

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).

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 A REPRESENTATIVE TODAY:

Suite 3.09, 32 Delhi Road, NSW 2113

1300 486 329

(02) 9889 8000

www.stlwarehousing.com.au

