

# **3. Purchasing**

- 1. 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

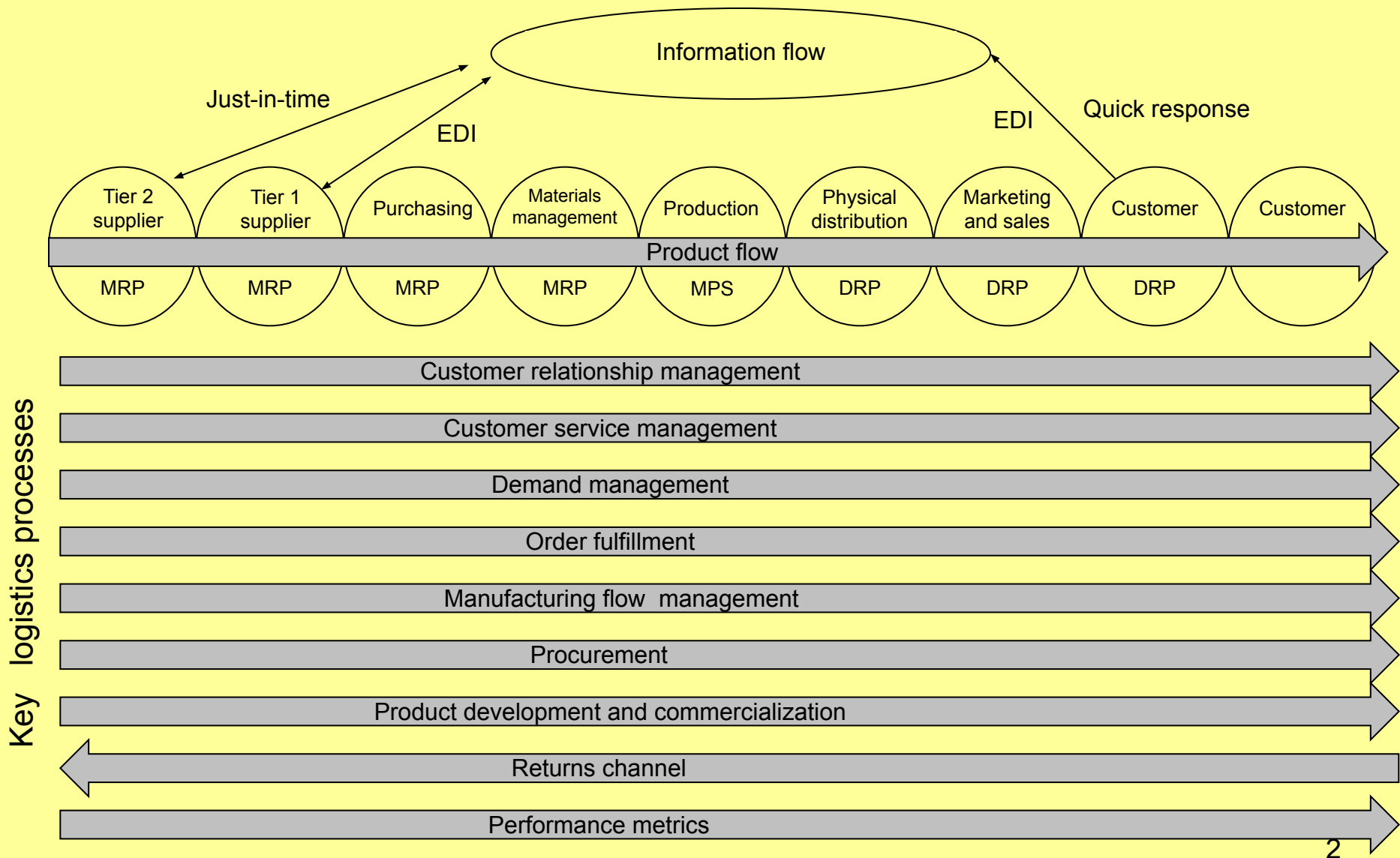


Figure 1 – Supply Chain Management

## 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

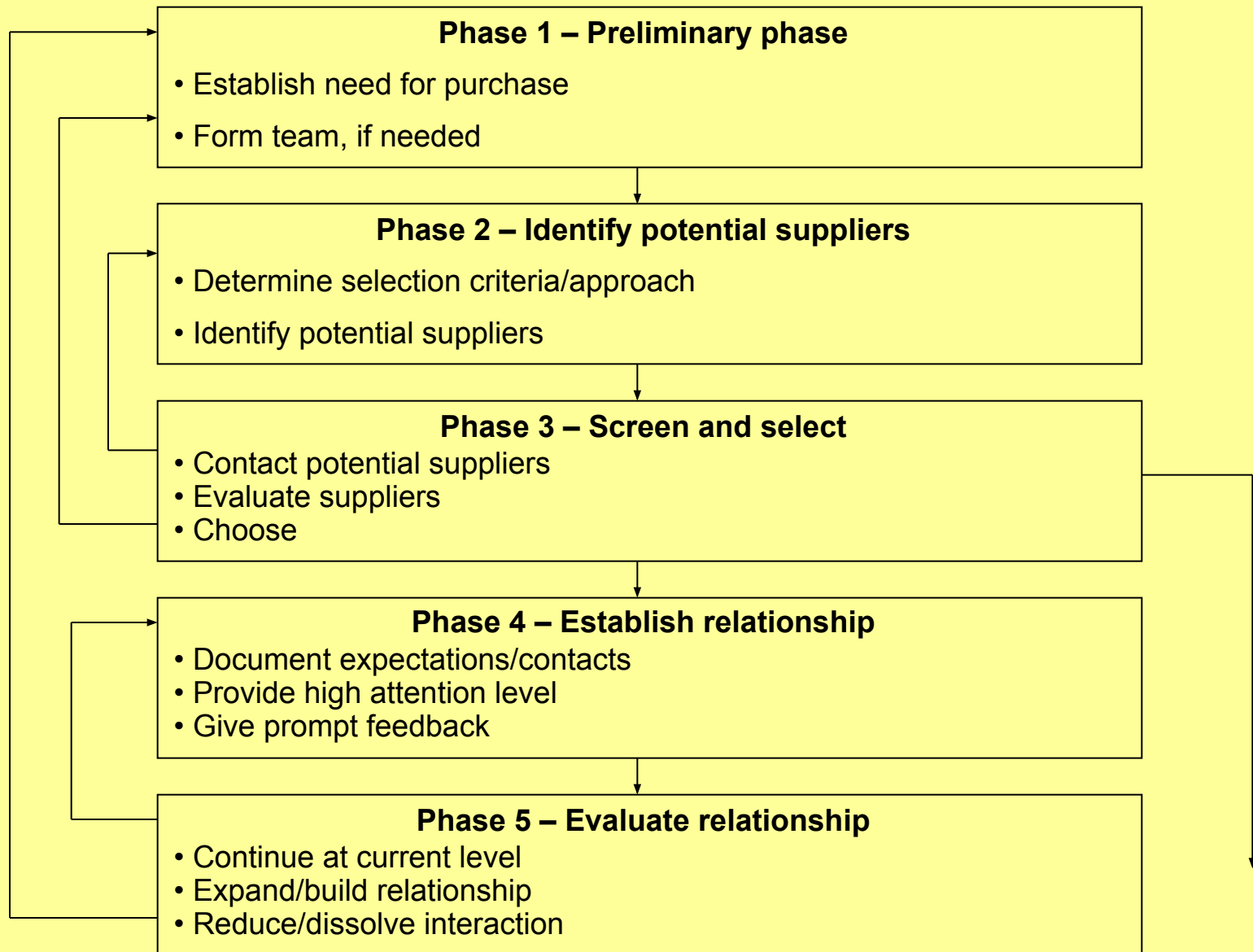


Figure 2

# 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)
<u>Supplier A</u> Product reliability Price Ordering convenience ... After-sale service Total for supplier A			
<u>Supplier B</u> Product reliability Price Ordering convenience ... After-sale service Total for supplier B			
<u>Supplier C</u> 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.*

## Partnerships

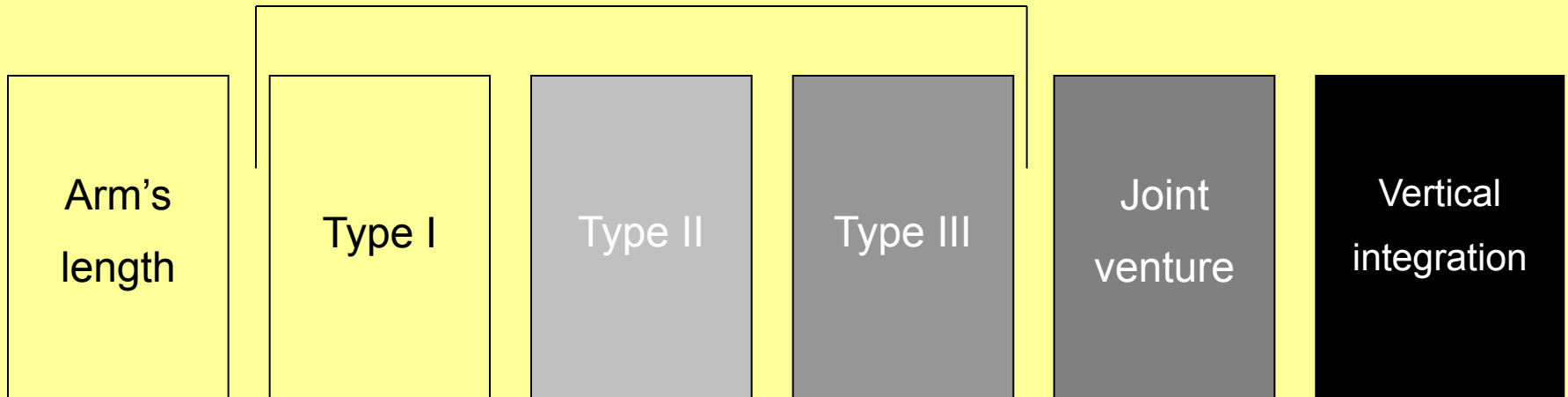


Figure 3 – Types of partnerships