1. Private enterprises:

The importance of SMEs…

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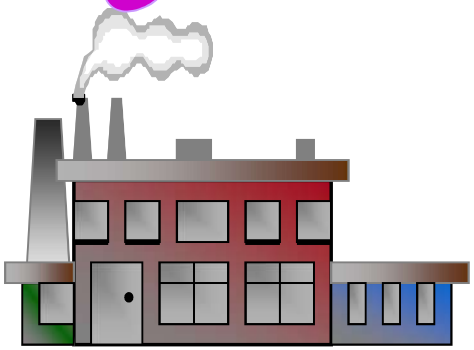
Page 2 of 24

SME



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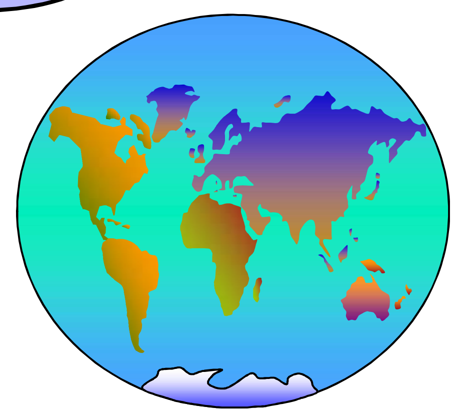
represent more than half of GDP and half of employment worldwide



1. Private enterprises:
P&S in Multinationals

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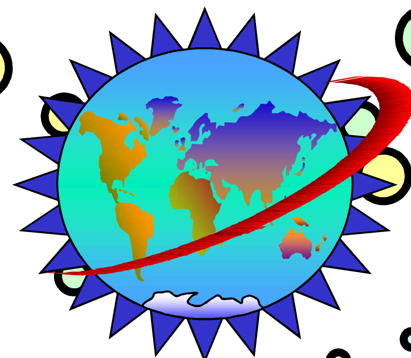
Page 8 of 24

P&S strategies & policies

Leverage due to high volumes & reputation



IT support systems

Optimal order quantities

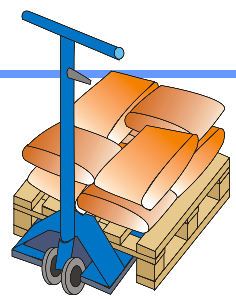
Well developed P&S function

Specialist P&S staff

P&S in different sectors

Primary sector

- Purchase of maintenance, repair and operation (MRO) items
- Large size of certain plant and machinery
- Highly specialized
- Operational supplies



Secondary sector

- Supply of components and materials to the production line
- Purchasing and supply function fundamentally important to most manufacturing firms
- Focus = continuity of supply
- Capital equipment for utilities...

Tertiary (services) sector

- Importers, wholesalers, retail = P&S critical
- Banking, logistics, repair & maintenance, communications, tourism & travel, consultancy….. = importance of P&S varies

P&S is also affected by the rate of change in market conditions and in technological developments

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Page 19 of 24

Key differences amongst different types of organisations

Figure 2.4-1

Feature	Private	Public	Non-profit
Control	Individuals and other enterprises	Government	Individuals and organisations
Funding	Shareholders and accumulated profit	Taxation, grants, public debt and fees for services	Sponsors (grants, donations), members and fees for services
Prime goal	Typically, to optimise profit	Typically, the effective and efficient provision of public services	A belief, value, ideology or service to be provided
Accountability	To shareholders	To the public	To sponsors or members
Competition	Typically yes	Typically no	Generally not relevant
Constraints	The law (in general) Any self-imposed constraints	The law (in general) Laws, regulations and procedures applicable to the public sector Changes in government policy / politics	The law (in general) Major sponsors may impose constraints Any self-imposed constraints

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Page 21 of 24