

Purchasing

The Best Buys with proALPHA® in the Global Marketplace

Inevitably, the effects of vertical integration and the decision of many firms to invest in knowledge intensive operations and core competencies, lead to an increase in purchasing activity. Simultaneously, the number of potential providers of goods and services has risen dramatically with the globalisation of the purchasing market. Quality, on time with minimum cost is now the decisive factor when selecting a supplier. The achievement of business goals can therefore be influenced largely by the use of flexible and reliable procurement practices.

proALPHA Purchasing provides the complete range of functions needed: from choosing a supplier, placing and tracking orders, to delivery receipt and the accompanying accounting controls. In addition, the many different activities surrounding returned shipments are supported - including the creation of debit memos.

Purchase Conditions - As Varied as the Number of Possible Sources

The duties of a buyer require, on the one hand, the management of complex, long-term agreements and on the other; they must procure a wide and ever changing range of component parts and raw material at short notice. The outsourcing of all component stocks is becoming increasingly common, often while manufacturing in-house produced parts as well; proALPHA Purchasing is the ideal tool for such tasks.

Prices and discounts are generally associated with three characteristics: they remain in effect for a specific period; they are generally priced within ranges of quantities; and, they must be listed in multiple foreign currencies. They are normally related either to purchase order quantities or a total weight. In addition to user defined units of price, proALPHA recognises multiple fixed and percentage discounts and mark ups.

The administration of these highly variable purchase conditions within proALPHA is exceptionally good due to the control of delivery and payment terms, minimum order quantities and values or, scheduled delivery times. This high standard of functionality provides all that is necessary to process fully and accurately general contracts and single delivery calls.

Enquiries - Searching for the Best Deal

The rapidly developing, global, supply market forces an organisation to continuously search for top quality goods and services, that are low cost and obtainable at short notice. The proALPHA Enquiry system not only generates the Enquiries, but assists in the selection of an appropriate supplier.

Enquiries are prepared either automatically or manually using information from the initial purchase requisitions and are sent directly to potential suppliers. Subsequently, incoming offers are reviewed and compared to each other. The buyer then, after consideration of all decision criteria, selects the best from all offers received; or, may split the selection between several suppliers so that, for example, the most economical supplier wins the main shipment and, a portion of the total amount is awarded to the supplier with the fastest delivery time to cover a short-term requirement.

Convenient Ordering and Reliable Monitoring

In addition to manual order preparation and the use of information from the enquiries, it is also possible to generate purchase orders automatically. In either case, proALPHA finds the best terms every time. Buyers have all decision-making information, such as price and discount ranges, management data, commitments, and credit limits available to them. Alternative billing and ordering addresses can be entered just as easily as different delivery addresses. In the case of drop shipments, a customer order can be processed as a direct delivery shipment to an onward shipping agent. Unique or intermittently occurring business situations can be quickly resolved with the help of "miscellaneous" items and suppliers.

proALPHA's Forms Builder makes it easy to design a variety of alternative order documents. In addition to mail, it is possible to place an order via EDI or FAX the document from within the system. The most advanced method guarantees data integrity and uses the Internet Transaction Processing Function (ITP) available in proALPHA; for example, a user can have direct data access to the inventory management system of a supplier and check the availability of an item.

The balance between demand requirements and on hand coverage is continuously monitored by a central inventory planning account. Every purchase order is reflected in the planning account by quantity and date as coverage for that demand item. If an order acknowledgment date deviates from the ordering date, the account is immediately updated with its new value.

The proALPHA Order Monitoring System is focussed on ensuring that scheduled dates are met and provides an evaluation of suppliers based on their record, over time, of meeting the schedule. In addition to identifying outstanding acknowledgments, the system generates preventative late notices and, if a scheduled date is missed, the necessary warning.

Receiving, Quality Control and Return Shipments

Any receiving activity is tied automatically to order monitoring and inventory control. Goods received are directed either to a quality assurance department or to a final storage area. The user can control which products are to undergo special release procedures after successful acceptance checks. Faulty goods can be sent back to the correct supplier directly from the quality assurance department or from any other warehouse activity; proALPHA generates the appropriate shipping papers and monitors the open entry for the return voucher.

All deliveries can be reconciled by referencing the goods received back to an open purchase order or returned shipment. Any differences in quantity or weight can be readily identified. When items, that are urgently needed to complete a high priority order, are contained in an incoming shipment, proALPHA recommends the best way to allocate the shipment. The accompanying disposition documents prepared by the proALPHA Forms Builder, contain all the necessary information for shipping and warehousing personnel, even for immediate action requests.

Keeping Suppliers on their toes - Control of Accounts

The organisational activities and procedures for purchasing, receiving, and invoice control exhibit similarities and differences with finance and accounting. The close contact between our experienced organisational consultants and our customers has introduced a real world influence in the development of the standard proALPHA.

The accounting system checks, separately from the operational processes, for agreement among the purchase orders, deliveries, on hand acceptance vouchers and credit slips. The user decides the extent, to which discrepancies in quantity, schedule, or other terms will be acceptable. If he or she decides on a zero tolerance level, a debit memo is automatically generated.

Buyers for multi-national companies have learned to appreciate tools that support the management of foreign currencies. With business activities spanning international borders, the multi-currency capability found in proALPHA can be extremely useful. Any number of foreign currencies per supplier account can be managed. To utilise sanity checks during data entry, a user can always switch between native and foreign currencies.

Substantial streamlining of purchasing related processes can be realised through the high degree of integration provided by proALPHA. When a purchasing transaction is completed, all departments and activities outside purchasing are co-ordinated. In this way, any deviation between an agreed purchase price and the invoice price is reconciled; payment can be authorised and, the appropriate cost centre debited with the costs of the item.

Knowledge is Power - About Suppliers, Products, and More

To present all business data in a way that meets the information needs of the user through a consistent and intuitively friendly user interface - that was the maxim followed in the development of the proALPHA Information and Controlling system. Information that contains more and more detail can be obtained using the drill down capabilities of its multi-layered presentation.

There are no limits to the information possibilities about suppliers, products, or product groups: Who supplies what with which terms? How much of what was ordered in the last 18 months from which supplier? Where does the record of purchases and receipt documents in an archived account stand? Has the enquiry already been sent out for a particular item and which supplier has not yet responded? The proALPHA Information and Controlling System responds quickly and thoroughly to all these and many, many other questions.