

The Institute of Commercial Management

SUBJECT SYLLABUS



**PURCHASING STRATEGIES
(0706)**

16 June 2006

Purchasing

- Purchasing Defined
- Scope of Purchasing
- Creating Profit in a Business
- Processes Examined
- Place of Purchasing
- Financial Impact of Functions
- Purchasing as a Strategic Process
- Purchasing Strategy & Strategic Purchasing

Building a Purchasing Strategy

- Contribution & Influence
- Purchasing & Audit Framework
- Organisation
- Relationships
- Systems
- Staffing & Training
- Enabling Foundation

Strategic Purchasing - Understanding & Influencing the Supply Market

- Current Problems
- Upstream & Downstream Management
- Supply Planning
- Special Requirements Identification
- Contract Strategy
- Supplier Selection
- Contract Finalisation

Understanding the Basics of Purchasing

- Anyone Can Buy
- Price & Cost
- Price & Volume
- Buyer Power Increases with Size of Organisation
- Price Lists
- Competitive Bidding
- Negotiation & Service/Quality
- Sealed Bidding & Security
- Multiple Sourcing
- Price Formulae
- Buyer Power & Monopoly
- Payment

Supply Positioning

- Pareto Analysis
- Setting Up a Supply Positioning Analysis
- Supply-Market Segmentation
- Purchasing Goals
- Purchasing Action Scenarios
- Other Applications
- Conglomerates' Purchasing

Supplier Preferences

- Key Account Management
- Customer Segmentation by Suppliers
- Matching Supply Positioning with Customer Segmentation

Vulnerability Management

- Identifying Vulnerabilities
- Assessing the Risk
- Managing the Risk
- Vulnerability Analysis
- Cost Reduction
- Other Issues

Influencing the Supply Market

- Procurement Marketing
- Reverse Marketing
- Affirmative Vendor Improvement

Buyer-Supplier Interface

- Specific Requirements Identification
- Getting Early Involvement
- Supplier-Buyer Conditioning
- Conditioning the Buyer
- Keeping the Seller Selling
- Conditioning the Seller

Options for Supplier Relationships

- Make v Buy
- Market Analysis
- Supplier Relationships
- Changes in Supply Market
- Buyers Response to Changing Market
- Dependency Dilemma
- Supply Market Orientated Role for Purchasing
- Assessing Competitive Advantage

Partnership Sourcing

- Definition
- Why Develop Partnership Sourcing
- Declared Partnership Goals
- Key Issues

Monopolies & Cartels

- Monopolies
- Determining the Extent of the Supply Monopoly
- Strategies to Redress the Balance
- Cartels

Organising for Impact

- Parking Wheel
- External Environment
- Role
- Relationships
- Systems & Structures
- Resources

Measurement, Audit & Benchmarking

- Why Measure
- Operational or Strategic
- Use of Indicators
- Overall Indicators
- Indicators Related to Supply Positioning
- Limitations of Indicators
- Management by Objectives
- Measurement Summary
- Benchmarking

Reading List

Main Text:

Profitable Purchasing Strategies - Steele & Court
(McGraw Hill)