



IMPROVING THE PURCHASE DEPARTMENT THROUGH PROCESS OPTIMIZATION

PLAN OF APPROACH

BARRIO-LIFE

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1. Preliminary research

To provide more insight about the company's culture, mission and values this report starts with a company and product analysis. This is essential to obtain strategic insight and to discover where developments can be made (Saunders, 2017).

1.1 Company and product analysis

The idea of Barrio Life was born when Mr. Rikkert Barendse visited the Moroccan Sahara Desert in 2009. He founded a company which started organizing group tours on individual registration, with a desert trek through the sand dunes as its highlight. Contact with local nomads, experiencing adventure during a round trip and going off the beaten track were what Mr. Barendse himself was looking for, and these aspects are still the essence of how the trips of Barrio Life are organized now.

Now, more than ten years later, Barrio Life organizes individual tours and group tours with overnight stays in authentic accommodations to Morocco, southern Spain, and Portugal. Barrio Life refers to themselves as travel specialists and have combed the three countries in detail. This enables the company to offer unique trips and, as customized-holiday specialists, the travel organization provides advice on how to best spend the holiday by proposing local activities.

As connoisseurs of the local areas, Barrio Life provides its clients with an itinerary book. This book combines background information of the destinations and the related highlights, based on personal experiences of employees. In this way, customers get the opportunity to get to places that other travellers do not.

The travel organization offers a wide range of products. Besides this, customers are able to choose a trip based on a travel theme. In appendix A, one can find an overview of the products that Barrio Life offers, and the travel themes elaborated. However, the travel company is best known for assembling tailor-made trips where customers are able to express their desires for destinations and accommodations. Subsequently, a customized trip proposal is delivered.

Barrio Life features offices in two locations: an office in Amsterdam, The Netherlands and an office in Barcelona, Spain. From here, all production is carried out and the client is assisted, both by phone and online. In Barcelona, the employees focus mainly on the portfolio, continuously negotiating purchase prices and researching new accommodations and activities. The Barcelona office is mainly targeted at the operational side of the tour operator. The employees in this office remain in contact with the clients, to discuss the trip and what the client's preferences are. The tasks involved to produce such trips are carried out here, divided among the departments Purchase, Sales, Administration, Product Development and Marketing. In Amsterdam, most of the marketing activities are carried out.

The mission of Barrio Life, as expressed by Mr. Barendse himself through personal communication, focuses mainly on the experience aspect of the trips that the company offers. Barrio Life's mission is that when its customer, as a traveller, to gain a unique holiday experience amongst locals in the specific destination. What the company stands for further is explained in the following three points:

- Collaborating with locals: the importance to protect the local population and the nature of the visited destination. For Barrio Life it is essential to make sure that the destination benefits from the tourism. It should be a so called 'win-win situation'. The company is part of the Journey foundation, this organization invests in social projects executed at the particular destinations. By cooperating with local guides and offering a wide range of small-scale authentic

accommodations and activities owned by local people, they gain from tourists. The other way around, the tourists receive a unique experience because of the expertise from the locals.

- Sustainability: Barrio Life aspires to be recognised as a sustainable travel agency. On their way to get there, they have joined several projects who support sustainability in tourism, and they aim to offer separate climate-neutral trips.
- Offering fully customized trips: Barrio Life offers the customer a possibility to fully customize their trips. They can choose every individual destination and accommodation. The company wants to stand out in this as there are not many small-scale agencies that offer this expertise.

Barrio Life's vision aligns seamlessly with these aspects by stating that the company aspires to grow in the trips that are offered: "Our vision is that Barrio Life has an acquired place in the market on name recognition, enjoying in the field of creative tourism to offer travellers the utmost travel experiences" R. Barendse (personal communication, November 2021). In this, the seven pillars, outlined in appendix A, are experiences that Barrio Life would like to impart.

The main target group of customers for Barrio Life are middle-aged couples around the age of 60 years and older. There are several groups or individuals who book their annual trips with Barrio Life. Surveys conducted by the Product Development department, which were received in October 2021, have made it clear that this group is especially pleased with the support they receive from the company. For them, it is comfortable to customize a trip, but not to deal with all the difficulties of booking. They usually opt for customized trips to a particular area. The second target group is families. These people are looking for guidance to find the perfect holiday that fits all family members' wishes. The third target group are the individual adventurers, who seek adventure with some guidance and expertise. The goal of Barrio Life is to expand their target market to a younger generation, especially couples aged 18-35 years.

The market on which the company operates is the tourism industry. This market is highly dependent on external factors. Since the Covid-19 pandemic the market size of the global tourism sector declined due to travel restrictions and difficulties with measures at destinations (Statista, 2021).

Barrio Life is a non-profit organization that is cooperating with the Journey Foundation. The Journey Foundation invests the benefits from Barrio Life in local projects at the destinations. Barrio Life is owned by two people: Rikkert Barendse and Wendy Jacobsen, both employed at Barrio Life as managers and CEO.

Barrio Life is a small-scale tour operator with four full-time employees at the office in Barcelona. Besides this, Barrio Life offers a workplace for many interns. To illustrate the structure of Barrio Life and the position of its employees, an organogram has been created in appendix B.

1.2 Problem analysis

Barrio Life's purchasing department loses a considerable amount of time in the complex and extensive supply chain, strictly speaking, the path that a single booking follows within the department.

Most of the time gets consumed in the assembly of PO (purchase order) requests and travel proposals by the purchase department. Assembling a PO request is overly complex, time consuming and an administrative burden on the employee. This results in lost efficiency and effectiveness. As the purchaser must start the process of assembling the order from scratch each time a new request comes in, and the requests are too varied as there is no format that could be reused according to the needs of a customer, this results in an increase of workload for the purchaser. The purchaser usually spends most of his hours doing this, while more than half of the requests do not result into bookings. This time can be better spent on existing bookings. In addition, the waiting time for potential customers is increased, which means that customers will experience a less satisfied customer journey. Consequently, this may result in a switch to a competitor for the customer. In addition, the workload is more demanding on the purchasing department, therefore it comes at the expense of the quality of the PO requests and the travel proposals. Less time can be spent critically reviewing all the available options that directly match the client's needs, even though that is at the heart of Barrio's DNA. The overall effect is time consumption and a deteriorating work experience for clients and assessors.

The difficulty occurs for assembling PO requests and travel proposals of all countries offered by Barrio Life in its portfolio but will vary in magnitude according to the needs of the client, the experience of the purchaser and other factors that contribute to variation in the creation of travel plans (amount, terms, size, and so on). This has consequences for the customer who requests a proposal, for other customers who subsequently must wait longer, for the purchaser and the purchasing department due to the increasing workload. Additionally, it affects the salesperson who is unable to meet deadlines and therefore the entire work process within the organization.

Moreover, the time-consuming purchase tasks are a slumbering bottleneck that has consistently existed since Barrio Life began doing business, but has become more apparent with recent changes, including changes in demand for services, desires to grow from within the company, increased demand from clients (primarily for Andalusia), and recent integration efforts into the organization as part of their ongoing commitment to continuous improvement of client experience.

This concern is reflected in the variation in the number of days before travel proposals can be approved, the number of days customers must wait before receiving a follow-up, the number of requests that are not converted into bookings, the increased stress in the purchasing department (workload and dissatisfaction of the sales department), and an imbalance in the entire work process within the company.

As travel requests come in daily, this concern is a daily practice but an increase in the combined changes in the knowledge base, changed data in the environment, developments in the working field and a variety in supply and demand increases the severity and stress on the department.

1.3 Information gaps

In order for the researcher to understand how to improve the internal processes of the purchasing department of Barrio Life, information gaps must be filled by researching the current data and situation of the department. The lack of knowledge underlying the possible implementation of new optimization opportunities was identified in four information gaps. The information gaps to be considered, so that the researcher can formulate a recommendation, are: (1) an outline of the current processes within the purchasing department, (2) the visualization of bottlenecks and risks, (3) the urgency of reconstructing, (4) the resources required for reconstructing.

1.4 Research questions

Following the problem analysis, the main research question is: *"What strategies should be used by the purchasing department of Barrio Life to optimize the workflow in assembling tailor-made products?"*.

From this, four sub questions have been derived:

- 1) How does the purchase department of Barrio Life currently work?
- 2) What are the problems and risks involved in the current way of working?
- 3) What is the most urgent what should be restructured in terms of offerings in Barrio Life?
- 4) What are the requirements for this restructuring from an organizational point of view?

1.5 Project aim

This project aims to provide an advice where the solution is aimed at improving internal processes within the purchase department of Barrio Life. The identification of the four information gaps will show the purpose and possible opportunities for optimization facilities, as well as other bottlenecks in the work processes, concluding and anticipating a more profitable and efficient future for Barrio Life. The first part of the research will be carried out through field research, with the aim of gaining more insight into the current work processes of the company and the purchasing department. Secondly, qualitative research will be conducted with the aim of reflecting the bottlenecks and risks of the current work executed. The third and fourth parts desire to provide and construct a suitable optimization option, in the fashion of a project. The results of this research will firstly present the importance of reconstruction in the purchase department, and secondly represent the creation of an optimization project. The research is successful if the results can be presented in workflow efficiency, process optimization and resource requirements. This will make a difference in the current way of working and the desired way of working. The time frame for achieving the project goal is 21 weeks.

2. Research approach

This research project focuses on the internal processes of the purchase department within the company Barrio Life, and how they can be improved. Four information gaps were identified to conduct the research project, below the methods are described for each information gap. The described approaches include the unit analysis, data analysis and data collection.

2.1 Approach information gap 1

The first information gap to be examined is the current practices of Barrio Life's purchase department. This information gap will specifically look at the structure of the company, the structure of the purchase department, and the associated employees. It will proceed with the specific duties of a purchaser, and the journey a product (a customized trip) goes through within the purchase department. To accomplish this, field research will be conducted. And to be more specific: job shadowing. Job shadowing is a form of 'on-job training' where a person, in this case the researcher, takes the role of an employee and observes (Mader, 2017).

In favour of guaranteeing outcomes that align with only the purchase department of Barrio Life, the following unit will be used: the researcher who functions as an employee within the purchasing department. In this case, during the measured period, the researcher will adopt the role of regional buyer for Andalusia.

Various collection methods will be used to collect the observations made by the researcher. Notes will be taken both online and offline by the observer. Activities are being kept by a logbook, and notations will be written down on all activities within the purchase department which will be incorporated into visual diagrams and tables.

2.2 Approach information gap 2

The following information gap is about visualizing the bottlenecks within the purchase department of Barrio Life. For this purpose semi-structured interviews are going to be conducted with the employees of the purchase department. For further insights into the work process and bottlenecks of the purchase department, some questions will be established, but clarification will be asked further after interesting concepts.

The interviewees will consist of all purchase employees within the company of Barrio Life. These include: the junior purchase manager, and the regional purchasers of Portugal, Morocco, and Andalusia.

A questionnaire will be prepared in advance by the researcher to establish an interview guidance. This questionnaire will then be forwarded to the participants to get acquainted with the topics covered. The interviews will be conducted at the Barcelona office where the interviews are recorded to be transcribed by the researcher. Subsequently, concepts will be established by the researcher for coding the interviews, which then will be summarized.

2.3 Approach information gap 3

The third information gap to be examined is the urgency of reconstruction in the purchase department of Barrio Life. Because several concepts are covered here, field research will be conducted. To find out what the manager's requirements are, short interviews, in the form of meetings, will be conducted. Follow-up actions based on the manager's requirements will then be realized through job shadowing, on which the researcher is able to perform measurements.

In this situation, the manager is the commissioner for the follow-up steps of the research, because it is estimated that the employee (the researcher) would encounter several bottlenecks after the aforementioned research.

Various collection methods will be used to collect the observations made by the researcher. Notes will be taken both online and offline by the observer. Activities, such as time measurements will be kept by a logbook, and notations will be written down to provide evidence to the manager. The interviews will be performed at the office in Barcelona, recorded and then summarized by the researcher to eventually draw conclusions in conjunction with the manager.

2.4 Approach information gap 4

The fourth and final information gap encompasses the resources needed to perform the reconstructing. To accomplish this, the researcher will use partly field research, and partly desk research. The field research includes the preparation of the preparations based on experimental data gained from working at Barrio Life by the researcher. Desk research will be used to incorporate previous knowledge in determining the requirements.

In doing so, the researcher will function as an executor of the preparations made to determine the resources.

To collect and analyse the conducted field- and desk research, notes taken by the researcher will be carefully made and interpreted into budgeting, inventory, and costs schemes. In addition, colleagues from the administration department will be consulted for intentions of the previously mentioned aspects.

2.5 Operationalization

Preliminary research revealed explanations that lead to four main concepts of the research, these main concepts are divided into dimensions and consequently into measurable indicators, which finally lead to possible questions. The four main concepts amount to: business processes, bottlenecks, optimization project mission, and resources. The operationalization scheme can be found in appendix C.

2.6 Reliability and validity

To boost the validity and reliability of this research, multiple methods, also known as methodical triangulation, will be used to conduct the research. This involved using the combination of conducting interviews, job shadowing (observations) and desk research. To ensure the reliability and validity of the interviews, the researcher will conduct the interviews on saturation, as all employees will be interviewed and answered sufficiently, no new outcomes can be expected. Furthermore, all interviews will be structured equally for each interviewee and conducted within the same circumstances. To ensure the reliability and validity of the observations, the researcher will adhere to the pre-discussed methods and procedure within the company. In addition, the observations are of primary source, the researcher herself, as well as analysed and interpreted by the researcher. To ensure the reliability and validity of the desk research, the researcher ensures that there will be no dependency of the number of respondents of the data collected. This is because the deliberations took place with the CEO of the company for the advancement of the research, and this CEO is responsible for the decisions that will be made.

2.7 Limitations

The research is limited to a period of five months, which restricts the size of the samples. This means that the research is narrowed only to the purchase department of Barrio Life, where the researcher will be employed. Furthermore, there are several factors that cannot be controlled due to the nature of qualitative research. For example, it is not possible to verify that the observations will be conducted correctly because this process only involved the researcher herself. In addition, the employees of the purchase department constantly differ because of many interns, which change every few months. This makes them not knowledgeable enough for valid answers, as well as having insufficient work experience. Other outcomes may be measured with other employees and managers, which may also change the departmental structure. The bulk of the findings are subjective because the researcher herself is the lead in the analysis and interpretation of the data, this makes the research difficult to replicate should it be done by another researcher. Lastly, is the lack of essential tools and data within the company to support data. Thus, preparations and analyses of data will be done manually, this makes the course of the research and the creation of the final product a labour-intensive process.

3. Budget and planning

For the research, a budget has been prepared in advance by the researcher and the CEO of Barrio Life. During the internship period of the employee, equally the researcher, the budget of the research to be carried out, and possibly project, is €0.

Below there is a planning created for the execution of the research, the development of the professional product, and finally the creation of the showcase which must be handed in by the IB professional.

Week 1	06-09	Start of internship at Barrio Life (6 September 2021)
Week 2	13-09	Onboarding
Week 3	20-09	Identify information gaps
Week 4	27-09	Create plan of approach
Week 5	04-10	Adjust plan of approach
Week 6	11-10	Hand-in plan of approach
Week 7	18-10	Receive feedback plan of approach
Week 8	25-10	Improve plan of approach
Week 9	01-11	Analyse structure purchase department
Week 10	08-11	Prepare interviews
Week 11	15-11	Conduct interviews
Week 12	22-11	Code and analyse interviews
Week 13	29-11	Measure time of consisting bookings
Week 14	06-12	Create project for optimization
Week 15	13-12	Estimate resources
Week 16	20-12	Write research justification
Week 17	27-12	Write research justification
Week 18	03-01	Create professional product
Week 19	10-01	Finish professional product
Week 20	17-01	Finish research justification
Week 22	24-01	Hand in showcase
Week 23	31-01	End of internship (31 January 2022)

Figure 1: Planning writing and handing in research

4. References

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5. Appendices

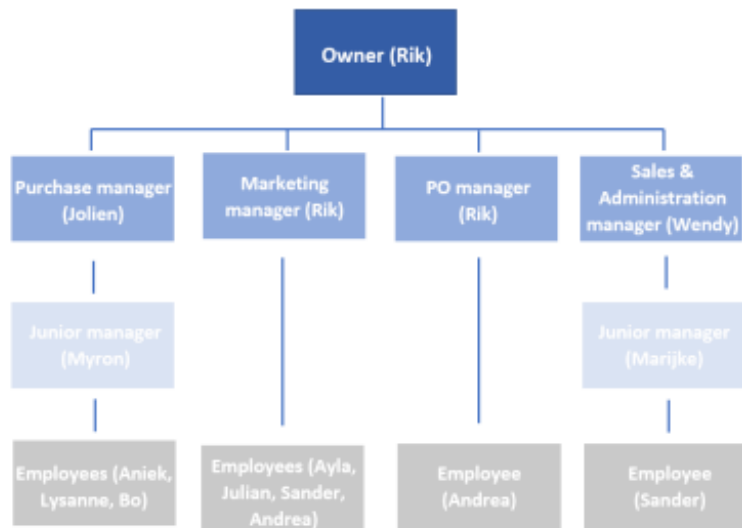
Appendix A: overview of products Barrio Life

Products	Destination
Parador Travels	Andalusia; historical aspects
Pousada Tours	Portugal; historical aspects
Family Trips	Andalusia, Portugal, Morocco
Camping and Glamping Tours	Andalusia, Portugal
City Trips	Andalusia, Portugal, Morocco
Nature Tours	Andalusia, Portugal, Morocco
Hiking Tours	Andalusia, Portugal, Morocco
Train Tours	Andalusia, Portugal, Morocco
Fly & Drives	Andalusia, Portugal, Morocco
Groups & Incentives	Andalusia, Portugal, Morocco
Tailor-made Tours	Andalusia, Portugal, Morocco
Luxury Tours	Andalusia

Explanation of Travel Themes:

Travel Theme	Elaboration
History	Heritage and culture ancient routes, to discover traces of the past.
Hike	Adventurous hikes through wild nature, to start the journey where the asphalt stops.
Inspire	Reflect on yourself and slow travel, new experiences, encounters, and insights.
Explore	Discover small villages surrounded by nature, authentic and unexpected encounters.
Meet	Learn traditions, crafts, and meet locals.
Taste	Extensive cuisine and tasty dishes during a culinary adventure.
Take Care	Support local projects and local population with volunteering.

Appendix B: organogram



Appendix C: operationalization schedule

Concept	Dimension	Subdimensions	Indicator	Possible questions
Business processes	Existing processes	Customer-facing processes	What processes add value for the customer?	What are the main purchase processes?
	Necessary process changes	Business process automations	To what extent are the business processes automated?	To what extent are purchase processes automated?
		Degree of efficiency	Amount of effort to achieve a business outcome	How would you rate the amount of effort to achieve a business outcome?
		Degree of customer-centric approach	What processes do not add value for the customer?	Would you say that there are tasks that could be eliminated in your daily work?
Bottlenecks	Activities purchaser	Degree of relevance	What activities could be eliminated	To what extent do your activities belong to purchase?
		Time consumption	Where can time be saved in activities?	Which activity is the most time-consuming?
	Workflow	Structure	To what extent can the structure of the purchase department be optimized?	What do you think is the biggest problem or risk in the current way of working?
		Flow rate	Which activities do or do not add value for the workflow of the purchase department?	Could you describe activities that could be reduced or eliminated as they are not adding value to the process of a booking?

Optimization project mission	Urgency of reconstruction	Key purchase functions	Extent to which purchase activities are integrated	Which activities can most likely be optimized?
	Creating solutions	Linking time wasters to optimization solutions	Extent to tools and support that are needed	What would you prefer to see improved in the purchase department?
Resources	Need for resources	Inventory of required resources	Human resources	What expertise do we need to optimize the department?
			Financial resources	Is there a budget for implementing projects?
			Material resources	What additional materials are needed to carry out any projects?



RESEARCH PROPOSAL
JANUARY 2022
