

27

PROCUREMENT DEFINITIONS

YOU NEED TO KNOW AS A PROCUREMENT PRO



SOURCING

**THE PROCESS OF IDENTIFYING
POTENTIAL SUPPLIERS OR VENDORS
FROM WHICH GOODS OR SERVICES CAN
BE PURCHASED.**

STRATEGIC SOURCING

STRATEGIC SOURCING IS ABOUT SMART PROCUREMENT. YOU NEED A PLAN TO GET THE BEST VALUE FOR YOUR MONEY THAT ALIGNS WITH YOUR ORGANISATION'S LONG-TERM GOALS.

IT'S AN ONGOING PROCESS THAT REQUIRES CONSTANT MARKET MONITORING AND EVALUATION TO STAY COMPETITIVE.

PURCHASING

**THE PROCESS OF ACQUIRING GOODS OR
SERVICES FROM A SUPPLIER OR VENDOR.**

TENDER

A FORMAL, STRUCTURED PROCESS FOR INVITING SUPPLIERS OR VENDORS TO SUBMIT A PROPOSAL OR BID TO PROVIDE A SPECIFIC PRODUCT OR SERVICE.

USED IN PUBLIC SECTOR PROCUREMENT.

REQUEST FOR INFORMATION

**USED TO GATHER INFORMATION ABOUT
POTENTIAL SUPPLIERS OR VENDORS**

REQUEST FOR QUOTATION

**USED TO SOLICIT A FORMAL QUOTE FROM
A SUPPLIER OR VENDOR.**

REQUEST FOR PROPOSAL

**USED TO SOLICIT A FORMAL PROPOSAL
FROM A SUPPLIER OR VENDOR. USUALLY
AN OUTCOME BASED SPECIFICATION.**

SINGLE SOURCE

A SOURCING APPROACH IN WHICH AN ORGANISATION PURCHASES ALL OF ITS GOODS OR SERVICES FROM A SINGLE SUPPLIER OR VENDOR.

SOLE SOURCE

A SOURCING APPROACH IN WHICH AN ORGANISATION PURCHASES GOODS OR SERVICES FROM A SINGLE SUPPLIER OR VENDOR BECAUSE THEY ARE THE ONLY ONE THAT CAN PROVIDE THE REQUIRED PRODUCT OR SERVICE.

SUPPLIER ONBOARDING

**PROCESS OF BRINGING A NEW SUPPLIER
OR VENDOR INTO AN ORGANISATION,
INCLUDING TASKS SUCH AS DUE
DILIGENCE, CONTRACT NEGOTIATION,
AND SETTING UP COMMUNICATION
CHANNELS.**

CONTRACT MANAGEMENT

**THE PROCESS OF MANAGING CONTRACTS
WITH SUPPLIERS OR VENDORS. INCLUDES
PRE-SIGNATURE AND POST-SIGNATURE
CONTRACT MANAGEMENT ACTIVITIES.**

SUPPLIER RELATIONSHIP MANAGEMENT

**THE PROCESS OF BUILDING AND
MAINTAINING POSITIVE RELATIONSHIPS
WITH SUPPLIERS OR VENDORS.**

**A FOCUS ON PARTNERING WITH THE MOST
STRATEGIC SUPPLIERS YOU ARE
ENGAGED WITH.**

THIRD PARTY RISK MANAGEMENT

**THE PROCESS OF IDENTIFYING,
ASSESSING, AND MITIGATING RISKS
ASSOCIATED WITH WORKING WITH
THIRD-PARTY SUPPLIERS OR VENDORS.**

WIN-WIN NEGOTIATION

**A NEGOTIATION APPROACH IN WHICH
BOTH PARTIES WORK TOGETHER TO FIND
A SOLUTION THAT BENEFITS THEM BOTH.**

SUSTAINABILITY

**THE PRACTICE OF MEETING THE NEEDS
OF THE PRESENT WITHOUT
COMPROMISING THE ABILITY OF FUTURE
GENERATIONS TO MEET THEIR OWN
NEEDS.**

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

**FACTORS USED TO EVALUATE A
COMPANY'S SUSTAINABILITY AND
ETHICAL PRACTICES.**

**INCLUDES ELEMENTS SUCH AS SCOPE 3,
EQUALITY OF PAY, AND MODERN
SLAVERY.**

PROCUREMENT DINOSAUR

**A PERSON OR ORGANISATION THAT IS
RESISTANT TO CHANGE AND INNOVATION
IN THE PROCUREMENT INDUSTRY.**

CONTENT IN THE OLD WAYS...

DESTINED TO BE FOSSILISED.

SUBCONTRACT MANAGEMENT

**THE PROCESS OF MANAGING CONTRACTS
WITH SUBCONTRACTORS, INCLUDING
TASKS SUCH AS NEGOTIATION, DRAFTING,
FLOW DOWN TERMS, REVIEW, AND
EXECUTION.**

SUPPLY CHAIN TRANSPARENCY

**THE PRACTICE OF MAKING INFORMATION
ABOUT A COMPANY'S SUPPLY CHAIN
AVAILABLE TO STAKEHOLDERS,
INCLUDING CUSTOMERS, EMPLOYEES,
AND INVESTORS.**

INCOTERMS

**STANDARDISED TERMS USED IN
INTERNATIONAL TRADE TO DEFINE THE
RESPONSIBILITIES OF BUYERS AND
SELLERS.**

CATEGORY MANAGEMENT

THE PROCESS OF GROUPING GOODS OR SERVICES INTO CATEGORIES BASED ON SHARED CHARACTERISTICS, AND MANAGING THOSE CATEGORIES AS INDIVIDUAL UNITS.

CONTRACT REVIEWS

**THE PROCESS OF REVIEWING CONTRACTS
WITH SUPPLIERS OR VENDORS TO
ENSURE THAT THEY ARE COMPLETE,
WITHIN YOUR RISK TOLERANCE, LEGAL,
AND ACCURATE.**

CONTRACT EXECUTION

**THE PROCESS OF SIGNING AND
FINALISING A CONTRACT WITH A
SUPPLIER OR VENDOR.**

CONTRACT REDLINES

**THE PROCESS OF MARKING UP A CONTRACT
WITH SUGGESTED CHANGES OR
REVISIONS.**

**TRADITIONALLY DONE USING A RED PEN
PRIOR TO THE USE OF WORD AND GOOGLE
DOCS.**

SUPPLIER PERFORMANCE MANAGEMENT

**THE PROCESS OF MEASURING AND
EVALUATING THE PERFORMANCE OF
SUPPLIERS OR VENDORS AGAINST
ESTABLISHED CRITERIA.**

ANYTHING YOU WISH I HAD INCLUDED?

LET ME KNOW IN THE COMMENTS.



THANKS FOR READING, LEGENDS

**LET ME KNOW YOUR THOUGHTS IN THE
COMMENTS OR GIVE THIS A REPOST SO YOUR
NETWORK CAN GET THESE INSIGHTS**