



SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

23BAT613 – Operations Management

UNIT-III - OPERATIONS AND THE VALUE CHAIN

Strategic Sourcing

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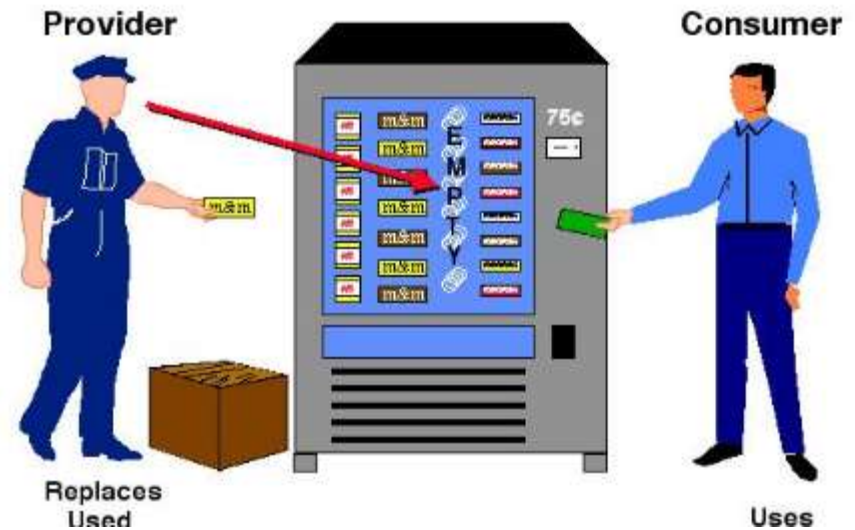
Recap:



Sourcing and Procurement



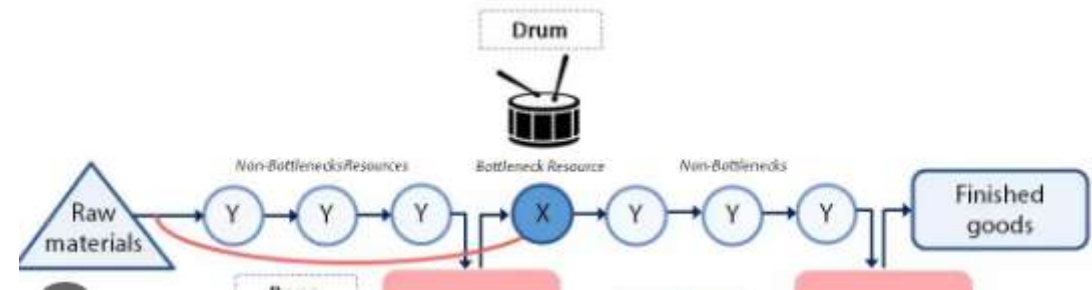
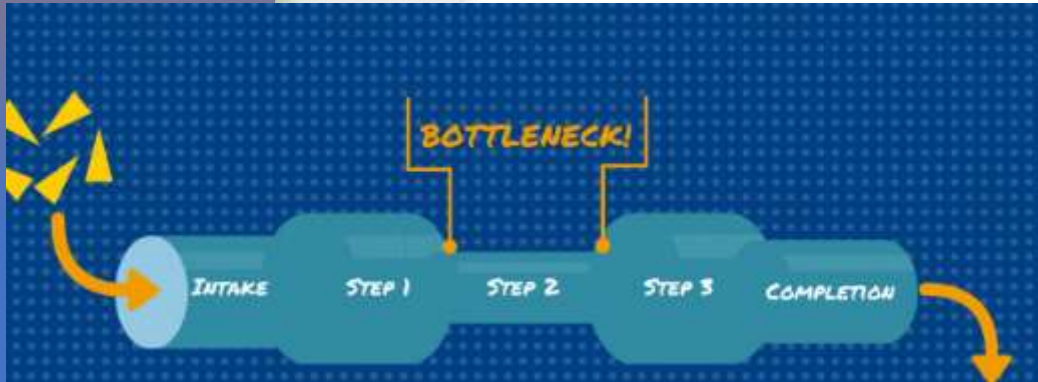
Synchronous / Lean Manufacturing Pull System





Today's Topic:

Strategic Sourcing





Strategic Sourcing - Meaning

Strategic sourcing is a systematic and long-term approach to procurement that focuses on optimizing an organization's supply base and aligning purchasing strategy with business goals. The primary objective is to achieve the best value in terms of cost, quality, and reliability while building strong supplier relationships.



Strategic Sourcing - Steps

Analyze Spend

Data Collection: Gather and analyze spending data across the organization.

Category Analysis: Categorize expenditures to identify patterns and areas for consolidation.

Spend Analysis: Assess spending by supplier, category, and department to identify high-cost areas and opportunities for savings.



Strategic Sourcing - Steps

Develop Sourcing Strategy

Market Research: Conduct thorough market research to understand supply market dynamics, trends, and risks.

Supplier Market Analysis: Identify potential suppliers and evaluate their capabilities, strengths, and weaknesses.

Risk Assessment: Evaluate risks associated with different suppliers and markets, including geopolitical, financial, and supply chain risks.

Strategy Development: Develop a sourcing strategy that aligns with the organization's goals, considering factors such as cost reduction, quality improvement, and supplier diversity.



Strategic Sourcing - Steps

Generate Requirements

Specification Development: Clearly define the specifications and requirements for the goods or services needed.

Stakeholder Input: Involve key stakeholders to ensure requirements meet operational needs and strategic objectives.



Strategic Sourcing - Steps

Performance Management

Key Performance Indicators (KPIs): Establish KPIs to monitor supplier performance against agreed-upon standards.

Regular Reviews: Conduct regular performance reviews with suppliers to address issues and identify improvement opportunities.

Continuous Improvement: Work with suppliers to drive continuous improvement and innovation.



Strategic Sourcing - Steps

Supplier Relationship Management (SRM)

Collaboration: Foster collaborative relationships with key suppliers to enhance value creation.

Risk Management: Develop joint risk management plans to ensure supply chain resilience.

Strategic Partnerships: Develop strategic partnerships with key suppliers to drive innovation and competitive advantage.



ASSESSMENT:



Which of the following best defines capacity planning?

- A. Planning for financial resources
- B. Planning for human resources
- C. Planning for optimizing operational efficiency
- D. Planning for aligning resources with demand forecasts



Summary

By following these steps systematically, businesses can make informed and strategic decisions when selecting a location for their facilities, minimizing risks and maximizing benefits.



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