

# The future...it's in your hands

**Hong Kong Institute of Vocational Education (IVE)**

**Higher Diploma in Global Purchasing and Supply Management**

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# Flow chart



# History

## Definition of purchasing

Procurement is the acquisition of goods, services or works from external sources.



# History

## The major objectives of purchasing

- Maintain the quality and value
- Development of the product specifications
- Receipt and processing of requisitions
- Award of supply contracts

**Prior to 1900 — Purchasing was recognized as an independent function by many railroad organizations.**



**1900-1914 (Prior to World War I) — Purchasing was regarded as primarily clerical.**



**1914-1945 (During World War I & II) — Function increased due to the importance of obtaining raw materials, supplies, and services needed to keep the factories and mines operating.**

**1950-1969 — Purchasing continued to gain stature as the techniques for performing the function became more refined and as the number of trained professionals increased. The emphasis became more managerial.**

**1970-1989** — More emphasis was placed on purchasing strategy as the ability to obtain needed items from suppliers at realistic prices increased.



**1990-2000** — Purchasing became more integrated into the overall corporate strategy.



**2000-Current** — The field is experiencing increasing integration with supply networks and information technology. The field has changed from "purchasing" to "supply management" to reflect the transition from a transaction-based, tactical function to a process-oriented, strategic one.

# Prediction

Predict how the profession will develop over the next ten years

- The recession → highlight the importance of effective purchasing and supply
- Develop the purchasing strategies
- Adopt the global market benefits



# Skills needed & challenges

## (1) Communication skills

- For internal: good relationship with other functional departments
  - Projects are cross-functional
- For external: learn more languages to communicate with suppliers
  - Global sourcing
  - Improve the ability in negotiations





# Skills needed & challenges

## (2) Strong knowledge

- Know the new technology
- The market change frequently

## (3) Be proactive

- Prevent the concerns and set the buying plan
- Key materials will not be in shortage
- Build reliable long term relationships with the suppliers

Thank you!