3. Purchasing

- The Role of Purchasing in the Supply Chain.
- 2. Purchasing activities.
- 3. The Strategic Role of Purchasing.
- 4. Supplier Selection and Evaluation.
- 5. Managing supplier relationships.

1. The Role of Purchasing in the Supply Chain

Logistics management

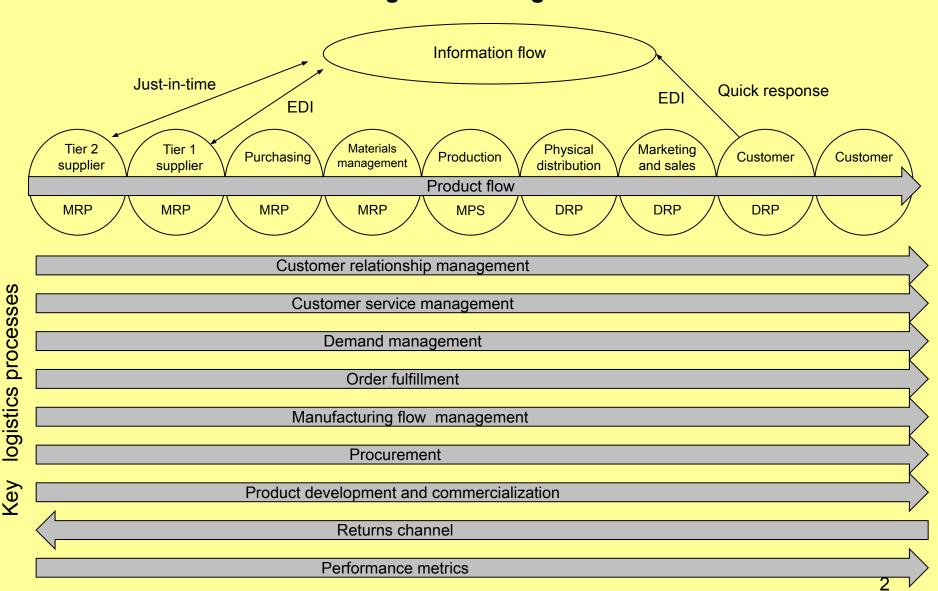


Figure 1 – Supply Chain Management

2. Purchasing activities

Seven R's of logistics

Getting the right *product*, to the right *customer*, in the right quantity, in the right *condition*, at the right *place*, at the right *time*, and at the right cost.

4. Supplier Selection and Evaluation



Table 1 - Evaluating Suppliers

Factor	Rating of supplier (1 = Worst rating, 5 = Highest rating) 1 2 3 4 5	Importance of factor to your firm (0 = No importance, 5 = Highest importance) 0 1 2 3 4 5	Weighted composite rating (0 = Minimum, 25 = Maximum)
Supplier A Product reliability Price Ordering convenience After-sale service Total for supplier A			
Supplier B Product reliability Price Ordering convenience After-sale service Total for supplier B			
Supplier C Product reliability Price Ordering convenience After-sale service Total for supplier C			

5. Managing supplier relationships

A partnership is a tailored business relationship based on mutual trust, openness, shared risk and shared rewards that yields a competitive advantage, resulting in business performance greater than would be achieved by the firms individually.

Joint Arm's Type II Type I Type III integration length venture

Partnerships

Figure 3 – Types of partnerships

Vertical