

Purchasing Definition

- Where procurement and supply processes are still developing, so are the definitions. However, the definition of purchasing is more clear cut.
- It covers the six classic activities: specify, select, contract, order, monitor and aftercare.
- Differentiation in tactical and operational purchasing. The difference is between contracting and ordering.
- Strategic purchasing (which is part of procurement). Focus is on improvement of fundamental processes, business process re-engineering and major outsourcing issues.

When talking about purchasing IFPSM means:

“The management of the company’s external resources in such a way that the supply of all goods, services, capabilities and knowledge which are necessary for running, maintaining and managing the company’s primary and support activities is secured at the most favorable conditions ”

- By Prof. Dr. A.J .van Weele.

When talking about procurement and supply IFPSM means:

- Procurement/Supply includes all activities required in order to get the product from the supplier to its final destination. It encompasses the purchasing function, stores, traffic and transportation, quality assurance and quality control, allowing companies to make decisions based on total cost of ownership.
- Procurement >>>Project environment.
- Supply >>>Manufacturing environment.

By Prof. Dr. A.J. van Weele

Two leading conditions and considerations

- IFPSM strongly advocates the principle of “total lifecycle cost” to be fully taken into account when practicing purchasing, procurement, supply and contracting.
- IFPSM firmly believes in the values often summarized under the heading “Corporate Social Responsibility”. IFPSM has underwritten the so called Ten Principles of the UN Global Compact and we recommend Associations worldwide do like wise.

The Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights](#)
- [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [The Rio Declaration on Environment and Development](#)
- [The United Nations Convention Against Corruption](#)

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

The Ten Principles – Human Rights

- Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

- Principle 2:

Make sure that they are not complicit in human rights abuses.

The Ten Principles - Labour

- [Principle 3:](#)

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

- [Principle 4:](#)

The elimination of all forms of forced and compulsory labour;

- [Principle 5:](#)

The effective abolition of child labour; and

- [Principle 6:](#)

The elimination of discrimination in respect of employment and occupation.

The Ten Principles - Environment

- Principle 7:

Businesses should support a precautionary approach to environmental challenges;

- Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

- Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

The Ten Principles – Anti-Corruption

- Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.