESMT**:*

Thank you for making my educational journey memorable and enriching. This thesis is dedicated to each one of you, as a token of my appreciation for the cherished moments we have shared and the invaluable friendships we have formed.

*To **EB Esquiloz**, and all my **AIESEC** family:*

Your friendship, support, and shared experiences have added a special touch to my life. Thank you for the countless memories and for constantly inspiring me to explore new horizons. This thesis is dedicated to you, as a tribute to the impact you have had on my personal and professional development.

This achievement would not have been possible without your love, support, and help. I am forever grateful for your presence in my life.

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I am also grateful to the dedicated staff and esteemed professors of EHEC (École des Hautes Études Commerciales), whose knowledge, teachings, and support have played a crucial role in my educational journey.

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With heartfelt appreciation,

Radja MORTAD

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List of Abbreviations

| |
|----------------------------------------------------------------------------|
| CEO: Chief Executive Officer. |
| CRM: Customer Relationship Management. |
| GDP: Gross Domestic Product. |
| HR: Human Resources. |
| IT: Information Technology. |
| JIT: Just In Time. |
| KPI: Key performance Indicator. |
| KRIs: Key Result Indicators. |
| NPI: New Product Introduction. |
| P: Performance. |
| PIs: Performance Indicators. |
| PO: Purchase Order. |
| Pr: Profit. |
| R&D: Research and Development. |
| RFP: Request For Proposal. |
| RI: Result Indicators. |
| ROI: Return On Investment. |
| ROIC: Return on Invested Capital |
| SOW: Statement Of Work. |
| SRM: Supplier Relationship Management. |
| SWIFT: Society for Worldwide Interbank Financial Telecommunication. |

Abstract

Procurement and commercial performance are vital aspects of business operations crucial for a company's success. In today's competitive landscape, organizations strive to optimize supply chain management to achieve sustainable success. Procurement plays a critical role in ensuring the acquisition of necessary resources, materials, and services for business operations. Measuring procurement effectiveness, particularly during economic downturns, is essential due to its significant impact on the supply chain. Effective procurement processes not only yield cost-saving benefits but also identify areas for improvement and enhance competitiveness. Conversely, delays or hindrances in procurement adversely affect production capacity. However, effective procurement strategies can reduce costs, enhance efficiency, and lead to overall improvement in company performance. A comprehensive analysis can help companies understand the importance of procurement on commercial performance and its impact on the overall success of the organization. The goals of this study are to investigate the relationship between procurement and commercial performance, to assess the effectiveness of procurement techniques in improving operational efficiency and cost optimization, and to provide practical recommendations for improving procurement strategies. Through qualitative analysis and a comprehensive review of literature, the research results verify the significant impact of the procurement process on commercial performance.

Keywords: Procurement, Commercial Performance, Costs, Measure.

Résumé

L'approvisionnement La gestion des achats et la performance commerciale sont des aspects essentiels des opérations commerciales, cruciaux pour le succès d'une entreprise. Dans le monde des affaires concurrentiel d'aujourd'hui, les organisations s'efforcent d'optimiser la gestion de leur chaîne d'approvisionnement pour atteindre un succès durable. Les achats jouent un rôle crucial au sein de la gestion de la chaîne d'approvisionnement en garantissant l'acquisition des ressources, des matériaux et des services nécessaires aux opérations commerciales. Mesurer l'efficacité des achats est essentiel, en particulier lors de périodes de ralentissement économique, car cela a un impact significatif sur la chaîne d'approvisionnement. La mesure de la performance d'une entreprise peut déterminer si elle se développe ou décline. Un processus d'approvisionnement efficace permet non seulement de réaliser des économies, mais également d'identifier des domaines d'amélioration et de renforcer la compétitivité. En fait, lorsque les processus d'approvisionnement sont retardés ou entravés, la capacité de production de l'entreprise est considérablement affectée. Cependant, des stratégies d'approvisionnement efficaces peuvent réduire les coûts et accroître l'efficacité, entraînant une amélioration globale de la performance d'une entreprise. Une analyse globale peut aider les entreprises à comprendre l'importance des achats sur la performance commerciale et son impact sur le succès global de l'organisation. Les objectifs de cette étude sont d'investiguer la relation entre les achats et la performance commerciale, d'évaluer l'efficacité des techniques d'approvisionnement dans l'amélioration de l'efficacité opérationnelle et l'optimisation des coûts, et de fournir des recommandations pratiques pour améliorer les stratégies d'approvisionnement. À travers une analyse qualitative et une revue complète de la littérature, les résultats de la recherche confirment l'impact significatif du processus d'approvisionnement sur la performance commerciale.

Mots clés : Approvisionnement, performance commerciale, coûts, mesure.

ملخص

التوريد والأداء التجاري هما جانبان أساسيان في عمليات الأعمال الأساسية لنجاح الشركة. في عالم الأعمال التنافسي الحالي، تسعى المنظمات لتحسين ممارسات إدارة سلسلة التوريد لتحقيق النجاح المستدام. يلعب التوريد دورًا حاسمًا في إدارة سلسلة التوريد حيث يضمن الحصول على الموارد والخدمات الضرورية لعمليات الأعمال التجارية. قياس فعالية التوريد أمر بالغ الأهمية، خاصة خلال فترات الانكماش الاقتصادي، حيث يؤثر بشكل كبير على سلسلة التوريد. يمكن أن يحدد قياس أداء الشركة ما إذا كانت تتطور أم تتحدر. يمكن لعملية التوريد الفعالة أن تؤدي لتحقيق فوائد توفير التكاليف وكذلك تحديد المجالات التي يمكن تحسينها وزيادة التنافسية. في الواقع، عند تأخير أو تعطيل عمليات التوريد، يتأثر القدرة الإنتاجية للشركة بشكل كبير. ومع ذلك، يمكن لاستراتيجيات التوريد الفعالة تقليل التكاليف وزيادة الكفاءة، مما يؤدي إلى تحسين شامل في أداء الشركة. يمكن أن يساعد التحليل الشامل الشركات على فهم أهمية التوريد في الأداء التجاري وتأثيره على النجاح العام للمنظمة. لذا، فمن الضروري أن تعتبر الشركات التوريد أولوية لضمان النجاح على المدى الطويل. أهداف هذه الدراسة هي التحقيق في العلاقة بين التوريد والأداء التجاري، وتقييم فعالية تقنيات التوريد في تحسين الكفاءة التشغيلية وتحقيق الأمتلية التكلفة، وتقديم التوصيات العملية لتحسين استراتيجيات التوريد. من خلال التحليل النوعي ومراجعة شاملة للمراجع، تؤكد نتائج البحث التأثير الكبير لعملية التوريد على الأداء التجاري.

الكلمات المفتاحية: التوريد ، الأداء التجاري ، التكاليف ، القياس.

Summary

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General Introduction

General Introduction

In today's highly competitive business world, maintaining high levels of performance is crucial for companies to thrive and succeed. Evaluating and monitoring business performance has become an increasingly important activity in recent years, and one that has become necessary given the significantly reduced margin of labor available to management. The new global economic order is increasingly requiring businesses to do more with less.

In order to sustain a continually high level of performance in a competitive environment, every organization must exhibit adaptability, competitiveness, and innovation in the face of evolving market conditions. Managers must monitor, measure, and manage their organization's commercial performance in order to assess the quality of their decisions.

Moreover, measuring business performance takes on an essential dimension in any organization whose existence depends on efficiency. To evaluate their performance, managers can call on measurement indicators.

One critical aspect that significantly impacts a company's performance is the procurement, which plays a vital role in any supply chain.

In many different industries, the procurement is essential to a company's success. Projects and processes can be completed successfully and efficiently thanks to efficient procurement management, which ensures the acquisition of necessary goods and services.

A well-managed procurement process guarantees that high-quality materials and resources are available on time, allowing for efficient production and delivery of goods and services. Furthermore, good procurement methods enable firms to find and work with dependable suppliers, negotiate attractive contracts, and save money.

Today's procurement professionals need to be able to assess market conditions and react appropriately to them, as well as have the vision to anticipate the organization's future needs and put plans into motion that will take into account the shifting dynamics of the constantly reinvented organization. Today's procurement management specialist must, in fact, be a master of change.

The subject of this thesis revolves around exploring the impact of the procurement process on the commercial performance of a company, with a specific case study on SARL BOUBLENZA.

The selection of this thesis topic was driven by the realization of how important procurement is to the modern business environment. The purpose is to clarify the relationship between raw material purchases and commercial performance, as well as to provide informative explanations and effective suggestions for improving procurement methods.

The specific case study of SARL BOUBLENZA provides a distinctive background for addressing the business environment in Algeria, which is advantageous to both the case



General Introduction

company and other exporting companies. The research aims to empower organizations to make informed decisions, enhance operational efficiency, and drive overall commercial success.



This thesis focuses on providing an answer to the following problem:

How does procurement process affect the commercial performance of a company?

To effectively arrange our work, we found it helpful to divide it into three secondary questions that need to be asked:

1. How does the procurement process influence lead times for production and delivery?
2. How can the commercial performance of a company be assessed?
3. What is the relationship between procurement costs and the selection of suppliers?

Through the use of these three questions, we have proposed the following hypotheses:

1. **H1:** Merging between local and foreign procurement depends on the season and raw material availability.
2. **H2:** Working with local suppliers helps to optimize supply logistics costs less than foreign ones.
3. **H3:** Raw material procurement problems cause an imbalance on the commercial performance.

To achieve our objective, respond to the problem posed and test the hypotheses, we have adopted a descriptive-analytical, qualitative method. This revolves around semi-structured individual interviews with company responsible.

At each stage of our work, we used a variety of data collection techniques and tools. The main tools used are:

- Literature review: We drew inspiration from a number of books, webography and academic works for the theoretical part. Also, we used internal company documents to gather the data required for our case study analysis.
- Interviews: semi-structured individual interviews with administrative and financial department managers in order to carry out a relevant analysis, taking into account the organization, management systems and procedures.
- Observation: During our practical training period, we visited various departments within the company, in order to identify the procurement process within SARL BOUBLENZ, and to evaluate its commercial performance.

General Introduction

To properly carry out our work, we have deemed it useful to divide it into three chapters, two theoretical chapters and the third is devoted to the practical case:

1. **Chapter one** focuses on detailing the procurement steps and conditions, providing an in depth understanding of procurement and its process.
2. **Chapter two** explores the indicators of commercial performance, allowing for a comprehensive evaluation of the company's overall business success.
3. **Chapter three** examines the effects of the procurement process on local markets versus importation, utilizing SARL BOUBLEENZA as a case study. The research aims to gain insights into the benefits and challenges of procuring from local markets versus importation while evaluating the impact of procurement choices on the company's commercial performance.

Chapter 01:
**The procurement
steps and conditions**

Chapter 01: The procurement steps and conditions

Introduction of the chapter:

The procurement process plays a critical role in the success of organizations, it is an essential aspect of any business organization, and its importance cannot be overstated ensuring the acquisition of goods, services, or works from external sources. This chapter focuses on the procurement steps and conditions, providing a comprehensive understanding of the process. It begins with an overview of procurement concepts and theories, followed by an exploration of procurement within a company. Finally, it examines the peripherals of procurement, considering classic and modern ones.

Section 1: Overview of procurement concepts and theories

This section presents an overview of fundamental concepts and theories related to procurement. It introduces key terms and definitions, history and

1. History of Procurement:

The history of procurement can be traced back to ancient Egypt, where materials management was used to manage the supply for the pyramids. In the 1800s, Charles Babage proposed a centralized procurement officer. During the Industrial Revolution, procurement solidified its importance, with Marshall Kirkman's 1887 book detailing its strategic contributions to the railroad industry. However, the World Wars forced procurement initiatives to shift back away from a strategic role to strictly clerical. In the mid-1960s, procurement once again took on a managerial role, with competitive bidding and an increase in trained professionals helping it regain departmental status.

The 1980s saw an increase in supplier competition, leading to the transition of procurement into strategic sourcing. Today, procurement professionals are instrumental to the success of organizations, responsible for an umbrella of initiatives from the development of a solicitation to the evaluation of and working with qualified suppliers. New technologies such as e-procurement solutions, like SourceSuite, are creating a more efficient approach to strategic sourcing. Procurement has a long history, but its role as a strategic part of the organizational structure is still relatively new.¹

¹ Procurement Solutions, M. C. (n.d.). *The History of Procurement: Past, Present and Future* | mdf commerce strategic sourcing. <https://www.sourcesuite.com/procurement-learning/purchasing-articles/history-of-procurement-past-present-future.jsp> consulted on 03/03/2023 at 6:30pm.

Chapter 01: The procurement steps and conditions

Table n°1.1: History of Procurement

| Period | Status |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Late 1890s | Procurement rarely used as a different department except in the railroad. |
| Early 1900s | Procurement considered clerical work. |
| World War I and II | Procurement function increased in importance due to the importance of obtaining raw materials, services, and supplies to keep the mines and factories running. |
| 1950s and 1960s | Continued to gain stature, processes more refined, and more trained professionals. Still considered order placing clerical in a staff-support position. |
| Late 1960s–early 1970s | Integrated materials systems introduced, materials became part of strategic planning, and importance of department increased. |
| 1970s | Oil embargo and shortages of basic raw materials turned the focus of the business world to procurement. |
| 1980s | Advent of just-in-time with an emphasis on inventory control and supplier quality; quantity, timing, and dependability made procurement a cornerstone of competitive advantage. |
| Early 1990s | Value proposition of procurement continued to increase; cost-savings became the buzzword. |
| Late 1990s | Procurement evolved into strategic sourcing, contracts were more long term, and supplier relationship building and supplier relationship management started. |
| 2000s | Procurement shifted its myopic focus on cost to much broader terms. Some of the widely used developments: spend analysis, low-cost country sourcing, procurement technology evolved (ERP, e-sourcing), procurement outsourcing evolved (P2P), total cost of ownership, data mining and benchmarking, and lean purchasing. |

Source: CSCMP and Wendy Tate, *the Definitive Guide to Supply Management and Procurement*, Pearson FT Press, 2013.

The table highlights the history of procurement from the late 1890s to the 2000s; it offers valuable insights into the evolution of procurement practices over time. We can gain a comprehensive understanding of how procurement has evolved and adapted to changing business landscapes throughout the 20th century. The table covers key periods such as the Industrial Revolution, the World Wars, economic booms, and technological advancements that influenced procurement strategies and approaches and outlines significant milestones, developments, and trends that have shaped the field.

1.1 Definition of procurement:

Due to the different professional specification in the field of procurement, there is no agreement on its definition. However, this has enriched the literature history of the concept. Procurement is defined as:

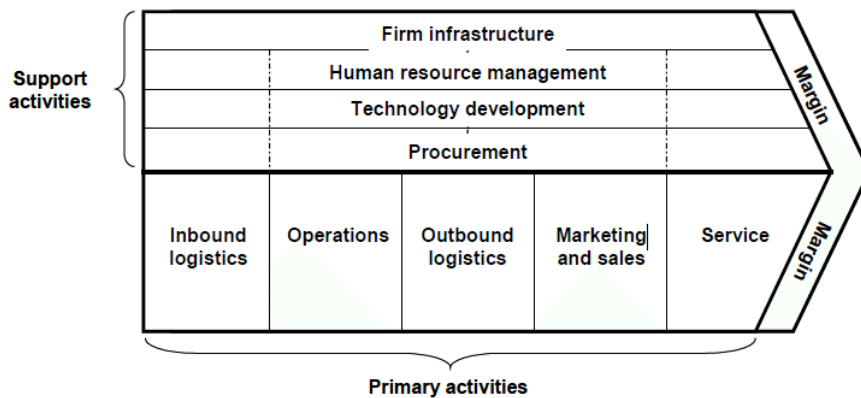
Chapter 01: The procurement steps and conditions

“Procurement is the possession of obtaining suppliers, especially the government and private organizations.”¹ Procurement refers to the process of acquiring goods, services, or works from an external source, typically through a formal purchasing process. Procurement is an essential function for many organizations, both in the public and private sectors, as it enables them to obtain the resources they need to operate and deliver their products or services.

Carr and Pearson stated that firms recognize the procurement function as an important resource for obtaining high quality levels, fast deliveries and cost savings, while Porter classified it as a support activity in generic value chain.² Tempelmeier defines procurement practices as the activities leading to purchasing that is contract-centered (as opposed to logistical activities implying the physical movement of goods)³

Effective procurement requires the utilization of sound business practices that maximize value to the organization through the acquisition of goods and services. This follows the old adage that the Procurement Department’s role is to deliver the right material (or service) in the right amount to the right place at the right time and at the right price.⁴ and that procurement activities are not value-adding themselves, because purchased inputs are present in more than one primary activity as illustrated in the following figure .

Figure n°1.1: The value chain



Source: Michael E. Porter, *Competitive advantage creating and sustaining superior performance*. New York, Free Press, (1985), p37

The figure illustrate Porter's value chain, Michael Porter explains that a value chain is a collection of activities (primary and support activities) that are performed by a company to create value for its customers. It also highlights how procurement, as an integral part of the

¹ Oxford Advanced Learner’s Dictionary at <https://www.oxfordlearnersdictionaries.com/definition/english/procurement?q=procurement> Consulted on 18/03/2023 at 8:30pm.

² Michael E. Porter, *Competitive advantage creating and sustaining superior performance*. New York, Free Press, (1985), p.41.

³ Tempelmeier, H. (1995): *Materials planning*, 3rd edition, Berlin Ct al, 1995, p5.

⁴ FRED SOLLISH, JOHN SEMANIK, *The Procurement and Supply Manager’s Desk Reference*, 1st edition, New Jersey, 2007, p2.

Chapter 01: The procurement steps and conditions

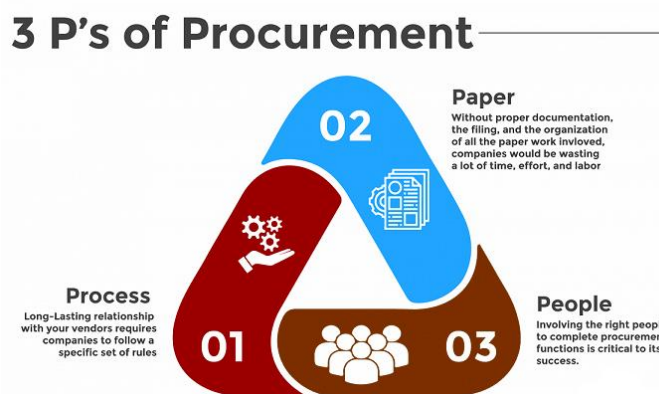
overall value creation process, can contribute to cost efficiency, differentiation, and customer satisfaction.

Also, Van Weele depicts the definition of procurement as: "The management of the company's external resources in such a way that the supply of all goods, services, capabilities and knowledge which are necessary for running, maintaining and managing the company's primary and support activities is secured at the most favorable conditions"¹

2. Components of procurement:

In procurement, the three P's are crucial for a successful procurement process.

Figure n°1.2: 3Ps of Procurement



Source: P. (2019, September 27). *Procurement Management Plan Template Excel*. Project Plan Templates | Projectemplates. <https://www.projectemplates.com/procurement-management-plan-template/> Consulted on 14/04/2023 at 7:33pm.

The previous figure illustrate the three P's of procurement process, By focusing on the three P's, procurement management professionals can ensure a successful procurement process that meets the organization's needs.²

1. People: The number of persons participating in the procurement process is determined by the sale of the product and the number of procurement orders. Procurement personnel are in short supply at a small firm. Each stage of the procurement process is overseen by a separate staff in larger firms. In addition, the number of approvals is lower when the things being ordered are of low value. The degree of approval for the buy requisition in the management order is greater for high-value or highly critical procurements.

2. Process: To work successfully, the procurement process must be well-designed and managed. When a procurement department is chaotic, it leads to inefficiencies and

¹ ArjanJ.VannWeele, (2005) *Purchasing & supply chain management: analysis, strategy, planning and practice*. 4 th London, Thomson, p12.

² P. (2019, September 27). *Procurement Management Plan Template Excel*. Project Plan Templates | Projectemplates. <https://www.projectemplates.com/procurement-management-plan-template/> Consulted on 14/04/2023 at 7:33pm.

Chapter 01: The procurement steps and conditions

inconsistencies across the process, which can result in delays and difficulties with purchases and payments. At every level of the process, transparency assures that there is no corruption or manipulation.

3. Records or paperwork: It is critical to retain records at every stage of the purchase process. Although practically every step of the process has been digitized, both the buyer and the seller benefit from the efficient capture of all information at each level, as well as the coordination and comparison of all relevant data at each stage.

Section 2: Procurement within a company

1. Procurement policy:

Organizations develop policies depending on the objectives they want to reach, these objectives consider the sales volume, the number of employees and the functional sophistication that decide whether the procurement policy to adopt should be simple or Complex. The defined policy must help to meet unique operational requirements. *“The procurement policy does not contain any sub-processes but are a document that governs all procurement activities.”*¹ Although many procurement policies exist, most falls into five categories:²

a) Policies defining the role of procurement: This policy aims to define and clarify the department and the procurement agents' roles and responsibilities. Typically, the policy is what sparks the development of subsequent policies that directly support purchasing activities and from which, later, more specific policies with executive committee-granted authority develop. The staff will be able to implement other executive policies, coordinate, and evaluate the procurement activities by being aware of the role's responsibilities.

b) Policies defining the conduct of procurement personnel: This policy is typically put into place so that purchasing staff members upload ethical behavior. This policy is written and thoroughly explained in medium- and large-sized organizations to serve as a reference for the procurement staff.

c) Policies defining social and minority business objectives: A business that is run or owned in part by a person who is considered to be a member of a minority is referred to as a minority business supplier by the United States government. Its goal is to assess the performance potential of small and underutilized suppliers in order to inform customers about their needs.

¹ Mattias Berggren, Magnus Blomberg, Group Procurement Policy, 2006 , p41

² Monczka (R), Handfield (R), Giunipero (L), Patterson (J), *Purchasing and Supply Chain Management*, Bloomsbury Academic, USA, 2015, P97

Chapter 01: The procurement steps and conditions

d) Policies defining buyer-seller relationships: This policy is typically adopted when a business wants to improve its relationships with its suppliers. The goal is typically to transform one-off transactions into commitments, long-term beneficial relationships, and ultimately, a successful supplier-buyer partnership. The communication style and information content are the two key elements that make this achievement possible.

e) Policies defining operational issues: Companies that implement these kinds of policies typically have a highly developed procurement department. Operational issues often derail many plans and affect business performance, they fall under five categories:

- Wastage issues.
- Delay issues.
- Quality issues.
- Control and management issues.
- Work cultural issues.

2. Procurement process:

The procurement process refers to the series of steps that an organization takes to acquire the goods and services it needs to operate. It is a vital aspect of organizational operations; this process typically includes the following stages:

2.1 Identifying needs:

Identifying the organization's needs and translating them into specific requirements that can be used to source the desired goods or services.¹ The procurement cycle starts when any business unit of an organization needs products or services from an outside supplier. The process usually starts with identifying or anticipating different departments' needs, or what we call the requirement of the purchase: It *“often takes the form of a specification for materials or a statement of work (SOW) for services. Most commonly, it is the internal user who generates this information—often called a requirement—and it is the procurement professional's responsibility to ensure that it is properly conveyed to the supplier in the procurement document.”*²

Depending on the company structure, this step might be managed by the business owners, department heads, and executive team, staff, and/or procurement managers. In this stage, a budget will be set and a comprehensive view of spending will often be assessed.³

¹ FRED SOLLISH, JOHN SEMANIK, *The Procurement and Supply Manager's Desk Reference*, 1st edition, New Jersey, 2007, p3.

² Ibid

³ B. (2021, April 28). *Procurement Process 101: The Stages of Procurement* | ProcureAbility. ProcureAbility. <https://procureability.com/what-are-the-stages-of-procurement-process/> Consulted on 06/03/2023 at 11:22 pm

Chapter 01: The procurement steps and conditions

2.2 Sourcing:

It is the process of taking advantage of purchasing opportunities by reviewing current needs against purchasing opportunities. *“Sourcing is the set of business processes required to purchase goods and services. Managers must first decide whether each task will be performed by a responsive or efficient source and then whether the source will be internal to the company or a third party.”*¹

A requirement specification is established first, followed by a cost-benefit analysis and a review of potential vendors. It enables the business to find potential suppliers, assess their abilities to choose the best one, and occasionally forge relationships with them. The primary objective of this stage is to offer the business the best opportunity that might turn into a competitive advantage. *“Sourcing decisions are crucial because they affect the level of efficiency and responsiveness the supply chain can achieve”*²

2.2.1 Sourcing Process:

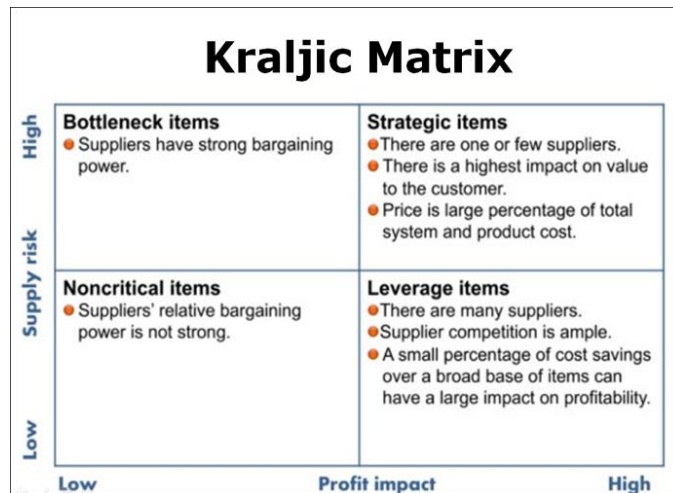
- 1. Needs Assessment:** The most important idea is to identify the needs of the organization by implementing systems, procedures, processes, and creating a sound relationship with the internal customers. This will help to avoid conflict, increase compliance, and reduce total cost.
- 2. Market Analysis:** Market analysis is the collection and analysis of supply market data to gain insight into investments, risks, and capabilities. It is achieved by executing five tasks: objectives determined, cost versus benefit reviewed, research plan created, desk and field research conducted, and evaluation and recording of results.
- 3. Portfolio Analysis:** While there are different tools to do portfolio analysis, one of the buyers' most commonly used portfolio analysis tool is Kraljic Matrix. In short, Kraljic matrix is used to segment suppliers of a company by dividing them into four classes, based on the complexity (or risk) of the supply market (such as monopoly situations, barriers to entry, technological innovation) and the importance of the suppliers (determined by the impact that they have on the profitability of the company). This subdivision allows the company to define the optimal purchasing strategies for each of the four types of suppliers.

¹ Sunil chopra, Peter Meindl Supply Chain Mangement: strategy, planning and operations 5th ed, p54.

² Ibid

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Figure n°1.3: klarjic matrix



Source: *The Strategic Sourcing Process*. (n.d.). <https://www.purchasing-procurement-center.com>.
<https://www.purchasing-procurement-center.com/strategic-sourcing-process.html> consulted on 05/03/2023 at

3:40pm

The figure indicates a structured approach to procurement, suggesting an intention to improve efficiency and effectiveness in the procurement process. We can say that the more you spend with one supplier the more important they are vs the risk of finding and securing the items/goods/suppliers in the marketplace.

- 4. Supplier Relationship Analysis:** it helps buyers determine which type of relationship can best fit the requirements. Buyers should investigate how suppliers perceive their customer, using supplier preference analysis. This method will help to understand the mutual relationship and enable management of that relationship.
- 5. Risk Management:** Risk is the uncertainty of an outcome, and risk management is an ongoing process to identify, assess, and control risks. Unavailability of materials is an important risk, and even with the best risk plans in place, things can and will happen. Back up plans should be in place and reviewed as circumstances change.
- 6. Negotiate & Select Supplier:** Negotiation is a four-step process, starting with the definition of the supply strategy and award criteria, the creation of the RFP document, the running of the RFP, and the negotiation and award of initial quotes. Further, negotiation is not just about price but for many more issues like those below.
- 7. Continuous Improvement:** It is the start of a continuous cycle, as illustrated at the beginning of the whole upstream and downstream process. Once both upstream and downstream processes are completed, it's back to Step 1 to determine needs, review the supply market again and restart the process in a constantly evolving marketplace.

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2.3 Establishing sale contract:

“In its basic form, a contract represents a legally binding agreement made by two or more parties to complete a specified action at a specific point in time. It represents a bargain that is valid in a court. Contracts may be generated to cover the purchase of either goods or services.”¹

2.3.1 Contract requirements: In order for a contract to be legally enforceable, it is commonly agreed that four key elements need to be demonstrated: mutual agreement, legality, consideration, and capacity.

2.3.2 Contract Types: Typically, a Procurement Department will use a wide variety of contractual documents during the normal course of business. The exact document you choose will largely depend on the business needs of your organization and the type of purchase being made. The most common ones are: ²

- Purchase Orders (Pos).
- Requirements or Indefinite Delivery Contracts.
- Definite Quantity Contracts.
- Fixed-Price Contracts.
- Cost-Reimbursable Contracts.
- Time and Materials Contracts.

In general, the contract outlines the terms and conditions of the procurement, including pricing, delivery schedule, quality standards, and any other relevant contractual obligations. This stage involves negotiating and agreeing on the terms of the contract with the selected supplier.³

2.4 Delivering:

The delivering stage involves *“the physical transfer of the purchased goods or the execution of services according to the agreed-upon terms and conditions.”* ⁴ Once the sale contract is in place, the supplier begins the process of delivering the goods or services to the organization. This stage includes shipping, transportation, and logistics activities to ensure the timely and accurate delivery of the procured items. This level requires other documents such as: the material packing list, the bill of lading and the receiving discrepancy report.

¹ FRED SOLLISH, JOHN SEMANIK, The Procurement and Supply Manager’s Desk Reference, 1st edition, New Jersey, 2007, p80.

² Ibid p83-86.

³ Handfield, R. (2011, January 26). **The Procurement Process - Creating a Sourcing Plan: Procurement: A Tutorial.**

⁴ Monczka, Handfield, Giunipero, and Patterson "Purchasing and Supply Management", 4th ed , 2004 , p166.

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2.5 Requesting payment:

Assuming that goods are received and correct, the supplier will issue an invoice which accompanies goods or will be sent separately. After the payment comes a step that many organizations neglect: the management of suppliers performance. The company should not consider that the purchasing cycle ends with the receipt of the order and continuously track its suppliers' performance. This stage involves "creating invoices or purchase orders, reviewing them for accuracy, and ensuring timely payment to the supplier."¹

In summary, The organization verifies that the procurement has been completed satisfactorily, and based on the agreed payment terms, initiates the payment process.

3. Procurement function:

3.1 Definition of the procurement function:

Due to the different professional specification in the field of procurement, there is no agreement on its definition. However, this has enriched the literature history of the concept. Therefore, some authors recognize the strategic role of the procurement function in their definitions. In accordance with Kauffman some professions use the terms purchasing, procurement, supply management, logistics, materials management, interchangeably, both in literature and in practice nowadays due to the different professional specifications in the field of supply chain management and purchasing. Kauffman focuses on the process of buying, by stating "*the process of buying: learning of the need, locating and selecting a supplier, negotiating price and other pertinent terms, and following up to ensure delivery*"² He presents another definition of procurement that encompasses the function in an organization, saying that it is "a major function of an organization that is responsible for acquisition of required materials, services and equipment".

3.2 The interaction between the procurement function and other departments:

Procurement Function keeps other departments supplied with everything from paper clips to manufacturing materials. A productive relationship between procurement and other departments hinges on having data and information systems in place to easily and accurately convey information. These are the principal departments that procurement interacts with, listed here according to their broader functional responsibilities:³

¹ Rendon, R. G. (2008, March 1). Procurement process maturity: key to performance measurement. *Journal of Public Procurement*, 8(2), p 200–214.

² Ralph G.Kauffman," Supply management: What's in a name? Or, do we know who we are?" *Journal of Supply Chain Management*, (2002),p38-46.

³ FRED SOLLISH, JOHN SEMANIK, *The Procurement and Supply Manager's Desk Reference*, 1st edition, New Jersey, 2007, p197-.

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3.2.1. Procurement and Administrative and support functions: generally include those groups that provide the foundation for the smooth, day-to-day tactical operation of the organization as well as those that perform general management activities that serve the entire organization.

Top Management: Or senior management Procurement departments have gained visibility at the senior management level due to improved cost structures and the complexity of managing the supply community. To maintain credibility, procurement professionals must develop communication skills and deliver effective summary presentations. Senior management has less time to spend on individual subjects than other organizational managers, so they need to address their presentations to the competitive forces driving overall organizational mission and strategy. The two functions should work together to develop procurement policies that have a big role in achieving the general policy and comparing it to the set objectives.

Procurement, Finance, Accounting, and Treasury: The relationship between procurement, accounting, and finance is administrative, involving the preparation of procurement budgets and the control and payment of supplier invoices. Finance is responsible for making funds available for favorable buying opportunities and contributing to good supplier relations. These three groups manage virtually all of the organization's monetary funds and provide the foundation for substantiating procurement performance. Establishing close communications and good working relationships with these groups will enhance the department's fiduciary performance.

Human Resources: HR departments are responsible for recruiting new employees, developing and managing personnel policies and benefits, and supporting training as part of the employee development process. They also provide support by providing up-to-date information on employee management and regulations.

Legal and facilities: The Procurement Department is based on legal principles, and the Legal Department provides guidance on how legal technicalities can affect business relationships. Facilities departments are responsible for maintaining physical infrastructure and planning for effective space utilization, and provide a large amount of transactional processing workload.

Information Technology: IT is responsible for all computer and telecommunications requirements, supporting internal data and communications networks, ERP systems, and providing integration services. It is also a large user of procurement services, so it is important to plan for future needs.

Logistics: Logistics services support the organization by handling finished goods distribution and inbound freight. They can reduce inventory and costs by supporting JIT processes and

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using preferred carriers. The Procurement Department can assist logistics operations by adhering to shipping policy and using preferred carriers.

3.2.2 Procurement and production Functions: *Production* is a term widely used to refer to manufacturing, mining, or services that otherwise generate tangible goods or materials

Manufacturing operations planning: Procurement is responsible for ensuring the proper supply of quality materials in the required quantity and at the right time, which can lead to plant shutdowns, loss of customers, and layoffs. It is also charged with the responsibility to reduce the costs of materials used in the manufacturing operation. Planning is key to the successful operation of most manufacturing operations, and the Procurement Department is often an integral part of the production environment.

Quality assurance: Quality assurance is a production function that ensures a given standard of quality. In manufacturing environments, there are two groups engaged in quality assurance: an internal group monitoring manufacturing performance and a supplier-focused group monitoring the quality of incoming materials. As outsourcing expands, this function takes on even greater importance, leading to the increased use of supplier quality engineers deployed directly to procurement departments.

The maintenance of related equipment: The Procurement Department must ensure the supply of spare parts and maintenance-related services to ensure production capacity.

3.2.3 Procurement and sales and marketing: Sales and marketing activities have a direct impact on procurement, creating added demand and slower market demand. Strong relationships between supplier management groups and the organization's sales and marketing efforts can lead to increased sales.

Product/Business Development: Product managers and business development managers have important roles in product development and can provide valuable information to the Procurement Department.

Public Relations: The public image of an organization can have a significant impact on supplier relationships, so it is important to ensure key executives are on the mailing list for press releases.

Advertising/Sales Collateral: Sourcing and supplier management can be successful when collaborative input is provided and aesthetic considerations are taken into account.

Distribution: Distribution is a critical strategic function in any organization that generates strong demand for purchased services and requires the Procurement Department's assistance. It is a primary source of planning information to assist in developing supply strategies.

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3.2.4 Procurement, Engineering and design function: The Procurement Department can help accelerate the process by introducing potential suppliers to the organization's business requirements and taking initial steps towards qualification.

Research and Development (R&D): The combination of research, development, and procurement can help organizations increase their competitive advantage by defining preferred parts and suppliers, doing make or buy analysis, and making the best decision.

New Product/Service Introduction (NPI): NPI is the complete business process of developing new products for the market, involving both internal groups and external suppliers. It is characterized by a distinct functional division between marketing, engineering, and production, and requires early involvement by Procurement to ensure a smooth product introduction ramp-up.

Figure n°1.4: Internal interfaces of the Procurement



Source: Procurement management. (n.d.). Procurement Management.

<https://www.slideshare.net/azbekele/procurement-management-243554819> consulted on 10/03/2023 at 5:44 pm

The graphs illustrate that how procurement cut across most departmental lines. All functions must collaborate to achieve the ultimate goal of customer satisfaction while making the most profit possible, including finance and procurement. to secure funding, with production it ensures prompt delivery of materials, and with comprehension of the marketing, sales, and R&D objectives aids in increasing effectiveness.

3.3 The Procurement function's objectives:

To achieve a professional level of procurement behavior, the procurement function's mission is to contribute to the improvement of the company's results through the understanding and globalization of needs, the management of process time by harmonizing

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internal processes, and the control of information that is required to implement appropriate techniques for reducing direct and indirect costs related to quality and different types of risks. The function is also responsible for ensuring the stability of supplier relationships by making periodic referrals and evaluations and implementing appropriate techniques to set up a monitoring of operational and financial relations. These principles can be classified into 4 main objectives:¹

3.3.1 Support Operational Requirements: This goal necessitates the function understanding business requirements gathered from all departments and teams, followed by these products and services at the right prices, from the right source by identifying suppliers who meet purchase and performance requirements as well as engineering and quality standards at the right time, which we can refer to as purchasing principles. Internal customers (Production, R&D, Sales...) can evaluate the received order.

3.3.2 Manage the purchasing process and the supply base efficiently and effectively: The purchasing process should be managed wisely to support the organization's strategy and policy. It must adhere to the following key steps:

- Identify areas where the purchasing team can contribute and add true value.
- Managing the supply base by identifying and evaluating new suppliers.
- Determining whether current suppliers are competitive, and improving and developing non-competitive suppliers.
- Ensure that all purchases follow the approved purchasing processes, and that engineering and other functional inputs are included.
- Manage its internal operations efficiently and effectively, including:
 - Procurement and purchasing staff management.
 - Development and maintenance of policies and processes.
 - Introducing and leveraging appropriate technology and systems.
 - Defining procurement strategy and structure.
 - Developing plans and measures.
 - Providing procurement leadership to the organization.

3.3.3 Develop Strong Relationships with Other Functional Groups: Procurement's transversal role necessitates that it serve as the interface between the company's various functions and its suppliers. It represents the link between each department's needs and the

¹ KirshnaHavaladar, *Industrial Marketing: Text and cases*, Tata MCgraw Hill, New delhi, 2006, P35.

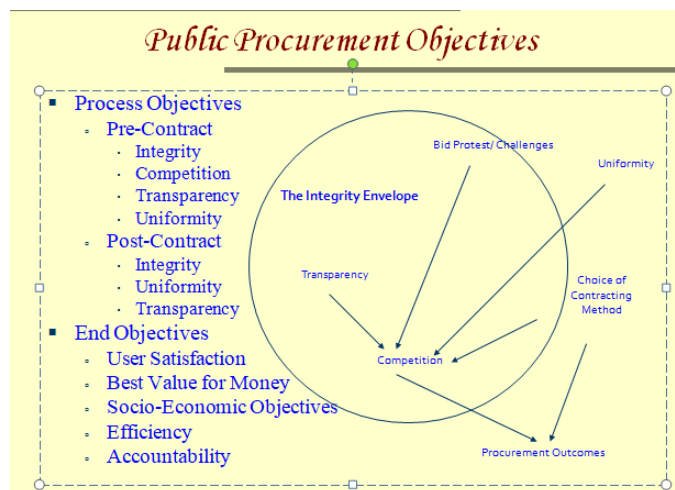
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market situation. Its role is critical to the business; it is also the coordinating element of the supplier relationship.

3.3.4 Support organizational goals and objectives: The function's strategic goal is to develop integrated procurement strategies that support organizational strategies, which include:

- Monitoring supply markets and trends (e.g., material price increases, shortages, supplier changes) and interpreting the impact of these trends on company strategies.
- Identifying the critical materials and services required to support company strategies in key performance areas, particularly during new product development.
- Creating supply options and contingency plans to supplement company plans
- Assisting the organization in meeting its need for a diverse and globally competitive supply base.

Figure n°1.5: Public procurement Objectives



Source: Prof. Samir K Srivastava, Overview of Procurement Process *Strategic Role of Procurement*, **Indian Institute of Management Lucknow**.

The figure illustrates main public procurement Objectives. It states that the objectives of a world-class procurement organization move far beyond the traditional belief that procurement's primary role is to obtain goods and services in response to internal needs, but it goes all the way through the process and affects the overall supply chain and strategy.

3.4 The Procurement function challenges:

Procurement managers face a number of different challenges directed towards 4 key elements:

- 1) The impact of the procurement strategy and the improvement of product quality, on the operating margin, therefore on profit.

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- 2) The management of the risks linked to the supply, the realization of the total quality, the analysis of the value which allows the limitation of the dysfunctions of the processes, and innovation that allows the permanence and secures all the activities.
- 3) Rapid responsiveness, quantitative response to requests, and identification of risks and opportunities related to the act of purchase.
- 4) Lastly, preserve the image of the product and the company through good communication and transparency.

Section 3: Peripherals of procurement

Procurement has evolved into a strategic tool for businesses of all sizes and activities. It is the interface between the company's various functions and suppliers, connecting the needs of each to the market. This section introduces the main procurement peripherals.

1 Classic peripherals of procurement:

1.1 Purchasing:

The purchasing function, which is frequently confused with the procurement function, is in fact a part of it; it is up to it to keep the act of procure going; the purchasing staff is responsible for calculating the need, placing routine orders, and ensuring the quality of the product. It also ensures product availability in the right place, at the right time, and in the right quantities.¹

The purchasing function is responsible for orders related to product renewal or replacement. It reduces the quantities to be ordered after having established the quantities to be consumed with taking into consideration the fixed ratios to don't overflow stocks. In some organizations, the purchasing unit has the power to accept or reject offers presented to the company. The purchasing unit must use good tools to measure the past and immediate consumption of the product and have the right tools to anticipate demand. Monitoring the flow of outgoing products is becoming easier due to performance and miniaturization of meters and the capacity of data transmission systems.

1.1.1 Purchasing organization:

The shape of the organization is essential for procurement performance. How the organization is to be governed is depending heavily on the type of organizational structure adopted. Axelsson and Laage-Hellman identifies three ways to organize purchasing according to specialization:

¹ Roger PERROTIN, François SOULET de BRUGIERE, « *Le manuel des achats* », Paris, EYROLLES, 2007, p207

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- Specialization based on commodity.
- Specialization based on facility.
- Specialization based on supplier.

In the first case a specific buyer deals with specific products or services, in the second case a buyer deals with all purchasing for a specific facility, and in the last case a specific buyer deals with all purchasing from a specific supplier.¹

1.1.2 Levels of tasks: In purchasing organization three levels of responsibility can be identified, strategic level, tactical level and operational level:

Strategic level: Decisions are made influencing the long-term market position of the company. Examples of purchasing decisions include the development and issuing of operational guidelines, procedures, and task descriptions, the development and implementation of auditing and review programs, the outsourcing of activities, the establishment of long-term contracts and contacts with certified and/or preferred suppliers, the adoption of a supplier strategy based on multi-versus single sourcing, major investments decisions, backward integration decisions, transfer-pricing and intercompany supplies policies, and reciprocal arrangements, counter trade and barter-deals policies.

Tactical level: It is responsible for decisions such as supplier selection, evaluation and development, and purchasing actions that affect products and processes. Examples include agreement on supplier agreements, value analysis programs, certification programs, and selection and contracting of suppliers.²

Operational level: It is responsible for ordering, expediting, delivery surveillance, and follow up on orders. Examples of purchasing decisions and activities include ordering, expediting, troubleshooting, and monitoring and evaluation of supplier performance.

1.1.3 Centralized versus decentralized purchasing organization:

***Decentralized purchasing organization:** Decentralized structures are common in businesses with business unit structures, where the business unit manager is responsible for financial results and all purchasing. However, this type of organization does not allow the company to leverage its full bargaining power, resulting in multiple agreements with the same supplier. This type of organization is preferred when a company has different business units with different needs and unique products purchased.³

¹ Axelsson, B. & Laage-Hellman, J. (1991) Inköp en ledningsfråga. Stockholm : Sveriges mekanförbund, p30.

² ArjanJ.VannWeele, (2005) *Purchasing & supply chain management: analysis, strategy, planning and practice.* 4 th London, Thomson, p60

³ Van Weele, A.J. (2002) *Purchasing and Supply Chain Management: Analysis, Planning and Practice*, 3rd edition. Thomson Learning, London, p210

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***Centralized purchasing organization:** A centralized purchasing organization is in charge of all purchasing, with decisions about product specifications and supplier selection made centrally. Contracts with suppliers are typically negotiated centrally, with the same terms and conditions applying to all business units. The main advantage of this organization is that negotiators are negotiating for the entire company's spend, giving them more leverage over the supplier and a stronger bargaining position. The disadvantage is that it creates issues with accountability when a business unit manager is responsible for his results but cannot influence his cost for purchased goods.¹

1.1.4 Purchasing policy:

a) Risk: is: *“The probability that something unwanted should happen multiplied with the severity of the consequences of such an event.”*² We can divide purchasing risks into four categories:

- **Technical risks:** concern whether the supplier can deliver the functionality and performance that was agreed upon. They are also concerned about whether the supplier possesses the necessary skills to deliver what was ordered.
- **Commercial risks:** are associated with the costs incurred by a company as a result of a purchase. This could include prices as well as other costs associated with the purchase, such as shipping, production costs, customs fees, and so on.
- **Contractual risks:** are concerned with whether the contract is precise enough to prevent mistakes and to clearly state the consequences of mistakes. Penalties for poor performance can help to reduce contractual risks.
- **Performance risks:** are simply the risks that the supplier is incapable of doing what the contract requires from them.

b) Ethics: Dobler and Burt present a standard of conduct created by The National Association of Purchasing Management:³

- **Ethical Perceptions:** Avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications.
- **Responsibilities to the employer:** Demonstrate loyalty to the employer by diligently following the lawful instructions of the employer, using reasonable care and only the authority granted.

¹ Van Weele, A.J. (2002) Purchasing and Supply Chain Management: Analysis, Planning and Practice, 3rd edition. Thomson Learning, London, p210

² Persson, G. (2006). Köp rätt med ISO 9001! Stockholm: SIS Förlag.

³ Dobler, D. & Burt, D. (1996). Purchasing and supply management. New York: McGraw-Hill , P565-578.

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- **Conflict of interest:** Refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the employer.
- **Gratuities:** Refrain from soliciting or accepting money loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors or services from present or potential suppliers that influence, or appear to influence, purchasing decision.
- **Confidential information:** Handle confidential or proprietary information belonging to employers or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- **Treatment of suppliers:** Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle
- **Reciprocity:** Refrain from reciprocal agreements that restrain competition.
- **Law:** Know and obey the letter and spirit of laws governing the purchasing function, and remain to legal ramifications of purchasing decisions.
- **Small:** disadvantaged and minority owned business. Encourage all segments of society to participate by demonstrating support for small, disadvantaged, and minority owned business.
- **Personal purchase for employees:** Discourage purchasing's involvement in employee-sponsored programs of personal purchases that are not business related.
- **Responsibility to the profession:** Enhance the proficiency and stature of the purchasing profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behavior.
- **International Business:** Conduct international business in accordance with the laws, customs, and practices of foreign countries consistent with homeland laws, your organizations policies, and these ethical standards and guidelines.

1.2 Logistics:

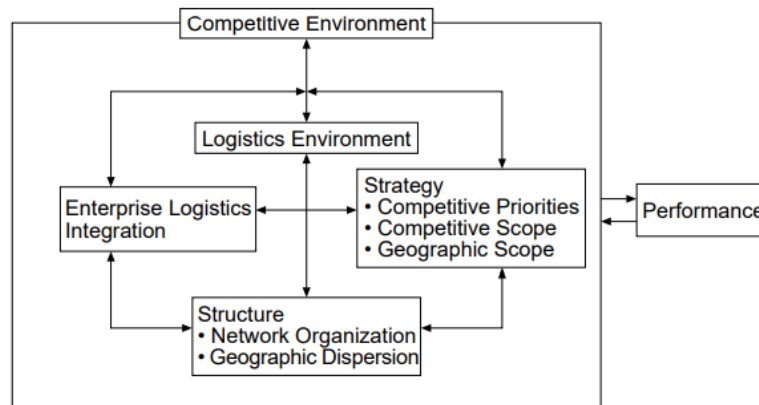
1.2.1. Logistics conceptual framework:

Historically, logistics was thought to be a narrowly defined functional activity concerned with tasks such as transportation, warehousing, inventory, and material management. The concept of the "logistics environment" must also be considered. Logistics has become a primary mechanism for integrating and coordinating due to advancements in logistics capabilities, technologies, and management techniques. Logistics can provide a coordinating role that will provide a firm with a competitive advantage.¹

¹ Gregory N. Stock, Logistics, strategy and structure A conceptual framework, North Carolina, USA,p38-39.

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Figure n°1.6 : Logistics conceptual framework



Source: Gregory N. Stock, Logistics, strategy and structure A conceptual framework, North Carolina, USA,p39.

A proposed framework is shown in the figure proposed by Gregory N. The view taken in this graph is that business strategy and manufacturing strategy reflect the firm's competitive environment.

1.2.2. Logistics processes:

Inbound logistics: Inbound logistics deals with links between the focal firm and its upstream ('buy side') suppliers,¹ it is a supply chain operation that ensures a company has the products or services it requires to conduct business. Inbound logistics, which is directly related to supply-chain procurement, encompasses the processes of product acquisition, goods receipt, storage, and stock management. The primary goal of inbound logistics is to ensure that the organization has all of the necessary materials to run the business smoothly.²

Outbound logistics: outbound logistics refers to the links between the focal firm and its downstream ('sell side') customers.³ It refers to the movement of completed or finished products and other goods to the next stage of the supply chain. Moving products from manufacturers to warehouses, fulfillment centers, or distribution centers, as well as shipping them to customers, retailers, or other final destinations, could be included. Inefficient inbound logistics management causes a chain reaction within an organization's outbound logistics processes, eventually disrupting the entire supply chain.

Reverse logistics: Reverse logistics is the process of returning goods from customers and end users back through the supply chain to fulfillment centers, distribution centers, retailers, and manufacturers. This can happen when a product is damaged or dysfunctional, needs repairs or refurbishment, or has reached the end of its useful life and requires special or specific disposal

¹ Alan Harrison and Remko van Hoek ,Logistics Management and Strategy Competing through the supply chain, 3rd edition, p10

²M. (2022, February 23). *Inbound logistics: what's it all about?* Inbound Logistics: Definition and Stages - Mecalux.com. <https://www.mecalux.com/blog/inbound-logistics-consulted-on-16/03/2023> at 9:03pm

³ Alan Harrison and Remko van Hoek , Ibid p10

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procedures. The reverse logistics process begins at the point of sale and continues until final disposal.¹

1.2.3. Terms related to logistics:

Warehouse: “a large building for storing things before they are sold, used, or sent out to shops”² The reasons for warehousing a product are quite numerous:

- The delivery times are variable and the regularity of the supplier as regards the time of manufacture is low.
- Certain products must be purchased in large quantities to be acquired under satisfactory economic conditions.
- A strong seasonal consumption can lead to a need for mass storage.
- The need for extensive quality control can lead to the storage of products on warehouse.
- Buy in large quantities to obtain from the supplier an advantage (Rebates, postage, etc.) is the most obvious reason for a buyer to make stocks

Transit: “the carrying of people or things from one place to another.” Or “the process of being moved or carried from one place to another”³

Transit is duty-free treatment for goods which pass through the national territory to a foreign country without stopping there to unbundle and reassemble with other products going to the same place. The storage time on the transit platform ranges from a few hours to a few days.

Cross-docking: By eliminating or minimizing warehouse storage costs, space requirements and inventory handling, cross-docking can streamline supply chains and help them move goods to market faster and more efficiently.⁴

“Product or orders that are brought into the warehouse but not putaway. Instead of the stock arriving and being placed into storage, the stock is temporarily stored at the dock to be delivered or goes out immediately on another vehicle to be shipped. This stock is usually shipped immediately or within a day and does not go into storage.”⁵

¹ What Is Logistics. (n.d.). What Is Logistics.

<https://www.ascm.org/scm/logistics/#:~:text=Logistics%20refers%20to%20the%20process,of%20a%20successful%20supply%20chain>. Consulted on 10/05/2023 at 1:12am.

² warehouse. (2023, May 17). WAREHOUSE | English Meaning - Cambridge Dictionary.

<https://dictionary.cambridge.org/dictionary/english/warehouse> consulted on 20/05/2023 at 2:44pm

³ transit_1 noun - Definition, pictures, pronunciation and usage notes | Oxford Advanced Learner's Dictionary at OxfordLearnersDictionaries.com. (n.d.).

https://www.oxfordlearnersdictionaries.com/definition/english/transit_1?q=transit consulted on 19/04/2023 at 5:40pm.

⁴ David Essex, D. (2023b). cross-docking. ERP. <https://www.techtarget.com/searcherp/definition/cross-docking> Consulted on 19/04/2023 at 8:20pm

⁵ LOGISTICS TERMINOLOGY, Evans distribution systems, 2016; p5.

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3PL : “Describes businesses that provide one or many of a variety of logistics-related services. Types of services may include public warehousing, contract warehousing, transportation management, distribution management, freight consolidation.”¹

INCOTERMS: “define the conditions of supply of goods in international sales transactions. The first edition was published in 1936 and subsequently there have been continuous revisions and updates (usually every ten years) to that currently in force which is the Incoterms 2020. This edition will probably be in effect for a decade, until 2030.”²

The Incoterms can be classified according to three criteria that all have to do with transport: mode of transport used, payment for the main (international) transport and transfer of risks in transport. In the classification of the Incoterms 2020, the prevailing approach is the mode of transport used. The following table explains more this point.

Table n°1.2. : Classification of Incoterms 2020

Classification of Incoterms 2020

| Acronyms | Incoterm | Mode of transport | Payment of main transport | Transfer of risks in transport |
|----------|--------------------------------|-------------------|---------------------------|--------------------------------|
| EXW | Ex Works | Any mode | Buyer | Origin |
| FCA | Free Carrier | Any mode | Buyer | Origin |
| CPT | Carriage Paid To | Any mode | Seller | Origin |
| CIP | Carriage and Insurance Paid To | Any mode | Seller | Origin |
| DAP | Delivered at Place | Any mode | Seller | Destination |
| DPU | Delivered at Place Unloaded | Any mode | Seller | Destination |
| DDP | Delivered Duty Paid | Any mode | Seller | Destination |
| FAS | Free Alongside Ship | Sea | Buyer | Origin |
| FOB | Free On Board | Sea | Buyer | Origin |
| CFR | Cost and Freight | Sea | Seller | Origin |
| CIF | Cost, Insurance and Freight | Sea | Seller | Origin |

Source: Practical guide to INCOTERMS , Global Markering strategies , London , p6.

The table presents the classification of incoterms2020, we notice there is 11 incoterms, 7 multimodal and 4 maritime. Their first criteria is the mode of transport used, then the payment of main transport which is the international transport between the country of origin and the country of destination, and finally, in some incoterms the transfer of risks in transport occurs in the country of origin, while in other incoterms the obligation of delivery occurs in the country of destination.

1.3 Methods of payment:

1.3.1. Paper Means of payment:

- **The cheque:** It is a written and unconditional order for payment at sight to a beneficiary. It can be used in euros or in foreign currencies for the payment of

¹ LOGISTICS TERMINOLOGY, Evans distribution systems, 2016; p1.

² Practical guide to INCOTERMS , Global Markering strategies , London , p6.

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exports. This method of payment is strongly discouraged because of the risks it presents: risk of theft, risk of lack of funds, exchange rate risk if it is denominated in foreign currency, and the length of time it takes to collect.

- **Commercial papers:** International commercial papers in the form of a bill of exchange or promissory note, a commitment to pay a specified sum on a specified date. It is easily mobilizable, especially if it is the subject of a bank endorsement, of the drawee or the subscriber. This method of payment is not used by all countries, particularly in Northern Europe.
- **Bill of exchange:** It is a written document by which the exporter (the drawer) orders the foreign buyer (the drawee) to pay a certain amount on a given date. The advantage is to be able to mobilize the debt: the bill of exchange has indeed become a title used by the company's creditors in the short term of their customers to obtain a bank credit by means of discounting.¹
- **Promissory note:** It is a signed document containing a written promise to pay a stated sum to a specified person or the bearer at a specified date or on demand.

1.3.2. The electronic means of payment:

- ❖ **The international transfer:** It is the most widely used means of payment in international trade. The foreign customer instructs his bank to pay the other party by bank transfer. Before doing so, you have sent him a commercial invoice called a pro forma invoice that specifies the products to be delivered and their price. The advantages of the international transfer are the following:
 - Very fast thanks to the SWIFT system (Society for Worldwide Interbank Financial Telecommunication);
 - Very safe if it is made and cashed before the goods are sent or the service is provided.
- ❖ **Documentary letters of credits:** a contractual commitment by the foreign buyer's bank to pay once the exporter ships the goods and presents the required documentation to the exporter's bank as proof.² So, it is a bank-to-bank commitment of payment in favor of an exporter, guaranteeing that payment will be made against certain documents that, on presentation, are found to be in compliance with terms set by the buyer. Here are the different steps leading to the payment:³

¹ Laurent (L) : Guide de l'acheteur industriel, Dunod, seconde Edition, 1995, p.58 Translated.

² *Letter of Credit*. (n.d.). International Trade Administration | Trade.gov. <https://www.trade.gov/letter-credit>. consulted on 20/04/2023 at 3:30pm.

³ Laurent (L) : Guide de l'acheteur industriel, Dunod, seconde Edition, 1995, p.58 Translated.

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- The buyer requests a documentary credit opening from his bank. He mentions several elements: the exporter's country, the validity of the contract and the expiry of the credit, the type of contract chosen (incoterm), the nature of the goods, the technical conditions of the packaging, the place of shipment, the documents proving the receipt of the goods.
- The buyer's bank (issuing bank) confirms to the exporter's bank (notifying bank) that there is a credit in favor of its client after submission of documents: commercial invoice (pro forma), packing list (number and weight of the various packages), certificate of origin, transport documents.
- The exporter ships the goods. He receives the transport documents. He sends the requested documents to his bank, which forwards them to the buyer's bank. After checking the conformity of the documents, the latter transmits the funds to the seller's bank.

1.4. Insurance of transported goods:

Traders should obtain their own insurance if they require more coverage than limited liability, and make sure their freight forwarder is registered and regulated by the Financial Services Authority. The most important insurance types are:

- General cargo insurance.
- Goods-in-transit insurance.
- Basic shipping insurance cover.
- Marine cargo insurance.
- Rail insurance.
- Airfreight insurance.

2 Modern peripherals of procurement:

2.1 Supplier relationship management (SRM):

2.1.1. Definition and history:

“Supplier relationship management (SRM) 1 is an approach between two parties to work towards the integration of their organisations, where that integration will bring greater value for money for the customer and enhanced margin for the supplier and will assist in meeting the strategic objectives of both. It is not an agreement to sole source, or outsource to a supplier, rather to integrate aspects of the two organisations for mutual benefit. These benefits must be real and tangible, not just relationship indicators.”¹

¹ Kenneth Lyons, Brian Farrington PROCUREMENT AND SUPPLY CHAIN MANAGEMENT, 10th Edition, 2020, P182.

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Supplier Relationship Management (or SRM) came into life in 1983 when McKinsey consultant Peter Kraljic called for corporate buyers to grow more proactive in supply management. He argued that buyers should look to understand their categories' risk and profitability impact upon a company and devise supplier management strategies that best meet this need.

2.1.2. Benefits of SRM:

We are observing a number of benefits that companies derive from successfully managing SRM:¹

- Reduce costs beyond traditional sourcing and category management efforts across the entire supply chain through a continuous optimization of operations in a win-win partnership with suppliers.
- Drive and monitor performance of strategic suppliers in a transparent manner, maintaining focus on key measures that support business objectives.
- Manage supply risk and compliance with responsible sourcing, ethics and regulatory requirements, by strengthening global transparency and visibility of the relationship.
- Foster business development and innovation by jointly identifying and implementing opportunities that create long-term value for both organizations.

2.1.3. SRM's process:

The processes of strategic sourcing related to SRM can vary from one organization to the next. However, SRM generally involves three broad steps:²

•**Supplier Segmentation:** Supplier segmentation is the process of categorizing suppliers based on a set of criteria in order to identify key (strategic) suppliers with whom to engage in SRM. This selection process is critical because not all suppliers require the same level of attention. Organizations should therefore focus their resources on a small number of strategic suppliers.³

•**Supplier strategy development:** The organization develops a tactical plan for how it will work with each supplier or category of suppliers to ensure the relationships are successful and mutually beneficial. It must involve: ⁴

- **SRM governance:** Establishing effective governance is key to unlock SRM value. Fundamental steps are the alignment within the organization, and the setup of internal

¹ Supplier Relationship Management (SRM) Identifying and maximising the value of strategic supplier partnering, Deloitte, P1

² *What is Supplier Relationship Management (SRM)?* (2020, November 1). ERP. <https://www.techtarget.com/searcherp/definition/supplier-relationship-management-SRM> Consulted on 25/04/2023 at 10:14pm.

³ Supplier Relationship Management (SRM) Identifying and maximising the value of strategic supplier partnering, Deloitte, P2

⁴ Ibid

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governance processes together with clearly assigned ownerships of supplier relationships.

- **Performance management:** Performance management involves the setup and continuous tracking of operational measures. Subsequently it enables a global, shared view of supplier performance along a common set of defined metrics which should be cascaded down the organisation (local, regional, global levels).

• **Supplier strategy execution:** the responsible must ensure that the strategy is implemented and that they or managers take on day-to-day tasks to implement the SRM plans. They should also devise methods for monitoring and measuring SRM success, as well as identifying flaws and points of failure in the SRM strategy or its implementation. The organization must also work on supplier development; this would typically involve sharing of plans between the two entities and jointly defining initiatives that create long-term value for both organizations.

2.1.4. Objectives of SRM:

The most important objectives of Supply Risk Management (SRM) are focused on joint value creation based on trust, open communication and collaboration with a limited number of key suppliers. Leveraging on supplier capabilities is the most important objective, while cost-cutting is still one of the key imperatives. Security of supply is the third objective, due to the globalization of supply chains, stronger fluctuations in demand & supply, material scarcity, and preferential behavior by sellers or even countries. Other SRM objectives include increasing innovative power, reduce working capital, prevent reputational damage, enable closed-loop supply chain management, shorten time-to-market, increase supplier service, and improve product quality.¹

2.2. Procurement's performance:

2.2.1. Conceptual framework of procurement's Performance:

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs. Supplier performance is the most important procurement performance driver. There are two main aspects of the procurement performance:²

- **Procurement effectiveness:** is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity.

¹ Supplier Relationship Management: How key suppliers drive your company's competitive advantage, PWC, p10-11.

² Van Weele, A.J. (2002) Purchasing and Supply Chain Management: Analysis, Planning and Practice, 3rd edition. Thomson Learning, London, p201

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- **Procurement efficiency:** is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring to the planned and actual costs.

2.2.2. The indicators measuring procurement's performance: Measuring procurement performance is critical because the purchasing department plays an increasingly important role in the supply chain during a downturn. Some of the major KPIs measuring procurement performance are:

•**Cost Reduction:** Reduced raw material and service costs can enable businesses to competitively market the price of their finished goods in order to win business.¹ The amount of money saved by the company is an obvious performance measure of the success of any purchasing department.²

•**Procurement cycle time:** This indicator measures the average length of the procurement cycle and the percentage of procurements that were completed within a standard procurement cycle time guideline. The procurement cycle time is measured for contracts and purchase orders using historical data.³

Formula= (Number of purchase orders or contracts completed within the procurement cycle time guideline / Total number of purchase orders or contracts awarded) ×100

•**Effective Contract Utilization:** This indicator measures the percentage, by value, of three categories of purchases (purchase order, annual contract, and multi-year contract) to assess the procurement entity's use of efficient contracting mechanisms.

Fomula = (Annual spend for purchase category / Total annual spend of all purchases) ×100

•**Supplier Performance:** These indicators measure a supplier's compliance with the product and performance criteria identified in the purchase order or contract.

A. Product order compliance = (No. of orders meeting all product criteria /Total number of orders received) ×100

B. Lead time performance: (No. of orders received on time / Total number of orders scheduled for delivery) ×100

¹ Vonderembse, M.A. and Tracey, M. (1999). The Impact of Supplier Selection Criteria and Supplier Involvement on Manufacturing Performance. The Journal of Supply Chain Management, vol. 35, no. 3, pp. 33-39.

² Kakwezi, D, Nyeko, P. K. (2010). Procurement Processes and Performance: Efficiency and Effectiveness of the Procurement Function, p6

³ USAID | DELIVER PROJECT, Task Order 4. 2012. Procurement Performance Indicators Guide—Using Procurement Performance Indicators to Strengthen the Procurement Process for Public Health Commodities. Arlington,p14

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•**Payment Processing Time:** This indicator measures the percentage of supplier payments that were made within the payment period called for in the contract.

31

Formula= (Number of supplier invoices paid on time /Total number of supplier invoices paid) ×100

Conclusion of the chapter:

In conclusion, this chapter has provided us with insights into how organizations can optimize their procurement activities to achieve their strategic objectives. It began with an overview of procurement concepts and theories, highlighting its significance. The chapter then delved into the internal dynamics of procurement within a company, exploring the organizational roles, and responsibilities involved in the procurement process. Additionally, it discussed the peripherals of procurement.

In the next chapter we will conduct a theoretical study the commercial performance of a company and its indicators.

Chapter 02:
The Commercial
Performance
Indicators

Introduction of the chapter:

In the current competitive environment, an organization must constantly improve its performance because it plays a crucial role in the creation of value. This requires monitoring and control to ensure the firm's stability and invincibility.

Performance has always been a contentious topic. Every person who is interested in it—a researcher, a leader, a client, a shareholder, etc. begins in accordance with their own ideas. This explains, without a doubt, the significant number of explanatory models that have been put forth in the literature and the numerous meanings that have been developed around this idea.

In this chapter we will first provide an overview of the company's performance, including its characteristics and performance types. Next, the second section will include commercial function. Finally, the third section, we discuss commercial performance, including its measures, levers and indicators. We bring our chapter to a close.

Section 1: Overview of the performance concepts and theories

Performance is a term used in many areas, such as mechanical and sports. It has been used since the early twentieth century to present numeric indicators that characterize the possibilities of a machine. In the mid twentieth century, it was used to highlight an option, results in a horse race, or sports teams. In the economic field, performance is defined differently depending on the user of the information. Investors, managers, employees, and creditors all perceive performance differently.

1. Definition of performance:

1.1 Etymology:

The Latin word "perficere" (which means "to make completely, to complete") is where the English word "perform" comes from. It is a verb that is very close to being perfect in the current French language.

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The word "performance" first appeared in the French dictionary in 1839. It was derived from the English word "performance," which is itself derived from the old French "parformer."¹

In late 15c., "accomplishment, completion" (of something), from perform + ance. Meaning "that which is accomplished, a thing performed" is from 1590s; that of "action of performing a play, etc." is from 1610s; that of "a public entertainment" is from 1709. The earlier noun in Middle English was performing (late 14c.) "state of completion, accomplishment of an act." **Performance art** is attested from 1971.²

In Old French, "parformer" meant "accomplish, execute". In English, "to perform" is an even broader concept than the French translation, in addition to accomplishing or executing, also refers to the results obtained as well as the success which one can boast.

The approach to performance in management sciences dates back to the 1960s (MAHIDA, 2016). It has become frequent in researchers since the 1980s (Lebas and Euske, 2007). In this sense, Domin and Nieddu, 2012 emphasize that performance has also been associated with a managerial ideology which has developed since the 1980s.

At a simple etymological analyze of this term we can find that this is a term with a large use, in a a variety of areas (sports, mechanical, economics) which over time turned into a polysemantic term on a basis of the field activity covered. But always performance will refer to the capacity of the subject (individual) to register progress as a result of the efforts aiming to achieve and even overcome the established goals.³

1.2 Definition:

The company's performance has long been reduced to its financial aspect. This performance involved achieving the desired rentability for the investors while maintaining the company's longevity with the sales and market share. But over the past few years, we have conceptually moved away from a financial representation of performance toward more comprehensive approaches that take into account social and environmental factors. At this

¹ Jean-Paul Domin et Martino Nieddu, « *La pluralité des approches en termes de performance* », *Économie et institutions* [En ligne], 18-19 | 2012, mis en ligne le 15 octobre 2012, p1

² *Performance | Etymology, origin and meaning of performance by etymonline.* (2020, March 31). [https://www.etymonline.com/word/performance#:~:text=performance%20\(n.\),public%20entertainment%22%20is%20from%201709](https://www.etymonline.com/word/performance#:~:text=performance%20(n.),public%20entertainment%22%20is%20from%201709) (Consulted on 25/04/2023 at 17 :35h).

³ Bourguignon , "*peut-on définir la performance ?*", revue française de la comptabilité ,269, 1995 , 61-66. Translated.

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time, an organization's survival depends not just on the financial element of its operations, but also on how it conducts itself.¹

The concept of "performance" has evolved as the economic environment in which enterprises operate has become more complex and competitive. After reviewing the literature, we came to the conclusion that there is no common ground on how to define performance, and the definitions that are frequently used only encompass a few aspects or are overly general:

Some authors such as Baird (1986) argue that performance is a directed action (in the sense that it should be expressed by a verb), some consider that the noun performance would be perceived as an event. But most times the word "performance" refers either to action (obtaining performance) or event (results) or in many cases it refers to both cases. So we can agree with the view of many researchers in the field Niculescu (1999), Burgoignon (1995), Corvellec (1994, 1995) about the fact that the term "performance" implies at the same time three interpretations: action, the result of the action (by comparing its results with a benchmark), success.

Performance can refer to "*the result of an action*"², to the success of the action, "*level of achievement of objectives*"³, or to the modes of obtaining the result "*process*"⁴. It is subjective "*Performance calls for judgment and interpretation*"⁵.

According to Verboncu and Zalman performance is "a particular result obtained in management, economics, marketing, etc.. that print features of competitiveness, efficiency and effectiveness of the organization and its procedural and structural components. Performance can be regarded as the equivalent of competitiveness.

The following figure describes the main factors that drive performance:

¹ Angèle Renaud, Nicolas Berland. *MESURE DE LA PERFORMANCE GLOBALE DES ENTREPRISES. "COMPTABILITE ET ENVIRONNEMENT"*, May 2007, Poitiers, France. P3. Translated.

² (Bouquin, 2004),

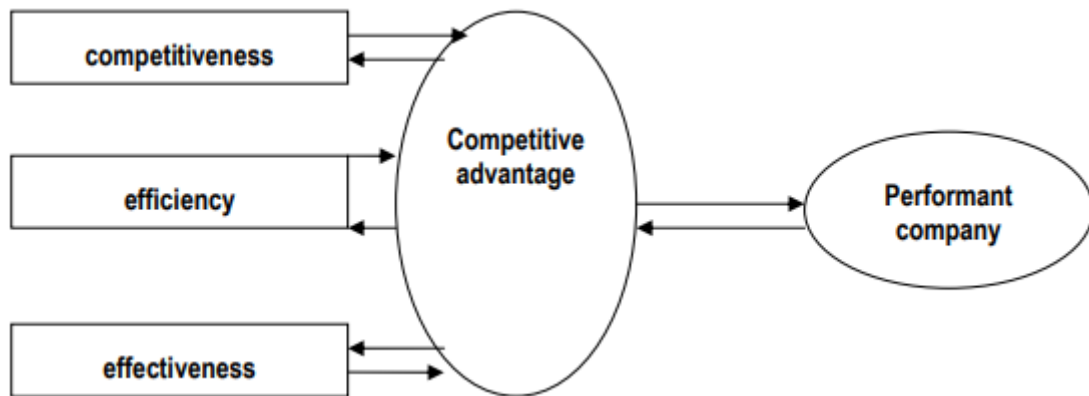
³ (Bourgnon, 1997; Burlaud, 1995)

⁴ (Baird, 1986; Burlaud, 1995).

⁵ Lebas, 1995.

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Figure n°2.1: Factors that drive performance



Source: Verboncu, I. & Zalman, M. (2005). Management și performanțe, Editura Universitară.

The previous figure shows that there are three key factors of firm performance: its goal or purpose, company achievements by how well it uses its resources, and the ability to adapt to changing conditions. Firm performance can be arbitrary because of the competition.

Determining whether an organization is performing or not depends on how the organization or the evaluator perceives performance and his causal model. Additionally, managers within the same organization may view performance differently and judge performance using various causality models.

In the present context, the performance of any economy in the world involves "*ensuring the viability of the firm in terms of domestic and international competition, while respecting the restrictions imposed by sustainable development.*"¹ "*The problem is that the performance was sought in the wrong places: it comes not only from strategy but also from articulating the business strategy, is not only in business, is not only in the environment and is not purely financial.*"²

2. Concepts related to performance:

The word performance is often confused with the terms efficacy, effectiveness, and efficiency, considered similar concepts despite the differences that exist between them.

2.1 Efficacy:

It consists in achieving the objectives set, and therefore the ability to do what is necessary, "*it is the degree of maximum achievement of the objectives set by the company*".³ An activity is considered efficacious if the results obtained are equal to or greater than the defined objectives.

In a briefer way, we can summarize the effectiveness in the following formula:

¹ ALBU CATALIN NICOLAE, Instrumente de management al performanței, volume II-Economica Publishing House, Bucharest, 2003, p140-160 Translated

² Ibid

³ H. BOUQUIN : « contrôle de gestion », 8eme édition, collection gestion, Paris, 2008, p75

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$$\text{Effectiveness} = \text{Results achieved} / \text{Objective}$$

2.2 Effectiveness:

Effectiveness goes even further in the evaluation by deciding on the triptych Objectives / Means / Results. That is to say, going back to the purposes that are at the very origin of the activity whose performance we seek to judge. According to LE MOIGNE "It is a question of verifying whether we are actually doing what we want to do". For this we can conclude that the concept of effectiveness is strongly linked to satisfaction with the results obtained. .

It is therefore easy to summarize it in the following formula:

$$\text{Effectiveness} = \text{Level of satisfaction obtained} / \text{Results}$$

2.3 Efficiency:

The concept of performance then integrates the notion of efficiency, which is "*the fact of maximizing the quantity obtained from products or services*"¹

It assesses the ability to obtain a given result from minimal resources, and therefore the "*ability to do well*"². The notion of efficiency is close to that of productivity. Efficiency reflects the ability to save the resources used to obtain a given result.

We can simplify the measure of efficiency in the following formula:

$$\text{Efficiency} = \text{Results achieved} / \text{Means implemented}$$

$$\text{Or Efficiency} = \text{Outputs} / \text{Inputs.}$$

To summarize: efficacy means getting things done (is it working?), effectiveness means mdoing the right things (is it actually working well?), and efficiency means doing things right (is it working in the most economical way?). It's helpful to think of them in this particular order.

2.4 Profitability:

Profitability is a concept very close to performance, it represents a relationship between income and the capital employed to obtain it. The term "profitability" refers to a business or investment's capacity to produce a profit or other form of monetary gain. In addition to other metrics, profitability can be expressed as a ratio of profit to revenue, profit to assets, or profit to equity.

It is an important metric for companies and investors. High profitability shows that a company is making a lot of money compared to its costs, while low profitability may indicate that a company is having trouble making enough money or keeping costs under control.

¹ H. BOUQUIN : « contrôle de gestion », 8eme édition, collection gestion, Paris, 2008, p75

² Bichlan et Mady : « Action commerciale », édition bryales, Paris, 1999, p.338

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Profitability mainly comprises two distinct notions: economic profitability and financial profitability.

2.4.1 Economic profitability:

According to Samuelson and Marks, economic profitability measures the net present value of a company's profits over time, taking into account the opportunity cost of capital. This measure reflects the expected return on investment for a company's stakeholders and considers the risks and uncertainties associated with future cash flows.¹

Economic profitability measures the difference between a company's total revenues and all of its explicit and implicit costs, including the cost of capital. This measure reflects the economic value created by a company and is a key metric for assessing its long-term sustainability and competitiveness.²

Economic profitability is a measure of a company's ability to generate profits while considering all the costs associated with its operations and investments, including opportunity costs and the cost of capital.

2.4.2 Financial profitability:

According to Arnold, financial profitability is the return a company earns on its invested capital, such as equity, debt, or retained earnings. This measure reflects the company's ability to generate returns for its investors and is a key metric in assessing its financial performance.³

Financial profitability is a crucial metric that measures a company's ability to generate profits from its financial activities and investments. It is an essential measure for investors, analysts, and managers in evaluating a company's financial performance and potential for growth.

In summary, performance and profitability are both important concepts in evaluating the success of businesses and organizations, but they measure different aspects of performance. Performance measures whether goals and objectives are achieved, while profitability measures the financial health and sustainability of a business or organization.

3. Characteristics of performance :

According to Robert Mager and Peter Pipe, authors of "Analyzing Performance Problems," performance should be:

- **Observable:** Performance must be something that can be seen, heard, or measured.

¹ Samuelson and Marks, "Managerial Economics", p14

² Besanko, Dranove, Shanley, and Schaefer, "Economics of Strategy" p40

³ Glen Arnold, "Corporate Financial Management", p86

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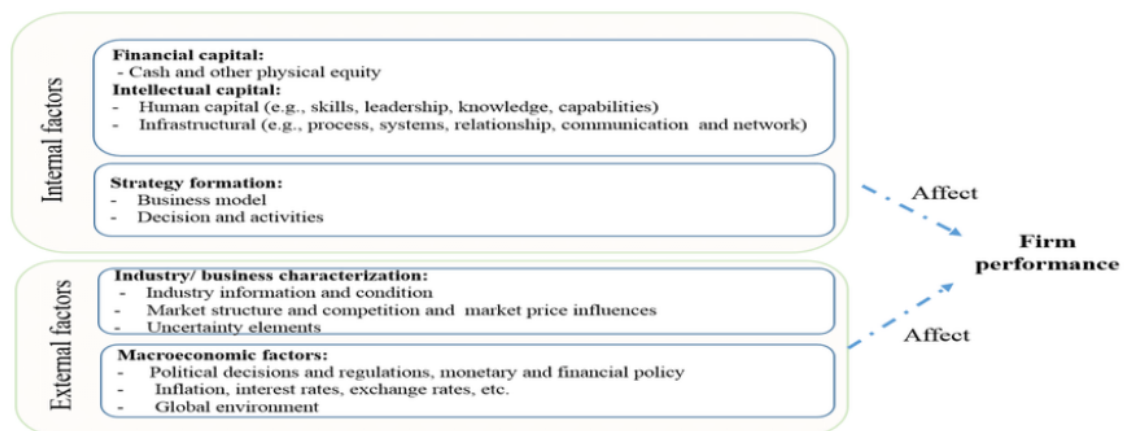
- Measurable: Performance must be quantifiable, so that it can be compared against a standard or benchmark.
- Achievable: Performance must be realistic and achievable given the resources, skills, and knowledge available.
- Relevant: Performance must be relevant to the goals and objectives of the organization or system.
- Time-bound: Performance must be achieved within a specific timeframe or deadline.

Performance is therefore a relative concept (result of a comparison), multiple (diversity of objectives) and subjective (depending on the actor evaluating it).

For the measured performance, the main characteristics are¹:

- Transparency.
- Responsibility.
- Effectiveness and efficiency based on outcomes (public goods).
- The distribution of information.
- The climate of trust.
- Tolerance, equity but also sustainability.
- The separation of powers.
- Minimization of non-participation in the decision-making process.
- Flexibility in the allocation of political, social and economic space.
- Decentralization.

Figure n°2.2: Internal and external factors that affect firm performance



Source : Steen, Riana, The trinity of resilient organisation: aligning performance management with organisational culture and strategy formation , International Journal of Business Continuity and Risk

¹ PROULX (Denis) : « Management des organisations publiques », Presse de l'université de Québec, 2^e édition, 2008, p 40

The figure illustrating internal and external factors that affect firm performance provides a valuable visual representation of the complex dynamics that influence a company's success. By highlighting internal factors (such as financial and intellectual capital and strategy formation) and external factors (such as market conditions, industry and competition, and macroeconomic factors as regulatory environment), the figure emphasizes the multifaceted nature of firm performance. This holistic perspective reminds us that a comprehensive understanding of the business environment, coupled with effective internal management, is crucial for achieving sustainable success.

4. Performance types :

4.1 Organizational Performance:

Organizational performance is the degree to which an organization is able to achieve its goals and objectives, and create value for its stakeholders, such as customers, employees, shareholders, and society as a whole.

According to Kalika (1988), organizational performance refers to how well a company is doing in terms of achieving its goals and objectives. Instead of just focusing on output or behavior measures in isolation, this definition emphasizes the significance of evaluating performance in relation to the organization's strategic goals and objectives. According to Kalika, a thorough approach to evaluating organizational performance should incorporate metrics for equity, adaptability, efficiency, and effectiveness. These metrics should then be used to encourage internal learning and improvement. By assisting organizations in identifying areas for development and maintaining focus on their goals and objectives, the evaluation of organizational performance transforms into a tool for strategic management.¹

4.2 Financial performance:

It refers to the organization's financial results, such as revenue, profits, and return on investment. It involves generating financial returns for investors and shareholders. It is measured by ratios making it possible to break down the return on invested capital. For a long time, this performance was considered the only representative of the company's overall performance.

¹ Kalika, M. (1988), Structures d'entreprise: réalités, déterminants et performances, p30-50 , translated

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4.3 Economic performance:

*"Economic performance refers to the overall health and functioning of an economy, as measured by a range of indicators such as GDP, inflation, unemployment, trade balances, and productivity."*¹

Economic performance can be quantitatively calculated. This includes an analysis of the gaps between goals and their accomplishment, an assessment of the level of product quality provided by the company, etc.

4.4 Social Performance:

*"Social performance refers to the extent to which a company's business activities positively impact society, including its employees, customers, suppliers, and the communities in which it operates."*²

It emphasizes the significance of taking into account how business activities affect society and the necessity for organizations to manage their stakeholder relationships in a way that supports favorable social outcomes. Additionally, it plays a part in advancing broader societal objectives like fostering social justice and enhancing social wellbeing.

4.5 Commercial performance:

Commercial performance refers to a business's ability to generate revenue, profits, and growth over time. It can be measured by various financial metrics such as sales revenue, net profit, and return on investment, market share, and customer satisfaction.

5 Key Performance Indicators (KPIs):

5.1 Definition of KPIs :

Key performance indicators (KPIs), also referred to as performance indicators, are metrics that are used to evaluate how well an organization, system, process, or person is performing in comparison to predetermined goals or objectives. They are employed to assess development, pinpoint problem areas, and reach data-driven conclusions.

It can also be defined as *"Performance indicators are a set of quantitative and qualitative measures that provide information on the performance of an organization, system, or process over time. They are used to assess progress towards goals, identify areas for improvement, and provide data to support decision-making."*³

"A KPI, or group of KPIs to be more exact (since a KPI rarely exists alone), form a type of language which can be used, not only to measure the effectiveness of Web projects, but also to

¹ Nelson, R. R. and Sampat, B.N. (2001), "Making sense of institutions as a factor shaping economic performance", Journal of Economic Behavior and Organization, p44

² Dirk Matten and Jeremy Moon, "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility, 2008, p16

³ Neely et al, The Performance Prism: The Scorecard for Measuring and Managing Business Success, 2002, p15

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state their chances of success. A KPI is a fundamental characteristic, and without any agreement on their meaning, would become a source of chaos rather than a source of focused action.”¹

5.2 Types of KPIs:

5.2.1 Quantitative KPIs: They use counts or percentages. Quantitative Key Performance Indicators (KPIs) are performance metrics that are expressed as numerical values and provide objective, measurable data. These KPIs focus on quantifiable aspects of performance and are often used to track and assess progress towards specific goals or targets. Examples of quantitative KPIs include revenue, profit margin,..etc These metrics provide clear and precise measurements that can be easily tracked and compared over time.m2

5.2.2 Qualitative KPIs: They are generally a rigorous form of assessment. *“ is a ‘descriptive’ characteristic – an opinion, a property or a trait. The most common type I have come across is measuring customer or employee satisfaction through surveys.”²* Qualitative KPIs typically rely on surveys, feedback, ratings, and other qualitative data sources to evaluate and measure performance. They provide insights into the subjective experiences, perceptions, and opinions of stakeholders, helping organizations understand the qualitative impact of their actions and strategies.

5.2.3 Hybrid KPIs: refers to a performance metric that combines elements from different sources or dimensions to provide a comprehensive assessment of an organization's or project's performance. A hybrid KPI typically incorporates both qualitative and quantitative measures, combining various factors to evaluate success or progress in a balanced and holistic manner. hybrid KPIs provide a broader and more comprehensive view of performance by integrating various aspects of an organization's operations, enabling better decision-making and a deeper understanding of progress towards goals.

These indicators are frequently complementary. In situations where outcome measurement is challenging and significant outcomes are challenging to quantify, qualitative data may be more helpful. When presenting qualitative data to number crunchers, indices are frequently helpful.³

¹ Jacques Warren, KEY PERFORMANCE INDICATORS (KPI) – DEFINITION AND ACTION Integrating KPIs into your company’s strategy, 2011 AT Internet,p5.

² Q., & McGlynn, L. (2015, June 24). *Quantitative Versus Qualitative KPIs - Lavery McGlynn*. Lavery McGlynn. https://www.laverymcglynn.co.uk/blog/news/quantitative-versus-qualitative-kpis_consulted_on_15/05/2023_Consulted_on_13/04/2023 at 4:00pm.

³ https://eca.state.gov/files/bureau/performance_measurement_definitions.pdf consulted on 26/04/2023 at 2:30pm

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5.3 Characteristics of KPIs:

- **Measurable:** KPIs must be measurable and quantifiable so that they can be tracked and examined over time. They ought to be founded on accurate information that can be gathered regularly.
- **Actionable:** KPIs can be used to guide decisions and prompt taking of actions to raise performance. They ought to highlight the areas that require improvement and be connected to precise steps that can be taken to bring about the desired effects.
- **Simple:** a good indicator must be simple to build and understand
- **Reliable:** the decision-maker must have confidence in the indicators provided to him.
- **Controllable:** the indicator must highlight a performance.
- **Qualifiable:** (feeling, reactions, perception, opinion).

6 Performance measure:

Company focus on business excellence raises the question of performance measurement. Company performance and business excellence should be expressed by a multidimensional indicators or a large number of different qualitative and quantitative indicators, to be evaluated from different aspects.¹

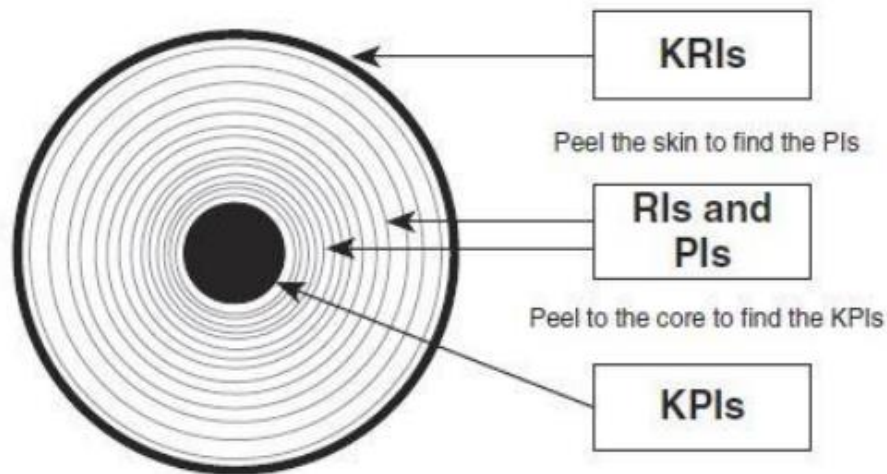
Quantification is strategically used to assess performance. Or, she significantly modifies how power is used. This was previously stated as an ongoing employee audit, including through the scientific workplace organization. Information is now governed by those in positions of authority. The manager, a new power figure in the power structure, is introduced by this change, which restructures governance around an information system. The rise in performance within administrations has also been attributed to a significant shift among the new elites, who now think that using business principles within administrations is feasible.²

¹ (Sorooshian, Aziz, Ahmad, Mustapha, 2016, 125-126; Jovetić, Đurić, Marinković, 2015, 1201; Janjić, Todorović, Jovanović, 2015, 307; Parmenter, 2007, 22)

² Jean-Paul Domin et Martino Nieddu, « *La pluralité des approches en termes de performance* », *Économie et institutions* [En ligne], 18-19 | 2012, mis en ligne le 15 octobre 2012, p2

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Figure n°2.3: Four types of measurement indicators



Source: David Parmenter, Key Performance Indicators: Developing, Implementing, and Using Winning KPIs.

The previous figure presents the four types of measurement according to “Key Performance Indicators”. Parmenter mentions that there are four types for measurement indicators for organizations.

1. Key result indicators (KRIs) tell you how you have done in a perspective or critical success factor.
2. Result indicators (RIs) tell you what you have done.
3. Performance indicators (PIs) tell you what to do.
4. KPIs tell you what to do to increase performance dramaticall.

According to Parmenter (2010), inappropriate and incorrect mixture of these four types of indicators in different organizations for measuring their performance is a common mistake.¹

Section 2: Overview of commercial function concepts and theories

One of the business's revenue-generating departments is the sales department. It performs a crucial task and plays a crucial role in every business. In fact, the primary goal of this function is to satisfy external needs and requirements by providing the requested products at the best possible price, with the necessary quality, and within the predetermined deadlines in order to satisfy customer needs and keep track of collection.

¹ Key Performance Indicators: Developing, Implementing, and Using Winning KPIs, 4th edition.

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1 Definition of the commercial function:

The commercial function encompasses all activities related to generating revenue and driving growth for a company. This includes business development, finance, marketing, sales, customer service, supply chain management, and human resources. A company's overall business strategy must include the commercial function, which is essential to achieving organizational goals.¹

The commercial function is crucial to fostering growth and is becoming more significant as companies move toward customer-centric business models.²

2 Commercial function missions:

The mission of the commercial function is to increase revenue through customer acquisition and retention, market expansion, and value delivery. In order to do this, it is necessary to identify the wants and needs of the target market, develop goods and services to meet those needs, and explain to the target market the benefits of those offerings.

Therefore, the commercial function is responsible for a variety of important tasks, such as:

- Creating and executing sales and marketing strategies to reach target audiences and meet revenue targets
- Analyzing and conducting market research to determine trends, needs, and preferences of customers
- Creating and launching new goods or services that cater to consumer needs and generate new sources of income.
- Establishing and maintaining connections with partners, clients, and suppliers.
- To ensure customer satisfaction and loyalty, provide customer service and support.
- Managing sales channels, pricing plans, and advertising strategies to increase sales and profitability.
- To find areas for development and growth, tracking and analyzing sales data, market trends, and customer feedback.

Overall, the commercial function contributes significantly to business success through revenue generation, market share growth, and customer loyalty.

3 Commercial function jobs:

The commercial function includes a number of positions in the sales, marketing, and customer service divisions. Typical job titles in the commercial function include sales

¹ Philip Kotler and Kevin Lane Keller, "Marketing Management" , p154

² McKinsey & Company, "The Commercial Function: A Growth Engine in the Digital Age.", 2020, P9-11.

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representatives, account managers, marketing managers, product managers, customer service representatives, and business development managers.

According to a LinkedIn survey, the most common job titles in the commercial function are sales manager, account manager, and business development manager.¹

4 Commercial Function Evaluation:

Effective commercial function evaluation, based on a Gartner study, entails matching KPIs with business goals, identifying areas for improvement, and providing actionable insights to spur performance enhancements.²

An effective evaluation of the commercial function must include metrics for performance and efficiency in achieving business objectives. Key performance indicators (KPIs) like: revenue growth, customer acquisition and retention, customer satisfaction, sales productivity, and profitability can be used to evaluate the commercial function. A balanced scorecard approach can provide a more complete picture of the effectiveness and performance of the commercial function by including both financial and non-financial measures.

5 Commercial function structure:

The commercial function's organizational structure consists of departments for sales, marketing, and customer service; it is influenced by the organization's size, industry, and business strategy. Either centralized or decentralized commercial function will depend on organizational needs and structure. The commercial function may on occasion include the business development, pricing, and product management departments. The organizational structure of the commercial function should enable effective departmental coordination and communication in order to achieve business objectives. Encourage effective departmental communication and collaboration to achieve business objectives.

Cross-functional teams are formed by successful commercial operations to develop and carry out sales and marketing strategies and to create open lines of communication between departments.³

Section 3: Conception of the commercial performance

This section provides a comprehensive exploration of the conception of commercial performance. By examining its definition, determinants, management strategies, levers, enablers, sources, and fundamental indicators, we can gain valuable insights into the factors that contribute to organizational success in the marketplace.

¹ LinkedIn, "The 2021 State of Sales Report.", 2021.

² Gartner, "Transform the Commercial Function to Drive Business Value.", 2019, p9.

³ *Harvard Business Review*, January/February 2018 ^ BR1801. (2018, January 1).

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1. Definition of commercial performance:

Commercial performance also called performance marketing is the performance that is linked to the satisfaction of company customers.¹

This performance can be assessed using quantitative metrics (like market share, profit, or turnover) or qualitative metrics (like customer satisfaction, brand loyalty, or product quality, for example). The company must recognize all the actions that enable it to provide value to customers regardless of its environment if it hopes to maintain its commercial performance. Once a company is successful in providing the most accurate response to market-based customer expectations, it is said that it "creates value for customers".

In fact, it seems difficult to distinguish between the various types of previously developed performances and the commercial performance. The explanation is that all performance types relate to the business's ultimate goal, which is to satisfy its customers (rather than just being a client of the business). Even though goals vary depending on the preferred style of performance, the overall goal of every business is to satisfy customers' needs in order to generate profits.

Key Performance Indicators (KPIs) are among the most commonly used tools that companies employ to help manage more effectively and guide their progress. In brief, KPIs are the top level data companies use to measure performance and plan for the future. Managers need KPIs for a number of reasons:

1. To determine where you have been and what performance looks like from the past.
2. To track the progress of change.
3. To plan and prepare where you are going, what success looks like in the future and identify how to achieve success.”²

2. Commercial Performance Determinants:

There are factors that, in general, determine the commercial performance as well as those that enable evaluation of it, namely the commercial performance indicators.

Commercial performance can be influenced by many factors, but the following elements have the biggest direct impact on it:

2.1 Service quality: One of the key components of an attractive offer is the service's or product's quality, which includes all the features that affect a given good or service's capacity to meet explicit or implicit needs. Because of this, there is a very close relationship between

¹ Sogbossi Bocco, B. (2010). Perception de la notion de performance par les dirigeants de petites entreprises en Afrique. *La Revue Des Sciences De Gestion*, 241, p119. <https://doi.org/10.3917/rsg.241.0117>

² Amin Behzadirad, Fredrik Stenfors, Key Performance Indicators (KPIs) A study of key performance indicators (KPIs) at one of the production sites of Fresenius Kabi in Brunna, Sweden, 2015, P16

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customer satisfaction and service quality, which is why leaders gave this deciding factor special attention.

2.2 Resellers' financial capacity: Refers to all of the resources they have at their disposal to ensure the smooth operation of their business operations. Almost all commercial performance indicators are affected by it.

2.3 Production capacity: This is the amount of product the company can supply to meet demand over a specific time frame. While a persistent decrease in inventories is thought to reflect a surplus of consumption over current production, a significant increase in decreased stocks is thought to indicate production that is not being offset by current consumption. Therefore, both shortages and excess stock of a product hurt a distribution network's ability to generate revenue.

2.4 The offer's diversity: To be able to meet the needs of the various market segments served by the company, the policy of diversifying the offer has been established. The variety of products and services that are offered to customers has a direct bearing on their level of satisfaction and sales volume.

2.5 The size of the distribution network: In addition to having a significant impact on customer satisfaction, product availability also has an undeniable impact on business performance. As a result, the business has a greater chance of reaching the greatest number of consumers who can assess the product's quality in light of their needs and expectations. The network's overall sales are directly impacted by the number of retailers as well.

3. Commercial Performance managing and measures:

“Performance measures are designed to help people track whether they are moving in the direction they want to. They help managers establish whether they are going to reach the destination they set out to reach. The ultimate destination is the satisfaction of stakeholders’ wants and needs.”¹

For businesses to comprehend their position in the market, enhance their operations, and maintain competitiveness, measuring commercial performance is crucial. Commercial performance can be evaluated using a variety of techniques, including monetary indicators like revenue, profit, and return on investment as well as non-financial indicators like customer satisfaction, brand recognition, and market share. A balanced scorecard approach, which incorporates both financial and non-financial measures, can offer a more thorough view of a

¹ Neely, Andy & Adams, Chris & Kennerley, Mike. (2002). The Performance Prism: The Scorecard for Measuring and Managing Business Success.p8

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company's commercial performance.¹ Measuring commercial performance can also be aided by benchmarking against industry peers and setting precise performance metric goals.²

Table n°2.1: Measures that matter across industries

| Banking | Petroleum | Retail |
|-------------------------|----------------------------------------|--------------------------------|
| Customer retention | Capital expenditure | Capital expenditure |
| Customer penetration | Exploration success rate | Store portfolio changes |
| Asset quality | Refinery utilisation | Expected return on new stores |
| Capital adequacy | Refinery capacity | Customer satisfaction |
| Assets under management | Volume of proven and probable reserves | Same store/like-for-like sales |
| Loan loss | Reserve replacement costs | Sales per square foot/metre |

Source: Guide to key performance indicators - PWC. (n.d.). https://www.pwc.com/gx/en/audit-services/corporate-reporting/assets/pdfs/uk_kpi_guide.pdf consulted on 17/05/2023 at 12:26pm.

The presented table showcasing key performance indicators (KPIs) that matter across industries like banking, petroleum, and retail is an invaluable resource for businesses operating in these sectors. By consolidating and highlighting the most important metrics, the table offers a concise overview of performance benchmarks that companies can track and analyze to gauge their success.

Four fundamental processes underpin the development and deployment of a performance measurement system while fulfilling the wants and needs of the stakeholders.

- **Design:** is concerned with determining the metric, or what should be measured, and understanding what should be measured. If individual measures are to accomplish the goals and promote the right behaviors, they must be carefully and precisely designed.
- **Plan and Build:** This approach focuses on organizing how to access the necessary data, constructing the measurement system, configuring data manipulation and distribution, and, most importantly, dispelling people's political and cultural objections to performance measurement.
- **Implement and Operate:** this is concerned with managing the measures themselves while using measurement data to gain insight into what is happening within the organization and then using that knowledge to improve business performance. Using

¹ Kaplan, R.S. and Norton, D.P. (2004), "The strategy map: guide to aligning intangible assets", *Strategy & Leadership*, Vol. 32 No. 5, pp. 10-17. <https://doi.org/10.1108/10878570410699825>

² Ian Palmer, Richard Dunford, David Buchanan and Gib Akin, *Managing Organizational Change: A Multiple Perspectives Approach*,(2017), 4th Edition(2022)p113

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the data is the hardest part of performance measurement. Someone must take action on the data that the measurement system generates if they want to get real value out of it.

- **Refresh:** is concerned with the measurement system itself, making sure that it is continuously updated and improved and making sure that measures remain pertinent to the needs of the organization. A performance measurement system is a living thing that requires ongoing development and care.¹

To conclude, commercial performance measurement affects people in organizations. Measures convey to people what is important and how they should act. When the measures are in line with the organization's strategies, they promote behavior that is on-brand.

4. Commercial Performance levers and enablers:

Based on interviews with CEOs and the 2014 Oliver Wyman study, they propose the 10 levers and 5 enablers as a compelling framework for thinking about their business.²

4.1 Levers:

4.1.1 Multi-local competitor strategies:

Acting smart locally in diverse competitive environments requires a combination of cultural awareness, relationship-building skills, and adaptability. This includes understanding local customs, language, and business practices. Building relationships with local partners and stakeholders can help businesses navigate regulatory environments and gain access to new markets. Understanding the needs of local customers and tailoring products or services accordingly can give businesses a competitive advantage.

4.1.2 Operating model design and overhead management:

It is essential for companies to act smart and adapt their products or services to what customers are willing to pay for. *“Businesses can gain a more comprehensive understanding of their target audience and tailor their marketing and product strategies accordingly.”*³ Acting smart and adapting to customer demands is essential for business success, as it allows companies to build loyal customer bases, increase revenue, and stay competitive in an ever-changing marketplace.

4.1.3 Sourcing and vendor management:

¹ Neely, Andy & Adams, Chris & Kennerley, Mike. (2002). The Performance Prism: The Scorecard for Measuring and Managing Business Success.p8-9

² *Key performance levers in your business.* (n.d.). Key Performance Levers in Your Business. <https://www.oliverwyman.com/our-expertise/insights/2014/may/key-levers-performance.html>

³ *Segmenting customers based on their location: considerations and challenges.* (n.d.). Segmenting Customers Based on Their Location: Considerations and Challenges. <https://www.markettailor.io/blog/segmenting-customers-based-on-their-location-considerations-and-challenges> (consulted on 24/04/2023 at 18:32)

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Supply-side cost management is essential for businesses to increase profitability and maintain market competitiveness, using a variety of tactics such as haggling, streamlining production procedures, investing in technology, and outsourcing non-core activities.

4.1.4 Operational performance frontier:

Businesses must prioritize best practices to increase productivity, customer satisfaction, and profitability in order to maintain competitiveness in a changing market.

4.1.5 Customer segmentation and offer design:

Businesses must identify which customers require different offers to increase customer loyalty and retention, while also maximizing revenue by targeting offers at particular customer groups.

4.1.6 Strategic pricing:

Businesses must develop scientific pricing strategies and sales tools to remain competitive in the market, as customers have access to a wide range of goods and prices.

4.1.7 Multi-channel routes to market:

Matching channels to customer needs is essential for successful businesses to improve their overall experience and increase loyalty. Regularly evaluate and adjust your channel strategy to stay competitive.

4.1.8 Marketing ROI:

Marketing is essential for success, and it requires understanding target audience, using various channels, consistency in branding and messaging, and measuring success through analytics to prioritize impactful strategies.

4.1.9 Customer value management:

Investing in understanding customers is essential for long-term success, as it helps businesses build strong relationships, increase customer loyalty, and drive sales.

4.1.10 Sales force effectiveness:

Focusing, equipping and empowering the sales force is key to winning the right business, including identifying the target market and understanding their needs.

The performance of all plant processes and systems is carefully balanced and optimized by using the main Business Improvement Levers shown in the following figure.

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Figure n°2.4: Business performance improvement levers



Source: *Business Performance Improvement Levers*. (n.d.). ARC Advisory Group.

<https://www.arcweb.com/industry-concepts/business-performance-improvement-levers>

(consulted //2023 at 3:25pm)

According to the previous diagram, we can see that Business Performance Improvement Levers must be used to balance and optimize the performance of all plant processes and systems. Companies should focus on the five "productivity levers": People, Processes, Systems, Information, and Assets (Things). People are a key factor in increasing business performance, while Processes allow businesses to adopt new and more effective business models, enhance asset performance and reliability, enhance customer relationships, cut down on energy use, and pursue new opportunities. Systems allow businesses to boost performance and cut costs, while Information helps businesses make better decisions and optimize performance.

4.2 Enablers:

4.2.1 Customer and competitor intelligence:

Investing in tools such as surveys, focus groups, social media monitoring, and competitor analysis software can help businesses stay ahead of the competition and provide value to customers.

4.2.2 Operational cost and profit intelligence:

It is essential to know how you make money, where it comes from, and why. This knowledge helps in making informed decisions that can positively impact the bottom line.

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True North is a guiding principle that helps businesses stay focused on their goals and objectives by understanding their operational costs and profit margins.

4.2.3 Systems and infrastructure:

Technology plays a key role in an organization's success, as it can streamline processes, improve communication, and enhance productivity. However, it is important to carefully evaluate and select the right technology solutions that align with business goals and objectives. Investing in the right technology can save time and money, as well as provide a competitive advantage.

4.2.4 People and processes:

Companies must utilize their key asset - people and processes - as effectively as possible to gain a competitive edge in the marketplace. This requires strategic recruitment, training, and development of employees, streamlining processes, and effective communication and collaboration between teams. People and processes are the most valuable asset that must be deployed wisely

4.2.5 Tools, metrics and tracking:

Tools, metrics, and tracking are essential components of any successful endeavor. Metrics provide data that can be analyzed to make informed decisions, while tracking allows you to monitor performance over time and adjust strategies accordingly. Finding your key focal points from the list of levers and enablers is a potent way to take the initiative and perhaps the lead. By outperforming competitors at what matters most to your company, you can differentiate yourself from them and remain competitive in all other areas.

5. Commercial performance sources:

According to B. MARTORY and D. CROZET, there are two types of sources that contribute to organizational performance: ¹

The performance of an organization is influenced by a combination of internal and external sources. Internal sources reflect the organization's capabilities, processes, and financial management, while external sources encompass the impact of the broader business environment. Both sources are interconnected and must be effectively managed to optimize overall performance.

5.1 Internal sources:

Internal sources encompass various dimensions of performance, including human performance, technical performance, and financial performance.

¹ MARTORY B, CROZET, D : Gestion des Ressources Humaines : pilotage sociale et performance Edition DUNOD 5^{ème} Edition 2002, p165 Translated

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- Human performance refers to the skills, knowledge, and expertise of the employees within the organization. A well-trained and motivated workforce can significantly impact the overall performance of the company.
- Technical performance relates to the efficiency and effectiveness of the organization's technical systems, processes, and infrastructure. This includes factors such as technological capabilities, production processes, and operational efficiency.
- Financial performance, another crucial aspect, focuses on the organization's financial indicators, such as revenue, profitability, and return on investment. Sound financial management, proper budgeting, and strategic resource allocation are essential for achieving favorable financial performance.

5.2 External sources:

External sources of performance refer to the influence of the broader environment on the organization's performance. These sources encompass various factors, including market conditions, industry trends, economic factors, and technological advancements.

- Market conditions play a significant role in determining the performance of an organization. Factors such as customer demand, competition, and market dynamics can impact sales, market share, and overall performance.
- Industry trends and technological advancements also have a significant influence on organizational performance. Keeping abreast of industry developments and adopting new technologies can enhance competitiveness and create opportunities for growth.
- Moreover, economic factors, such as inflation rates, interest rates, and exchange rates, can affect the organization's performance, particularly in terms of profitability, investment decisions, and market expansion.

Table n°2.2: Internal and External Performance

| Internal Performance | External Performance |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------|
| It turns to managers. | It is mainly directed to shareholders and external organizations. |
| It focuses on the process of building outcome from the organization's resources. | Focus on results, present or future |
| Need to provide the necessary information for decision making. | They need to produce and communicate information. |

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| | |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Defining the variables of action. | Analysis of the Big Balances |
| Requires a unique vision of performance in order to coordinate everyone's actions towards a single goal. | Promoting discussion among different stakeholders |

Source: DORIATH, B et GOUJET, CH : gestion prévisionnelle et mesure de la performance Edition Dunod , Paris, 2002 p.p.168.169 Translated

The table comparing internal and external performance provides a clear and concise overview of the different factors impacting a company's performance. This comparison allows stakeholders to identify the areas where the company has control and can directly improve through internal strategies and initiatives.

6 Fundamental Commercial Performance Indicators:

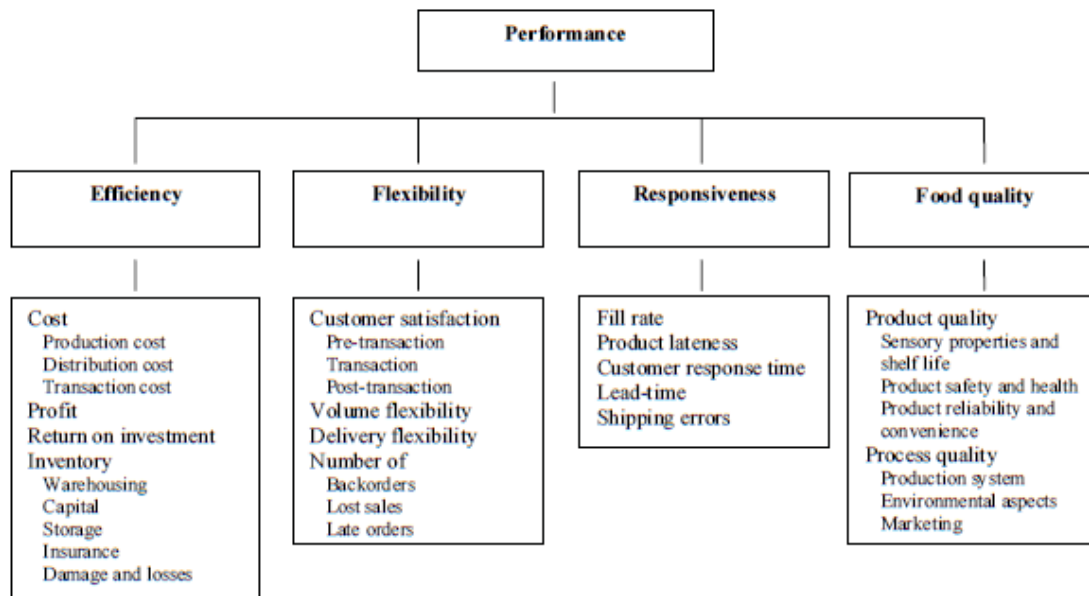
Performance frameworks, dashboards or scorecards are used by companies to group KPIs together into displays or reports so that they provide at-a-glance overviews of how the business (or business units) is performing.

- Financial perspective.
- Customer perspective.
- Marketing and sales perspective.
- Operational processes and supply chain perspective.
- Employee perspective.
- Corporate social responsibility perspective.

Commercial performance indicators are measurements that can be used to depict an organization's advancements and weak points. Directly selecting the indicators that will enable correcting the current situation and planning for the future is essential. Four requirements must be met for the indicators: they must exhibit some elasticity or a progress margin, be directly under management's control, be consistent with financial results, and exhibit moderate correlations among themselves to prevent improvements on one criterion from coming at the expense of improvements on all others.

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Figure n°2.5: Conceptual framework of an agri-food Supply Chain performance indicators



Source: C.J.M. Ondersteijn, J.H.M. Wijnands, R.B.M. Huirne and O. van Kooten (eds.), Quantifying the agri-food supply chain, 2006 Springer. Printed in the Netherlands, p61

The figure depicting the conceptual framework of agrifood supply chain performance indicators, including efficiency, flexibility, responsiveness, and food quality, provides a visual representation of the key aspects that contribute to the overall success of the supply chain.

There are two different categories of commercial performance indicators: quantitative and qualitative indicators.

6.1 Quantitative indicators:

“Quantitative performance measures can be measured directly without adhering to human judgment (e.g., production time). Whereas, most qualitative performance measures cannot be measured directly, because they usually involve intangible things that require human judgment.”¹

“They are most frequently reported as a number, cost, or percentage and examples include customer churn rate, lead to customer conversion rate, customer lifetime value, or cost per lead.”² It concerns actual financial data on business performance that you can monitor on a monthly and/or annual basis to see how your commercial productivity is developing.

¹ *Quantitative or qualitative performance measures.* (n.d.). Quantitative or Qualitative Performance Measures. <https://www.linkedin.com/pulse/quantitative-qualitative-performance-measures-nopadol-rompho>

² Hurree | *The Essential Guide to KPIs.* (2023, April 27). Hurree | the Essential Guide to KPIs. <https://info.hurree.co/kpi-essential-guide> (consulted on 01/05/2023 at 7:00 pm).

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Here are a few examples of quantitative commercial performance indicators to watch:

- Quantities sold.
- Revenue.
- Market share.
- The commercial margin.
- The number of new customers.
- Commercial profitability.
- Profit.
- Return on invested capital.

6.1.1 Quantities sold:

This indicator measures the total number of units or products sold over a specific period. It helps assess the volume of sales and demand. The commercial performance is evaluated in this case through the difference between the forecasts and the achievements. The company has not met its goals if the forecasts are higher than the actual. In the absence of that, we will discuss a sales evolution and, consequently, a successful commercial performance.

Performance (P) = achievement-forecast.

$P = 0$ or $P < 0$, implies that it is a bad performance.

$P > 0$ implies that it is a good performance.

6.1.2 Revenue:

*"Revenue is the inflow of assets, usually in the form of cash or accounts receivable, resulting from the sale of products or services in the ordinary course of business."*¹

*"Revenue is the total amount of income generated by the sale of goods or services related to the company's primary operations."*²

The revenue represents the commercial success of the company. Unlike the quantities sold, the impact of prices is remarkable in the calculation of revenue. So its evolution is linked to two components: the quantities sold and the prices charged by the company.

Performance (P) = forecast revenue - actual revenue.

With:

Revenue = quantity sold * price.

¹ Ray Garrison, Eric W. Noreen, Peter C. Brewer, "Managerial Accounting", 2012, 14th ed , p155

² Revenue vs. Profit: What's the Difference? (2023, April 5). Investopedia.

<https://www.investopedia.com/ask/answers/122214/what-difference-between-revenue-and-profit.asp>

Consulted on 17/05/2023 at 2:31pm.

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The performance measurement for this tool is based on the comparison between the forecast revenue and the actual revenue. After this calculation, it is necessary to analyze another analysis tool, namely the market share.

6.1.3 Market share:

"Market share is the company's sales revenue as a percentage of the total market sales revenue. It indicates the company's success in attracting and satisfying customers compared to other competitors in the market."¹

Market share measures the portion of the total market sales a company captures. It indicates the company's competitive position and growth.

$$\text{Market share} = (\text{Your company revenue} / \text{your industry revenue}) * 100\%$$

Calculating your market share will give you an overall understanding of your position in the industry, but it's also helpful to understand how you measure up to your direct competitors.

6.1.4 The commercial margin:

Commercial margin is the difference between the selling price of a product or service and the cost to produce or acquire it. It represents the amount that contributes to covering fixed costs and generating profit.²

The commercial margin calculation principle is:

$$\begin{aligned} \text{Commercial margin} &= \text{net sales} - \text{purchase cost of goods sold} \\ \text{Commercial margin rate} &= (\text{commercial margin} / \text{revenue excluding tax}) \times 100 \end{aligned}$$

Commercial margin is considered as an important kpi for commercial performance. It represents the financial contribution that each unit sold makes towards covering fixed costs and generating profit. It is a measure of profitability that helps assess the efficiency and effectiveness of a company's pricing and cost management strategies.

6.1.5 The number of new customers:

Attracting new customers is prospecting. In the interests of the company, sellers must diversify the customer base so that the revenue is less exposed to conjunctual difficulties or breakups with one or another customer. The prospecting activity requires organizational qualities, contact rigour and professionalism.

This indicator counts the number of new customers acquired during a specific period. It helps assess the effectiveness of marketing and sales efforts.

Formula: Count of new customers.

¹ David A. Aaker, Christine Moorman, "Strategic Market Management", 1984, p60

² P Kotler, G Armstrong, "Principles of Marketing", p114

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6.1.6 Commercial profitability:

Commercial profitability refers to the ability of a business or commercial venture to generate profit from its operations. It measures the financial success and effectiveness of the company's commercial activities, including sales, pricing, and cost management.

$$\text{Commercial profitability} = (\text{Net income} * 100) / \text{Revenue}$$

This formula calculates the net income as a percentage of total revenue. It reflects the proportion of revenue that remains as profit after deducting all costs and expenses associated with the commercial activities. The higher the commercial profitability, the more successful the company's operations are in generating profit and the more it is performant.

6.1.7 Profit:

*“Profit is a surplus over and above the expenses of production”.*¹

Profit represents the financial gain after deducting all expenses, including costs of goods sold, operating expenses, and taxes. It is calculated as follow:

$$\text{Profit (Pr)} = \text{total revenue} - \text{total expenses.}$$

Pr = 0, Pr < 0: Bad performance.

Pr > 0: Good performance.

6.1.8 Return on invested capital:

To sell a good or service, the company must make certain investments in storage, transportation, production and others. The capital invested for these achievements must be profitable; otherwise we can talk about performance.²

Return on Invested Capital (ROIC) is a financial metric that measures the profitability and efficiency of a company's capital investments. It provides insight into how effectively a company generates returns from the capital invested in its operations.

In terms of the formula, Return on Invested Capital (ROIC) is typically calculated using the following formula:

$$\text{ROIC} = (\text{Net Operating Profit after tax} / \text{Invested Capital}) * 100$$

ROIC helps assess the effectiveness of a company's capital allocation and its ability to generate returns for investors. A higher ROIC indicates better performance.

6.2 Qualitative Indicators:

They “ are *not measured by numbers but instead consist of opinions, attitudes or characteristics, often involving human interpretation.*” “ .. A common example of a qualitative KPI is customer or employee satisfaction surveys. The survey itself can be given in

¹ Richard T. Ely

² SAVALL H. ; ZARDET V, « *maitriser les coûts et les performances cachés* », Ed, Economica, 1989, p.343. translated.

Chapter 02: The commercial performance Indicators

*the form of quantitative data e.g. 'On a scale of 1 to 10, how would you rate your experience?' So although the answer will be given as a numerical value, the measure itself is based on a subjective interpretation of a person's opinion.'*¹

Quantitative indicators are insufficient to fully comprehend a commercial's work. There are times when significant effort is made but the desired results are not achieved. The qualitative indicators can help you identify any hidden deficiencies, whether it is a timing issue or improper execution. The concepts of commercial effectiveness (ratio of meetings, signatures, etc.) or client loyalty are equally significant.

Here are a few examples of qualitative commercial performance indicators to watch:

6.2.1 Customer satisfaction:

Customer satisfaction refers to the level of fulfillment, contentment, or happiness experienced by customers as a result of their interactions with a company's products, services, or overall experience. It is a measure of how well a company meets or exceeds customer expectations and fulfills their needs.

*"Customer satisfaction depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted."*²

A demanding customer is a source of progress for the company, measuring their satisfaction (To be assessed by survey) is an action to maintain a strong and lasting bond.

There are three possibilities:³

Performance = Expectations / Satisfied Customer

Performance > Expectations / Very Satisfied Customer

Performance < Expectations / Unhappy Customer

Tracking and monitoring Customer satisfaction levels and taking necessary actions to improve it can lead to increased customer loyalty, higher customer retention rates, positive word-of-mouth, and ultimately improved commercial performance.

6.2.2 Brand image:

It is "*the set of beliefs, ideas, and impression that a person holds regarding an object*"⁴

¹ Hurree | *The Essential Guide to KPIs*. (2023, April 27). Hurree | the Essential Guide to KPIs. <https://info.hurree.co/kpi-essential-guide> (consulted on 01/05/2023 at 7:00 pm).

² P Kotler, G Armstrong, "Principles of Marketing", p16

³ AVEROUS (D) et AVEROUS(B) : *Mesurer et manager la qualité de service, la méthode CYQ*, édition Inseep consulting, 2ème édition, Paris, 2004, P.23. Translated

⁴ P Kotler, G Armstrong, "Principles of Marketing", p273

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*"Company image refers to the overall impression or perception that customers, stakeholders, and the general public hold about a company. It encompasses the company's reputation, brand identity, values, and how it is perceived in the marketplace."*¹

Measuring performance through brand image requires evaluating various metrics that reflect how consumers perceive and engage with a brand. For example: Assessing brand awareness, evaluating how your brand differentiates itself from competitors and how it is positioned in the minds of consumers, and many others.

Regularly tracking these metrics over time allows you to assess the effectiveness of your brand strategies, identify areas for improvement, and make informed decisions to enhance your brand image

6.2.3 Adaptation:

Adaptation assesses a company's ability to respond and adjust to changes in the market, industry, or customer needs. It involves evaluating the company's agility and flexibility. There is no specific formula for it but it can be assessed through the experiences of the company.

6.2.4 Client Relationship Management:

"CRM is an information industry term for methodologies, software and usually Internet capabilities that help an enterprise manage customer relationships in an organized way."

*"CRM is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture."*²

So it emphasizes the effective management and nurturing of customer relationships. It involves leveraging customer data, technology, and processes to understand and meet customer needs, and drive business growth. CRM aims to develop long-lasting and profitable relationships with customers.

7 Importance of commercial KPIs:

Knowing and measuring the right KPIs will help you achieve results faster. A Key Performance Indicator is a measurable metric that demonstrates how well a company performs against its key business objectives, quarterly rocks, business objectives, and progress towards your 3-5 year strategic plan.³

¹ P Kotler, « Marketing Management », p10

² Francis Buttle, "Customer Relationship Management", 2009, p4

³ *Why are KPIs Important? The Importance of KPIs.* (2023, April 23). Why Are KPIs Important? The Importance of KPIs. <https://www.rhythmsystems.com/blog/5-reasons-why-you-need-kpis-infographic-consulted-29/04/2023> at 6:30pm)

Chapter 02: The commercial performance Indicators

Conclusion of the chapter:

We have learned from this chapter that performance has numerous aspects. The concept does not have a single definition in this sense because each dimension has a unique notion. Finding the ideal balance between effectiveness and efficiency, or between an organization's capabilities and results, is the key to good performance. Doing the right things and constantly working to increase performance and customer satisfaction are the best ways for a successful business to meet the needs and expectations of its clients.

Commercial performance has a role to play in company operations and can be measured in a variety of ways and using a variety of metrics and indicators. She is subjective because she is the result of a subjective operation that seeks to bring a wish closer to reality and assess the degree of success of an intention.

The theoretical interpretation of both the concepts of procurement process and the business performance of the company shows the presence of a relationship between the latter and which can be direct or indirect.

The empirical study of this interaction within the agri-food company “SARL BOUBLENTA” will continue in the following chapter to determine this degree of dependence in order to test our hypotheses.

Chapter 03:
**Effects of the Procurement
Process from Local Markets
VS Importation at SARL
BOUBLENZA**

Chapter 03: Effects of the procurement process from local Markets VS importation at SARL BOUBLENTZA

Introduction of the chapter:

The procurement process is critical in shaping the operations and performance of organizations, particularly when deciding whether to source from local markets or rely on importation. In this chapter, we present the findings of an empirical study conducted at SARL BOUBLENTZA, the leading national exporter of forest products processed, to investigate the impact of these procurement strategies.

The decision to choose between local markets and importation holds significant implications not only for the organization itself but also for various stakeholders, including suppliers and the broader economy. Using a qualitative approach that includes conducting interviews, we hope to gain insights into the benefits and challenges of procuring from local markets versus importation, as well as evaluate the impact of procurement choices on the company's commercial performance.

Section 1: Presentation of the company SARL BOUBLENTZA

In this section, we aim to introduce a presentation of the mother company, its history and organizational chart moving to the affiliate in which our internship took place, and getting into details about the topic studied.

1. BOUBLENTZA Company Presentation:

Native of the wilaya of Tlemcen, BOUBLENTZA Company is a family business that has been operating in food industry for four generations. Since 1994, This Company has specialized in the production of natural ingredients of plant origin; it has particularly concentrated on the processing of carob and its derivatives.

The valuable skills and long experience acquired by the personnel at BOUBLENTZA Company have significantly contributed to the development of innovative and efficient products in order to meet the needs of its customers.

BOUBLENTZA Company has a sustainable development policy that is mainly committed to the protection of the environment.

Being a long-standing player in the agricultural industry, SARL BOUBLENTZA employs more than one hundred people and seeks to expand its production into global markets.

- **Legal Form : S.A.R.L. (Société à Responsabilités Limitées).**
- **Social Capital: 400,000 DA.**
- **Creation Date: 2006 Agro alimentary Industry Sector**

Chapter 03: Effects of the procurement process from local Markets VS importation at SARL BOUBLENTA

- **Activity Name: Production and export of carob derivatives.**

1.1 BOUBLENTA Company History:

The start of the project (Transformation of carob) dates back to 1994. When it was created, the company was known under the name of SARL BOUBLENTA & BEREKSI. Weakly experienced and equipped, the company was content to make some transformations of separation of the seed and crushing of the pulp.

In 2006, following the death of the shareholder Mr. BEREKSI, the SARL BOUBLENTA AGROALIMENTAIRE ET Produits AGRICOLES was born. Mr. BOUBLENTA Abdelhak, manager of the company, turned to the food industry starting from the end of the 1980s. He surrounded himself with his 4 children for the management of the company:

BOUBLENTA Karim graduated in industrial maintenance for production supervisor, BOUBLENTA Chakib, graduated in commercial sciences, specializing in finance, to supervise administration, sales and finances. BOUBLENTA Ikram, state doctor in biology to manage the research and innovation center and of the quality laboratory and finally BOUBLENTA Ibtissem, agricultural engineer to develop the nursery. His children represent the fourth generation of exporters in the family.

The start of the project (transformation of carob) dates back to 1994. From 2007, with its own funds, the company built the powder production plant carob in Zenata, wilaya of Tlemcen, exclusively for export.

The company raised its social capital in December 2009 from 20 million dinars to 100 million dinars. The biggest investments were made between 2006 and 2008 when production equipment for carob powder was purchased. The annual production capacity of this new factory will be 8000 tones of carob black powder. The company continues to plan on purchasing new equipment to meet its goal of commercial expansion.

Since 2009, the company has been certified by HACCP, ISO 9001, ISO 22000, FSSC22000 certification HALAL and BIO. It is in the process of GMP to meet international standards.

In order to diversify, this company has created a center for research, innovation and development in 2017 and develops 03 innovative agro-food production projects. Since its creation BOUBLENTA company realizes 100% of its turnover in the Export in exporting to the five continents to about thirty five countries.

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BOUBLEENZA Company is currently the leading national exporter of forest products processed, the fourth exporter in the food industry in Algeria, thus exceeding the first exporter of dates, and especially second world exporter of carob powder. The Company is continuously investing in order to produce the quantities requested by its customers with the best quality, the best price and the best services.

BOUBLEENZA Company is proud of its committed sustainable development policy, above all towards the protection of the environment.¹

1.2 Location of the Company:

The Company BOUBLEENZA AGPA (Agriculture and Agricultural Products) is situated in the wilaya of Tlemcen, Western Algeria.

- Social office is in the Tlemcen city.
- First storage and conversion facility is in the Daira of Remchi.
- Production facility is in the Daira of Zenata, not far from the airport.

2. Quality:

BOUBLEENZA Company watches over the quality of its products and their traceability. It provides its customers with good quality products. This has been accomplished thanks to the continuous and careful monitoring of the production line throughout the manufacturing process.²

BOUBLEENZA Company limited is certified: HACCP, ISO 9001-2008, ISO 22000, Certification BIO and HALAL certificate.

¹ Internal Documents of the company SARL BOUBLEENZA.

² Company official website, <https://boublenza.com/#section-3>. (n.d.). <https://boublenza.com/#section-3>
Consulted on 11/05/2023 at 4:20pm

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3. Mission, vision and Goals:

3.1 Mission:

The company SARL BOUBLENTA is responsible for the production and marketing of carob powder and its derivatives, its mission is to offer products of impeccable quality to its customers to maintain its competitive advantage.¹

3.2 Vision:

The main vision of the SARL BOUBLENTA is to have:²

- A "Market" approach: imposing itself through the quality of its products and the diversity of its range.
- Be the world leader.
- Increase in turnover.

3.3 Goals:

The main objectives of the SARL BOUBLENTA are:³

- Reinforce its dominant position and maintain its international position
- Participate in national and international fairs to promote its products
- Satisfy customers and seek out others.
- Optimize the various costs to increase its turnover.
- Ensure the high quality of its products.
- Specialize in carob powder to ensure competitiveness.
- Sustainably strengthen its international market share.

4. SARL BOUBLENTA Company organizational chart :

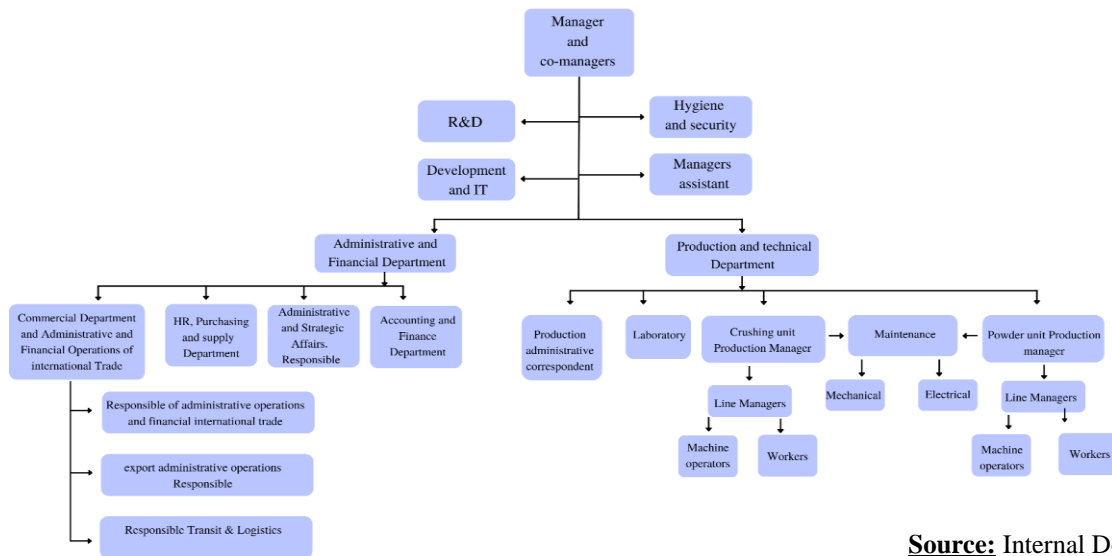
¹ Internal document of the company

² Internal document of the company

³ Ibid

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Figure3.1: Organization chart of SARL BOUBLENTA Company



Source: Internal Document.

In the previous figure we introduce the organizational chart of the mother company SARL BOUBLENTA, mentioning all departments and position that provide the good execution of the flow of work, to be able to proceed in the company’s activities.

4.1 Manager:

He is responsible for establishing strategic plans and decisions. It is also responsible for coordinating, guiding and motivating the other departments.¹

4.2 Administrative and financial department:

➤ Commercial department, administrative and financial operations of international trade:

➤ Responsible of Transit and logistics:

- Negotiate freight and quotations with shipping companies and monitor shipping lines' offers and franchise deadlines.
- Shipment scheduling
- Monitor container loading and unloading for imports and exports, and keep the ADV department on a regular basis.
- Issue production instructions
- Ensures on-time payment of invoices from shipping lines, carriers and on time.

➤ Export administrative operations Responsible:

- Contract negotiation with customers.
- Preparation of export files (direct debit and forwarding).
- Validation of documents for direct debit and customs clearance.

¹ Internal Document

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- Provides information on weekly activity reports.
- Responsibility for deadlines and accuracy of information.
- Draft and distribute contracts and pro formas.
- Validate conformity of documents for direct debit and customs clearance.
- Supervision of sample shipments

➤ **HR, Purchasing and Supply department:**

Its missions and responsibilities are: ¹

- Staff management.
- Procurement Management.
- The accounts and the realization of the inventories of the company and the related documents.
- Compliance with health and safety instructions.
- Tracking inventory levels.

➤ **Accounting and finance department:**

Its missions and responsibilities are:²

- General accounting.
- Managing relations with the tax administration and financial partners.
- Preparation of the company's accounting and fiscal balance sheet and making the appropriate declarations.
- Supervising and organizing inventories.
- Development of the company's financing plan.

4.3 Production and technical department:

This is the core of the business, it:³

- Ensures the supply of raw materials in coordination with the manager of the carob pod crushing unit.
- Ensures compliance with health and safety instructions.
- Takes the appropriate curative and preventive measures when anomalies are observed.
- Ensures the execution of the developed equipment maintenance program.

¹ Internal Document

² Ibid

³ Ibid

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- Monitors the operation of the machines, and detect any breakdowns in order to remedy them in time.

4.4 Research and Development:

The Research and Development Department is dedicated to develop and create new carob products, and to explore sustainable plant resources, for applications in the food industry, cosmetics, etc.

BOUBLEENZA Company works in close collaboration with a number of Algerian and International Universities and Institutes to create and develop innovative and functional products of natural origin. With naturalness, perseverance, science and creation, new quality products are elaborated.¹

5. Products of the company :

All of the company's products are made with only natural ingredients and are derived from the carob plant.

The fruit of the carob tree is the carob. This fruit contains grains that are typically used as a substitute for cacao. This plant has been grown since antiquity in the Mediterranean region, specifically in North Africa, the Middle East, the Canary Islands, Spain, and Sicily.

Carob is enhanced by its chocolate flavour. It actually has a lot of advantages and doesn't need special care or treatments.

5.1 CARUMA:

CARUMA, a carob powder for human consumption, is a natural ingredient 100% carob. It is a product obtained after processing the carob pulp.

CARUMA with its sweet taste and chocolate aroma, besides its flavors of coffee and toffee, is highly appreciated by artisan and industrial formulators, pastry and food innovators, who are always looking for new products.

CARUMA is used as a healthy cocoa alternative because it is low-fat with a very high fiber content. CARUMA possesses fascinating functional properties.

¹ Company official website, <https://boublenza.com/#section-4>. (n.d.). <https://boublenza.com/#section-4>
Consulted on 10/05/2023 at 9:10am

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CARUMA is free of stimulants like caffeine and the obromine. It is an indispensable ingredient in the manufacture of chocolate, ice cream, dairy products, pastries, bakery products, drinks, sauces, etc.¹

- CARUMA is gluten and GMO free.
- CARUMA is a certified BIO product.
- It exists under three different types of references.

5.2 CARANI:

CARANI, a carob powder for animal feeding, is a natural ingredient, 100% carob. It is a product obtained after transformation of the carob pulp.

CARANI is an anti-diarrheal additive that has been tested to provide maximum protection to young animals during weaning, thanks to the presence of tannins (polyphenols).

CARANI can be an excellent alternative product for milk because of its protein, calcium and sugar contents; it also offers good palatability to animal feeding.

CARANI is rich in fibers and contains essential minerals necessary for the growth and well-being of animals.²

5.3 CAROB EXTRACT:

Carob extract is 100% natural, with no added sugar. Due to its ease of mixing in solids and complete solubilization and wide use in liquids, such as water and milk, carob extract provides a very original taste and aroma to food and other products. Carob extract brings a flavor of coffee, caramel or cocoa to sweet or savory drinks. Carob extract is rich in sugars; indeed, it can be used as a substitute for refined sugar.³

6. Carob :

6.1 Definition:

Carob tree (*Ceratonia siliqua* L.) belongs to legume family and it is native to the Mediterranean region where the fruit considered as an important component of vegetation for economic and environmental reasons. Carob fruit is a non-cracking pod, long and flattened, straight or curved, thickened at the sutures, 10–30 cm long, 1.5–3.5 cm wide, about 1 cm

¹ Company official website, <https://boublenza.com/#section-2>. (n.d.). <https://boublenza.com/#section-2> Consulted on 10/05/2023 at 10:00am

² Company official website, <https://boublenza.com/#section-2/1>. (n.d.). <https://boublenza.com/#section-2/1> consulted on 10/05/2023 at 10:05am

³ Company official website, <https://boublenza.com/#section-2/2>. (n.d.). <https://boublenza.com/#section-2/2> consulted on 10/05/2023 at 10:09am

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thick, blunt or sub-acute apex. It is composed of two major parts, pulp (90%) and seed (10%). They are widely used as raw material in food, pharmaceutical and cosmetic industries. ¹

6.2 Carob In the world:

The carob tree has recently spread from Spain to other regions that have a Mediterranean climate, such as California (USA), Mexico (Tijuana), Chile and Argentina, and has been introduced to parts of Australia by Mediterranean migrants and to South Africa and India by the British (Batlle and Tous, 1997).

Table 3.1: Average harvested area, production and yield of the main carob producing countries over the last ten years (2012–2021)

| Country** | Area harvested (ha) | Production (tonnes) | Yield (t/ha) |
|-----------|---------------------|---------------------|--------------|
| Spain | 37330 | 44114 | 1,18 |
| Portugal* | 13599 | 42367 | 3,12 |
| Italy | 5599 | 31297 | 5,59 |
| Morocco | 10415 | 22031 | 2,12 |
| Türkiye | 1911 | 15489 | 8,11 |
| Greece* | 2580 | 12753 | 4,94 |
| Cyprus* | 1254 | 7932 | 6,33 |
| Lebanon | 348 | 3624 | 10,41 |
| Algeria | 781 | 3467 | 4,44 |
| Tunisia | 412 | 841 | 2,04 |
| Total | 74229 | 183915 | 2,48 |

Source: MAHDAD, YASSINE MOUSTAFA and GAOUAR, SEMIR BECHIR SUHEIL (2023) "Origin, distribution and domestication of the carob tree (*Ceratonia siliqua* L.)," Turkish Journal of Botany: Vol. 47: No. 2, Article 2. <https://doi.org/10.55730/1300-008X.2748> Consulted on 15/05/2023 at 15:15.

The total harvested area of carob in the world during the last decade (2012–2021) is estimated at 74,229 ha of which 66,944 ha (90.18%) are distributed among Spain, Portugal, Morocco, and Italy.

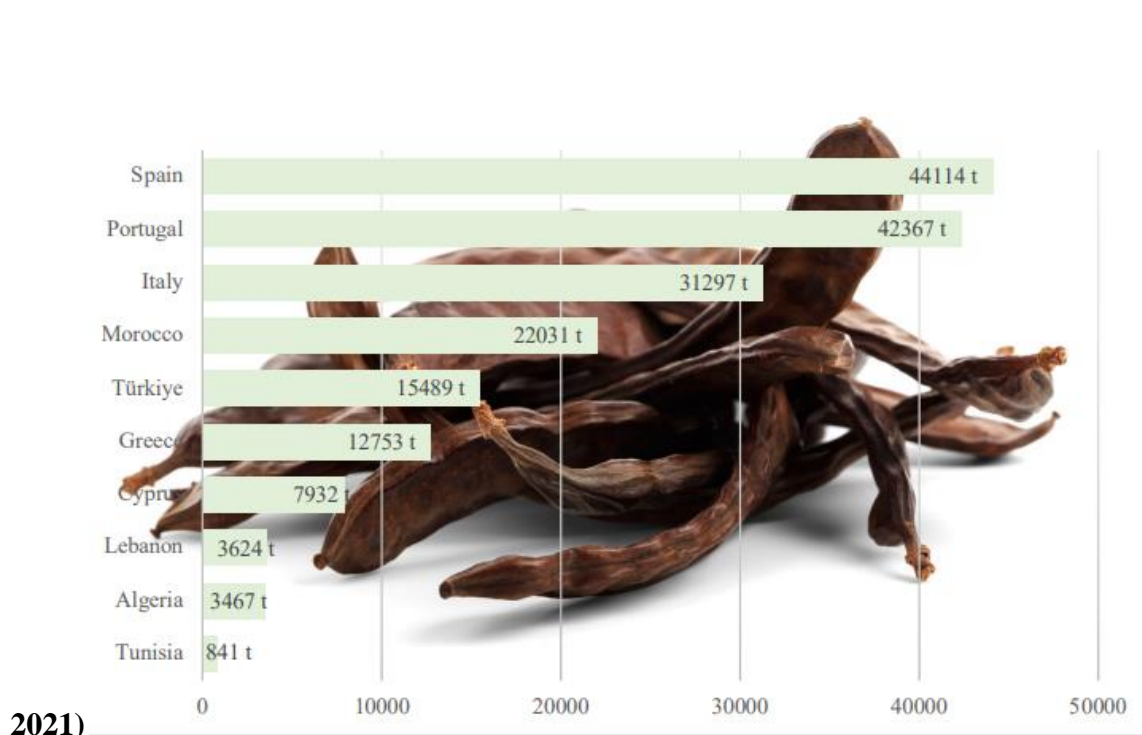
World carob production has declined drastically over the last 70 years, from 650,000 tonnes in 1945 (Orphanos and Papaconstantinou, 1969) to 183,915 tonnes (average world production

¹ Zhu, B. J., Zayed, M. Z., Zhu, H. X., Zhao, J., & Li, S. P. (2019, September 30). *Functional polysaccharides of carob fruit: a review - Chinese Medicine*. BioMed Central. <https://doi.org/10.1186/s13020-019-0261-x> Consulted on 18/05/2023 at 17:50

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from 2012 to 2021), a loss of 72%. In Spain alone, production has fallen by 88%, from 420,000 t in 1945 (AEA, 1987) to 48,756 t in 2021 (MAPA).¹

Figure 3.2: The main carob producing countries in the world over the last decade (2012–



Source: MAHDAD, YASSINE MOUSTAFA and GAOUAR, SEMIR BECHIR SUHEIL (2023) "Origin, distribution and domestication of the carob tree (*Ceratonia siliqua* L.)," Turkish Journal of Botany: Vol. 47: No. 2, Article 2. <https://doi.org/10.55730/1300-008X.2748> Consulted on 15/05/2023 at 15:20.

The average world production of carob between 2012 and 2021 is estimated at 183,915 t, and is mainly concentrated in Spain, the leading producer country with 44,114 t, which represents almost a quarter of world production, closely followed by Portugal with 23% of world production, Italy with 17% and Morocco with 22,031 t, i.e. 12% of world production. The four countries mentioned above alone account for more than three quarters (76%) of world carob production.

6.3 Carob in Algeria:

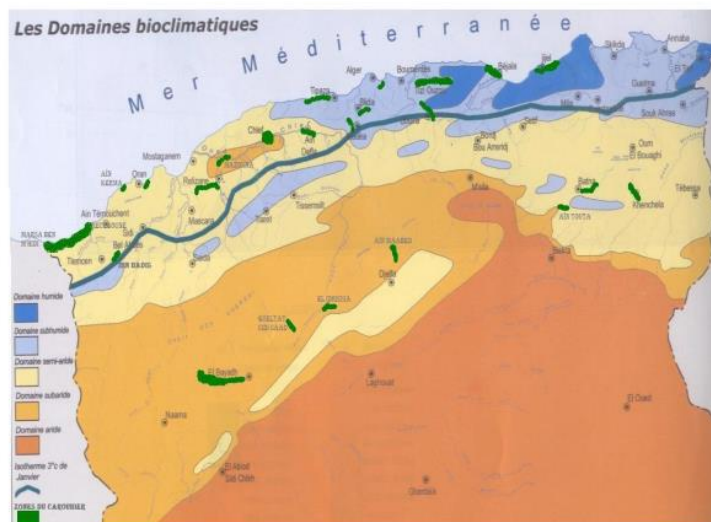
In Algeria, the caroubier is commonly grown in the Saharan Atlas. It is found in its natural state in association with the amandier, *Olea Europea*, and *Pistacia Atlantica* in semi-arid lands with altitudes ranging from 100 m to 1300 m in freshwater ponds that protect it from freezing; with temperatures ranging from 5 °C to 20 °C and pluviometry ranging from 80 mm to 600

¹ Source: MAHDAD, YASSINE MOUSTAFA and GAOUAR, SEMIR BECHIR SUHEIL (2023) "Origin, distribution and domestication of the carob tree (*Ceratonia siliqua* L.)," Turkish Journal of Botany: Vol. 47: No. 2, Article 2. P92-93 <https://doi.org/10.55730/1300-008X.2748> Consulted on 15/05/2023 at 15:22.

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mm/year.¹ Following these climate criteria, the caroubier distribution zone in Algeria had been established.

Figure 3.3: Distribution of Caroubier in Algeria



Source: General Direction of Algerian Forests (DGF)

The graph shows the distribution of caroubiers in Algeria based on bioclimatic domains.

In Algeria, carob production was reduced by 86% between 1961 (24,000 t) and 2021 (3,219 t) (FAO). This considerable drop in production is mainly due to the ageing of carob orchards throughout the Mediterranean basin, but also to the absence of renewal programmes and the installation of new plantations.²

Section 2: Evaluation of Procurement process and commercial performance at SARL BOUBLENTZA

In this section we will outline the research methodology and interview process, analyze and discuss the interview findings, and conclude by summarizing the key findings and their implications.

1. Presentation of the methodological framework for the qualitative study and analysis of the results:

In order to achieve our research objective and answer our problem, we deemed it useful to conduct a qualitative study.

¹ Bahri RY (2009). Aportes culturales de los Moriscos en Túnez. In: Revista de Historia Moderna. Anales de la universidad de Alicante. N. 27, Spain, pp. 265-275. (in Spanish). Translated.

² Source: MAHDAD, YASSINE MOUSTAFA and GAOUAR, SEMIR BECHIR SUHEIL (2023) "Origin, distribution and domestication of the carob tree (*Ceratonia siliqua* L.)," Turkish Journal of Botany: Vol. 47: No. 2, Article 2. P93 <https://doi.org/10.55730/1300-008X.2748> Consulted on 15/05/2023 at 15:25.

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Through a qualitative research design, we aim to capture the richness and depth of stakeholders' perspectives, allowing us to explore the perceived advantages and disadvantages of each procurement strategy. By understanding the impact of these strategies on SARL BOUBLENTZA's operational efficiency, cost-effectiveness, and overall performance, we can provide valuable insights for decision-makers and industry professionals. We will present our analysis tool, which revolves around semi-structured individual interviews with Administrative and financial department.

1.1 Objectives of the interview survey:

The main purpose of this survey is to measure the impact of procurement process on the commercial performance of SARL BOUBLENTZA Company, but also other secondary objectives such as:

- Evaluation of the procurement process of the company.
- Evaluation of the Commercial Performance of the company.
- Define the effects of procurement process on the commercial performance of the company.

1.2 Survey period:

Our survey took place during the month of May 2023. We carried out the data collection in 2 days, the processing and analysis of the results in 10 days.

1.3 Interview Guide:

1.3.1 Presentation of the interview guide:

In view of the realization of this thesis, we made a qualitative study with a semi-directive interview guide by means of face to face with three (03) responsables at SARL BOUBLENTZA. (See appendix n°3.1).

During this interview, we asked the interviewees to express themselves freely and spontaneously, but only around the theme dealt with in our questions in order to better show their vision of the latter and to provide us with a result to our qualitative study which aims to purpose of determining the relationship between the Procurement process of SARL BOUBLENTZA and its commercial performance.

This interview guide is composed of open questions; their objective is to collect as much information as possible.

1.3.2 Interviewee's choice:

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The selection of people to interview is very important, we opted for a suitable selection to meet the main objective of the study, in fact, and we interviewed 3 people, who are:

| Name of The interviewee | Position at The company | Date of the Interview | Location of the Interview | Duration of The interview |
|----------------------------|-------------------------------------------------|-----------------------|---------------------------|---------------------------|
| Mr Chakib BOUBLENTA | Head of Administrative and Financial department | 17/05/2023 | His own office | 15 minutes |
| Miss Imene BENNECIM | Responsible of Transit and logistics | 16/05/2023 | Meeting room | 20 minutes |
| Miss Djawida TALEB BENDIAB | Export administrative operations Responsible | 16/05/2023 | Meeting room | 17 minutes |

2. Interpretation and processing of collected data:

2.1 Axis 01: Procurement process evaluation.

1. Question 01: What factors influence the decision to procure from local markets or import goods?

Answer 01: *“The market availability, we emphasize the importance of maintaining a stable supply of raw materials. So we engage if there is a market which can satisfy our needs in terms of quality and taking into account cost-effectiveness, quality, availability, market demand, regulations, and supplier relationships, whether it is local or international.”*

Analysis 01: When deciding whether to procure from local markets or import goods, the company emphasizes the importance of maintaining a stable supply of raw materials and considers factors such as cost-effectiveness, quality, and availability. Market demand and regulations also factor into decision-making. The company considers the impact of its relationships with suppliers, whether local or international, on the overall procurement process. Finally, the decision is based on a thorough assessment of various factors to ensure an optimal procurement strategy.

2. Question 02: How does the procurement process for local markets differ from the importation one?

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Answer 02: *“It can be said that the local market is effectively managed today through our procurement system. Our procurement system emphasizes a pyramid approach. With 1000/1500 farmers, we have good control. Additionally, our strong supply network allows us to acquire local goods at significantly lower costs compared to imports.”*

Analysis 02: In several ways, the procurement process for local markets differs from the importation process.

The company uses a pyramid approach for local markets and has good control over the process. This indicates that the company has a well-managed procurement system for local markets. They have a strong supply network, which allows them to purchase local goods at significantly lower prices than imports. This indicates that they have built relationships with local suppliers and farmers, allowing them direct control and access to local raw materials. Importation, on the other hand, entails obtaining goods from international markets.

3. **Question 03:** How does the company evaluate the success of its procurement process from local markets or importation?

Answer 03: *“There is a performance indicator called market control, which measures the percentage proportion of our market compared to others. Currently, we hold around 65/70% share of the local market.”*

Analysis 03: A performance indicator called market control is used by the company to assess the success of its procurement process from local markets or importation. This indicator compares the percentage share of their market to others. Currently, the company controls approximately 65/70% of the local market, indicating a strong presence and dominance in the local market.

The company can gauge the effectiveness of its procurement strategies and determine how well they perform in terms of market share by monitoring and assessing market control. This evaluation enables them to comprehend the success of their procurement process and make educated decisions about future procurement strategies.

Furthermore, the company will most likely consider other key performance indicators (KPIs) to evaluate the success of their procurement process, such as cost savings realized, supplier performance, quality of goods procured, and customer satisfaction. These metrics provide a comprehensive picture of a company's procurement performance and assist in identifying areas for improvement or optimization.

4. **Question 04:** How does procuring from local markets impact the company's supply chain and overall logistics?

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Answer 04: *“We outsource our logistics operations, which are well-utilized and organized. We have a longstanding experience of 30 years in logistics, and our logistics teams have received positive evaluations. Logistics is not a problem for us.”*

Analysis 04: According to the company, their local market procurement is effectively managed through their procurement system, implying that the company has established a well-organized and efficient supply chain for procuring from local markets. Furthermore, the company states that it outsources its logistics operations, which are well-utilized and organized. They have 30 years of logistics experience, and their logistics teams have received positive feedback. This shows that the company has a well-established logistics system in place, allowing for the smooth transportation, warehousing, and distribution of goods obtained from local markets. It improves control over logistics operations and facilitates efficient procurement management, contributing to the company's overall operational effectiveness.

5. **Question 05: What are the advantages of procuring from local markets in terms of cost, quality and availability?**

Answer 05: *“Local purchases have significantly lower costs compared to imports, which can positively impact the company's profitability. Also, as we mentioned local market is well managed, it provides a more accessible and reliable source of supply.”*

Analysis 05: Procuring from local markets has several advantages for the company in terms of cost, quality, and availability.

- **Cost:** When compared to imports, local purchases are frequently significantly less expensive. By sourcing goods locally, the company can save money on transportation, customs duties, and other import-related expenses. This cost advantage can boost the company's profitability by lowering procurement costs and potentially offering customers' competitive pricing.
- **Quality:** Purchasing from local markets allows for greater control over quality. The company emphasizes that their local market procurement is managed effectively through their procurement system, implying a well-established quality control process. The company can have direct oversight and ensure that the procured goods meet their quality standards by working closely with local suppliers and farmers.
- **Availability:** Local markets provide a more accessible and dependable source of supply. The company's extensive supply network enables it to maintain a

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consistent supply of raw materials from local sources. This reduces the risk of supply disruptions caused by imports, such as transportation or customs clearance delays. Having a ready supply of goods ensures that the company can meet customer demands on time and maintain a smooth production process.

Overall, purchasing from local markets saves money, improves quality control, and increases product availability. These benefits contribute to the company's operational efficiency and can boost its market competitiveness.

6. **Question 06:** How does importing goods affect the company's procurement costs and profitability?

Answer 06: *“Importation costs are notably higher due to high demand in the global market, which impacts costs. However, the international market offers better quality products that meet standards. The only difference lies in the prices, as quality is standardized.”*

Analysis 06: Importing goods can have an impact on the company's procurement process in terms of both cost and profitability.

- **Costs of Procurement:** Importation is significantly more expensive than procuring from local markets. This is because of a variety of factors, including transportation costs, customs duties, tariffs, and potentially fluctuating exchange rates. According to the company, the high demand in the global market affects costs when importing goods. As a result, the company must allocate more resources to cover these higher procurement costs when importing.
- **Profitability:** The costs of importation have a direct impact on the company's profitability. Higher procurement costs associated with importing goods can reduce profit margins, especially if the company is unable to pass these additional costs on to customers in the form of higher prices. However, it is worth noting that the international market offers higher-quality, standard-compliant products. This implies that the company may be able to increase the perceived value of its products through imports, which could boost profitability if customers are willing to pay a premium for higher quality.

In conclusion, importing goods can raise the company's procurement costs due to increased expenses for transportation, customs duties, and other import-related charges. However, the international market occasionally provides higher-quality products, which can improve the company's product offering and potentially increase profitability if customers are willing to

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pay a premium for these higher-quality imported goods. As a result, the impact on profitability will be determined by the company's ability to manage and balance the higher costs of importing.

7. **Question 07:** Procuring from local markets or importing has it positively or negatively impacted the company's commercial performance in the past?

Answer 07: *“Supplying the local market and importing are complementary activities. When we face a shortage of local raw materials, we resort to imports. Conversely, when we have a surplus abroad, we import to reduce costs. Therefore, we are compelled to work on both the local market and imports as the two markets complement each other.”*

Analysis 07: Procurement can have an impact on the company's overall performance in both positive and negative ways.

1. Procuring from local markets ensures a consistent supply of products to meet the needs of local customers. By sourcing locally, the company can maintain a consistent supply chain; reduce transportation costs, offer competitive pricing. This can result in increased customer satisfaction, repeat business, and positive word-of-mouth, all of which can benefit the company's commercial performance.

2. The company mentions that when they face a shortage of local raw materials, they resort to imports. This implies that if supply in the local market is limited, the company's ability to meet customer demand may suffer. Furthermore, as previously discussed, sourcing from imports can result in higher procurement costs. If the company is unable to pass on these additional costs to customers, or if the market is highly price-sensitive, the company's profitability and overall commercial performance may suffer.

However, it is important to note that the company considers procuring from local markets and importing as complementary activities. They emphasize the need to work on both the local market and imports, as these markets complement each other. This suggests that the company strategically utilizes both procurement strategies to balance supply and demand, optimize costs, and maintain a competitive position in the global market.

In summary, procuring from local markets and importing have had a mixed impact on the company's commercial performance. While local procurement ensures a stable supply and potentially lower costs, limitations in the local market and higher importation costs can pose challenges. The company's ability to effectively balance and manage both procurement strategies is the key to minimizing negative impacts and maximizing positive impacts on its commercial performance.

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8. Question 08: How does procuring from local markets or importing influence the company's relationships with local suppliers versus international suppliers?

Answer 08: “This creates a balance. When there is tension in the local market, we import, and when the tension is international, we prioritize local consumption. Thus, we work with local products to meet demand and balance supply and demand. While relying solely on the local market can result in price increases, we import to restore equilibrium when faced with pressure in the local market. We do not depend on a single market; we have other sources of supply that enable us to remain competitive in the global market.”

Table 3.2: Local Procurement of Carob in 2022 at SARL BOUBLENZA

| SITUATION FOURNISSEURS CAROUBE EN GOUSSE - ACHAT LOCAL *CAMPAGNE 2022* | | | | | |
|------------------------------------------------------------------------|--------------------------|---------------|---------------------|--------------------|----------------|
| FOURNISSEUR | QUANTITE PAR FOURNISSEUR | TRANSPORT | REGION | | % |
| TOTAL | 8 262 187 | 17 051 600,00 | | 8 262 187 | 100% |
| FOURNISSEUR 1 | 2 150 913,27 | 4 788 200,00 | BEJAIA | 2 150 913 | 26,03% |
| FOURNISSEUR 2 | 1 733 674,37 | 2 919 600,00 | BOUMERDES / TIZI | 2 473 915 | 29,94% |
| FOURNISSEUR 3 | 76 990,51 | 169 400,00 | | | |
| FOURNISSEUR 4 | 85 975,17 | 189 200,00 | | | |
| FOURNISSEUR 5 | 300 102,29 | 1 135 900,00 | | | |
| FOURNISSEUR 6 | 102 410,53 | 292 100,00 | | | |
| FOURNISSEUR 7 | 30 861,95 | 0,00 | | | |
| FOURNISSEUR 8 | 50 547,85 | 182 600,00 | | | |
| FOURNISSEUR 9 | 93 352,82 | 160 700,00 | | | |
| FOURNISSEUR 10 | 353 816,69 | 860 400,00 | | | |
| FOURNISSEUR 11 | 416 972,28 | 624 500,00 | | | |
| FOURNISSEUR 12 | 28 159,24 | 0,00 | | | |
| FOURNISSEUR 13 | 393 714,42 | 1 504 400,00 | | | |
| FOURNISSEUR 14 | 115 668,38 | 321 400,00 | | | |
| FOURNISSEUR 15 | 93 425,87 | 292 200,00 | | | |
| FOURNISSEUR 16 | 24 981,74 | 0,00 | | | |
| FOURNISSEUR 17 | 392 841,52 | 975 200,00 | | | |
| FOURNISSEUR 18 | 30 314,10 | 91 300,00 | | | |
| FOURNISSEUR 19 | 3 020,45 | 0,00 | | | |
| FOURNISSEUR 20 | 111 541,28 | 357 900,00 | | | |
| FOURNISSEUR 21 | 250 982,49 | 463 800,00 | JIJEL MOSTAGANEM | 135 281 821 549 | 1,64% 9,94% |
| FOURNISSEUR 22 | 135 281,24 | 452 900,00 | | | |
| FOURNISSEUR 23 | 821 548,65 | 1 269 900,00 | TLEMCEM | 465 090 | 5,63% |
| FOURNISSEUR 24 | 9 974,43 | 0,00 | | | |
| FOURNISSEUR 25 | 254 598,27 | 0,00 | | | |
| FOURNISSEUR 26 | 115 433,17 | 0,00 | | | |
| FOURNISSEUR 27 | 5 040,18 | 0,00 | | | |
| FOURNISSEUR 28 | 26 880,94 | 0,00 | | | |
| FOURNISSEUR 29 | 1 826,15 | 0,00 | | | |
| FOURNISSEUR 30 | 3 807,52 | 0,00 | | | |
| FOURNISSEUR 31 | 47 529,22 | 0,00 | | | |

Source: Internal Document

The table presents the situation with local procurement of raw material ‘carob’ suppliers. We can see that the business sources from five different geographical areas. Boumerdes and Tizi Ouzou have the highest percentage.

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Table 3.3: Importation of Carob in 2022 at SARL BOUBLENZA

| IMPORTATION GOUSSE DE CAROUBE | | | | |
|-------------------------------|------------|--------------|---------------------|-------|
| FOURNISSEUR | QUANTITE | FRET (DA) | Transport terrestre | PAYS |
| FOUNISSEUR 1 | 17 280,00 | 192 593,53 | 0,00 | LIBYE |
| FOUNISSEUR 2 | 58 800,00 | 741 339,83 | 51 000,00 | LIBAN |
| FOUNISSEUR 3 | 97 300,00 | 1191729,66 | 85 000,00 | LIBAN |
| | 173 380,00 | 2 125 663,02 | 136 000,00 | |

Source: Internal Document

The table illustrate the Quantities of raw material procured in 2022, we notice that the prices are higher for Lebanon than Libya.

Analysis 08:

Influence on Local Supplier Relationships:

- **A Balancing Act:** According to the company, they work with local products to meet demand and balance supply and demand. This implies that purchasing from local markets helps to maintain relationships with local suppliers while also supporting the local economy.
- **Price Increases:** While relying solely on the local market can result in price increases, the company mentions that they import to restore equilibrium when the local market is under pressure. This implies that importing can relieve pressure on local suppliers while also potentially preserving positive relationships by lowering price fluctuations.
- **Supplier Dependence:** By engaging in both local and imported procurement, the company diversifies its supply sources. This lessens their reliance on a single market and allows them to remain competitive. Maintaining a diverse supplier base can foster positive relationships with local suppliers and mitigate risks associated with supplier dependence.

Influence on International Supplier Relationships:

- **Balance and Adaptation:** The company claims that when there is tension in the local market, they turn to imports. This means that sourcing from international suppliers assists the company in adapting to market dynamics and ensuring a steady supply of goods.
- **Managing International Tension:** The company also mentions that when there is international market tension, they prioritize local consumption. This suggests that they prioritize their products during such times in order to maintain positive relationships with local suppliers.

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- **Access to High-Quality Products:** Importing goods gives the company access to higher-quality, standard-compliant products. By sourcing from international suppliers, the company can improve the quality of its offerings while potentially strengthening its market position.

To summarize, procuring from local markets and importing have an impact on the company's relationships with both domestic and international suppliers. The company maintains relationships with local suppliers, reduces price fluctuations, and mitigates risks associated with supplier dependence by balancing local procurement with imports. Concurrently, procuring from international suppliers assists the company in adapting to market dynamics, gaining access to quality products, and cultivating relationships with international suppliers. Balancing these relationships and diversifying supply sources is critical to the company's overall procurement strategy and ability to compete in the market.

9. Question 09: How does the procurement strategy from local markets or importing impact the company's ability to meet customer demands and expectations?

Answer 09: *“Procuring from local markets ensures a stable supply of products to meet local customer demand. When there is a shortage of raw materials locally, the company can resort to importing to maintain adequate supply levels and meet customer demands. Also, By balancing local procurement with imports, we manage to control costs and offer competitive pricing to customers.”*

Analysis 09: The procurement strategy of sourcing from local markets or importing goods has a significant impact on the company's ability to meet the demands and expectations of its customers. Procuring from local markets ensures a consistent supply of products, allows for a quick response to fluctuations in local supply, and aids in cost balancing and competitive pricing. Importing goods allows for greater access to higher-quality products as well as more cost-effective options. Diversifying procurement sources and ensuring quality assurance improve the company's ability to meet customer demands. The company can effectively meet customer demands, maintain customer satisfaction, and adapt to market dynamics by taking a balanced approach to procurement.

10. Question 10: What risks are associated with each procurement strategy, and how does the company mitigate those risks?

Answer 10: *“The risk associated with imports is the change in laws. For example, currently, we import from Morocco and Spain, and the fact that these countries have blocked imports*

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has disrupted the global market's supply. As a result, we are limited to sourcing from Turkey, Italy, and Portugal. In the local market, we face the issue of premature product collection, as premature harvesting affects product quality, automatically reducing its quality competitiveness.”

Analysis 10: Each procurement strategy, whether procuring from local markets or importing goods, carries its own risks.

1. Risks of Procuring from local markets:
 - **Market Dependence:** Relying solely on the local market for procurement exposes the company to supply shortages, particularly during periods of high demand or unforeseen events such as natural disasters.
 - **Quality Control:** The company faces the risk of premature product collection in the local market, which can have an impact on product quality and competitiveness.
2. Risks of Importing goods:
 - **Regulatory changes:** Importing goods is subject to regulatory changes, such as import restrictions or changes in customs regulations. These changes have the potential to disrupt the global supply chain and have an impact on the company's procurement process.
 - **Cost fluctuation:** Importing goods may incur higher costs due to factors such as transportation, customs clearance, and international logistics. Currency exchange rate fluctuations and global market demand can also have an impact on procurement costs.

The company mitigates these risks by maintaining a diverse network of local suppliers, implementing quality control measures, monitoring import regulations, diversifying import sources, conducting cost analysis, and staying informed about market trends. These risk mitigation strategies help the company maintain a stable supply chain, minimize disruptions, and ensure an efficient and effective procurement process

2.2 Axis 2: Evaluation of the Commercial Performance of the company

1. **Question 01: How does the company measure its commercial performance, and what metrics are used?**

Answer 01: *“Commercial performance is measured in terms of revenue, quantities sold, and exports by country, customer retention, new customers, lost customers, and customer satisfaction rate.”*

Analysis 01: The company measures its commercial performance using several metrics that provide insights into its sales performance and customer satisfaction levels:

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1. Revenue: Revenue is a fundamental metric for measuring commercial performance. It reflects the company's total sales and indicates the financial success of its operations.
2. Quantities Sold: Tracking the quantities of products sold provides an indication of the company's market demand and sales volume. It helps assess the company's ability to meet customer needs and identifies trends in product popularity.
3. Exports by Country: This metric focuses on tracking the company's exports to different countries. It allows the company to evaluate its international market presence and identify regions where it is performing well or has potential for growth.
4. Customer Retention: Customer retention measures the ability of the company to retain its existing customers over time. A high customer retention rate indicates customer satisfaction and loyalty, which are essential for long-term commercial success.
5. New Customers: The acquisition of new customers is an important metric for assessing the company's ability to expand its customer base and reach new markets. Tracking the number of new customers provides insights into the company's marketing and sales effectiveness.
6. Lost Customers: Monitoring the number of lost customers helps identify potential issues in customer satisfaction or factors that lead to customer churn. This metric helps the company understand areas of improvement and take corrective actions to retain customers.
7. Customer Satisfaction Rate: Customer satisfaction is a crucial metric for evaluating the company's performance in meeting customer expectations. It can be measured through surveys, feedback, or other evaluation methods to assess the level of satisfaction among customers.

2. Question 02: What are the company's goals and objectives related to commercial performance, and how are they tracked and evaluated?

Answer 02: *“Gain more market share globally. We aim to expand our presence in the international market and increase our market share as a producer of carob powder and other value-added carob products. To track and evaluate the progress towards these goals, SARL BOUBLENTZA employs various key performance indicators (KPIs) and evaluation methods. By assessing our share of the total market demand, evaluation commercial performance, and*

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tracking the number of customers we retain over time and evaluate our ability to attract new customers.”

Analysis 02: For the time being, the company’s ultimate goal is to increase its market share. Its global goal is to increase its market share as a producer of carob powder and other value-added carob products by expanding its presence in the international market. Gaining market share allows the company to expand its customer base, revenue, and overall competitiveness. To track and evaluate progress towards these goals, the company employs various key performance indicators (KPIs) and evaluation methods:

- **Total Market Demand:** The company calculates its share of total market demand for carob powder and related products. This metric aids in tracking the company's market penetration and share growth.
- **Commercial Performance Evaluation:** The company assesses its commercial performance using financial indicators such as revenue growth, profit margins, and return on investment. These metrics provide a quantitative evaluation of the company's financial success.
- **Customer Retention:** It is critical for the company to retain existing customers. The company monitors customer retention rates over time to assess the effectiveness of its customer satisfaction and customer relationship management strategies.
- **Attracting New Customers:** Another goal for the company is to acquire new customers. The number of new customers is tracked and evaluated in order to determine the effectiveness of marketing and sales efforts in growing the customer base.

By tracking and evaluating these goals and objectives on a regular basis, the company can track its progress, identify areas for improvement, and make necessary changes to its commercial strategies. KPIs and evaluation methods provide a quantitative and qualitative assessment of the company's performance, assisting management in making informed decisions that drive commercial success.

3. Question 03: How has the company's commercial performance evolved over the past few years, and what factors have influenced this change?

Answer 03: *“Exponential growth as the second-largest global producer of carob powder, with diversification into new high-value-added products such as carob extracts.”*

Analysis 03: The company has experienced exponential growth and is now the second-largest global producer of carob powder. It has also diversified into high-value-added products like

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carob extracts. The positive evolution of the company's commercial performance can be attributed to factors such as increasing demand for carob products, product differentiation, emphasis on quality and customer satisfaction, and alignment with market trends. While the specific factors influencing this growth would require further analysis, the company's success can be attributed to its market expansion and product diversification strategies.

4. **Question 04:** How does the company manage its relationships with suppliers, partners and customers, and what impact do these relationships have on commercial performance?

Answer 04: *“The company views its customers as employers because they are the ones who pay the salaries, including ours. We have put the customer at the center of our concerns, so the company believes that the customer needs three things: a good product (quality) with excellent service at the best price. Thus, the company strives to offer these three parameters to its customers.”*

Analysis 04:

- **Customer Relationship:** The company prioritizes the needs of its customers and believes that they require a good product with excellent service at the best price. The company strives to meet customer needs and expectations by focusing on these three parameters. It regards the customer as its primary source of profit.
- **Supplier Relationships:** The importance of strong supplier relationships and effective communication is recognized by the company. Maintaining positive relationships with suppliers allows for a dependable supply chain, better bargaining power, and access to high-quality raw materials. These elements help the company deliver products efficiently, meet customer demands, and maintain consistent commercial performance.

Prioritizing customer requirements, maintaining strong supplier relationships, and effective communication with partners all have a positive impact on the company's commercial performance. The company can build customer loyalty and secure a reliable supply chain by focusing on customer satisfaction and delivering high-quality products, ultimately driving commercial success.

5. **Question 05:** What external factors (e.g. economic conditions, regulatory changes, market trends) have influenced the company's commercial performance, and how has the company responded to these factors?

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Answer 05: *“Changes in laws and regulations, such as import restrictions imposed by certain countries, have affected the company's procurement and supply chain. For example: blocking importation from Morocco and Spain.”*

Analysis 05: Many external factors affect the company, including:

- **Changes in Laws and Regulations:** The company has encountered difficulties as a result of changes in laws and regulations, such as import restrictions imposed by certain countries. These elements can have a significant impact on the company's procurement and supply chain.
- **Import Restrictions:** Import restrictions from Morocco and Spain have had a direct impact on the company's procurement and supply chain.

To minimize disruptions and ensure a reliable supply chain, the company must adjust its procurement strategy, diversify its import sources, and closely monitor regulatory changes. Also To mitigate the impact, the company must look into alternative suppliers and sourcing locations to ensure a steady supply of raw materials. The company intends to maintain its commercial performance by adapting its sourcing strategies and exploring new avenues for procurement.

6. Question 06: How can the company stay competitive within its industry, and what strategies does it use to maintain and grow its market share?

Answer 06: *“Cost control in production, competitiveness, and offering a competitive product. How? Through customer satisfaction surveys and regular analysis of products through internationally accredited laboratories to confirm the compliance of these products.”*

Analysis 06: The company's strategies for maintaining competitiveness and growing market share include:

- **Production cost management:** The company prioritizes production cost management in order to maintain competitive pricing for its products. The company intends to offer competitive prices while maintaining profitability by improving operational efficiency and controlling expenses.
- **Competitiveness:** The company understands the value of remaining competitive in the market. This will almost certainly entail constantly monitoring market trends, analyzing competitors' strategies, and identifying areas for improvement. The company can position itself competitively and attract customers by staying up to date on industry developments and adjusting its own strategies.

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- Offering a competitive product: The company emphasizes offering a product that meets or exceeds customer expectations in order to maintain and grow its market share. To ensure quality and compliance, it is likely that customer satisfaction surveys and regular product analysis by internationally accredited laboratories will be conducted. The company hopes to retain existing customers and attract new ones by consistently delivering a high-quality product.

7. **Question 07:** What are the primary costs associated with running the business, and how does the company manage and optimize these costs?

Answer 07: *“By tracking our expenses, procurement is linked to market knowledge and procurement strategy. You don't wake up one fine morning and decide to make a purchase. It requires a period of reflection, a strategy, mastery of information, market knowledge, and procurement strategy.”*

Analysis 07: The principal costs associated with running the business are not expressly highlighted in the prior responses. However, the company's focus on supply chain management, cost control in production, and continuous improvement suggests a proactive approach to managing and optimizing costs.

8. **Question 08:** How does the company ensure that its products and services meet the needs and expectations of its target audience?

Answer 08: *“We have a customer centric approach, we prioritize our customers' requirements and strive to offer good quality products, we also conduct customer surveys and quality insurance, we manage to continuously improve and deliver products that meet customer expectations.”*

Analysis 08: Several strategies and practices are used by the company to ensure that its products and services meet the needs and expectations of its target audience.

- Approach centered on the customer: The company prioritizes its customers' needs and puts them at the forefront of its concerns. This customer-centric approach reflects the company's recognition that meeting the needs of customers is critical to commercial success. By focusing on customers and their expectations, the company hopes to better align its products and services.
- Continuous improvement: The company emphasizes continuous improvement in order to deliver products that meet the expectations of its customers. This includes customer surveys and quality assurance measures. By soliciting customer feedback, the company gains valuable insights into their preferences and can make necessary

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adjustments to improve its offerings. This dedication to continuous improvement ensures that products and services meet the needs of customers.

- **Quality control:** The company strives to provide high-quality products. The company confirms the compliance and quality of its offerings through regular product analysis by internationally accredited laboratories. By adhering to high-quality standards and conducting thorough product analysis, the company ensures that its customers' expectations are met.
- **Customer relationship management:** The company hopes to understand and anticipate the needs of its target audience by cultivating strong customer relationships. The company can gain insights into customer preferences, emerging trends, and changing expectations through effective communication and engagement. This enables the company to effectively tailor its products and services to changing customer needs.

9. Question 09: How does the procurement process impact the company's relationships with suppliers, partners and customers, and what impact does this have on commercial performance?

Answer 09: *“We strongly recognize the importance of strong supplier relationships and effective communication. Maintaining positive relationships with suppliers enables a reliable supply chain, better negotiation terms, and access to high-quality raw materials, all of which contribute to commercial performance.*

By focusing on customer satisfaction and delivering products that meet their needs; our company fosters strong customer relationships and therefore customer loyalty.”

Analysis 09:

- **Strong supplier relationships:** The company understands how important it is to maintain positive relationships with its suppliers. The company can ensure a reliable supply chain by cultivating strong relationships with them. This entails having access to high-quality raw materials, making timely deliveries, and negotiating favorable terms. Strong supplier relationships allow the company to optimize its procurement process, reduce disruptions, and maintain a consistent flow of production inputs. This has a positive impact on commercial performance because it ensures a stable and efficient supply chain.
- **Effective communication:** Effective communication between the company and its suppliers is required during the procurement process. Communication lines that are

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clear and open aid in conveying requirements, discussing expectations, and addressing any concerns or challenges. By establishing effective communication channels with its suppliers, the company can foster trust and transparency, resulting in improved coordination and collaboration. As a result, the procurement process becomes more efficient, and commercial performance improves.

The procurement process has a significant impact on the company's relationships with suppliers, partners, and customers, influencing its commercial performance in the long run. The company can improve its commercial performance by maintaining strong supplier relationships, ensuring effective communication, securing reliable and high-quality supplies, and fostering customer loyalty.

10. Question 10: What are the factors that might help the commercial performance to improve?

Answer 10: *“Implementation of digital marketing, investment in social media, participation in international trade shows and fairs.”*

Analysis 10: The following factors may aid in improving the company's commercial performance:

- **Adoption of digital marketing strategies:** Adopting digital marketing strategies can significantly increase the company's reach and visibility. The company can effectively target and engage its audience by utilizing online platforms such as websites, social media, and digital advertising. Precision targeting, personalized messaging, and real-time analytics are all possible with digital marketing, which can help drive customer acquisition, raise brand awareness, and ultimately improve commercial performance.
- **Investment in social media:** Social media platforms allow the company to connect with its target audience, build brand loyalty, and drive sales. The company can create engaging content, share product information, run promotions, and engage in direct conversations with customers by investing in social media marketing. Social media platforms also provide useful insights and analytics for measuring the effectiveness of marketing campaigns, adjusting strategies, and optimizing commercial performance.
- **Participation in international trade shows and fairs:** Participation in international trade shows and fairs can provide the company with valuable exposure and networking opportunities in the global market. These events bring together industry professionals from all over the world, as well as potential customers, suppliers, and partners. The company can expand its customer base, explore new markets, and foster business

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partnerships by showcasing their products, networking, and building relationships. Such activities can lead to increased sales, increased market share, and improved commercial performance.

2.3 Axis 03: Effects of procurement process on the commercial performance of the company

1. Question 01: How does the procurement process impact the company's ability to compete in the market?

Answer 01: *“Market knowledge, mastery, and understanding of the global carob market, having information about the future market trends. This means always working with foresight to avoid stock shortages. We consistently work with foresight.”*

Analysis 01: The procurement process impacts the company's ability to compete in the market in the following ways:

- **Market knowledge and understanding:** The procurement process necessitates the company's thorough knowledge of the global carob market, including market trends and future demand. This knowledge enables the company to make informed decisions and remain competitive. By staying current on market trends, the company can adapt its procurement strategies to meet changing customer demands and gain a competitive advantage.
- **Foresight and planning:** The procurement process necessitates the company's use of foresight and planning. By anticipating future demand and market trends, the company can procure raw materials and goods in advance to meet customer demands. This proactive approach enables the company to respond quickly to market changes, reduce lead times, and gain a competitive advantage over competitors whose procurement processes may be less agile.

2. Question 02: How does the procurement process contribute to the overall strategic planning of the company?

Answer 02: *“Raw material sourcing is the key to the company's success. A company that manages its inventory is a company that grows, while a company that does not control its stock levels is destined to disappear.”*

Analysis 02: the procurement process contributes to the overall strategic planning of the company in the following ways:

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- **Raw material sourcing:** The procurement process plays a critical role in sourcing raw materials, which are essential for the company's operations and production. By effectively managing the procurement of raw materials, the company can ensure a reliable supply chain, uninterrupted production, and timely delivery of goods. This contributes to the overall strategic planning by enabling the company to align its production capabilities with market demand and maintain a competitive edge.
- **Inventory management:** The procurement process directly impacts inventory management, which is a crucial aspect of strategic planning. By monitoring and controlling stock levels, the company can optimize its inventory to meet customer demand while minimizing holding costs and the risk of stockouts. Effective inventory management allows the company to plan production schedules, allocate resources efficiently, and respond to market fluctuations in a timely manner.

The procurement process contributes to and has a direct impact on the company's overall strategic planning. The company can improve its competitive position, drive commercial performance, and achieve long-term success by aligning procurement strategies with its strategic goals.

3. Question 03: As a responsible, Can you pinpoint how your procurement supply chain contributes to the development of the company's commercial performance?

Answer 03: *“Cost management, having a procurement strategy allows us to know when to purchase, plan for logistics costs, and control inventory management. Inventory management is crucial as it directly impacts production and overall performance. With a strategy, we can buy at the right time and at the best price. As the saying goes, profit is found in the purchase, not in the sale. This is ensured through market mastery.”*

Analysis 03: In the following ways, having a procurement strategy contributes to the development of the company's commercial performance:

- **Cost management:** The procurement supply chain enables the company to effectively manage costs. The company can optimize its purchasing decisions, negotiate favorable prices with suppliers, and control inventory levels by implementing a procurement strategy. This enables the company to purchase raw materials at the best possible time and price, resulting in cost savings and increased profitability.
- **Logistics planning:** The procurement supply chain includes logistics and transportation planning. The company can ensure the availability of goods and

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services to meet customer demands by strategically managing logistics costs and optimizing delivery schedules. Effective logistics planning shortens lead times, reduces disruptions, and increases customer satisfaction.

- **Inventory management:** The procurement supply chain has a direct impact on inventory management. By effectively managing inventory levels, the company can ensure the availability of goods to meet customer orders while avoiding excessive carrying costs. It aids in avoiding stock shortages or overstocking situations, increasing production efficiency, and maintaining a market competitive edge.
- **Strategic decision-making:** Market knowledge, understanding of future market trends, and mastery of the global carob market are critical in developing procurement strategies that are aligned with the overall goals of the company. The company can anticipate demand, adjust procurement plans accordingly, and position itself competitively in the market by working with foresight and continuously assessing market conditions.

4. **Question 04:** Do the procurement process problems affect the company's financial performance, including costs, revenue and profit margins?

Answer 04: *“Randomly purchasing at any price would have an impact. For BOUBLENTZA Company, two points are important: putting the customer at the center of our concerns and considering the product's cost. If we fail to control the customer and costs, we are doomed to disappear because competition is fierce. This means that if we are not competitive, there is competition.”*

Analysis 04: We conclude that cost control and considering the product's cost in the procurement process is critical. If the procurement process is not well-managed and lacks a strategy, it can lead to increased costs, inefficient inventory management, and missed opportunities for cost savings. In a competitive market, failing to control costs can put the company at a disadvantage against competitors who are effectively managing their procurement processes.

Effective procurement processes, on the other hand, contribute to cost management and profitability. By having a procurement strategy in place, the company can purchase goods at the right time and at the best price, optimizing its cost structure and improving profit margins. It is crucial for the company to have a well-defined procurement strategy, prioritize cost management, and consider the customer's needs in order to maintain competitiveness and ensure financial success.

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5. **Question 05:** How does the procurement process impact the quality and availability of goods and services?

Answer 05: *“Strategy, when it exists, allows you to buy when you want and plan it on your calendar. In January, you have the stock. There is a study between sales, availability, and purchases, and therefore, there is success and control based on planning. If you plan well, you can control and manage your costs.”*

Analysis 05: The procurement process influences the quality and accessibility of goods and services.

The Responsible emphasizes the significance of developing a procurement strategy and planning in order to influence the quality and availability of goods and services. With a strategy in place, the company can purchase goods at the appropriate time and plan its inventory accordingly. This ensures a study of sales, availability, and purchases, resulting in success and control based on planning.

Having a procurement strategy allows the company to buy when it wants and plan ahead of time. The company can ensure that it has enough stock available by properly planning, such as having stock in January. This helps to keep goods and services available, avoiding stock shortages that could lead to customer dissatisfaction and lost sales

Furthermore, the procurement process enables cost control and management. The company can make informed decisions about purchasing goods at the best price if it plans well and understands the market. This can aid in cost control and more effective supply chain management, which has an impact on the quality and availability of goods and services.

In conclusion, when executed strategically, the procurement process has a positive impact on the quality and availability of goods and services. By strategically planning purchases, understanding market trends, and effectively managing costs, the company can ensure a consistent supply of high-quality goods and services to meet customer demands.

6. **Question 06:** How does the choice between procuring from local markets or importing affect the lead time and delivery schedule of goods?

Answer 06: *“Procuring from local markets generally results in shorter lead times and faster delivery of goods since the products is readily available. It allows for quicker response to customer demands and reduces the risk of delays or disruptions associated with international shipping.”*

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Importing goods may involve longer lead times due to factors like customs clearance, transportation, and international logistics. However, we may choose to import when local supply is insufficient or when they can acquire raw materials or products at a more competitive price or higher quality from international sources.

Our way is to carefully assess the trade-offs between lead time, cost, and availability when deciding whether to procure from local markets or import to ensure an efficient and timely supply chain while meeting customer demands. And this takes us back to the strategy.”

Analysis 06: According to the response, purchasing from local markets generally results in shorter lead times and faster delivery of goods. Because the products are readily available locally, a quicker response to customer demands is possible. The company can reduce the risk of delays or disruptions associated with international shipping, customs clearance, transportation, and international logistics by sourcing locally.

Importing goods, on the other hand, may require longer lead times due to a variety of factors. Customs clearance procedures, transportation time, and the complexities of international logistics are among these factors. Importing goods may add time to these processes, resulting in longer lead times when compared to procuring from local markets. The answer, however, acknowledges that there are trade-offs to consider. While local procurement provides faster delivery, there may be times when local supply is insufficient or international sources offer raw materials or products at a lower cost or of higher quality. In such cases, despite the longer lead times, the company may choose to import.

Overall, deciding whether to buy locally or import necessitates careful consideration of the trade-offs between lead time, cost, and availability. Customer demands, supply availability, cost competitiveness, and quality requirements must all be considered by the company. By strategically assessing these factors, the company can ensure an efficient and timely supply chain while effectively meeting customer demands.

To summarize, the choice of local markets versus importing during the procurement process affects the lead time and delivery schedule of goods. Local procurement generally results in faster delivery, whereas importing may result in longer lead times due to a variety of factors. To make informed decisions and maintain an efficient supply chain that meets customer demands, the company must carefully evaluate the trade-offs.

Section 03: Synthesis of the study and recommendations

1. Synthesis of the study:

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Based on the information provided in this research, the procurement process plays a crucial role in determining the commercial performance of SARL BOUBLENTZA. The company recognizes the importance of strong supplier relationships and effective communication in maintaining a reliable supply chain, negotiating better terms, and accessing high-quality raw materials. By focusing on customer satisfaction and delivering products that meet their needs, the company fosters strong customer relationships and customer loyalty. Additionally, cost control in production, competitiveness, and offering competitive products are strategies employed by the company to stay competitive within the industry and maintain and grow its market share.

The interview answers provide insights into the effects of the procurement process on the commercial performance of the company. Here are some key points that can be analyzed:

1.1. Main Procurement peripherals at SARL BOUBLENTZA:

- 1. Market Knowledge and Foresight:** The procurement process impacts the company's ability to compete in the market by emphasizing the importance of market knowledge, mastery, and understanding of global market trends. Working with foresight helps the company avoid stock shortages and stay competitive.
- 2. Strategic Planning:** The procurement process contributes to the overall strategic planning of the company. Raw material sourcing is highlighted as the key to success, and effective inventory management is essential for growth. Companies that do not control their stock levels are at risk of disappearing.
- 3. Cost Management and Inventory Control:** The procurement supply chain plays a crucial role in the development of the company's commercial performance. Having a procurement strategy allows for effective cost management, logistics planning, and inventory control. The saying "profit is found in the purchase, not in the sale" underscores the importance of market mastery and buying at the right time and price.
- 4. Choice between Local Markets and Imports:** The choice between procuring from local markets or importing goods affects the lead time and delivery schedule. Procuring locally generally results in shorter lead times and faster delivery, enabling quick response to customer demands. Importing may involve longer lead times due to various factors, but it can be beneficial when local supply is insufficient or when better pricing or higher quality can be obtained from international sources. Careful assessment of trade-offs is necessary to ensure an efficient and timely supply chain.

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1.2. Effects of Procurement Process on commercial Performance at SARL BOUBLENTA:

- 1. Impact on Financial Performance:** Procurement process problems can significantly affect the company's financial performance, including costs, revenue, and profit margins. Randomly purchasing without considering customer needs and product costs can lead to negative consequences. Controlling costs and focusing on customer satisfaction are vital for remaining competitive in a fierce market.
- 2. Impact on Quality and Availability:** The procurement process has a direct impact on the quality and availability of goods and services. Strategic planning enables companies to buy according to sales forecasts and plan inventory, leading to better control, success, and cost management. Effective planning helps companies meet customer demands and manage costs.

Overall, the analysis highlights the importance of market knowledge, strategic planning, cost management, inventory control, and considering customer needs in the procurement process. It emphasizes the need for foresight, effective decision-making, and careful evaluation of trade-offs to achieve commercial success in a competitive market.

2. Recommendations:

Recommendations to improve procurement process and commercial performance:

- 1. Strengthen Supplier Relationships:** SARL BOUBLENTA should continue to prioritize building and nurturing strong supplier relationships. This can be achieved by maintaining open and effective communication, collaborating on strategic initiatives, and ensuring mutual benefits. Regular supplier evaluations can help identify areas for improvement and foster a more efficient procurement process.
- 2. Enhance Market Knowledge:** The company should continuously strive to improve its market knowledge and stay informed about industry trends, changes in laws and regulations, and emerging customer preferences. This will enable the company to anticipate potential challenges and adapt its procurement strategies accordingly.
- 3. Optimize Procurement Strategy:** SARL BOUBLENTA should develop a robust procurement strategy that aligns with its business goals and objectives. This strategy should include factors such as market research, supplier selection criteria, negotiation tactics, and risk management approaches. Regularly reviewing and updating the

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procurement strategy will ensure its effectiveness in supporting the company's commercial performance.

- 4. Implement Technology Solutions:** Leveraging technology can significantly enhance the efficiency and effectiveness of the procurement process. Implementing digital procurement tools, such as e-procurement systems, can streamline processes, improve transparency, and facilitate better communication with suppliers. Automation of repetitive tasks can free up resources and enable the procurement team to focus on strategic activities.
- 5. Continuous Improvement and Innovation:** SARL BOUBLENTA should foster a culture of continuous improvement and innovation within the procurement function. Encouraging employees to identify areas for optimization, explore new sourcing opportunities, and seek innovative solutions can lead to process efficiencies and cost savings. Embracing emerging technologies and exploring sustainable procurement practices can also contribute to the company's overall commercial performance.

By implementing these recommendations, SARL BOUBLENTA can strengthen its procurement process, enhance supplier relationships, and ultimately improve its commercial performance.

Conclusion of the chapter:

According to the topics covered in this chapter, we were able to analyze qualitatively both procurement process and commercial performance of SARL BOUBLENTA. The company is positioned for continuing success in the cutthroat market because to its dedication to assessing and improving its commercial performance, as well as its focus on customer happiness and strategic procurement procedures. The assessment of SARL BOUBLENTA's commercial performance and the results of the procurement process have given us important new information about the company's goals, successes, and areas for development. The business has successfully diversified into high-value-added products like carob extracts, and today it is the second-largest producer of carob powder in the world. The company's strategy to managing its supplier relationships and purchasing and has been crucial in its business success. By recognizing the importance of strong supplier relationships and effective communication, SARL BOUBLENTA has ensured a reliable supply chain, access to high-quality raw materials, and better negotiation terms. Additionally, a customer-centric approach

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and continuous efforts to meet customer needs and expectations have fostered strong customer relationships and loyalty.

To further enhance commercial performance, SARL BOUBLENTA can implement recommendations such as strengthening supplier relationships, enhancing market knowledge, optimizing procurement strategies, implementing technology solutions, and fostering continuous improvement and innovation. These measures will contribute to a more efficient and effective procurement process, ultimately improving the company's overall commercial performance. By implementing the suggested recommendations and continuously adapting to market dynamics, SARL BOUBLENTA can further strengthen its position as a leading producer of carob products and achieve sustained growth in the global market.

General Conclusion

General Conclusion

Procurement is a critical aspect of a company's commercial performance, as it directly impacts the cost and efficiency of their goods and services. Companies that implement well-planned procurement practices have better control over their expenses, which is key to improving profitability. By keeping expenses in check, companies can increase their profits and improve their commercial performance. Thus, it is critical for companies to prioritize direct procurement and ensure that it is managed efficiently to ensure optimal commercial performance.

By streamlining the procurement process, companies can gain a competitive advantage and earn additional revenue. Additionally, procurement plays a key role in managing the operations of high-growth and revenue-driven businesses.

Also, by implementing an efficient procurement process, companies can improve their overall supply chain, leading to increased productivity, reduced costs, and better customer satisfaction. However, procuring without a foresight can compensate the company. Therefore, it is crucial to have an effective procurement strategy in place.

The objective of this research was to examine the relationship between procurement and commercial performance, with a specific focus on the case study of SARL BOUBLENTZA.

Through a comprehensive review of relevant literature in the first two chapters and analysis of qualitative data obtained through interviews in the third one, it has become evident that procurement directly influences key aspects of commercial performance, including sales growth, profitability, customer satisfaction, and market competitiveness.

Based on the information presented in thesis and the analysis conducted, we can confirm the first and third hypotheses, while partially confirming the second hypothesis.

H1: Merging between local and foreign procurement depends on the season and raw material availability.

The research results support the **first hypothesis, confirming** that the merging between local and foreign procurement is influenced by the season and the availability of raw materials. Through the analysis, it was observed that SARL BOUBLENTZA strategically adjusts its procurement strategy based on seasonal variations and the availability of raw materials. The choice of procuring from local market or importing goods is based on that. This adaptive approach allows the company to ensure a consistent supply of materials and optimize its production processes accordingly.

General Conclusion

H2: Working with local suppliers helps to optimize supply logistics costs less than foreign ones.

We can partially **confirm the second hypothesis**, indicating that working with local suppliers has the potential to optimize supply logistics costs compared to foreign suppliers. The analysis revealed that SARL BOUBLENTA experiences logistical challenges and higher costs when sourcing materials from foreign suppliers due to factors such as transportation and import regulations. However, the extent of cost optimization may vary depending on the specific circumstances and dynamics of each supply chain. Therefore, while local suppliers can generally offer potential advantages in terms of logistics costs, the level of optimization may be influenced by various contextual factors.

H3: Raw material procurement problems cause an imbalance on the commercial performance.

Our analysis **confirms the third hypothesis**, highlighting that raw material procurement problems indeed cause an imbalance on the commercial performance of SARL BOUBLENTA. The analysis revealed that challenges related to raw material procurement, such as delays, quality issues, and availability constraints, directly impact the company's production capacity, order fulfillment, and customer satisfaction. These issues can lead to lower sales (exports), increased costs, and a potential decline in market competitiveness. Thus, it is essential for the company to effectively address raw material procurement problems to maintain a balanced commercial performance.

Despite the efforts we made to complete our work, we believe we were unable to resolve the entire problem. While this study has provided significant insights, many limits and problems experienced during the research process must be acknowledged. The depth and scope of the analysis may have been influenced by factors such as data availability and the particular context of the case study.

Future research in this area could look into additional variables and conduct quantitative studies to validate and generalize the findings. Furthermore, researching the impact of procurement on other aspects of corporate performance, such as sustainability and innovation, may provide a more complete understanding of the subject.

Finally, this study provides significant information for businesses looking to improve their procurement strategies and promote overall commercial success. The findings highlight the significance of matching procurement strategies to market dynamics and client demands. Organizations can improve operational efficiency, cut costs, and increase market

General Conclusion

competitiveness by optimizing procurement processes. The case study of SARL BOUBLENZA has practical implications for other exporting companies in Algeria by demonstrating the advantages and disadvantages of sourcing from local markets versus importing.

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APPENDIX 3.1 : ISO 22000 : 2005 certificate 2018





APPENDIX 3.3 : BIO Certificate 2020-1



CERTIFICATE OF ORGANIC OPERATION

Issued by ECOCERT SA to

SARL BOUBLENZ
Rue Bouabderrahmane Fg
13000 AGADIR
ALGERIA

The following products and activities are certified to the USDA organic regulations, 7 CFR Part 205.

Any reference to the organic production mode has to respect the rules as determined in Subpart D of the Rule. Any other rules of labelling as determined by national food acts have to be followed.

Scope: Handling - Wild Crops

Effective date of NOP first certification: 13 January 2017

Category of certification: NOP "100% organic" product (205.301a)

CROPS AND CROPS RAW PRODUCTS

Other products of forestry caroubes

HANDLED PRODUCTS

Fruit-based preparations

Carob Extract
Carob powder
Carob pulp
Carob seeds
Carob tablet

Once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked. A certification operation must annually request the continuation of its certification by following the section 205.406 of the NOP.

* If any, products listed as COR Equivalent are Certified in accordance with the terms of the U.S. - Canada Organic Equivalency Arrangement.

The authenticity and validity of this document can be verified on www.ecocert.com.

Issued in L'ISLE JOURDAIN

On: 19 November 2020

Anniversary date

(when the certified operation must submit its annual update)

1st August 2021

A handwritten signature in black ink, appearing to read "Philippe Thomazo".

Philippe THOMAZO
General Manager of Ecocert SA

APPENDIX 3.4 : BIO Certificate 2020-2

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Certificate #132438-Z-188631-2020
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CERTIFICATE

Documentary evidence delivered by ECOCERT S.A. - BP 47 - L'ISLE-JOURDAIN - FRANCE
Based on the EOS certification program in force
Accreditation by COFRAC # 5-0074 for Certification of Products and Services. List of accredited sites and scopes available on www.cofrac.fr

This document confirms that the operator hereafter:

SARL BOUBLENZ A
Rue Bouabderrahmane Fg
13000 AGADIR - ALGERIA

Scope: Export - Preparation - Wild Crops

has submitted his activities under control, and meets the requirements laid down in the ECOCERT ORGANIC STANDARD recognized as equivalent with the provisions of regulation (EC) No 834/2007. The following products can be sold under the categories as specified below:

inspection date : 13/09/2020

| <u>Products to be marketed</u> | <u>Category of certification</u> | <u>Period of validity</u> | |
|-------------------------------------|----------------------------------|---------------------------|--------------|
| | | <u>From</u> | <u>Until</u> |
| CROPS AND CROPS RAW PRODUCTS | | | |
| Other products of forestry caroubes | Organic | 19/11/2020 | 31/03/2022 |
| PROCESSED PRODUCTS | | | |
| <i>Fruit-based preparations</i> | | | |
| Carob Extract | Organic | 19/11/2020 | 31/03/2022 |
| Carob powder | Organic | 19/11/2020 | 31/03/2022 |
| Carob pulp | Organic | 19/11/2020 | 31/03/2022 |
| Carob seeds | Organic | 19/11/2020 | 31/03/2022 |
| Carob tablet | Organic | 19/11/2020 | 31/03/2022 |

End of document - Total : 1 page(s)

The authenticity and validity of this document can be verified on www.ecocert.com

Issued in L'ISLE JOURDAIN

P. THOMAZO , General Manager of ECOCERT SA

On 19/11/2020

APPENDIX 3.5 : HALAL Certificate 2020



HFCE

Halal Food Council of Europe المجلس الأوروبي للأغذية الحلال

4 Rue de la Presse, 1000 Brussels, Belgium | Tel: +32-2227-1114, +32-2227-2728 | Fax: +32-2218-3141 | www.HFCE.eu Registration No: 827964482

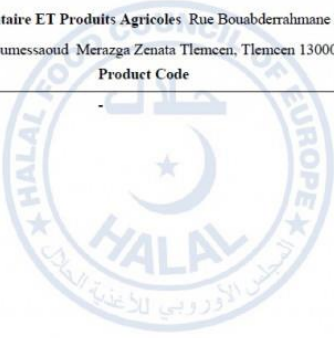
HALAL CERTIFICATE شهادة حلال

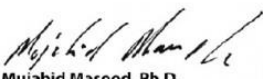
المجلس الأوروبي للأغذية الحلال يشهد بأن المنتجات المذكورة أدناه قد استوفت شروط الحلال وفقاً للشريعة الإسلامية
The Halal Food Council of Europe hereby certifies that the products listed below have met the Halal requirements in accordance with Islamic laws.

Date: August 19, 2020
Document #: 9699.9700.IH200005

Company Name & Address: Sarl Boublenza Agroalimentaire ET Produits Agricoles Rue Bouabderrahmane Fg Agadir Tlemcen, Tlemcen 13000 Algeria
Plant Name & Address: Sarl Boublenza Lieu Dit Bounessaoud Merazga Zenata Tlemcen, Tlemcen 13000 Algeria



| Product Name | Product Code | Halal-ID | Product Certificate # |
|-----------------|--------------|----------|-----------------------|
| 1. Carob Powder | - | A83702 | HC-20SA7V93 |






Mujahid Masood, Ph.D.
Vice President

This certificate is valid until June 30, 2021 and subject to renewal at that time.



MEMBER

Page 1 of 1
D180128302HCPIE

w w w . c a r u m a . n e t



- Natural sugars
- Low glycemic index
- High dietary fiber
- Antioxidant polyphenols
- Low fat
- Intensive aroma
- Stimulants free
- GMO free
- Gluten free
- Free from allergens
- Cost effective





CARUMA® is a natural food ingredient 100% carob. It consists in flour obtained by deseeding carob pods, roasting and milling.

APPLICATIONS :

- Food, aromas, cosmetics, nutraceuticals and pharmaceuticals.

PROPRIETIES :

- CARUMA® Contains antioxidant polyphenols.
- CARUMA® High level of dietary fiber. A research reveals that carob has a positive effect on cholesterol metabolism and potential regulation on blood glucose levels. It also improves digestion and treats diarrhea.
- CARUMA® Rich in potassium and calcium.
- CARUMA® Low in sodium.

USAGE :

- Substitute of cocoa
- Infusions
- Roasted coffee
- Natural aroma and food color
- Ice cream and yogurt
- Bakery
- Tobacco industry
- Pastry and Confectionery



CARUMA SPECIFICATIONS :

| | Nutritional parameters | | |
|--------------------------|------------------------|------------------|-----------------|
| | CARUMA 30 | CARUMA 45 | CARUMA 60 |
| Granulometry | 98 % < 75 microns | | |
| Specific weight | 550kg/m ³ | | |
| Moisture | <4 % | | |
| Water Activity | <0,25 | | |
| pH | 5 - 6 | | |
| Ash | <4 % | | |
| Total Brut Protein | <6 % | | |
| Total Fat | <1 % | <1,5 % | <1,5 % |
| Total Sugars | ≈40 % | ≈28 % | ≈15 % |
| Reducing Sugars | ≈11 % | ≈10 % | ≈5 % |
| Dietary Fiber | ≈40 % | ≈46 % | ≈60 % |
| Solubility in Water | 50-60 % | 40-50 % | 20-30 % |
| Energy Value (Kcal/100g) | 280Kcal - 1180Kj | 240Kcal - 1005Kj | 220Kcal - 915Kj |

| Microbiological specifications | |
|--------------------------------------------|----------------------------|
| Total Plate Count <10 ⁶ ufc/g | Salmonella (In 25g) Absent |
| Moulds and yeasts <3x10 ⁴ ufc/g | E. coli (In 1g) Absent |

| Chemical contaminants | |
|-----------------------|---------------------|
| Parameter | Rejection threshold |
| Lead | <0,20mg/kg |
| Cadmium | <0,10mg/kg |

| Allergen and GMO status | |
|---------------------------------|-----------------------|
| Allergen status / EU regulation | Exempt from allergens |
| GMO status | No GMO |

Boublenza®
 Boublenza Sàrl
 Rue Bouabdellahmane,
 Faubourg Agadi, 13000 Tlemcen, Algeria.
 Phone : +213 (0) 40 91 06 01
 Fax : +213 (0) 40 27 38 02
 Mail : contact@carob-powder.com
 Web : www.carob-powder.com

CERTIFICATIONS :



PACKING :
 25Kg Multilayer paper bag, inner polyethylene bag.
SHELF LIFE : 18 months

CARANI
Carob powder

YOUR SOLUTION

Excellent **healthy ingredient** for your **feed formulation**

100% natural

Aroma & taste like chocolate

High source of minerals

Cocoa replacer without caffeine and theobromine

Well being

Natural brown and dark colour

Sweet palatability

Good digestibility

100% carob


Boublenza

boublenza.com



CARANI is a natural ingredient with a natural composition-100% carob powder, used in animal nutrition as an excellent healthy ingredient for feed formulation. CARANI is a functional ingredient feed during critical stages of animal development due to its contents in:

- **Natural sugars** : high energy source, sweet palatability.
 - **Fibers** : soluble and insoluble for good digestibility, satiety, stimulation of water intake and gut health.
 - **Minerals** as calcium for promoting strength bone density during gestation and lactation, potassium for decreasing heat stress sensitivity..
 - **Polyphenols** as tannins, antioxidative molecules, which prevent diarrhea, with a positive influence on digestibility in small intestine.
- CARANI is caffeine and theobromine free, perfect and safety ingredient for the dog chocolate.

Dosage varies from 2% to 10% :

| Analysis | CARANI® | CARANI® Light | CARANI® Medium | CARANI® Dark |
|---------------------|------------------|------------------|------------------|------------------|
| Moisture | <6% | <6% | <6% | <6% |
| Total sugars | ≥40% | ~37% | ~27% | ~15% |
| Ash | <5% | ≤4% | ≤4% | ≤4,5% |
| Total brut protein | <6% | <6% | <6% | <6% |
| Fat | ≤1% | ≤1% | ≤1,5% | ≤1,5% |
| Crude fiber | <11% | <15% | <20% | <25% |
| Total dietary fiber | ~42% | ~41% | ~46% | ~60% |
| pH | 5-6 | 5-6 | 5-6 | 5-6 |
| Energy value /100g | 310kcal / 1170kJ | 300kcal / 1290kJ | 290kcal / 1220kJ | 270kcal / 1100kJ |
| Granulometry | 96% < 105 μ | 96% < 75μ | 96% < 75μ | 96% < 75μ |

Microbiological specifications :

| | |
|---------------------|--------------------------|
| Aeorbic plate count | <10 ³ cfu / g |
| Salmonella | Absent / 25g |
| E.coli | Absent / g |
| Yeast and moulds | <10 ³ cfu / g |

The package :

25Kg multilayer paper bag, liner polyethylene bag.

Shelf life :

- 18 months from manufacturer date.
- To keep in a dry and cool place away from the direct sunlight.

QUALITY PERFORMANCE SCIENCE FAMILY NATURAL QUALITY PERFORMANCE SCIENCE FAMILY

PERFORMANCE NATURAL QUALITY SCIENCE

FAMILY NATURAL QUALITY PERFORMANCE SCIENCE FAMILY NATURAL QUALITY

 Boublenza Srl
Rue Bouabderrahmane, Faubourg Agadir, 15000 Tlemcen, Algeria
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This work is part of a research study for an end-of-cycle thesis submitted to EHEC Algiers in partial fulfillment of the requirements for a Master's Degree in Commercial Sciences, Major: International Affairs.

The purpose of this thesis is to investigate the "impact of the procurement process on the commercial performance of a company."

The interview will be taped and transcribed word for word later. This interview guide is made up of open-ended questions with the goal of gathering as much information as possible. Feel free to express yourself on the topic.

Axis 1: Procurement process evaluation.

1. What factors influence the decision to procure from local markets or import goods?
2. How does the procurement process for local markets differ from the importation one?
3. How does the company evaluate the success of its procurement process from local markets or importation?
4. How does procuring from local markets impact the company's supply chain and overall logistics?
5. What are the advantages of procuring from local markets in terms of cost, quality and availability?
6. How does importing goods affect the company's procurement costs and profitability?
7. Procuring from local markets or importing has it positively or negatively impacted the company's commercial performance in the past?
8. How does procuring from local markets or importing influence the company's relationships with local suppliers versus international suppliers?
9. How does the procurement strategy from local markets or importing impact the company's ability to meet customer demands and expectations?
10. What risks are associated with each procurement strategy, and how does the company mitigate those risks?

Axis 2: Evaluation of the Commercial Performance of the company.

1. How does the company measure its commercial performance, and what metrics are used?
2. What are the company's goals and objectives related to commercial performance, and how are they tracked and evaluated?

3. How has the company's commercial performance evolved over the past few years, and what factors have influenced this change?
4. How does the company manage its relationships with suppliers, partners and customers, and what impact do these relationships have on commercial performance?
5. What external factors (e.g. economic conditions, regulatory changes, market trends) have influenced the company's commercial performance, and how has the company responded to these factors?
6. How can the company stay competitive within its industry, and what strategies does it use to maintain and grow its market share?
7. What are the primary costs associated with running the business, and how does the company manage and optimize these costs?
8. How does the company ensure that its products and services meet the needs and expectations of its target audience?
9. How does the procurement process impact the company's relationships with suppliers, partners and customers, and what impact does this have on commercial performance?
10. What are the factors that might help the commercial performance to improve?

Axis3: Effects of procurement process on the commercial performance of the company.

1. How does the procurement process impact the company's ability to compete in the market?
2. How does the procurement process contribute to the overall strategic planning of the company?
3. As a responsible, Can you pinpoint how your procurement supply chain contributes to the development of the company's commercial performance?
4. Do the procurement process problems affect the company's financial performance, including costs, revenue and profit margins?
5. How does the procurement process impact the quality and availability of goods and services?
6. How does the choice between procuring from local markets or importing affect the lead time and delivery schedule of goods?

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