

**The Institute of Commercial Management**

**SUBJECT SYLLABUS**



**OPERATIONS CHAIN MANAGEMENT**

**16 June 2006**

## What is Purchasing?

- Definition
- Organisational Buyers
- Purchasing, Profitability & Added Value
- The Evolution of Purchasing
- Purchasing & Change
- The Status of Purchasing

## Purchasing Strategy

- Definition
- Levels of Strategy
- The Strategic Planning Process
- Purchasing Strategy
- Environmental Scanning
- Strategy Formulation
- Strategy Implementation
- Strategy Evaluation & Control
- Strategic Options

## Purchasing Organisation

- Organisational Design & Structure
- Approaches to Organisation Structures
- Centralised Purchasing
- Purchasing & Its Functional Interfaces
- The Internal Organisation of Purchasing Departments
- Purchasing & Supply in Group Undertakings
- Horizontal Organisations
- Supply Chain Management
- Materials Management
- Logistics Management
- The Contribution of Purchasing to Supply Chain Management

## Purchasing Procedures

- Introduction
- Traditional Purchasing Procedures
- The Inefficiencies of Traditional Procedures
- Legal Aspects of Ordering Procedures
- The 'Battle of the Forms'
- Purchasing Records
- Small Orders
- Purchasing Manuals

## Purchasing & IT

- Introduction
- Management Information Systems (MIS)
- Information Technology (IT)
- IT & Competitive Advantage
- Computer Systems
- Computer Operation
- A Typical Computerised Purchasing Application Flow-charts
- Essential Features of a Computerised Supplies Sys-

tem

- Some Computer Applications Relevant to Purchasing
- Some Advantages of Computerised Purchasing
- Telecommunications & Networks
- Electronic Commerce
- Electronic Data Interchange
- Electronic Funds Transfer (EFT)
- Electronic Mail
- Smart Cards
- Bar Coding
- Electronic Catalogues
- Security & Legal Issues
- The Impact of IT on Purchasing & Supply

## Human Resources in the Supply Chain

- Introduction
- Human Resource Planning
- Job Analysis
- Recruitment & Selection
- Performance Appraisal
- Training & Development
- Purchasing & Pay
- Motivation, Communication & Commitment
- Communication
- The Management of Change
- Teamwork & Multinational
- Teams
- Management Styles & Leadership
- Strategic Aspects of HRM Applied to Purchasing

## Specifying & Assuring the Quality of Suppliers

- Introduction
- What is Quality?
- The Importance of TQM
- The Specification of Quality
- Product & Production Design & Re-Design
- Specifications
- Standardisation
- Value Analysis & Engineering
- The Implementation of Quality
- Quality Control & Assurance
- Quality Systems
- Independent Quality Assurance & Certification
- Tools for Quality & Reliability
- Failure Mode & Effects Analysis (FMEA)
- Quality Circle & Task Teams
- The Cost of Quality
- Purchasing & Quality

## Matching Supply with Demand

- Definitions
- Inventory Classifications

- The Aims of Inventory Management
- The Right Quantity
- Demand
- The Economics of Stock Management
- ABC Analysis
- Variety Reduction
- Economic Order Quantities (EOQs)
- The Quantity Discount Model
- Lead Times
- Forecasting Demand
- Fixed Order & Period Review Systems
- Materials Requirements Planning (MRP)
- Distribution Requirement Planning (DRP)
- Just-In-Time Purchasing (JIT)
- Optimised Production Technology (OPT)
- Lot Sizing
- Safety
- Stocks & Service Levels
- Special Inventory Factors

## **Sourcing**

- Sourcing Levels
- Sourcing Information
- Analysis of Market Conditions
- Directives
- Sources of Supply
- Suppliers Assessment & Appraisal
- Supplier Performance Rating
- The Supplier Base
- Make or Buy Strategies & Tactics
- Outsourcing
- Outsourcing Purchasing
- Tiering
- International Sourcing
- Partnership Sourcing
- Forming Successful Partnerships
- Reciprocal Trade
- Countertrade
- Intra-Company Trading
- Subcontracting
- Local Suppliers
- Small or Large Suppliers
- Sourcing Decisions
- Factors in Deciding Where to Buy

## **Contrasting Approaches to Supply**

- Introduction
- Industrial Products
- Capital Investment Items
- Buying Used Equipment
- Evaluating Capital Investments
- Selecting Suppliers of Capital Items
- Leasing
- The Buyer & Capital Investment Purchases

- Production Materials
- Raw Materials
- Futures Dealings
- Methods of Commodity Dealings
- Component Parts & Assemblies
- Production Materials & Bills of Materials
- Consumables
- Construction Supplies & Bills of Quantities
- Goods for Resale in Wholesaling & Retailing

## **Storing Supplies**

- Storage & Supplies
- Type, Location & Siting of Storage Facilities
- Storage & Materials
- Handling Equipment
- Assessment of Storage Requirements
- Stores Layout
- Identification of Stock Items
- Surplus

## **Controlling Prices & Costs**

- Price
- The Conditions for Perfect Competition
- Imperfect Competition & Monopoly
- UK Competition Legislation
- Price Information
- Pricing Agreements
- Variations to Firm & Cost
- Price Agreements
- Price Analysis
- Price Variation & Adjustment Currency Management
- Incoterms

## **Support Tools**

- Tendering
- Debriefing
- Post-Tender Negotiation (PTN)
- Forecasting Techniques
- Techniques of Investment Appraisal
- Application of Costing Techniques
- Life Cycle Costing
- Target Costing
- Absorption Costing
- Activity-Based Costing (ABC) & Management
- Standard Costing
- Budgets & Budgetary Control
- Learning Curves
- Project Management
- Scheduling
- Models & Simulation Approaches

## **Negotiation**

- Introduction
- Definitions
- Approaches to Negotiation
- The Content of Negotiation
- What is an Effective Negotiation?
- Factors in Negotiation
- The Process of Negotiation
- Pre-Negotiation
- The Actual Negotiation
- Post-Negotiation
- Global Negotiation

## **Purchasing Research, Performance & Ethics**

- Purchasing Research
- Purchasing Performance & Control
- The Aims of Performance Measures
- The Prevalence of Purchasing Performance Measures
- Principles of Performance Measures
- Methods of Evaluating Purchasing Performance
- Accounting Approaches
- Comparative Approaches
- The Purchasing Management Audit Approach
- Management by Objectives (MBO)
- Purchasing & Fraud
- Whistle-Blowing
- Purchasing Ethics

## **Reading List**

### **Main Text:**

- Purchasing & Supply Chain Management - C K Lysons (Prentice Hall)

