

**GLOBAL PURCHASING AND SUPPLY
MANAGEMENT**
Fulfill The Vision – Second Edition

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KLUWER ACADEMIC PUBLISHERS

NEW YORK, BOSTON, DORDRECHT, LONDON, MOSCOW

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Preface

Achieving the promise of e-business

Two divergent approaches exist in purchasing and supply management organizations today, which give at least the perception of conflicting direction:

1. Some organizations, counseled by consultants and e-procurement software suppliers, but without a clear understanding of current actual procurement processes, have implemented expensive systems with the expectations of tremendous savings and spectacular supply chain improvements. The results often haven't lived up to the claims.
2. Many buyers and purchasing managers, failing to grasp the potential benefits from e-procurement, have resisted change, and not given their full support to system improvements. Those who have delayed have missed the opportunities of vastly improved processes and supplier contributions.

Both have valid viewpoints, but neither has delivered on the true promise of supply chain improvements, so the lessons of this book should benefit both. Active supporters of e-procurement can benefit from understanding the “nuts and bolts” approach to the fundamental supply management processes in a global context. Moreover, buyers and their managers with a better vision of the future will be better prepared to adapt to and support the needed changes.

This work attempts to help those who understand the potential of automated e-procurement systems to *fulfill the vision* by adapting the e-commerce systems to integrate with and complement existing manual systems, processes and structures. Purchasing managers, particularly in small

or medium size organizations, are often not on board with their leaders' vision of possible system enhancements, or with the technical changes needed to execute them. By seeing the linkage between current processes and the new systems, those with well-entrenched manual processes will be able to define worthwhile incremental improvements. While they may still choose not to "jump in with both feet" they can take advantage of at least some of the profound opportunities offered by e-procurement.

Senior management has come to recognize an effective supply chain as a distinct competitive advantage for any enterprise. The supply management profession has benefited directly from this leadership vision as more businesses seek to better satisfy demanding customers and owners. To gain competitive advantage, any enterprise must place more attention on customer needs. As a result, rapid response, quality and cost become paramount considerations in all aspects of the business' operations. Competition for the customer's spending is determined by the effectiveness of both the selling organization and its entire supporting supply chain, sometimes referred to as the extended enterprise.

In the first edition of this work, the authors sought to clarify the fundamental processes required when managing the acquisition of goods and services for the business. It expanded upon that core objective to include comprehensive documentation of the expanding global supply chain and a vision of the rapidly evolving role of the supply management profession. Since its initial publication in 1997, dramatic changes have taken place, primarily with the introduction of Internet-based software designed to streamline and automate these critical business processes.

Developing e-business is difficult work and is still in its relatively early stages. The trick is to wed the tried and true knowledge of many experienced procurement professionals with newer techniques and process improvements. Those that have met project expectations by satisfying project cost targets and timetables have done so by focusing on the processes involved and carefully executing changes in converting from manual to automated workflow. This second edition builds upon the content of the first edition by looking at recent trends in e-commerce, the Internet and information technology as they affect the job functions.

Like the first edition, the basic "how-to" for performing the purchasing and supply management tasks is covered. While many published works deal with contemporary issues in supply management, this book will treat them from the perspective of the basic processes that define the function. This provides the reader with a solid basis for analysis of his or her present supply chain performance and for possible process changes with the associated IT opportunities. Numerous examples explain how organizations have

succeeded in applying the new technologies to improve their performance and simplify or streamline the execution of the tasks.

To satisfy this objective and to bring recent industrial experience to this work, Samuel Farney is an additional author. Sam brings to the second edition his understanding of total quality management, lean manufacturing, process improvement and e-commerce, as well as financial analysis and supplier relationship development. As principal of Supply Chain Advisors, Sam's work is directed toward change management and process improvement in the supply management profession.

The vision the authors wish to present contains management philosophy, ideas, and opinions in an attempt to create a progressive and contemporary purchasing and supply management posture. This book has global vision while others have been primarily from a domestic outlook. The sound concepts presented are the product of clear understanding of the basic job of purchasing and supply management! Further, it is the only book to address the present conflict between management's vision of change and the frustration of practitioners to understand and satisfy that vision.

We believe this book will speak for itself. Hopefully, you will agree with several reviewers' comments that this is the most advanced, technically detailed, management book about purchasing and supply management written to date.

Victor H. Pooler