

# Policies and procedures summary



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Purchasing Policies and Procedures Purchasing requires strategic policies that will enable an organization to cope with the best suppliers in the market. It is apparent that organizations normally have different categories pertaining to purchasing policies. Categories of purchasing policies are the different laws that an organization uses when placing orders. For instance, these may entail the policies that support positive interactions, policies outlining operational issues and management policies (OBrien, 2009). This implies that the principles should guide the relationship between suppliers and the procurement department. The policy of operational issues is essential for the control of harmful wastes, which helps in the conservation of the environment and the community. The management policy establishes the criteria for making requisitions, payment methods and the departments concerned in the transactions (OBrien, 2009). The purchasing policy enables a company to have an organized system that determines the supplier requirements, objectives and product quality (OBrien, 2009). The other significant purchasing policy category is the supplier's duty for substandard supplies, which spells out the procedures to be taken in case of wrong shipment or contents.

The basic procedural areas of procurement comprise of the purchasing cycle, correct application of purchasing forms and the development of authorized agreements. The purchasing cycle procedure describes the details of the procurement that employees must observe when contacting suppliers (Monczka, 2009). Procurement involves documentation and this requires the use of the correct forms for every purchase made. The forms offer the correct description of supplies needed and the quantity. This should include the vital information that the suppliers need to know about the requisition

and the prices tagged for each commodity. The other procedural area is the establishment of legal intentions between the supplier and the buyer (Monczka, 2009). The legality of the transaction eliminates breach of agreement and fraud that might arise during the shipment period. The payment mode is another procedural area that must be addressed when dealing with procurement. This is because it signals the termination of a transaction and helps to establish a positive working between the parties. The e-supply chain (e-SCM) is an optimization of business practices and rate in every aspect of an organization. This is because it uses the internet and web-technology to manage the supply of commodities. The e-supply chain affects the purchasing process in various ways, such as enhancing timely placement and delivery of orders (Weele, 2010). This implies that time wastage is reduced when contacting suppliers or buyers due to the limited travelling. In this regard, it promotes competitiveness between suppliers, leading to the distribution of high quality commodities. The e-supply chain also shortens the link between suppliers and buyers through the virtual interactions. However, since the service depends on internet connectivity, it may be at risks of cyber crimes and power shortages (Weele, 2010). This can affect relations or disrupt transactions that require a short time to complete. Similarly, small enterprises may be unable to invest the high capital outlays required to install technological infrastructures in their supply operations (Weele, 2010). The purchasing process may face challenges pertaining to logistical aspects like the transfer of money or confirmation of orders before delivery.

## References

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