

Purchasing Strategy



Summarize your understanding of each paragraph.

Strategic management involves the creation of major goals and implementation of initiatives taken by a company. Top management takes into consideration their company resources along with an assessment of the internal and external factors in it's business.

The Procurement Function (or, purchasing function) uses the overall company strategy to set in-place a departmental strategy.

Companies implement Purchasing strategies in order to make cost effective purchasing decisions from a group of efficient vendors who will deliver quality goods on time and at mutually agreeable terms.

Companies strive for an optimum mix of vendors who can provide the best prices and terms. Going through this process "weeds-out" suppliers who cannot provide a quality service at good prices.

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Read Possible Strategies



1. Read the passage. (Purchasing Strategies)
2. Underline key expressions in each sentence.
3. Re-write each word (or expression) you underlined.
4. Summarize the passage.

Read this. Underline key words.

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There are possibly dozens of “purchasing strategies” that a company might use. Below, a few of the most commonly pursued approaches are summarized:

- Global Sourcing (buying from anywhere in the world)
- Green Purchasing (buying environmentally sound products)
- Risk Management (minimizing risk associated with vendors)
- Supplier Optimization (getting high quality, low prices)
- Total Quality Management (TQM is the abbreviation for this)
- Vendor Development (working in “partnership” with vendors)

Re-write words you underlined

3

Using a complete sentence, summarize or rephrase the passage

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