Qn1. Describe how purchasing become aware of purchase requirements

Purchasing must identify or anticipate needs for material or services that are needed. This is the first step of the purchasing cycle. Normally purchasing requirements are expressed by other departments, and purchasing is then contacted and informed about this need in various ways as can be seen below:

- *Purchasing requisition*

this is an internal document, which a user sends to purchasing, expressing a specific need for material or services. It can be done on paper or electronically via a particular requisition system or even simply by email.

- *Forecasts or customer orders*

Those can cause the need for new material.

- *Reorder point system*

This is a widely used way of determining needs. It is usually an automated computerized system that keeps track of the inventory and informs when stocks are running below a certain threshold.

- *Stock checks*

Those involve the physical checking of the inventory, and can result in requests for additional material, if stocks are running low.

- *Electronic Data Interchange (EDI) system*

In a company that internally is running on electronic inventory systems, orders can be placed into this computer system directly by the user – so the information either goes to purchasing to take the necessary steps to buy the material needed, or if a purchasing system is linked directly to the seller's system, a user's request may go there directly, if such agreements are made beforehand and the user has the authority to do so.

In conclusion, it is the responsibility of the company to choose the best system that will add value to their operation and reduce the unnecessary cost.

Qn2. Describe the challenges organizations face as they attempt to integrate organizational activities into the supply chain

Full supply chain integration means much more than simply managing the movement of materials and resources and addressing logistical issues thereof. Rather, supply chain integration means an acknowledgement that production stages of the supply chain must exchange data, and analytics, and time-sensitive information in real-time with other points in the supply network.

But as with everything in global supply chain management, obstacles do present themselves as manufacturing companies work to fully integrated their supply chains. While these obstacles can be addressed and overcome, companies should be aware of these hurdles and their implications as they strive to align each touch point of their value streams. With this in mind, let's examine a few of the most common challenges in supply chain integration

- *Collaboration across supply and partner networks*

A common fixture for manufacturing companies in today's supply stream consists of production facilities and hubs spanned out across the globe, creating an increasingly difficult network of production platforms to manage. End-to-end (E2E) visibility is critical in overseeing these networks and ensuring the right products are being produced at the right time at the right facility given various rules or restrictions. A fully-integrated supply chain allows planners and managers to make adjustments or modifications to planned production programs

- *Transparency of material flow and inventory status*

Because of a number of intelligent planning software solutions and strategies such as BOM management, Plan for Every Part (PFEP), Every Part Every Interval (EPEI), and container management strategies, a fully-integrated supply chain allows planners and managers to view, track, and modify the movements of parts, inventories levels, and container pull strategies based on demand or production levels. The sharing of information between the sales and planning stages of the value chain also allows for manufacturing companies to create more accurate forecasting based on previous performance to ensure coverage levels are met and productions can continue as scheduled.

- *Agile production network architecture*

It's no secret that one of the most important bottom lines in today's automotive supply stream is the ability to adapt to changing parameters of production, fluctuations in inventory or material levels, and bottlenecks or disruptions. If we think of an integrated supply chain as a game of

telephone where there's no variation in what is said between the players, it's easy to understand how the sharing of valid, up-to-date, and detailed information is critical in promoting a robust production platform capable of withstanding on-the-spot modifications and alterations. Accuracy of data and information

- ***Real-time communication and data analysis***

Imagine a planned production program calls for X number of parts to be pulled from a container in the yard; however, after the pull has been ordered, the customer requests an alteration to the order requiring fewer parts from the container. In a time before intelligent planning solutions and integrated supply chain concepts, this modification could mean a significant disruption as more time and resources would be needed to make the adjustment. But with a fully-integrated supply chain where players can communicate data or product information in real-time, planners and managers can adapt to this order fluctuation the moment it happens to pull the right quantities of parts from the right container in the right fashion is perhaps at the core of creating a nimble, responsive production network.

Qn3. Discuss the key enablers of excellence in purchasing and supply chain management.

The four enablers of excellence in purchasing and supply chain are 1) Human Resources, 2) Organizational Design, 3) Information Technology and 4) Measurement.

- ***Human Resources***

Refers to a company's needs to hire qualified individuals through recruitment, job fairs and college talent search that will understand the fundamentals. According to Giunipero, L., and Handfield, R. (as cited in Monczka, 2011) supplier relationship management, total cost analysis, purchasing strategies, supplier analysis and competitive market analysis", would be the fundamentals when the organization employ the right personnel. With human resources it is also important to have growth and training potential with employees already in the company.

- ***Organizational design***

Described by Hamel, G., and Pralahad, C.K. (as cited in Monczka, 2011) is the process of assessing and selecting the structure and formal system of communication, division of labor,

coordination, control, authority, and responsibility required to achieve organizational goals and objectives, including supply chain objectives.

- *Real – Time Collaborative Technology Capabilities*

Is the high tech 21st century way of using information technology to track product, control inventory, and connect manufactures with suppliers. Using tools like the Internet, GPS, RFID and voice recognition, allows companies to know in real time where the product is located, how long the transportation will take, make cost comparisons in real time, and demand updates.

- *Right Measure and Measurement Systems*

Is measuring performance, data, and the company on the global market. It has its difficulties due to changing variables to see what the goals of an organization should be and how competition is performing. It also does provide motivation for suppliers; knowing they are being observed and evaluated, makes them more focused on increasing quality and productivity. Measurement shows how new implementations are affecting a company and it is one of the best tools to control purchasing and supply chain activities.

Qn. 4 - *What is the difference between a supply chain and a value chain?*

Supply Chain is the interconnection of all the functions that starts from the manufacturing of raw material into the finished product and ends when the product reaches the final customer while Value Chain, on the other hand, is a set of activities that focuses on creating or adding value to the product. According to Micheal Porter, Inbound logistics, operation, outbound logistics, marketing and sale are the activities that are meant to add value to the products.

The following are the major differences between supply chain and value chain:

- The integration of all the activities, persons, and business through which a product is transferred from one place to another is known as supply chain. Value Chain refers to a chain of activities that is indulged in adding value to the product in every single step till it reaches the final consumer.

- The concept of Supply Chain is originated from operational management, whereas value chain is derived from business management.

- Supply Chain activities include the transfer of material from one place to another. On the other hand, Value Chain is primarily concerned with providing value for price product or service.

- The order of supply chain begins with product request and ends when it reaches the customer. Unlike value chain, which begins with the customer's request and ends with the product.

- The major objective of the supply chain is to gain complete customer satisfaction which is not with the case of the Value Chain.

- Supply Chain is described as a tool of business transformation, which minimizes costs and maximizes customer satisfaction by providing the right product at the right time at the right place and the right price. Conversely, Value Chain is a way of getting a competitive advantage, through which a company can beat its competitors along with fulfilling customer requirements.

Qn5. Elaborate the functions to be performed in a public warehouse

The warehouses which are run to store goods of the general public are known as public warehouses. Anyone can store his goods in these warehouses on payment of rent. An individual, a partnership firm or a company may own these warehouses. To start such warehouses a license from the government is required. The government also regulates the functions and operations of these warehouses Public Warehouses perform the following functions:

- ***Storage of goods***

The basic function of warehouses is to store large stock of goods. These goods are stored from the time of their production or purchase till their consumption or use

- ***Protection of goods:***

A public warehouse provides protection of goods from loss or damage due to heat, dust, wind and moisture, etc. It makes special arrangements for different products according to their nature. It cuts down losses due to spoilage and wastage during storage.

- ***Risk bearing****:*

 Public Warehouses take over the risks incidental to storage of goods. Once goods are handed over to the warehouse-keeper for storage, the responsibility of these goods passes on to the warehouse-keeper. Thus, the risk of loss or damage to goods in storage is borne by the warehouse keeper. Since it is bound to return the goods in good condition, the warehouse becomes responsible for any loss, theft or damage, etc. Thus, it takes all precautions to prevent any mishap.

- ***Financing****:*

 When goods are deposited in any warehouse, the depositor gets a receipt, which acts as a proof about the deposit of goods. The warehouses can also issue a document in favour of the owner of the goods, which is called warehouse-keeper's warrant. This warrant is a document of title and can be transferred by simple endorsement and delivery. So while the goods are in custody of the warehouse-keeper, the businessmen can obtain loans from banks and other financial institutions keeping this warrant as security. In some cases, warehouses also give advances of money to the depositors for a short period keeping their goods as security.

- ***Processing***

Certain commodities are not consumed in the form they are produced. Processing is required to make them consumable. For example, paddy is polished, timber is seasoned, and fruits are ripened, etc. Sometimes warehouses also undertake these activities on behalf of the owners.

- ***Grading and branding***

On request warehouses also perform the functions of grading and branding of goods on behalf of the manufacturer, wholesaler or the importer of

goods. It also provides facilities for mixing, blending and packaging of goods for the convenience of handling and sale.

- *Transportation*

In some cases, warehouses provide transport arrangement to the bulk depositors. It collects goods from the place of production and also sends goods to the place of delivery on request of the depositors.

Qn6. Describe about —cross-docking and its importance

Cross-docking is a practice in logistics of unloading materials from an incoming truck or railroad car and loading these materials directly into outbound trucks, trailers, or railroad cars, with little or no storage in between. This may be done to change the type of conveyance, to sort material intended for different destinations, or to combine material from different origins into transport vehicles (or containers) with the same or similar destinations. Cross-docking is very important to an organization as can be seen below:

- First, cross-docking reduces the square footage needed in your facility. Because little to no storage occurs, only a small amount of space is needed for this activity, significantly reducing the footprint of your facility and the associated costs.

- Because little to no storage occurs in cross-docking facilities, the costs related to storing inventory is also reduced.

- In conjunction with this reduction in storage costs, material handling also sees significant reductions. Material handling is limited to loading, staging and unloading with minimal picking and putaway activity.

- With cross-docking your facility can assist in managing and improving customer product quality. During the unloading and staging process staff can easily inspect inventory for

damage incurred during transit. This can help to reduce the amount of damaged inventory that reaches customers and help improve customer satisfaction rates.

- The reduction of material handling needs leads directly to the labor cost savings associated to these activities. This allows your business to pass on savings to customers, providing additional competitive advantage related to cost.

- Because the number of hands on each inventory item is reduced due to lack of storage and minimal handling, the probability of damage to inventory and the costs associated with this are also significantly reduced.

- Cost savings, increased product quality and reduced delivery times due to cross-docking also factor in to help increase customer service satisfaction. This will help to retain current customers and capture additional market share.

- Lastly, cross-docking provides fixed asset cost savings. Cross-docking requires less facility square footage. These smaller facilities require less cash outlay to operate.

Qn7. Discuss activity profiling in a warehouse

warehouse is a complex and busy supply chain entity, where it is difficult to get an accurate sense of what is going on. Data analytics on warehouse comes under activity profiling, which carefully measures the activity in warehouse and analyzes it statistically. Essentially first step of any warehouse project is to understand the customer orders, which drives the system.

There are two main categories of warehouse profiling, customer order profiles and item activity profiles.

- A customer order profile deals with behavior of customer orders, it is an outbound activity i.e. ordering patterns of the customer orders.
- An item activity profile is related to the in-house behavior of items in the warehouse i.e. dynamics (frequency, cube movement etc.) of the stock keeping units, it provides support in making decision for storage and slotting options. A good analysis can even give us an

idea of how to prepare the warehouse for future needs and can establish bench marks on warehouse operations like receiving, put-away, order-picking, checking, packing, shipping etc.

Qn8. Describe the various storage systems used in a warehouse for different applications

There are 5 principle kinds of warehouse storage, these are:

- *Pallet Racking*

Pallets: the most common and essential component of logistical stock storage and movement. Made of wood, metal or plastic. Anything which is delivered and stored in boxes and requires inventory logging is a prime candidate for pallet racking. The most important considerations with pallet racking are access/movement, weight, stability and space. Weight limits must be strictly adhered to and all pallet racking must be inspected and maintained regularly to make sure that it is stable enough not to risk toppling.

- *Shelving*

This one is fairly self-explanatory. Stock sits on static shelves rather than mobile pallets, so cannot be retrieved via forklift. But shelving is ideal for quick, easy access to stock, just as if you were in aisles at a shop. For this reason, it's far more applicable for small, light items requiring manual picking and placement – such as agricultural produce, clothing, machine parts and components and small products. Anything too heavy to carry alone can't be stored this way.

- *Mobile Shelving*

Often used for archiving and data storage, mobile shelving uses storage shelves fitted with a traction system. The kind of stock kept in this environment can be kept in closely packed, compact storage when access isn't needed, making it an ideal solution for archiving and retail store back areas. For smaller premises where space is at a tight premium, mobile shelving represents an ideal way of making the most of the available storage space.

- *Multi-Tier Racking*

Multi-tier racking is ideal if you want to take full advantage of the vertical space you have in your warehouse. Multi-tier racking systems have different tiers, much like floors, so that stock can be accessed manually all the way up to the maximum limit of vertical storage. Often this is achieved with a system of mezzanine flooring and stairs, although sometimes scissor lifts are also used. The storage they offer is very dense, so it's most effective when you have large quantities of stock with a relatively small individual unit size.

- *Mezzanine Flooring*

A warehouse mezzanine floor can yield a massive amount of extra storage space. Effectively, you're just constructing a second floor above existing aisles, which provides extra shelving space, working areas for staff to pick and pack or check and move stock on. Mezzanines don't always need to be restricted to a single level; they can provide two or even three extra levels. Mezzanine flooring technology has advanced dramatically in recent years, with a whole variety of custom designs on offer. Because of these advances, virtually all mezzanine flooring is custom designed and fitted to integrate with most storage situations in virtually any warehouse situation.

Qn9. Describe briefly about the qualitative factor rating method for the selection of location of a warehouse

Qualitative factors are those that can neither be reasonably expressed in values nor embedded into supply chain design model. All factors could be somehow expressed in values at least by binary system and then qualify or disqualify a particular location from P set. However, the importance of each factor and quality scale of the qualitative factors can be properly identified only by qualitative methods. Although qualitative factors are usually neglected, however some authors have also introduced certain qualitative issues such as community attitude, availability of labor, probability of labor unions, cultural attributes, quality of schools, etc. Authors want to briefly explain two fundamental qualitative methods used in supply chain

- *Fuzzy logic*

Fuzzy logic is mainly applied to several criteria decisions assuming that these criteria seem difficult to express in a quantitative measure. As an example, detailed information about costs of implementation for strategic actions are usually not available, while linguistic judgements on costs can be easily obtained. (Kumar and Kumanan, 2011) used fuzzy approach to measure the relative degree of importance for each location requirement with the location criteria in the QFD process . Fuzzy logic was also used to implement the costs and benefits of each location criteria implementation. Fuzzy logic was used to evaluate service factors considered in the real case application since the workgroup agreed to adopt a linguistic approach . (Zhang, Kwon, Kim, 2011) employed fuzzy logic to identify the relevant factors in order to select the city logistics facility

- ### *Analytic Hierarchy Process (AHP)*

The AHP, developed by Saaty (1980), has been employed by many researchers in several fields - such as planning, selecting a best alternative, resource allocations, resolving conflict, optimization, etc. - in the applications related with multiple criteria decision making (MCDM) over last two decades. In logistics field, AHP is usually combined with another technique in order to consider not only both qualitative and quantitative factors, but also some real-world resource limitations.

(Badri, 1999) used the combined AHP–GP approach to deal with the location-allocation problem. First, the AHP was adopted to evaluate the alternative locations with respect to Number

10. What are the risks associated with backdoor (maverick) purchasing as opposed to open tendering most common in public procurements

Maverick purchasing involves the acquisition of categories from suppliers other than the pre-qualifies/contracted supplier, or using standards other than the agreed specification, or using processes other than the agreed process. Any of these situations cause spend 'leakage', or reduction in the value of spend secured by the contracted suppliers. The following are the major risks involve in this practice:

- Purchasing policies and procedures will not be followed

- Higher cost due to different price from suppliers for the same item

- Inability to achieve economy of scale by combining like purchase across a company

- Purchasing is interested in controlling this business because it bypasses the control of purchasing authority

It results in additional cost unlike if the purchase is occurred in a formal agreement where even the prices are reasonable. There are no formalities hence the likelihood of conflict that may be difficult to resolve.

Consider these effects of maverick spending:

Excess Vendors. Too many cooks spoil the broth, and too many vendors bring costly redundancies and contract issues to an already crowded table.

Inferior Goods at Higher Prices. Maverick buyers are unlikely to use preferred suppliers, and as a result, the goods and services they receive simply won't match the approved suppliers' timeliness, quality, price, efficiency, or customer support.

Contract Crises. When suppliers are unmanaged, it's all too easy for contracts to conflict, exposing your organization to compliance risks.

Transaction Overload. Unmonitored and invisible, rogue spending creates a high volume of unnecessary transactions and generates additional processing fees.

Wasted Work Hours. When procurement professionals are putting out fires and chasing down transactions or suppliers, they're not planning or building value for the company.

Lost Value. Beyond the monetary costs that come with contract conflicts, overtime, and processing fees, maverick spending also reduces efficiency, hampers financial planning, and creates conflict. Supplier relationships and interdepartmental cooperation can both be damaged in serious ways.

Qn11. Discuss the advantages of electronically transactions between a buyer and seller.

There are actually innumerable advantages of electronically transactions, the most obvious one being the ease of doing business. Some of the major advantages of e-transaction are as follows:

- **Low Financial Cost**

One of the ecommerce benefits is that it has a lower start-up cost. Physical retail stores have to pay up to thousands of dollars to rent one of their store locations. They also have several upfront costs such as store signs, store design, buying inventory, sales equipment, and more. Physical retail stores also have to pay staff to work and run each location. They may also need to hire security staff depending on the product value in the store.

If you choose to dropship online, you won't need to buy bulk inventory saving you a lot of money. Your store logo is often more affordable than a store sign. Your business expenses are generally much lower in ecommerce. This is one of the most attractive benefits for new entrepreneurs looking to keep their costs low.

- **24/7 Potential Income**

Another advantage of ecommerce is that online stores are always open for business. With your Facebook ads, you can attract someone at 11 p.m. or 4 a.m. in any part of the world. Most physical location stores are open between 9 a.m. to 9 p.m. By being available at all hours, you can attract people who would normally pick up a product in stores, if the store were open.

Think about your audience who don't work normal hours or who are too busy to pop into a shop to buy something. An ecommerce store allows you to attract those who may have odd work schedules or who don't have time to shop in-person. For a customer to order at night, you don't need to have employees working the night shift to ensure all orders get processed. You'll never need to hire a security guard! All you need to do is automate your ordering systems so that customers receive a confirmation email when they place their order to give them peace of mind.

- **Sell Internationally**

Next on the list of ecommerce benefits is that a new brand can sell to customers around the world easily. You have the ability to discover your audience whether they're in the U.K., South America, or neighboring countries. many products offer affordable epacket shipping or free shipping. This allows you to price and ship your products competitively to a worldwide audience.

Selling worldwide is a great feat as it helps you build your brand a lot faster, broadens your marketplace exponentially, and allow you to see profit long before your local competitors.

- **Easy to Showcase Bestsellers**

Ecommerce benefits like being able to easily display best-sellers makes it easier to show off products to customers. While you can design a brick and mortar store to sway people to buy certain products, it's easier for a customer to find the best-sellers in an online store.

The reason why you want customers to buy your best-sellers is because they're proven. Other customers have already bought them and are happy with their purchase. If you want to showcase new products to customers you can include them in your upsell, email marketing or retargeting ads. With an ecommerce store, you can include great product photography and product description to sway customer's choice

- **Personalized Online Experience**

Website personalization, one of the online business advantages, can enhance the online shopping experience. Creating personalized landing pages for different audiences can entice them to buy from you without much extra work on your side. It is not like customers coming into a physical store who you need to nurture from the first minute. You can do all the hard work before you launch a campaign and then relax once you release the campaign to your customer base.

Try segmenting your email lists based on purchases made, location or even how much money a customer spent. You can also retarget a customer who visited your online store showing them an ad for a product they added to their cart and forgot about. If your online business has a login feature, you can have a welcome message appear such as 'Welcome back (name).'

Product bundles can help the customer buy more for a better price increasing average order value. You can also personalize upsells based on what the customer has looked at or what you think they might like based on their purchase behavior.

- **Affordable Employees**

One of the benefits of ecommerce is that hiring employees is affordable and, as mentioned before, you can hire from anywhere in the world. You can choose to outsource work to virtual assistant in countries where the cost of living is much lower. You'll need fewer employees in an online business than a retail location. A huge advantage of online businesses is you don't need to hire employees at launch. You can start and run an ecommerce business all by yourself. Only when you start to grow or when you have the capital should you start to hire employees.

- **Easier to Encourage Impulse Buy**

Another ecommerce benefit is that you can capitalize on impulse buying as online shoppers are more inclined to partake in this. If you have attractive product photography, with vibrant color or human emotion, you can create ads that drive impulse buys. You can also execute a range of scarcity tactics such as countdown timers or showcasing limited quantities.

- **Easy to Retarget or Remarket to Customer**

It's easy to create [retargeting ads](#) to reach out to customers in your area when running an online business making it one of the most profitable ecommerce benefits. You can create a Facebook pixel. You can use the Shoelace Shopify app to retarget the browsers who visit your store but don't buy.

With ecommerce stores, you can retarget people who add products to cart but don't abandon and don't buy or who visit a blog post and never buy. You can collect email addresses easily with an effective pop-up or lead magnet and continue marketing to your customers after you've made the sale.

- **Customers Get a Less Invasive Experience**

Some people dread walking into a brick and mortar store as they're forced to interact with the store's employees. Whether learning about a [sales promotion](#) or being asked questions throughout the shopping experience, some may prefer online shopping as it can be a little less invasive making it one of the best benefits of ecommerce. If a customer wants to contact the store owner, they can click on a live chat feature, email or send a Facebook message.

- **Gain Access to Customer Data Easily**

One of the best ecommerce advantages is that you can easily gain access to [data for analysis](#) on your customer. Most people feel uncomfortable giving away email addresses or postal codes to physical retailers. In ecommerce, you can get your customer's name, mailing address, e-mail address, and phone number. That means you have at least three different ways to communicate and build a relationship with them. You can even have them fill out [marketing surveys](#), share their birth date with you, and more. If you ask them to create an account, you can obtain even more information from them to better serve them. If your customers are based [within Europe be careful of GDPR regulations](#) when contact customers.

- **Able to Process a High Number of Orders**

If you choose to dropship, you can process a high number of orders with ease. As your business continues to grow, you might choose to hire employees to help with order processing. Also with drop shipping you don't need to physically have the product in order to sell it to a customer, therefore you do not have to worry about stock control like physical stores have to

In retail stores, long queues can deter people from shopping. With ecommerce, there's no waiting time. A customer can place orders on his or her own schedule with no delays allowing you to accept a high number of orders.

- **Can Scale Business Quickly**

One of the benefits of ecommerce is that it's easy to scale the business quickly. You can increase your ad budget when ads are performing well without having to worry too much about keeping up with the demand, especially if you dropship.

With brick and mortar stores, it can be hard to grow product lines or add more cashiers due to finite space. You'll need to find a bigger space, renovate or wait for your lease to end in order to scale your

business. If you create informational products, you run into a challenge again as it takes time to write eBook, courses, and more.

With drop shipping, you can add new products to your store without having to worry about shipping products or holding inventory allowing you to grow quickly.

Qn12. Describe the challenges involved in implementing e-procurement systems?

There are Two major type of challenges:
- Traditional challenges involved in implementing an e-procurement system
- Operational challenges of e-procurement systems

Traditional challenges involved in implementing an e-procurement system

Implementation is sometimes taken for granted by companies who are considering an e-procurement solution. This can cause the tool to perform poorly, and in other cases, can cause a great deal of time and money to be wasted on an improper roll out of the new system.

- **Testing and Evaluation**

From experience with thousands of companies, Tradogram has noted that it takes, on average, 3 weeks for businesses to feel comfortable enough to conclude the testing process for a new piece of software. A majority of e-procurement platforms offer only 7 days – or no option at all, to allow for the testing of their platforms!

Tradogram provides the option to create a free account for new users to become acquainted with the platform. There's no time limit on the account, giving ample opportunity for evaluation.

It's always a good idea to test out any new software platform (even outside of e-procurement) thoroughly before buying-in.

- **Cost**

Many e-procurement systems are very expensive. While the tools these platforms offer are often effective, the associated price tag places them out of reach for many mid-sized organizations.

Tradogram has addressed this issue with a straightforward pricing model. A single, affordable monthly-fee provides premium access to the full system, with no additional cost-per-module.

This is especially true for ERP (Enterprise Resource Planning) systems, which also typically fail to meet procurement needs thoroughly with the tools they offer. More on avoiding the common ERP trap later.

- **Team Compliance**

This is the most critical element to consider, and one which is frequently overlooked by businesses. Just because an executive decision is made to use an e-procurement system does not mean the entire organization will comply with or understand how to use the system.

It's always recommended to include all stakeholders in the software sourcing process. This ensures that management has proper oversight and opportunity to provide feedback on each platform in the sourcing event.

Operational challenges of e-procurement systems

E-procurement systems are not always equipped to handle every purchasing scenario effectively. Here are some factors to keep in mind when transitioning from a traditional procurement process to e-procurement:

- **E-Procurement Systems Are Not Bespoke**

In the instances where an e-procurement platform offers custom development, the price point on that customization can quickly begin to outweigh the benefits of the system itself.

In addition, over-customization of a platform can end up making a system too complicated for general use, negating the advantage of using the system for a majority of the employees using it.

To overcome this challenge, businesses are encouraged to find systems that are simple, flexible, and affordable enough to meet their needs, while strategically planning how their current process will transition smoothly to adapt on the new system.

- **Supplier On-Boarding**

In some countries and industries, suppliers may not always feel comfortable using online tools to handle a response to purchase orders they receive.

When this is the case, it's important to have tools available on the chosen e-procurement system for documenting physical paper order responses, invoices, and expense records.

To make the most use out of an e-procurement system, it's also wise to update existing supplier lists to include tech-savvy companies that will be willing to engage in transactions with your business through the use of modern e-procurement tools.

- **Item Catalogues are Not Always Enough**

While item master databases are convenient, in many circumstances, items may not be present on an e-procurement system, or have prices that fluctuate regularly.

When purchases need to take place for items that aren't present on the system, an intuitive and agile way to enter one-time purchasing data is a must have for many businesses.

A company should consider which goods and services it orders on a regular basis, and ensure that the e-procurement solution they choose is capable of handling their diverse purchasing requirements.

Qn.13 Why is it important to measure and monitor supplier performance improvement over time?

The goal of performance measurement is to improved supplier performance. It is important to measure and to monitor supplier performance improvement over time so that the company can differentiate between high performing and low performing suppliers. Continuous measurements allow improvements opportunities to be identified along the way. Feedback can be provided to the suppliers based on objective measurements to track their improvement development efforts. The firm can also gather the quantitative data to support future purchase decisions, particularly

- *Avoid supply chain risk and disruptions*

If you are not deeply familiar with the third-party vendors making up your supply chain, it will be difficult to put measures in place to prevent interruptions and reduce the incidence of risk exposure. Supplier performance management provides in-depth visibility into the risk a supplier may pose so you can put measures in place to reduce or eliminate that risk as it relates to your supply chain.

- *Protect and improve brand/reputation*

A number of corporate brands have been tarnished by the actions of their suppliers – think automobile recalls as a common example. SPM can help you track supplier performance against these KPIs which will enable you to enact corrective actions early and keep your brand and reputation strong in the eyes of your customers and partners.

- *Avoid costs and achieve savings*

There are a variety of cost Avoid costs and achieve savings

There are a variety of cost factors tracked using supplier performance management which affect both hard and soft dollar costs. Lack of timely and accurate vendor information can have huge impact on costs and can prevent you from capturing savings. Not only can you track supplier performance on cost and savings-related KPIs, the information provided by an SPM system can contribute to cost avoidance and savings achievements because it centralizes supplier data into a single source of truth for everyone interacting with vendors.

- *Segment and rank vendors*

As noted in the point above, supplier performance management is useful beyond the supplier managers in your organization. For example, SPM gives procurement groups visibility into specific groups of suppliers and their overall ability to meet your organizations expectations and requirements. With performance data in hand, procurement can make data-based decisions regarding where to direct spend.

- *Collaborate with suppliers*

When you collaborate closely with suppliers you create new value for your business. The data collected through a supplier performance management solution can help to start these conversations because it provides the supplier with a view of what is important to your organization. The results are numerous: continuous improvement of the supply base, creation of realistic contracts based on past performance, more communication with suppliers, formation of common goals, and the establishment of trust. Ultimately, SPM drives the creation of meaningful and mutually beneficial relationships with suppliers.

- *Improve internal processes*

Creating a SPM process is a great step towards optimizing your supplier management program. By utilizing a technology-based solution for SPM, organizations can achieve a standardized and automated approach for creating scorecards, issuing and tracking scorecards for completion, and in-depth reporting and analysis. If you tack this onto an existing supplier information management (registration, onboarding, qualification) process, SPM data will contribute to a complete supplier management lifecycle.

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