



SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

23BAT613 – Operations Management

UNIT-III - OPERATIONS AND THE VALUE CHAIN

Procurement process

Presented by

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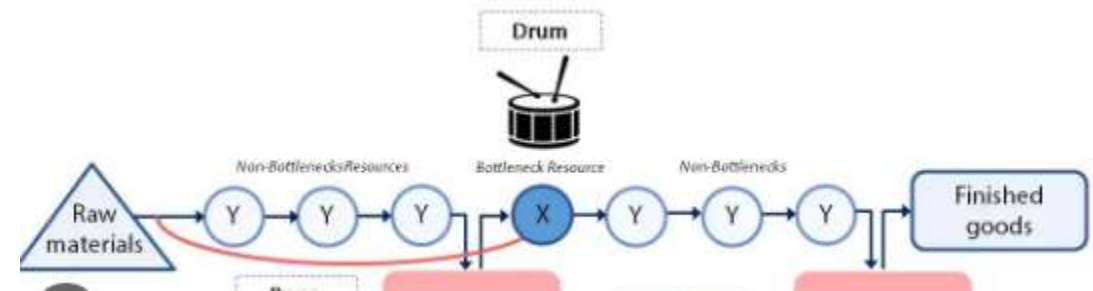
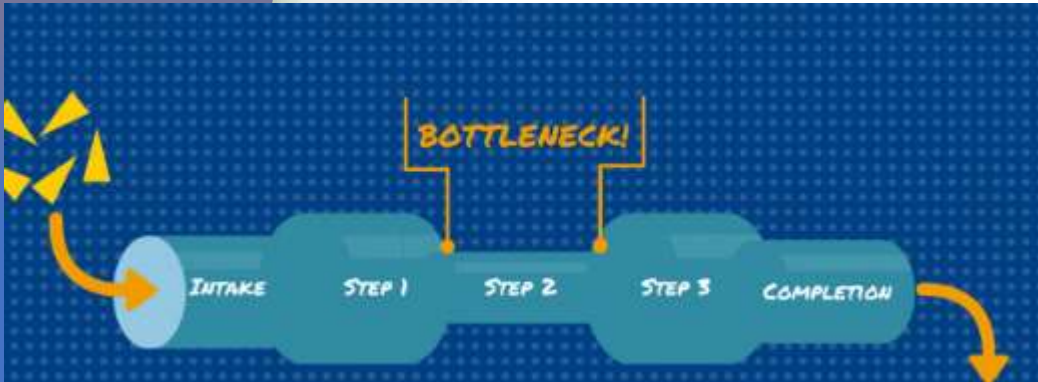
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Recap:

Strategic Sourcing



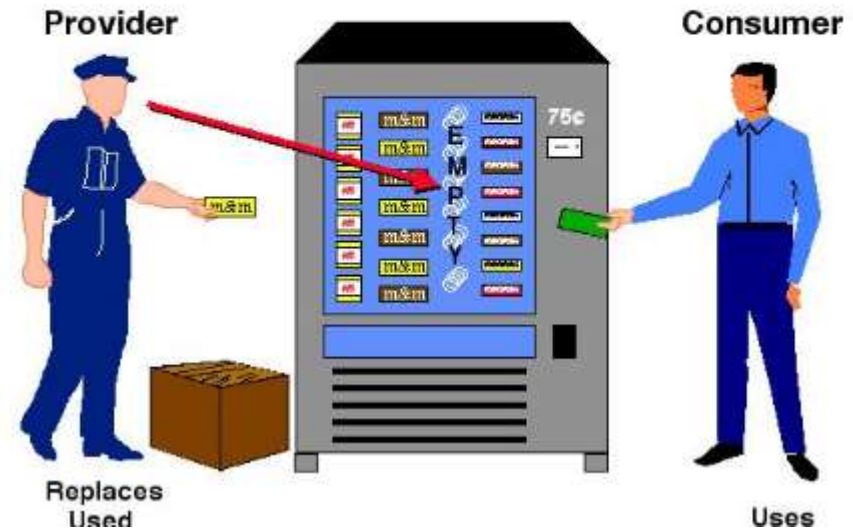


Today's Topic:



Procurement process

Synchronous / Lean Manufacturing Pull System





Procurement process - Meaning

The procurement process is a series of steps that organizations follow to acquire goods and services from external suppliers. This process ensures that the procurement is done in a systematic, efficient, and cost-effective manner.



Procurement process - Steps

Identify Needs

Needs Assessment: Determine what goods or services are required by the organization.

Specifications: Define the specific requirements, including quality, quantity, and delivery timelines.



Procurement process - Steps

Supplier Identification and Selection

Market Research: Research potential suppliers and market conditions.

Request for Information (RFI): Collect information about potential suppliers' capabilities and offerings.

Request for Proposal (RFP) or Request for Quotation (RFQ): Send detailed requests to shortlisted suppliers asking for proposals or quotations.

Evaluation: Assess supplier proposals based on criteria such as cost, quality, reliability, and service.

Selection: Choose the supplier that best meets the organization's needs.



Procurement process - Steps

Purchase Requisition

Internal Request: Departments submit a purchase requisition to the procurement team detailing their requirements.

Approval: The requisition is reviewed and approved by the appropriate authorities within the organization.

Purchase Order (PO) Creation

PO Creation: Convert the approved purchase requisition into a purchase order.

Details: The PO includes details such as product descriptions, quantities, prices, delivery dates, and payment terms.

Dispatch: Send the PO to the selected supplier.



Procurement process - Steps

Order Management

Tracking: Monitor the status of the order to ensure timely delivery.

Communication: Maintain open communication with the supplier to manage any issues that arise.

Receipt and Inspection

Receiving Goods/Services: Accept the delivery of goods or services as per the order.

Inspection: Verify that the delivered items match the PO in terms of quantity and quality.

Documentation: Record the receipt of goods or services in the inventory system.



Procurement process - Steps

Invoice Processing

Invoice Verification: Match the supplier's invoice with the PO and delivery receipt to ensure accuracy.

Discrepancies: Address any discrepancies between the invoice and the received goods/services.

Payment

Approval: Get internal approval for payment based on the verified invoice.

Payment Processing: Process the payment according to the agreed-upon terms with the supplier.

Record Keeping: Maintain records of all payments made.



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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