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# Reg: AIPMS/225/002/2019 Assignment: Module 1

# ASSIGNMENTS

1. Describe how purchasing become aware of purchase requirements.

According to accounting tools.com article (July 2018), Purchasing is the organized acquisition of goods and services on behalf of the buying entity. Purchasing activities are needed to ensure that needed items are obtained in a timely manner and at a reasonable cost. Below is how purchasing become aware of purchase requirements?

* The Need .Purchasing involves identifying that there is a need to update the inventory or stock. The purchasing officers may also need a business service or ad hoc product in order to become aware of purchase requirements.
* Specifications. Purchasing involves specifying the all the is required of an item. The purchasing officer in charge need to decide how much and when he/she want the products or services delivered.
* Requisition or Order. This is when written purchasing order or requisition order is presented to the suppliers to order for the specified items.
* Financial Authority. Before the order can be placed, it usually requires some kind of authority for its purchase. With some purchase orders, this is reasonably automatic. With a large order that will be put out to tender it could be multi staged.
* Research Suppliers. Repetitive orders usually have set suppliers, although it does no harm to review the options sometimes. Other orders will either need to go out to tender or there will be a choice of suppliers.
* Choose Supplier. The supplier is now chosen.in order to provide a quotation of the specified items and he or she can easily supply whether the items specified.
* Establish Price and Terms. In a large company, many suppliers will be contracted with a Master Agreement where prices and terms are set for a defined period. For other orders, now is the time to negotiate terms and prices.
* Place Order. At this stage in the purchasing cycle, the order is placed and this becomes a contract between the business and the supplier.
* Order Received and Inspected. The goods are delivered, checked in the warehouse and entered into the inventory. Shortages and breakages are reported to the supplier for the appropriate credits to be supplied.
* Approval and Payment. Usually within 30 days, the invoices are received and paid.
* Update of Records. The purchasing ledger and stock records are updated. This is automatically done by many purchasing computer systems.

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

According to Supply Chain brain. Com articles on supply chain integration (May 2009). Below are some of the challenges that organization faces as they attempt to integrate activities into supply chain?

* Failure to secure top-management sponsorship and leadership. Since supply chain processes impact so much of a company's mission critical value-chain, securing top management sponsorship and leadership is critical for cross-functional commitment, driving enterprise-wide accountability, or allocating proper resources to insure a successful implementation. One tried-and-true solution is creating an executive steering committee to ensure that resources are aligned and obstacles are removed.
* Wrong Process, worst practice. Prior to an implementation, it is critical that companies conduct research to insure that the new technology is supported by the right process and is grounded in cross-industry best practices related to that process. The ultimate benefits of a technology are best gained by talking with others who have successfully applied such technology within their supply chains. Many supply chain technology providers can provide information on best practices or referrals to those companies that have gained significant benefits in utilizing the technology.
* Inaccurate and out-of-date information. Timely data and information are what successful supply chains are all about. Many of the initial benefits of supply chain technology automation have been neutered by the existence of inaccurate or untimely data. Before implementing any new software, the implementation team must first dedicate efforts to make sure that all data related in any way to the application is clean and accurate. The adage of "garbage-in and garbage-out" has a special meaning in supply chain management technology.
* No cross-functional representation. A broad-based team that is empowered to make decisions about planning and implementation will insure a successful supply chain deployment. This team should include the ultimate stakeholders in use of the new technology, and all those who will benefit with improved process flow and information. Systems integration is a critical requirement in most supply chain technology. It is essential that the implementation team have IT representation to lead the systems integration effort and address needs for inbound and outbound data or new integration and information reporting needs.
* Broad scope. While a long-term end-state is the goal, do not attempt to implement everything at once. Focus on core needs of the process being automated and on scope that can deliver the initial benefits of an implementation. Celebrate short-term wins and incremental benefits. A limited focus on quick initial benefits from the implementation and sustaining value in subsequent future functionality releases can help in obtaining longer-term commitment to automation and change.
* Failure to establish a vision of how financial and non-financial results will improve with supply chain integration. Without vision supply chain integrations is impossible
* Failure to develop people, culture and an organization that supports the supply chain vision. Without people having culture to support supply integration. It is practice a challenge to carry out supply chain integration into organization activities
* Failure develop customer-centric metrics. Customer centric is a way of doing business with your customer in a way that provides a positive customer experience before and after the sale in order to drive repeat business, customer loyalty and profits. Failure to do business in a way that satisfies customers is a main cause of failure in supply chain integrations in organization activities
* Develop multiple supply chains to meet the needs of different customer and market segments.
* Difficulties in developing the capabilities and analytic tools required to make effective decisions in an increasingly complex and risky environment. Where integration of supply chain activities is critical.
* Challenges in finding ways to share risk equitably among supply chain partners. This results to shortfall in the integration process.
* Failure to find ways to share rewards equitably among supply chain partners.in order to encourage/ motivates buy in of the integration process.

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

According to Ingo Schröter et *al (2008),* Supply Chain Enablers are the last secret to the puzzle. These enablers do not by themselves make alignment and linkage happen, however if they are not in place, alignment and linkage will certainly suffer. The enablers include the following:

* Communications and E-Systems, which consist of both the technology offered for collecting and sharing data and information, and the systems in place to help with people-to-people communication in support of decision-making. The systems help ensure data availability, accuracy and timeliness. Similarly essential, however, are the procedures and treatments that encourage and facilitate using that data for efficient decision-making.
* Trust, which is at the heart of breaking down the practical and organizational barriers that hamper true integration. Without trust and the determination to work together, it is difficult to accomplish aligned, constant decision-making and actions required for the integrated supply chain.
* Organization and People, which structures consist of reporting structures, group membership, and roles and duties and, as such, largely shape the ways individuals will communicate and associate with each other in an enterprise. The wrong organizational structure can leave out crucial stakeholders and key resources from vital decisions and inhibit the collaboration needed to accomplish positioning and linkage. Working within the company structure, the skills and capabilities of people are vital to effectively incorporating a supply chain.
* Metrics and reward systems are important factors in driving behavior within an organization and amongst organizations. Despite the “methods” or “viewpoints” around supply chain integration that are voiced by leading management, it is the metrics and rewards to which people react. Customer-centric metrics that are lined up and constant across different functional groups and throughout companies in the supply chain will certainly encourage behavior that leads to lined up and consistent decisions

1. What is the difference between a supply chain and a value chain?

According to keydifference.com articles on supply chain Vs value chain the following are the major differences between supply chain and value chain:

* Supply Chain refers to the integration of all activities involved in the process of sourcing, procurement, conversion and logistics. On the other hand, value chain implies the series of business operations in which utility is added to the goods and services offered by the firm so as to enhance customer value.
* 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. Value Chain, on the other hand, is a set of activities that focuses on creating or adding value to the product.
* 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 until 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.
* 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.

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

According to yourartilcelibrary.com article shared by Smirti chand (Nov 2018), A public warehouse is a specialized business establishment that provides storage facilities to the public for a certain charge. It may be owned and operated by an individual or a cooperative society. It has to work under a license from the government in accordance with the prescribed rules and regulations. Below are some of the functions performed by a public warehouse according to the same article;

* Public warehouses are very useful to the business community. Most of the business enterprises cannot afford to maintain their own warehouses due to huge capital Investment. In many cases, the storage facilities required by a business enterprise do not warrant the maintenance of a private warehouse. Such enterprises can meet their storage needs easily and economically by making use of the public warehouses, without heavy investment.
* Public warehouses are used in the marketing of agricultural products and therefore the government is encouraging the establishment of public warehouses in the cooperative sector. A public warehouse is also known as duty-paid warehouse.
* Public warehouses provide storage facilities to small manufacturers and traders at low cost. These warehouses are well constructed and guarded round the clock to ensure safe custody of goods. Public warehouses are generally located near the junctions of railways, highways and waterways.
* They provide, therefore, excellent facilities for the easy receipt, dispatch, loading and unloading of goods. They also use mechanical devices for the handling of heavy and bulky goods. A public warehouse enables a businessperson to serve his customers quickly and economically by carrying regional stocks near the important trading centers or markets of two countries.
* Public warehouses provide facilities for the inspection of goods by prospective buyers. They also permit packaging, grading and grading of goods. The public warehouses receipts are good collateral securities for borrowings.

1. Describe about ―cross-docking and its importance

According to lanyeduke.com article on cross docking (2017), Cross docking is the process of transporting manufactured products from the plant directly to customers without storing them in a warehouse.

It can also be defined, as is a practice in logistics of unloading materials from an incoming semi-trailer truck or railroad car and loading these materials directly into outbound trucks, trailers, or rail cars, with little or no storage in between

* Reduces material handling. The direct transporting of materials from the factory directly to the customer reduces unnecessary handling of products that might result to damages caused to the products in question
* Reduces need to store products in warehouse. The need to store produced items is reduces as products go direct to the customer this saves funds that would have otherwise been used for loading, offloading and string the products.
* No need for large warehouse areas. The practice of cross docking saves the issues of large space that would have otherwise been required to store the bigger quantities of the company’s products. Since the products are produced and transported directly to the customers, this need for large warehouse will be minimized.
* Reduced labour costs (no packaging and storing). Products involves allot of processes after production. Packaging, loading, offloading, and parking this products in the warehouse all involve labour and cost. With cross docking all this labour and its unnecessary cost will be reduced.
* Reduced time to reach customer. When products are produced and transported direct to the customers, the customers receives the products in time. Than when producing and putting them in the warehouse before transporting to customers which may delay products in reaching the customers or final consumer as soon as possible.
* Transportation has fuller loads for each trip therefore a saving in transportation costs while also being more environmentally friendly.
* Products are moved more quickly through a cross dock. Products moved under cross-docking move faster than products that needs to be stored first before transporting them to the customer.
* Easier to screen product quality. With cross docking practices products reach the customers as soon as possible. There any encounter with quality from the customer’s side will trigger immediate correction from the manufacturer’s side.
* Elimination of processes such as ‘pick-location’ and ‘order picking’. Pick location refers to a designated place where the final products are pick by suppliers and customer while order picking is when a customer has to order for a product before picking. With cross docking such process are eliminated as the produced products are transported direct to the customer.
* Cross-docking terminals are less expensive to construct than your average warehouse.
* High turnover of products with everything moving quickly through the cross docking terminal. Products usually spend less than 24 hours here.
* Products destined for a similar end point can be transported as a full load, reducing overall distribution cost.

1. Discuss activity profiling in a warehouse

According to crimoson&co article (2009), activity profiling in a warehouse refers to the careful measurement and statistical analysis of the warehouse activity. The process of understanding the customer orders that drive the system. Sifting through historical data for opportunities and insights that might confer advantage.

Two main categories of profiles make up a basic warehouse profiling set: customer order profiles and item activity profiles.

* Customer Order Profiles. Customer order profiles represent the outbound activity, i.e., how the customers are ordering the products. Item activity profiles provide insight into viable storing and slotting options for each item within the warehouse. The three most basic customer order profiles are defined below.
* Order Mix Distribution: These distributions answer warehouse zoning questions such as “Should my fast, medium, and slow movers be zoned separately in the warehouse?” To answer this question, a distribution of the orders for fast, medium, or slow movers is compared with any combination of the three. If warehouse data indicates that most orders call for a mix of fast and slow movers, zoning the items by velocity will have order consolidation impacts that need to be considered. Order mix profiles are also used to analyze the percentage of order lines for full cartons, broken cartons, or a combination of the two. Analysis of this information provides options on storing full and broken cartons together. The goal is to determine what percentage of your customers is ordering full and broken carton quantities of the same item, before investing time and money in changing the current storage strategy.
* Order Increment Distribution: The order line distribution of the percent of a full carton ordered is beneficial when evaluating if the current packaging is in logical increments for the customer. For example, if results indicate that 90% of the customers are ordering ¸ carton quantities, the warehouse can consider effective alternatives. Options could involve first the supplier by changing the carton size, second the warehouse operations by breaking down cartons at receiving in order to save time during picking, and third, the marketing department by encouraging customers to order in full carton quantities.
* Order Lines Distribution: This distribution of the number of lines contained on each order is important when evaluating operating strategies. A warehouse with mainly one and two line orders would most likely have a very different picking strategy than a warehouse with many large multi-line orders. If your graph looks like figure 1 and you have a significant number of single-line piece-pick orders you may want to consider batch label picking these orders.
* Item activity profiles provide insight into viable storing and slotting options for each item within the warehouse. Item Activity Profiles are beneficial when analyzing products’ activities for the purposes of determining storage mode, product slotting, and facility layout options.

There are several types of item profiles, the three most basic are defined next.

* Warehouse activity analysis Popularity profile- is a ranking of the items based on how often they are ordered or picked (frequency).
* Volume profile is a ranking of the items based on how much is ordered (cube movement).
* Finally, the item order completion profile displays the items ranked from most to least popular against the order set. This profile reveals the percentage of the orders that will be completed by a subset of the items and is valuable when conducting cost benefit analysis for improved productivity

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

According to acorn warehouse solution ltd article. The following are some of the various storage systems used in a warehouse for different application;

* Static Shelving .As the name suggests, static shelves are storage mechanisms that are designed to stay in one place. For the most part, they are meant to hold inventory that is lightweight (a few hundred pounds per shelf). It’s commonly used for storing inventory that needs continuous replenishment. Because they are not compatible with forklifts, static shelving is generally used with inventory that must be manually picked, placed, and/or organized. For a larger inventory, invest in a wide-span shelving system, which can hold more weight and can be used in higher-elevation configurations.
* Mobile Shelving. Similar to static shelving, mobile shelving is a completely adjustable solution that is meant to hold a manually picked items, but the difference here is that many of these systems are designed to hold more items in less space. With mobile shelving, shelves or cabinets are mounted on carriage and rail systems, eliminating fixed aisles and increasing productivity by making inventory more accessible, even when space is tight. Mobile shelving designs typically include level tracks that can either be manual or mechanized. Some even come equipped with locking systems to control access to inventory.
* Pallet Racking. For the busiest and largest warehouses, pallet-racking systems are usually treated as the centerpiece of the operation. Typically, pallet-racking systems are made out of wood, metal, or plastic and hold inventory that is received in large boxes. Depending on the height, the boxes are placed on the pallet racking system with the help of a forklift or an automated mechanism. There are a variety of sub-categories of pallet racking systems, including carton-flow racking, cantilever racking, coil racking, double-deep racking, drive-in racking, drive-through racking, high-bay racking, mobile racking, narrow aisle racking, pallet live racking, push back racking, shuttle racking, and vertical racking. Most often, warehouses will choose systems based on weight limits, flexibility, and whether or not the system demands a change in infrastructure.
* Multi-Tier Racking. A great choice for large stocks of items that have small unit sizes, multi-tier racking is a system that is designed to capitalize on vertical space. Because no warehouse is one-size-fits-all, many multi-tier racking options are flexible, with the ability to add or remove tiers depending on your current needs. Mostly, multi-tier racking concerns relatively lightweight items that are picked and organized manually. To get the most out of this warehouse storage system, organize each tier strategically and pack items as densely as possible, while at the same time paying attention to weight limits and ceiling-to-rack height compliance guidelines.
* Mezzanine Flooring. If the budget and strategic warehouse layout allows for it, mezzanine flooring is an effective and space-saving storage option. Essentially, mezzanine flooring is a second (or third, or fourth) floor that is constructed above the main warehouse floor. Because of the intrusive nature of the build, this is likely one of the more expensive options that a warehouse can choose, but it also has the most potential for customized features, such as lighting, lift-systems, and conveyors.
* Wire Partitions Wire partitions. While mezzanine flooring is one of the more high-tech options, wire partitions are on the other end of the spectrum. Wire partitions are, effectively, strategically placed wire cages that are meant to be installed and torn down quickly and easily. Often, the inventory that is housed within wire partitions are the items that may need special security. Some warehouses are even known to use wire partitions to construct makeshift, temporary offices for managers who work on the floor.

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

According to shiprocket blog website.int article on warehousing. The following are some of the qualitative factors to consider when selecting a location for a warehouse;

* Desired Consumer Base. When choosing a location for a warehouse, keep your customers’ locations in mind. Determine your customer base and pinpoint the region or regions that you are trying to serve. Having a warehouse location that is in close proximity to your desired consumer base allows for faster deliveries. Not only will deliveries be faster, but the close proximity will also reduce shipping costs. Faster deliveries and reduced shipping costs will positively contribute to the consumer’s overall customer experience when the shipping process is faster and cheaper; the customer will be happier and will be more likely to remain a loyal customer.
* Proximity to Carrier Services. Consider a warehouse’s proximity to carrier services. If your warehouse is located near carrier facilities, it will streamline the process of shipping your product(s) to your customer. Find a good balance; find a location that offers both convenience and proximity to your customers as well as a carrier service, making the shipping process easier and faster for both your company and the customers. Determine a reasonable balance of distance between the manufacturing location, warehouse storage, and customer and consider the transportation and shipping costs that go with that distance.
* Storage Requirements. Take account of any special accommodations that you may have to make for your products. Are your products hazardous? Flammable? Fragile? Make sure that the proper accommodations are able to be made at your desired warehouse location. Plan ahead. Don’t waste time and resources finding a warehouse space and then outgrowing the space shortly after. Save time and effort by estimating projected growth to be able to figure out an accurate idea of the storage your company needs. Consider leasing options that allow flexibility in storage space based on changing buyer demographics that your company may experience. Make an educated observation of these factors to ensure the safety of your warehouse location.
* Workforce Availability. The demographics of the warehouse location may be more important that the physical space. Determine your labor needs. Not every geographic location is able to provide the desired workforce with the right skills and right price. Consider the supply and demand of workforce availability -- low workforce availability and high demand will drive salaries up. Workforce availability can impact overall company costs, therefore doing research on the geographic location is integral. To research and understand the demographics of the area, research the educational attainment and income levels of the city or state, which can be found on government websites. Understanding the workforce is important because it impacts your company’s employee retention and turnover rates, productivity, and employee related costs.
* Longevity. Consider the longevity of your warehouse location will it be able to accommodate the growth or shrinking of your business? Analyze the potential growth of your company and determine if the warehouse location has room for expansion if needed. If your product is seasonal, consider finding a location that offers seasonal leases or working with companies, such as Flow space, that offer flexible in storage options. Understand the potential of the warehouse space and plan for longevity.

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

Karjalainen et al. (2009, p.248) define maverick buying as “the off-contract buying of goods and services for which an established procurement process is in place based on pre-negotiated contracts with selected suppliers” according to the same writer the following are some of the risks associated with the backdoor purchasing;

* 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 is 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 are 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.

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

According to chron.com blog article (2018), the following are some of the advantages of electronically transactions’

* Increased Speed and Convenience.E-payment is very convenient compared to traditional payment methods such as cash or check. Since you can pay for goods or services online at any time of day or night, from any part of the world, your customers don't have to spend time in a line, waiting for their turn to transact. Nor do they have to wait for a check to clear the bank so they can access the funds they need to shop. E-payment also eliminates the security risks that come with handling cash money.
* Increased Sales. As internet banking and shopping become widespread, the number of people making cash payments is decreasing. According to Bank rate, more than two-thirds of consumers carry less than $50 a day, meaning electronic alternatives are increasingly becoming the preferred payment option. As such, e-payment enables businesses to make sales to the customers who choose to pay electronically and gain a competitive advantage over those that only accept traditional methods.
* Reduced Transaction Costs. While there are no additional charges for making a cash payment, trips to the store typically cost money, and checks also need postage. On the other hand, there are usually no fees or very small ones to swipe your card or pay online. In the long run, e-payment could save both individuals and businesses hundreds to thousands of dollars in transaction fees.
* Timesaving. Money transfer between virtual accounts usually takes a few minutes, while a wire transfer or a postal one may take several days. In addition, you will not waste your time waiting in lines at a bank or post office.
* Expenses control. Even if someone is eager to bring his disbursements under control, it is necessary to be patient enough to write down all the petty expenses, which often takes a large part of the total amount of disbursements. The virtual account contains the history of all transactions indicating the store and the amount you spent. Moreover, you can check it anytime you want. This advantage of electronic payment system is important in this case.
* Reduced risk of loss and theft. You cannot forget your virtual wallet somewhere and it cannot be taken away by robbers. Although in cyberspace there are many scammers, in one of the previous articles we described in detail how to make your e-currency account secure.
* Low commissions. If you pay for internet service provider or a mobile account replenishment through the UPT (unattended payment terminal), you will encounter high fees. As for the electronic payment system: a fee of this kind of operations consists of low percentage of the total amount, and this is a considerable advantage.
* User-friendly. Usually every service is designed to reach the widest possible audience, so it has the intuitively understandable user interface. In addition, there is always the opportunity to submit a question to a support team, which often works 24/7. Any way you can always get an answer using the forums on the subject.

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

According to chron.com blog article (2018), the following are some of the disadvantages of electronically transactions,

* Security Concerns. Although stringent measures such as symmetric encryption are in place to make e-payment safe and secure, it is still vulnerable to hacking. Fraudsters, for instance, use phishing attacks to trick unsuspecting users into providing the login details of their e-wallets, which they capture and use to access the victims' personal and financial information. Inadequate authentication also ails e-payment systems. Without superior identity verification measures like biometrics and facial recognition, anyone can use another person's cards and e-wallets and get away without being caught. These security concerns may make some people reluctant to use e-payment systems.
* Disputed Transactions. If someone uses your company's electronic money without your authorization, you would identify the unfamiliar charge and file a claim with your bank, online payment processor or Credit Card Company. Without sufficient information about the person who performed the transaction, though, it can be difficult to win the claim and receive a refund.
* Increased Business Costs. E-payment systems come with an increased need to protect sensitive financial information stored in a business's computer systems from unauthorized access. Enterprises with in-house e-payment systems must incur additional costs in procuring, installing and maintaining sophisticated payment-security technologies.
* Restrictions. Each payment system has its limits regarding the maximum amount in the account, the number of transactions per day and the amount of output.
* The risk of being hacked. If you follow the security rules the threat is minimal, it can be compared to the risk of something like a robbery. The worse situation when the system of processing company has been broken, because it leads to the leak of personal data on cards and its owners. Even if the electronic payment system does not launch plastic cards, it can be involved in scandals regarding the Identity theft.
* The problem of transferring money between different payment systems. Usually the majority of electronic payment systems do not cooperate with each other. In this case, you have to use the services of e-currency exchange, and it can be time-consuming if you still do not have a trusted service for this purpose. Our article on how to choose the best e-currency exchanger greatly facilitates the search process.
* The lack of anonymity. The information about all the transactions, including the amount, time and recipient are stored in the database of the payment system. In addition, it means the intelligence agency has an access to this information. You should decide whether it is bad or good.

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

According to JAGGAER Staff in Supplier Management.com, article (January 14, 2016), the importance of having a supply performance measure and monitoring over time include:

* Avoid supply chain risk and disruptions: If one is not deeply familiar with the third party vendors making up the 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 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 a supply performance measure and monitoring 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, supply performance monitoring 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, supply performance measure and monitoring drives the creation of meaningful and mutually beneficial relationships with suppliers.
* Improve internal processes: Creating a supply performance measure and monitoring process is a great step towards optimizing your supplier management program. By utilizing a technology-based solution for supply performance measure and monitoring, 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, supply performance measure and monitoring data will contribute to a complete supplier management lifecycle.

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