

SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES

Introduction

This module unit is intended to equip the trainee with knowledge, skills and attitudes that will enable him/her carry out purchasing and distribution activities effectively.

General Objectives

By the end of the module unit, the trainee should be able to:

- a) Appreciate the importance of the purchasing function in an organization
- b) Understand the methods of sourcing for materials in an organization
- c) Understand the procedure for ordering materials
- d) Appreciate the activities involved in the process of receiving and inspecting incoming materials
- e) Appreciate the procedure followed in the payment of suppliers
- f) Understand the role of physical distribution in purchasing materials for an organization

WEEK ONE: PURCHASING FUNCTION

- Meaning of purchasing
- Importance of purchasing function
- Objectives of the purchasing department
- Relationships between purchasing department and other departments
- Internal organization of purchasing department

WEEK TWO: QUALITY AND QUANTITY DETERMINATION

- Meaning of quality and quantity
- Factors to be considered in determining quality of materials
- Purpose of specifying materials
- Features of a good specification
- Methods of materials specification
- Factors in determining quantity of materials to buy
- Methods used in determining quantity to buy

WEEK THREE: DETERMINATION OF PRICE AND RIGHT TIME TO BUY

- Meaning of price and time
- Importance of determining price of materials
- Factors influencing prices of materials
- Methods of pricing materials
- Factors in determining right time to buy

WEEK FOUR: SOURCING

- Meaning of sourcing
- Factors considered in determining source of supply

- Sources of information about potential suppliers
- Types of sources of supply
- Methods of sourcing
- Documents used in sourcing
- Criteria for evaluating potential suppliers

WEEK FIVE: ORDERING PROCEDURE

- Importance of following the purchasing procedure
- Purchasing/ordering procedure
- Documents involved in ordering/purchasing procedure
- Types of orders

WEEK SIX: RECEIVING AND INSPECTION OF GOODS AND SERVICES

- Meaning of receiving and inspection
- Factors considered during receiving and inspection
- Importance of inspecting incoming goods
- Methods used to inspect incoming goods
- Documents used in receipt and inspection process
- Options of treating rejected goods

WEEK SEVEN: PAYMENT PROCEDURE

- Meaning
- Factors considered in processing payment claims for suppliers
- Documents used in payment process
- Methods of payment
- Commitment register

WEEK EIGHT: PHYSICAL DISTRIBUTION

- Meaning
- Components of physical distribution
- Importance of physical distribution
- Factors considered in selecting transportation mode
- Documents used to facilitate transportation of goods

WEEK NINE: EMERGING ISSUES AND TRENDS

- Emerging issues and trends
- Challenges
- Coping with challenges

Learning and Teaching Methodologies:

Lectures, Tutorials, Case Studies, Group Discussions and Presentations

Assessment:

Type

Weighting

Continuous Assessment Tests	30 %
Examination	70 %
Total	100 %

Core Texts

1. Baily, P; Farmer, D; Jessop, D and Jones, D (1998) Purchasing Principles and Management. Pitman, London.
2. Van Weele, A.J (2000). Purchasing and Supply Chain Management: Analysis, Planning and Practice. Vikas Publishing House, New Delhi Lysons, C.K (1996) Purchasing. Pitman Publishing, London.
3. Use, F. (2009). Purchasing the Book.