

Willi Darr

*Advanced Issues of
Procurement Management*



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Preface

This book reasons, discusses and delves deeper into specific problems of procurement management. Therefore, the title “Advanced Issues of Procurement Management” was chosen.

Key aspects of the procurement management are presented for advanced students, meaning interested students in the main course or in the master’s degree study as well as for practitioners bearing responsibility.

At the beginning, the conception concerning the spectrum of procurement services is outlined, without which a management is not feasible. Based on this, the importance, in particular the strategic importance of procurement within the corporate governance is discussed. Much emphasis is subsequently put on the topic of supplier management, more precisely on the discussion about the evaluation, the relation and the selection. Obligatory modules of procurement management are the topics risk and compliance management and negotiation. They warrant a profound discussion. High attention is given to the chapters “Strategies of Procurement - Procurement Strategies” and “Procurement Controlling”. They holistically unite the philosophy about sustainable procurement management.

In each chapter, introductory and further literature references are provided for interested readers.

I would like to express my special thanks to Carolin Ruppert and Florian Stöfer for providing their continuous support in translating this book. Their work and contributions have always been appreciated.

Finally, I wish all interested persons lots of fun and helpful insights into their own conceptional thoughts concerning procurement.

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1. Procurement Services

a. Short Introduction

At the beginning of the specific discussion “procurement services”, the basic aspects to be presupposed are presented in the form of a list:

- The terms procurement, real net input ratio and real net output ratio,
- the terms logistics, production, marketing/sales, controlling,
- the term supply chain,
- the order cycle (purchase cycle) with its elements,
- the Order Penetration Point (OPP),
- the principal thoughts of “pull” and “push”,
- the possible types of purchase objects,
- the individual steps of the procurement processes,
- the individual responsibilities of the strategic and operational procurement management, and
- the strategic and operational objectives of the procurement management.

As introductory literature Darr (2013, 2017b), Johnson/Leenders/Flynn (2011), Krampf (2014), Large (2009), Lysons/Farrington (2012) and van Weele (2014) are recommended.

In the following section, a short explanation of the terms “real net input ratio” and “real net output ratio” will be given. The term real net input ratio stands for the proportion of purchased items of the total value added. Real net output ratio describes the proportion of the internal production of the