

Activity 3.6

You can increase expenditure on an item by:

1. Reducing unnecessary variety in specifications of both goods and services through internal standardisation
2. Grouping as many items as possible
3. Making sure that any requirements that are common to more than one site or one group of users are added together and offered to the supply market as a single package
4. Collaborating with other companies to form purchasing consortium

Supply risk can be reduced by:

1. Working with engineers and suppliers to try to eliminate or reduce causes of risk from the specifications (through standards, available substitute products or alternative designs)
2. Internal standardisation of purchases to avoid excessive diversification or fragmentation
3. Undertake an in-depth supply market analysis to identify additional sources of supply