

Purchasing Management

Module Description:

Purchasing as a supply chain function has developed significantly over the decades, moving from being considered a purely administrative function to recognition that effective purchasing and supply management can contribute significantly to the success of most modern organisations. In many cases, it is not just considered a critical element in the strategic success of the organisation, but may indeed, be instrumental in providing or underpinning the organisation's competitive advantage. Today the emphasis is on the total supply management process in the context of organisational goals rather than on the transactions associated with purchasing.

This module will explore the nature of purchasing's contribution, as well as, the management requirements for efficient and effective performance. It will examine purchasing from a strategic, tactical or operational and a managerial perspective and develop the learner's skills in these areas. It enables learner to use the tools and techniques learnt to improve upon the purchasing capability of the organisation.

Module Aim:

This module is designed to enable the learners to position procurement within the supply chain and show how it can contribute to corporate strategy; to explore the key purchasing strategies and demonstrate their application within the supply chain; and to develop the key purchasing decisions, implications and frameworks.

Learning Outcomes:

On successful completion of this module, the learner will be able to:

- Detail the principles of procurement management within the supply chain

On successful completion of this module, the learner will be able to:

- explain the link between purchasing strategy development, organisational and supply chain strategy development

On successful completion of this module, the learner will be able to:

- demonstrate the techniques of procurement management within the supply chain

On successful completion of this module, the learner will be able to:

- implement the procurement process while being cognizant of the parameters of its development and its management

On successful completion of this module, the learner will be able to:

- identify, develop and apply the principles of strategic purchasing management, whilst ensuring their congruence with the mission and goals of the organisation

Learning and Teaching Methods:

Formal lectures are supplemented throughout the module by structured classroom discussions, short exercises and "mini-cases" which highlight the practical implementation issues.

Module Content:

- Purchasing as a strategic function. The development of the purchasing function, within the corporate strategy/ supply chain.
- Key strategic purchasing decision areas, e.g. outsourcing, supply base decisions, relationships development.
- Purchasing processes. Balancing the Seven Rights of purchasing
- Purchasing methods including tendering, negotiation and competitive bidding
- Vendor selection, appraisal and vendor management
- The role of purchasing – role, objectives and policy.
- Organising and managing the purchasing function as part of supply chain management. Measuring purchasing performance. Ethics in purchasing.
- Contract law and its implications for purchasing in the supply chain, and for relationships with supply chain partners
- Public sector procurement – the constraints, the differences from the private sector, the procedures
- Global purchasing – pros and cons. Appropriate application and pitfalls.
- Exercises: this module is partially taught using case studies which present learners with real world scenarios, specify appropriate tasks, require learners to carry out an analysis to address these tasks and to feed back their conclusions. In all cases a thorough debrief is carried out by the tutor.

Module Assessment:

Assessment is by post-module assignment in line with the overall programme strategy. In addition, a proportion of the overall assessment will be allocated on the basis of learner performance in all aspects of the group work carried out during the module.

The assignment will assess if the learner can explain the link between purchasing strategy development, organisational and supply chain strategy development, implement the procurement process while being cognizant of the parameters of its development and its management and identify, develop and apply the principles of strategic purchasing management, whilst ensuring their congruence with the mission and goals of the organization.

Reading List*Essential Reading:*

Purchasing, NITL Module Manual.

Monczka, Trent and Handfield (2001), 'Purchasing and Supply Chain Management', Thompson

Supplemental Reading:

Dobler and Burt (1996), Purchasing and Supply Management, Text and Cases, McGraw-Hill

Ford, Gadde, Hakansson, Lundgren, Snehota, Turnbull and Wilson (1999), Managing Business Relationships.

Web references, journals and other:

Relevant up-to-date journal articles from appropriate sources will be included in the module manual and the following journal is regarded as the primary source of related information:

Purchasing and Supply Management

www.cips.org

www.ipsera.org