



شركة أبو عنزة العالمية
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Procurement Overview



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Effective procurement is essential in any business, as all businesses need to master the procurement process. This section will help you understand the activities related to suppliers and procurement processes within the framework of running a small business.



Procurement Overview

Procurement is defined as obtaining goods and services that enable a business to manufacture a product or provide a specific service. Procurement is essential to ensure that you have the right quantities of raw materials, the right equipment and the right inventory to run your business in the right way.

What is the Procurement?



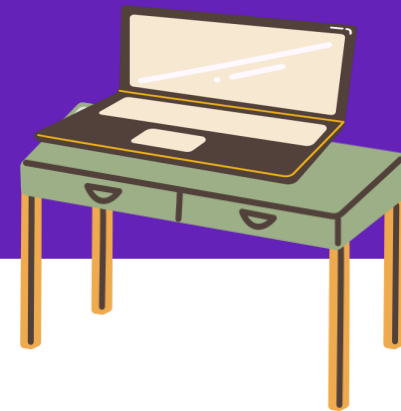
What should my business buy?

There are four categories of products and services that a company purchases:



Operational facilities, goods, and services

These are all services and goods necessary for the purposes of daily business operation .



Equipment

It is all the equipment, tools, office furniture and other products necessary to operate the business. These products are generally used for a long time and are not changed frequently.



Raw Materials

These are all the materials and skills that contribute to the manufacture of your company's products.



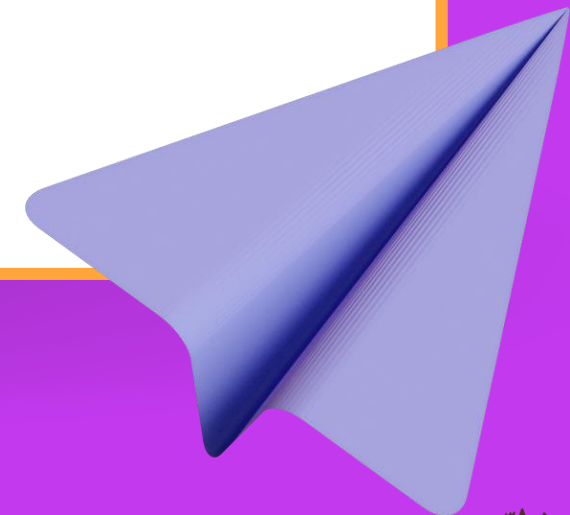
Finished Goods

If you are a wholesaler or retailer, you will likely buy finished goods made by other companies for resale.

There are several questions you must answer for any business:



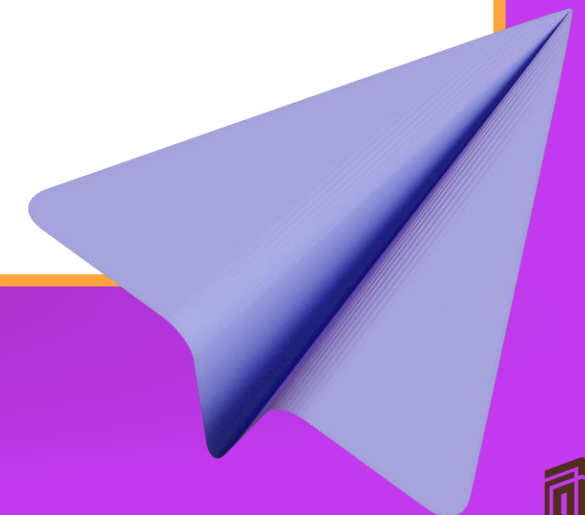
- What is the message you want to deliver to your target buyers? How will you present your business or products so that others feel unique, in ways that are of interest to these buyers?
- What is your distribution strategy? How will you deliver your products or services to the clients?



How do I determine my procurement needs?



In order to make a successful procurement, you need to know as much as possible about what your customers want to buy from you. Accordingly, determine your needs in terms of equipment, services, final goods, and/or raw materials needed to run your business and satisfy your customers. This will enable you to answer the following questions



How do I determine my procurement needs?

What are my necessary business needs of goods, services, materials and equipment?

What quantities do I need?

What is the amount that my company can pay and that the customer wants to pay?

When do I need these products and services?

When can I pay for these products and services?



How do I choose suppliers for my business?



✓ Select Suppliers:

Get information about the available suppliers and who you can reach: You can consult friends, co-workers, relatives, associations, and others for a list of suppliers. You should review the lists of suppliers for your business to get the rest of them, and you should ask the following when a supplier is recommended:

- What specific items, goods, services, materials and equipment does the supplier provide?
- What prices, discounts and sale on deferred payment can you expect from that supplier?
- What are this supplier's terms of delivery of goods?
- Is this supplier reliable? (reputation, sources, accreditations, certificates)



✓ Suppliers Evaluation:

Communicate formally with all suppliers. You can visit or contact, via phone or mail, any of the suppliers in order to obtain the following information:

- What are the different types of goods, services, materials and equipment they provide?
- Prices and payment terms?
- Terms of delivery?
- What is the minimum quantity you can order?



✓ Choose the Best Supplier(s):

Summarize and document the results of your evaluation in a formal report for future reference. Assign a score for each supplier and include all those who passed the pass mark in the list of approved suppliers as the best suppliers for your business.

Each year, re-evaluate the suppliers of your business who are included in the list to verify that their performance was consistent throughout the year. If you find that the performance of a supplier is no longer fits your business needs, warn him and if he does not comply accordingly, you should remove him from the list of suppliers.

How can I purchase goods?

You need to follow these steps to make a successful purchase:

- **Submit a purchase order to one or more suppliers for each product or group of products you intend to purchase.**
- **Ask them to provide you with a written quote in their response to your purchase request.**
- **Compare prices to see exactly what each supplier offers. It is recommended here to write down the prices of all suppliers on one sheet for comparison purpose.**
- **Decide what is the most important to your business such as price, discount, credit, delivery terms, quality, and more.**
- **Try to negotiate these aspects with the suppliers.**
- **Choose the best quote and place your order in writing.**
- **Always make sure that you do not depend on a single supplier, and maintain a good relationship (partnership-like) with all suppliers for your business.**



Receiving the Goods:



- Inspect the goods upon arrival. Check the quality and quantities for comparison with each of your purchase orders and with the delivery statement or invoice sent by the supplier with the goods.
- Make sure that the invoice is correct, especially if you have received everything you paid for and that the total prices are correct. It is recommended, if possible, to document the verification of the goods received.
- Always make sure after payment that you get a receipt proving that you have paid the required amount.