



Japan-ASEAN Cooperation



## Sustainable Human Resource Development in logistics services for ASEAN Member States

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## **Sustainable Human Resource Development in logistics services for ASEAN Member States**

# **Logistics Planning & Analysis**

## **Chapter 3**

### **Purchasing Fundamentals**



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# Objectives

- Understand what purchasing is.
- Examine the 7Rs of purchasing.
- Examine the role of Purchasing Dept in the execution of the purchasing cycle.

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## Introduction

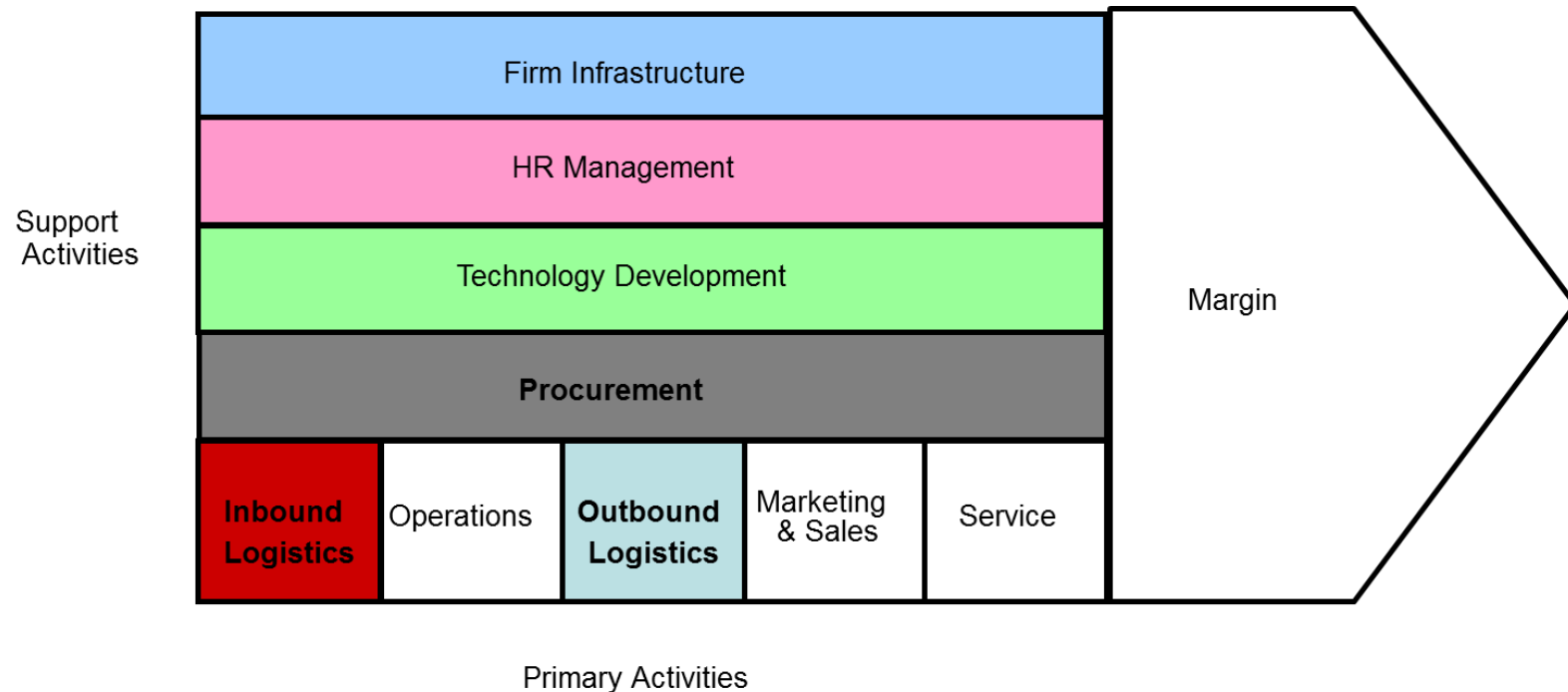


Figure 3-1: Value Chain  
(after Porter, 1985 p11)



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# Definition of Purchasing

Purchasing is defined as “purchasing materials and items of the right specifications and quality, at the right time, in the right quantity, from the right source and at the right price”.

Wild, 1995, p488



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# Objectives of Purchasing

- Right material
- Right quantity
- Right quality
- Right time
- Right place
- Right price
- Right supplier



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# Purchasing Process

- Recognition of need
- Description of the need
- Selection of sources
- Determine price and terms
- Preparation and placement of the purchase order
- Follow up and/or expedite the order
- Receipt and inspection of goods
- Invoice clearance





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# Conclusion

- Purchasing is significant in logistics.
- The purchase of materials or services follows a systematic process beginning with understand user's need and ending with the purchase of the materials or services for the organization.