

# Module 3 – Procurement & Supplier Management

Logistics & Supply Chain Management | Industry Readiness & Interview Skills



- **Procurement vs. Purchasing**

Distinguishing between strategic procurement and tactical purchasing functions.

- **Source-to-Pay (S2P) Process**

Mapping the complete cycle from sourcing requirements to final payment.

- **Supplier Management**

Establishing robust selection criteria and relationship performance benchmarks.

- **Documentation Essentials**

Mastering the workflows for RFQs, Purchase Orders, and Invoices.

- **Negotiation Tactics**

Techniques for balancing cost, quality, and delivery requirements.

- **Career Readiness**

Targeted interview preparation for roles in the procurement sector.

# Understanding Procurement

The end-to-end process of identifying needs through final settlement



**Example: When a warehouse requires 100 barcode scanners, they initiate this structured process to ensure inventory availability while maintaining strict budget compliance.**

# Procurement vs. Purchasing

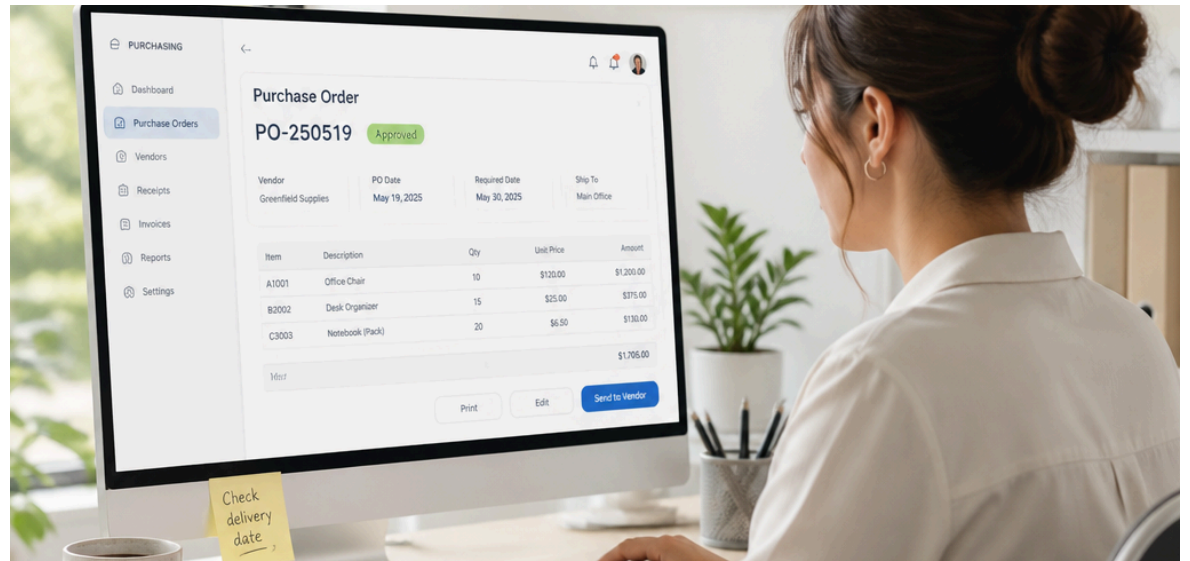
Strategic Scope vs. Transactional Execution

## Procurement



The strategic, end-to-end acquisition lifecycle. Includes market research, strategic sourcing, vendor relationship management, risk assessment, and long-term partnership development.

## Purchasing



The transactional subset of procurement. Focused on the administrative execution of placing orders, processing payments, and managing delivery logistics via Purchase Orders (PO).

# Understanding the Source-to-Pay (S2P) Cycle

The end-to-end procurement lifecycle for operational efficiency



Each stage ensures the business receives the requested goods at the agreed quality, price, and time.

# Selecting the Right Supplier

Moving beyond price to find the optimal strategic partner



## Price/Total Cost

Consider the total cost of ownership rather than just the initial price tag.



## Quality

Ensure consistency and strict adherence to defined standards.



## Lead Time

Assess the reliability and predictability of delivery schedules.



## Capacity

Verify scalability to meet fluctuating demand requirements.



## Compliance

Confirm alignment with legal, ethical, and industry regulations.



## Payment Terms

Evaluate flexibility and the impact on organizational cash flow.



## Responsiveness

Measure communication effectiveness and ongoing support quality.



## Reputation

Consider market standing and historical performance records.

**Recommendation:** Use a comparison table to weigh these factors systematically before finalizing your decision.

# RFQ and Quotation: Supplier Comparison Framework

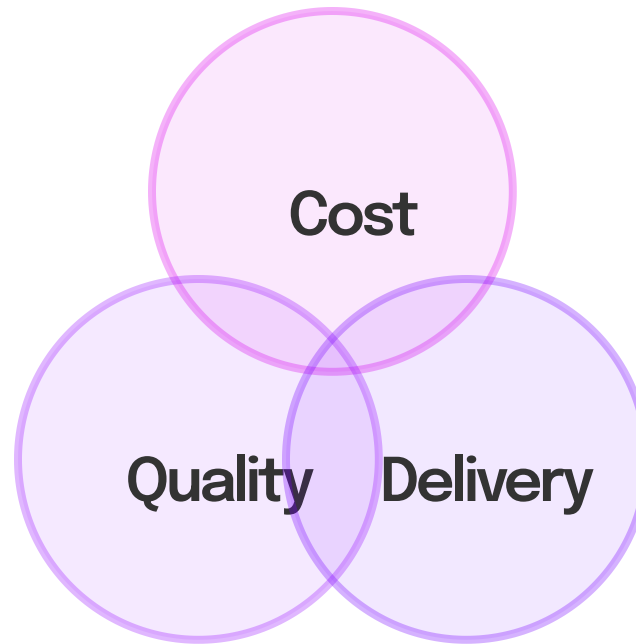
Standardizing the evaluation process for vendor selection

| Evaluation Metric | Description                                               | Strategic Focus                              |
|-------------------|-----------------------------------------------------------|----------------------------------------------|
| Unit Price        | Total cost per item and volume-based pricing structures.  | Cost optimization and budget adherence.      |
| Quality           | Compliance with technical standards and QC protocols.     | Operational consistency and risk mitigation. |
| Delivery Time     | Lead times, shipping logistics, and timeline reliability. | Supply chain efficiency and uptime.          |
| Payment Terms     | Net days, credit allowances, and early payment discounts. | Cash flow management and liquidity.          |

Ensure all evaluation factors are weighted against current business requirements before finalizing selection to support long-term operational success.

# Procurement Negotiation and the Three-Way Balance

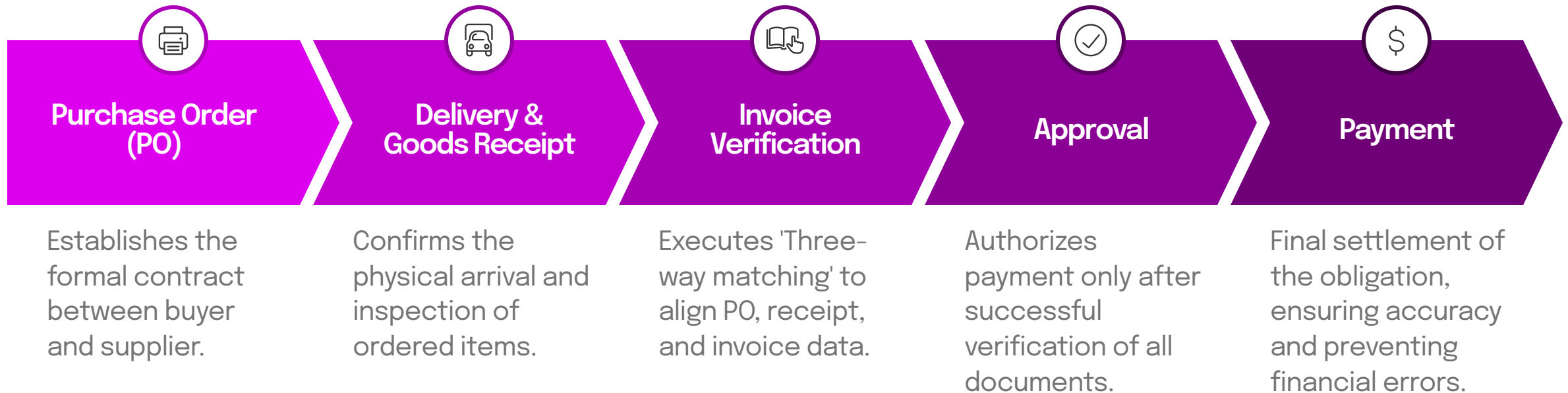
Optimizing the Iron Triangle for Long-Term Value



The lowest price is rarely the best deal if it compromises the other pillars; successful negotiation balances these three to drive long-term value.

# From Purchase Order to Supplier Payment

A step-by-step overview of the procurement-to-payment cycle



# Evaluating Supplier Performance

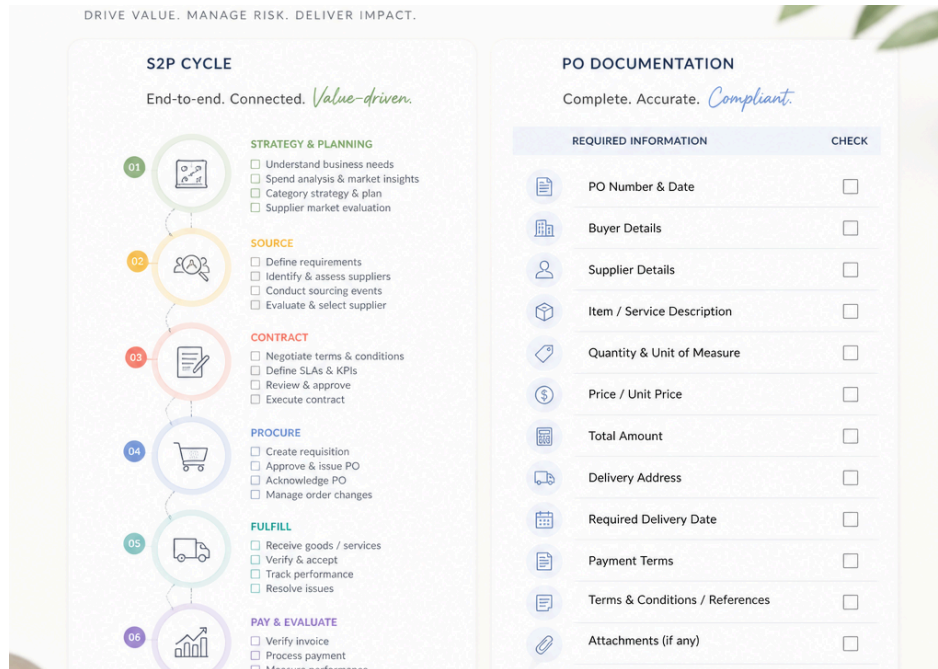
Core Criteria and Scorecard Weighting Analysis

| Criteria       | Weight | Description                                       |
|----------------|--------|---------------------------------------------------|
| Quality        | 30%    | Target minimum defect rates                       |
| Delivery       | 30%    | Reliability of shipment schedules                 |
| Cost           | 20%    | Alignment with market pricing                     |
| Responsiveness | 10%    | Speed of communication and issue resolution       |
| Compliance     | 10%    | Compliance with specifications and order accuracy |

For suppliers with high delivery but low quality (e.g., 95% on-time but recurring defects), implement root-cause analysis, formal Corrective Action Requests (CAR), and enhanced inspection protocols.

# Module 3 Recap: Procurement & Supplier Management

Key concepts, practical applications, and interview preparation



- **Key Concepts**

Mastering the S2P cycle, essential documentation, and the CQD (Cost, Quality, Delivery) balance framework.

- **Practical Activity**

Supplier Scenario Analysis focused on comparative evaluation of price versus delivery reliability.

- **Interview Preparation**

Reviewing core procurement definitions, the distinction between purchasing and procurement, purchase order functions, and supplier selection criteria.

**Effective procurement is the art of balancing cost, quality, and delivery to directly support broader organizational objectives.**