

Activity 1.1

The terms 'procurement', 'purchasing' and 'supply management' are often used interchangeably to refer to the integration of related functions to provide effective and efficient materials and services to an organisation.

For the purpose of this course, the term 'procurement' is used in place of the term 'purchasing and supply management', which implies the acquisition of goods and services in return for a monetary or equivalent payment. The term 'procurement' as it is used in the course is the process of obtaining goods or services in any way, including borrowing, leasing, force or pillage, in a wider context of supply management relevant to today's business practices.

Procurement encompasses supplier management. Supplier management is that aspect of procurement concerned with rationalising the supplier base and selecting, coordinating, appraising the performance of and developing the potential of suppliers and, where appropriate, building long-term collaborative relationships. Supplier management is a more strategic and cross-functional activity than purchasing, which is transactional and commercially biased.