

Purchasing:

Purchasing

Purchasing implies a monetary transaction.

Procurement is the responsibility for acquiring the goods and services the organization needs.

Goods:

Raw materials
Production parts
Maintenance, repair and operating supplies (MRO)

Services:

Consulting services
Utilities
Workers health care benefits.

Evolution in Strategies for Purchasing Preparation:

Identifying needs such as dependability, long term availability
Evaluate user requirements to ensure suitability of purchase Forecast when and how purchase will be needed
Identify and select suppliers
Develop an efficient ordering system for control

Negotiation:

Bidding processes
Contracts

The Procurement Process

Order placing via appropriate channels (i.e. authorized purchase order)
Receiving including adjustments for damages, short or over-shipping and incorrect costs
Monitoring supplier performance.

Elements of supply uncertainty:

Lead-time to supply
Quantity supplied
Quality of supply
Data accuracy on products supplied and prices.

Selecting a Supplier

In selecting a supplier, a number of factors must be analysed:

Price
Quality
Reliability
Credit terms
Shipping costs. Look at the whole transaction cost of dealing with a supplier (not just the cheapest price).

Purchasing:

Positive trends in purchasing and procurement include:

- Reduced number of suppliers
- Long-term relationships with suppliers
- Suppliers located close to customers for improved access
- Integrated information infrastructure: EDI, electronic catalogs
- Suppliers considered being an essential part of the business
- Suppliers involved in future product development programs.

Key considerations in analysing the purchasing process:

- Annual sales
- Annual purchases
- Number of suppliers
- Number of supplier alliances
- Total number of purchased products or parts
- Short and long-term cost effective purchasing
- Efficient business management of the purchasing process.

Suggestions:

Analyse what the suppliers requirements are for:
Goods and services: lot sizes, packaging, delivery frequency, and responsiveness.

Look at the following information:
how much you need and when
Financing arrangements and costs.
Compare your needs and abilities against these requirements.

Key Performance Indicators:

Delivery to Schedule
The following formula can be used to assess supplier's delivery to schedule performance.

D = monthly delivery performance (%)
L = number of line items delivered later than scheduled
S = number of line items scheduled for delivery during month
Different tolerances for A, B, C-articles
Quality to Specification

Contact Us Today

Call 1300-486-329 or email enquiry@stlwarehousing.com.au to discuss your purchasing needs.

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