



# SNS COLLEGE OF TECHNOLOGY



[An Autonomous Institution]

Coimbatore - 35

19BAT612– Operations Management

UNIT-5 DYNAMIC PURCHASING

PURCHASING FUNCTION

Presented by

Ms. A. Hanis Sultana

Assistant Professor,

Department of Management Studies

**1<sup>st</sup> Indian Institution to Implement**  
**Design Thinking Curriculum**  
**Redesigning Common Mind and Business**  
**Towards Excellence**

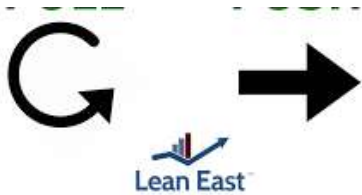
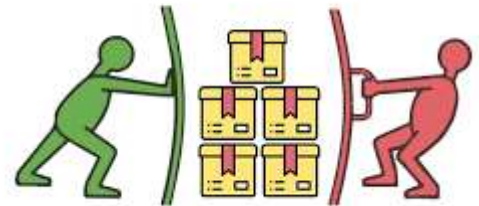
Recall

## Advantages of Push and Pull System





Push and Pull Models in Inventory Control



Flow value at the pull of the customer



# Purchase Management

- In a narrow sense, the term ‘**purchasing**’ refers merely to the act of buying an item at a price
- In a broader meaning of purchasing makes it a managerial, activity which goes beyond the simple act of buying and includes the planning and policy activities covering a wide range of related and complementary activities.

## *‘Procurement’*

Some uses procurement instead of purchasing. The term procurement is broad in its meaning and covers the duties performed by the purchasing department as well as such additional functions of materials supervision and management as inventory control, receiving, incoming inspection and salvage operations.

# Objective:

The objective of the function is to ensure continuity of supply of raw materials, sub-contracted items and spare parts and at the same time reduce the ultimate cost of the finished goods.

**The different parameter of purchasing are**

**Purchasing items with right price**

**Purchasing items with right quality**

**Purchasing items with right time**

**Purchasing item from right source**

**Purchasing item of right quantity**



# Functions of Purchasing Dept.

1. Responsibilities often fully delegated to the purchasing function
2. Responsibilities often shared with functions other than purchasing function
3. Responsibilities often divorced from purchasing but of particular interest to purchasing



# Purchasing policies

- Ancillary development
- Make or buy situation







# Ancillary development

- The sub contractor is an ancillary unit
- All the public sector undertakings of Govt. of India have been given a directive to look in the development of ancillary unit
- The entrepreneurs should be given all the facilities for setting up such ancillary units and other facilities including land, electric power, water and necessary know how / managerial guidance



# Cond...



- Production process, equipment handling / selection and layout
- Production aids like design, drawing, tooling & quality control procedure
- Manpower planning
- Production planning and control
- Management aids like cost-accounting, industrial engineering & marketing
- Sourcing of finance and obtain them



# Advantages & Disadvantages

- It results in spread of entrepreneurial base
- It promotes industrial development
- Regular supply of materials to the prime / parent company
- **Difficult – product modification**
- **Job allocation for the prime company employee is difficult**
- **May be abused**

# Assessment



- Which of the Following is a function of Purchasing Department?
  - Receive Purchase Acquisition
  - Supplier Selection
  - Order Placement
  - All of these
  
- **All of these**

# Summary



- Purchase Management
- Objective
- Functions of Purchasing Dept.
- Purchase Cycle
- Purchasing policies
- Ancillary development

# References



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