

DOWNLOAD PDF SOURCING AND PROCUREMENT IN SUPPLY CHAIN MANAGEMENT

Chapter 1 : Supply Chain Management Review - Procurement & Sourcing

Although some people use supply chain, procurement and sourcing interchangeably, they actually refer to different aspects of the same part of business -- much the way that the legs and seat are all part of a chair but are not the same.

Term[edit] The term "strategic sourcing" was popularized through work with a variety of blue chip companies by a number of consulting firms in the late s and early to mid s. This methodology has become the norm for procurement departments in large, sophisticated companies such as fortune companies. Strategic Sourcing is the process of developing channels of supply at the lowest total cost, not just the lowest purchase price. It expands upon traditional purchasing activities to embrace all activities within the procurement cycle, from specification to receipt and payment of goods and services. Assessment of the supply market who offers what? Total cost analyses how much does it cost to provide those goods or services? Identification of suitable suppliers. Development of a sourcing strategy where to purchase, considering demand and supply situations, while minimizing risk and costs. Negotiation with suppliers products, service levels, prices, geographical coverage, Payment Terms, etc. Implementation of new supply structure. Track results and restart assessment Continuous cycle A slimmed down strategic sourcing process was defined, in , as: This is due to the heightened importance of market intelligence in modern strategic sourcing, and its ability to deliver value by improving both pricing and contract terms when leveraged against the identified suppliers. Note also that, while both descriptions of the sourcing process are accurate to some extent, there is no standard set of steps and procedures. As strategic sourcing is put in place and practiced over time, many large, sophisticated organizations will modify the process to better meet their individual corporate needs. Outsourcing a business practice to another company may also be incorporated into a sourcing strategy for services. This may involve the transfer of staff and assets to the outsource company. Five Rules that will Transform Outsourcing. The objective of the sourcing plan is to manage time and quality of all sourcing events in the strategic sourcing program. Sourcing optimization[edit] Operations research is a discipline of applying advanced techniques to help make better decisions. Optimization , in turn, utilizes mathematical algorithms to rapidly solve a business problem by evaluating all possible outcomes or many outcomes and selecting those ones that yield the best solution. When applied to sourcing and supply chain operations, optimization helps the sourcing professional simultaneously evaluate thousands of different procurement inputs. Cooperative sourcing[edit] Cooperative sourcing is a collaboration or negotiation of different companies, which have similar business processes. To save costs, the competitor with the best production function can insource the business process of the other competitors. This is especially common in IT-oriented industries due to low to no variable costs, e. Since all of the negotiating parties can be outsourcers or insourcers the main challenge in this collaboration is to find a stable coalition and the company with the best production function. This is difficult since the real production costs are hard to estimate and negotiators might be tempted to portray their real cost much higher than they actually are in order to demand higher fees for insourcing. High switching costs , costs for searching potential cooperative sourcers, and negotiating often result in inefficient solutions. Sourcing business models[edit] Sourcing Business Models are a systems-based approach to structuring supplier relationships. A sourcing business model is a type of business model that is applied to business relationships where more than one party needs to work with another party to be successful. There are seven sourcing business models that range from the transactional to investment-based. The seven models are: Sourcing business models are targeted for procurement professionals who seek a modern approach to achieve the best fit between buyers and suppliers. Sally Forth is currently written by the writer-illustrator team of Craig MacIntosh and Francesco Marciuliano and frequently lampoons many aspects of business and procurement culture and new trends in purchasing innovation. Notes and references[edit] Kerruish, Chris Strategic Industrial Sourcing New York:

Chapter 2 : Sourcing - Wikipedia

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New research from APICS, Supply Chain Management Review and Loyola University Chicago finds that operating a responsible supply chain is an increasing priority. But gaps remain between practice and the goal.

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Chapter 4 : Strategic sourcing - Wikipedia

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Procurement is the process of getting the goods you need, while supply chain is the infrastructure (extensive, in many cases) needed to get you those goods. Supply Chain Management.

Chapter 6 : What's the Difference Between Sourcing and Purchasing? | Procurify

Strategic sourcing is an institutional procurement process that continuously improves and re-evaluates the purchasing activities of a company. In a production environment, it is often considered one component of supply chain management.

Chapter 7 : Procurement and Supply Chain Management Services and Solutions

Role. The role of both procurement and sourcing is to obtain supplies at the lowest possible price, but sourcing strives to add value to the supply chain.

Chapter 8 : What Is the Difference in Supply Chain Vs. Procurement Vs. Sourcing? | Your Business

Procurement and supply chains are transforming their reputations by embracing digital. No longer focused on cost savings, they are using digital technologies, advanced analytics, and reimaged processes to improve customer satisfaction and free up working capital.

Chapter 9 : The Difference Between Procurement and Supply Chain Management

Procurement, purchasing, supply chain management, sourcing Of course, they are related BUT not the same. Procurement is the process of getting the products or services you need, while sourcing is the concept of finding the vendors needed to deliver those things.