Professional Certificate in Purchasing, Supplier Management And Negotiation

Purchasing Fundamentals

Accounting principle refers to the rules and guidelines that govern financial reporting and accounting practices, such as accrual accounting, depreciation, and revenue recognition, which are essential in purchasing fundamentals as they impact financial decisions and budgeting. Related terms include financial management, budgeting, and cost accounting.

Auctions are a type of purchasing method where suppliers compete to offer the best price for a product or service, often used in purchasing scenarios where the requirements are well-defined and the market is competitive. Related terms include tendering, bidding, and reverse auctions.

Benchmarking is the process of comparing and evaluating an organization's performance against that of its competitors or industry leaders, often used in purchasing to identify areas for improvement and optimization of purchasing processes. Related terms include best practices, performance metrics, and continuous improvement.

Best value refers to the optimal combination of quality, price, and service that meets an organization's needs and expectations, often used in purchasing decisions to evaluate and select suppliers. Related terms include total cost of ownership, life cycle costing, and cost benefit analysis.

Budgeting is the process of planning and managing an organization's financial resources, including the allocation of funds for purchasing activities and expenses, which is essential in purchasing fundamentals as it influences purchasing decisions and strategies. Related terms include financial planning, cost estimation, and expense management.

Category management refers to the process of segmenting and managing an organization's spend into distinct categories of products or services, often used in purchasing to optimize and streamline purchasing processes. Related terms include supplier management, contract management, and strategic sourcing.

Certification refers to the process of verifying and validating a supplier's compliance with specific standards or requirements, such as ISO 9001 or environmental certification, which is often used in purchasing to ensure and mitigate risks. Related terms include qualification, evaluation, and assessment.

Commodity management refers to the process of managing and optimizing the purchase of commodities such as raw materials, energy, or agricultural products, often used in purchasing to reduce and mitigate risks associated with price volatility. Related terms include hedging, risk management, and supply chain management.

Contract management refers to the process of creating, negotiating, and managing contracts with suppliers, which is essential in purchasing fundamentals as it outlines and defines the terms and conditions of the agreement. Related terms include contract law, negotiation, and dispute resolution.

Cost analysis refers to the process of evaluating and comparing the costs of different products or services, often used in purchasing decisions to identify and select the most cost effective option.

Cost benefit analysis refers to the process of evaluating and comparing the costs and benefits of a particular product or service, often used in purchasing decisions to identify and select the most cost effective option. Related terms include cost analysis, return on investment, and value for money.

Data analysis refers to the process of examining and interpreting data to identify trends, patterns, and insights that can inform purchasing decisions and strategies, which is essential in purchasing fundamentals as it enables and supports data-driven decision making. Related terms include data mining, business intelligence, and predictive analytics.

Database management refers to the process of creating, maintaining, and managing databases that store information about suppliers, products, and services, which is essential in purchasing fundamentals as it supports and enables the management of purchasing data and information. Related terms include data warehousing, data governance, and information management.

Demand management refers to the process of managing and optimizing the demand for products or services, often used in purchasing to reduce and mitigate risks associated with supply chain disruptions. Related terms include forecasting, inventory management, and supply chain optimization.

E-auction refers to an online auction where suppliers compete to offer the best price for a product or service, often used in purchasing scenarios where the requirements are well-defined and the market is competitive. Related terms include reverse auction, online bidding, and electronic sourcing.

E-procurement refers to the use of electronic systems and tools to facilitate and manage purchasing processes, such as online catalogs, e-auctions, and electronic invoicing. Related terms include digital procurement, online sourcing, and electronic contract management.

Environmental management refers to the process of managing and reducing the environmental impact of an organization's operations and supply chain, which is essential in purchasing fundamentals as it supports and enables sustainable and responsible purchasing practices. Related terms include green procurement, sustainable sourcing, and corporate social responsibility.

Forecasting refers to the process of predicting and estimating future demand for products or services, often used in purchasing to inform and support purchasing decisions and strategies. Related terms include demand planning, sales forecasting, and inventory management.

Global sourcing refers to the process of sourcing products or services from global suppliers, often used in purchasing to access and leverage global markets and suppliers. Related terms include international sourcing, offshore sourcing, and global supply chain management.

Invoicing refers to the process of creating and managing invoices for products or services purchased, which is essential in purchasing fundamentals as it supports and enables the management of purchasing transactions and payments. Related terms include electronic invoicing, invoice processing, and payment terms.

Inventory management refers to the process of managing and optimizing the inventory of products or materials, often used in purchasing to reduce and mitigate risks associated with inventory obsolescence and stockouts. Related terms include just in time inventory, vendor managed inventory, and supply chain optimization.

ISO 9001 refers to an international standard for quality management systems, often used in purchasing to ensure and verify a supplier's compliance with quality standards. Related terms include quality management, certification, and auditing.

Just in time refers to an inventory management system where products or materials are delivered just in time to meet demand, often used in purchasing to reduce and minimize inventory costs and risks. Related terms include just in time production, lean manufacturing, and supply chain optimization.

Life cycle costing refers to the process of evaluating and comparing the costs of a product or service over its entire life cycle, often used in purchasing decisions to identify and select the most cost effective option. Related terms include total cost of ownership, cost benefit analysis, and value for money.

Make or buy refers to a decision made by an organization to either manufacture a product or service in-house or purchase it from an external supplier, often used in purchasing to evaluate and compare the costs and benefits of each option. Related terms include outsourcing, insourcing, and strategic sourcing.

Market research refers to the process of gathering and analyzing data about markets, customers, and competitors, often used in purchasing to inform and support purchasing decisions and strategies. Related terms include market analysis, competitor analysis, and customer research.

Negotiation refers to the process of communicating and agreeing on the terms and conditions of a contract or agreement with a supplier, which is essential in purchasing fundamentals as it enables and supports the management of purchasing relationships and transactions. Related terms include contract negotiation, price negotiation, and relationship building.

Offshoring refers to the process of outsourcing products or services to suppliers in other countries, often used in purchasing to access and leverage global markets and suppliers. Related terms include global sourcing, outsourcing, and international trade.

Outsourcing refers to the process of contracting with an external supplier to provide a product or service, often used in purchasing to access and leverage specialized expertise and capabilities. Related terms include offshoring, insourcing, and strategic sourcing.

Payment terms refer to the conditions under which a buyer pays for a product or service, including the method of payment, timing, and amount, which is essential in purchasing fundamentals as it influences and impacts purchasing decisions and strategies. Related terms include invoicing, invoice processing, and cash flow management.

Price analysis refers to the process of evaluating and comparing the prices of different products or services, often used in purchasing decisions to identify and select the most cost effective option. Related terms include cost analysis, value for money, and total cost of ownership.

Procurement refers to the process of acquiring goods, works, and services, which is essential in purchasing fundamentals as it enables and supports the management of purchasing transactions and relationships. Related terms include purchasing, sourcing, and supply chain management.

Quality management refers to the process of planning, organizing, and controlling the quality of products or services, which is essential in purchasing fundamentals as it supports and enables the management of purchasing quality and standards. Related terms include quality control, quality assurance, and total quality management.

Request for information refers to a document or communication used to gather information from suppliers about their products or services, often used in purchasing to inform and support purchasing decisions and strategies. Related terms include request for quotation, request for proposal, and tender document.

Request for quotation refers to a document or communication used to gather prices and other information from suppliers about their products or services, often used in purchasing to evaluate and compare the costs and benefits of different options. Related terms include request for information, request for proposal, and tender document.

Request for proposal refers to a document or communication used to gather proposals and other information from suppliers about their products or services, often used in purchasing to evaluate and compare the costs and benefits of different options. Related terms include request for information, request for quotation, and tender document.

Return on investment refers to the return or profit generated by an investment, often used in purchasing to evaluate and compare the costs and benefits of different options. Related terms include cost benefit analysis, value for money, and total cost of ownership.

Risk management refers to the process of identifying, assessing, and mitigating risks associated with purchasing transactions and relationships, which is essential in purchasing fundamentals as it enables and supports the management of purchasing risk and uncertainty. Related terms include risk assessment, risk mitigation, and supply chain risk management.

Sourcing refers to the process of finding and selecting suppliers of products or services, which is essential in purchasing fundamentals as it enables and supports the management of purchasing transactions and relationships. Related terms include procurement, purchasing, and supply chain management.

Specification refers to a document or description of the requirements for a product or service, often used in purchasing to communicate and clarify the needs and expectations of the buyer. Related terms include technical specification, functional specification, and performance specification.

Strategic sourcing refers to the process of planning and managing the sourcing of products or services to achieve long-term goals and objectives, often used in purchasing to optimize and improve purchasing performance and results. Related terms include category management, supplier management, and supply chain optimization.

Supplier development refers to the process of working with suppliers to improve their performance and capabilities, often used in purchasing to enhance and optimize purchasing relationships and results. Related terms include supplier management, supplier evaluation, and supplier selection.

Supplier management refers to the process of planning, organizing, and controlling the activities and performance of suppliers, which is essential in purchasing fundamentals as it enables and supports the management of purchasing relationships and transactions. Related terms include supplier development, supplier evaluation, and supplier selection.

Supply chain management refers to the process of planning, organizing, and controlling the flow of goods, services, and information from raw materials to end customers, which is essential in purchasing fundamentals as it enables and supports the management of purchasing transactions and relationships. Related terms include logistics management, inventory management, and transportation management.

Sustainable sourcing refers to the process of sourcing products or services in a way that minimizes harm to the environment and society, often used in purchasing to support and enable sustainable and responsible purchasing practices. Related terms include green procurement, environmental sustainability, and corporate social responsibility.

Tender refers to a formal invitation to suppliers to submit a bid or proposal for a product or service, often used in purchasing to evaluate and compare the costs and benefits of different options.

Total cost of ownership refers to the total cost of acquiring, owning, and maintaining a product or service, often used in purchasing decisions to evaluate and compare the costs and benefits of different options. Related terms include life cycle costing, cost benefit analysis, and value for money.

Value for money refers to the value or benefit that a product or service provides in relation to its cost, often used in purchasing decisions to evaluate and compare the costs and benefits of different options. Related terms include cost benefit analysis, return on investment, and total cost of ownership.

Vendor managed inventory refers to an inventory management system where the supplier manages and maintains the inventory of products or materials, often used in purchasing to reduce and minimize inventory costs and risks. Related terms include just in time inventory, inventory optimization, and supply chain optimization.