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# PROCUREMENT

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**“THERE ARE A LOT OF ADVANTAGES TO GOING TO LOW-COST COUNTRIES TO SOURCE, BUT IT HAS TO BE DONE RIGHT. I THINK THE BIGGEST MISTAKE THAT COMPANIES MAKE IS THAT THEY TRY TO SOURCE THINGS AND FORGET IT — AND YOU CAN’T FORGET IT.”**

**–Hal Sirkin, senior partner and  
managing director, BCG**



THE SYSTEMATIC COORDINATION OF ALL ASPECTS OF THE PROCUREMENT PROCESS INCLUDING BIDS, PRICE NEGOTIATIONS, ASSURING PROPER QUANTITIES AND SPECIFICATIONS, SHIPPING AND DELIVERY. THE GOAL IS TO OBTAIN MATERIALS, SERVICES OR PRODUCTS AT THE BEST POSSIBLE COST WHICH MEET THE NEEDS AND TIME CONSTRAINTS OF THE ORGANIZATION

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### **PROCUREMENT LOGISTICS INCLUDES OBTAINING THE FOLLOWING NECESSITIES**

- ▶ Raw materials.
- ▶ Auxiliary supplies.
- ▶ Operating supplies.
- ▶ Replacement parts.
- ▶ Purchased parts and similar items.

## PROCUREMENT PROCESS LOGISTICS CAN BE BROKEN DOWN INTO FOLLOWING CATEGORIES

- ▶ Product Policy
- ▶ Terms and Conditions
- ▶ Communications Strategy
- ▶ Purchasing Strategy

## PRODUCT POLICY

- ▶ This part of the procurement logistics operation revolves around the “Big Picture” of the product being built. It may include packaging materials, manufacturing details and warehousing considerations



## TERMS AND CONDITIONS

- ▶ This part of procurement logistics focuses on the “fine print.”



## COMMUNICATIONS STRATEGY

- ▶ The communications strategy is how a company decides to make a product available





IT IS IS HOW A COMPANY DECIDES  
TO GO ABOUT OBTAINING THE  
MATERIALS NEEDED FOR  
MANUFACTURING

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# PURCHASING STRATEGY



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# WHAT IS PROCUREMENT MANAGEMENT?



A photograph showing a person's hands using a pallet jack to move a large cardboard box. The scene is set in a warehouse or industrial environment, with a corrugated metal wall in the background. The lighting is dramatic, with strong shadows and highlights.

# SUMMARY

- detailed procurement management tools are required to keep global SC operation;
- it is interest of global companies;
- 3PL is an important source of procurement logistics