



SNS COLLEGE OF TECHNOLOGY

[An Autonomous Institution]

Coimbatore - 35

19BAT612– Operations Management

UNIT-5 DYNAMIC PURCHASING

PURCHASING FUNCTION

Presented by

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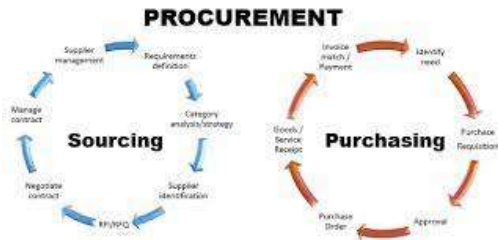
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Recall

Purchasing Function





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Role of purchase manager

- The decision to make or buy is normally taken by the committee comprising of representatives from production (needs and capacities), accounting (cost), engineering (quality and suitability) and purchasing (cost comparison)



Speculative buying

- Forward buying – is the practice of buying materials in a quantity exceeding current requirement but not beyond foreseeable requirements
- Speculative buying – takes place where profit is sought to be made by buying at low price and selling at high price



Supplier Evaluation & Selection

- One of the most important processes performed in organizations today is the evaluation, selection and continuous measurement of suppliers.
- Selecting a vendor is now as important a process as developing new products.

Cond...



- Supplier selection process is a multi-criteria problem, which includes both qualitative and quantitative factors.
- Purchasing commands a significant position in most organizations since purchased parts, components, and supplies typically represent 40 to 60 percent of the sales of its end products.
- Thus relatively small cost reductions gained in the acquisition of materials can have a greater impact on profits.
- Suppliers have a large and direct impact on the cost, quality, technology, and time-to-market of new products.



Cond...

- Organization's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers' capabilities.
- Supplier selection is one of the key issues of SCM because the cost of raw materials and component parts constitutes the main cost of a product Management.

**A sound supplier selection decision today
can reduce or prevent a host of problems
tomorrow**

Assessment





Summary

- Role of purchase manager
- Speculative buying
- Supplier Evaluation & Selection

References





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