

ELEMENTS OF SUPPLY CHAIN MANAGEMENT

DEMAND MANAGEMENT

Demand Management includes the following activities:-

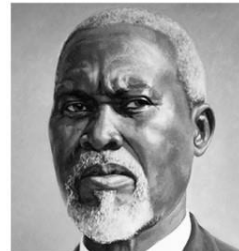
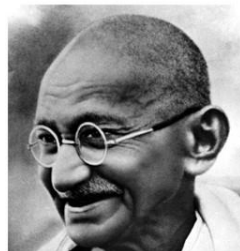
- Understanding future needs;
- Identifying critical delivery dates;
- Identifying the frequency of need;
- Linking the requirement to the budget;
- Analysing expenditure based on past spend patterns and future needs;
- Determining the specifications;
- Conducting a commodity analysis and checking for alternatives at least in case of strategic purchases;
- Conducting an industry analysis in case of strategic purchases.



DEMAND MANAGEMENT

If you fail to plan, you plan to fail.

The more the organisation **integrates this element of SCM into the overall strategic management process**, the higher the overall success of supply chain management and other related activities.



DEMAND MANAGEMENT

- Include **timely planning and management processes**
- Consider benefits of **economies of scale** from repetitive bulk purchases
- Provide for the **compilation of the required specifications** to ensure that needs are met.
- Include **industry analysis and research** to maximise on innovations and technology

ACQUISITION MANAGEMENT

Acquisition Management involves the management of procurement by the municipality or municipal entity in order to ensure that:

- Goods and services are procured in accordance with authorized processes only;
- b) Expenditure on goods and services is incurred in terms of an approved budget;
- c) The threshold values for the different procurement processes are adhered to;
- d) Bid documentation, evaluation and adjudication criteria and general conditions of contract are in accordance with applicable legislation;
- e) Treasury regulations and guidelines have been taken into account and adhered to.
- a) Compile bid documentation including evaluation criteria;
- b) Evaluate bids in accordance with published criteria;
- c) Ensure proper contract documentation is signed.

ACQUISITION MANAGEMENT

Acquisition Management involves the implementation of the outcomes of the Demand Management Phase through the processes involved in procurement of the purchases and includes: -

- applying the preferential procurement policy objectives in relation to the purchase;
- market analysis;
- applying the appropriate sourcing strategy;
- compilation of the relevant procurement document/s;
- evaluation, recommendation and awarding; and
- contract administration.

DEMAND MANAGEMENT

Goods and services to be procured;-

b) Method of Procurement;

c) Timelines to execute the procurement action;

d) Estimated value including all applicable taxes;

e) Confirmation that funds are available; and

f) The responsible office or regional office.

CONTRACT MANAGEMENT

“Contracts and contract management

116. (1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must-

(a) be in writing;

(b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for-

(i) the termination of the contract or agreement in the case of non- or under-performance;

(ii) dispute resolution mechanisms to settle disputes between the parties;

(iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and

(iv) any other matters that may be prescribed.

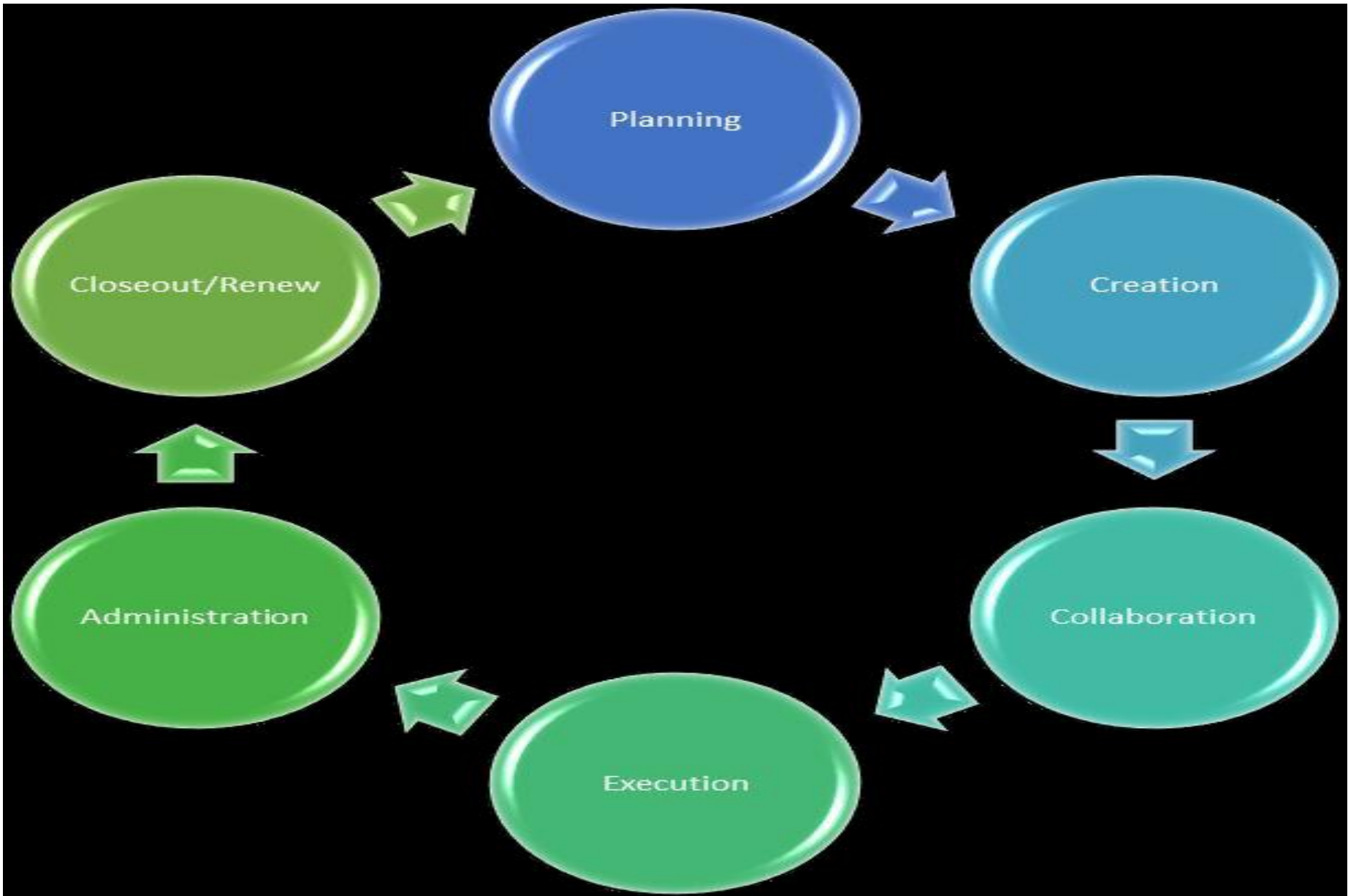
(2) The accounting officer of a municipality or municipal entity must-

(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;

(b) monitor on a monthly basis the performance of the contractor under the contract or agreement;

(c) establish capacity in the administration of the municipality or municipal entity-

CONTRACT MANAGEMENT



CONTRACT MANAGEMENT

The Planning phase includes strategic planning, procurement planning and budgeting for contracts.

The Creation phase involves the awarding of a contract, administrative requirements such as the issuing of purchase orders and requisitions, the opening of the contract file and the preparation of the written contract.

The close-out or where applicable, renewal phase, involves a review of the contract, which, very importantly, will consider the goods/services/works that were actually delivered as against the contract value, approved budget and procurement plan.

It will further inform decisions in relation to future budgets, alternative procurement methods or strategies, risks and, the continued relationship and/or any future relationship with a service provider.

CONTRACT MANAGEMENT

The Collaboration and Execution Phase activities include all those necessary for the conclusion and delivery of the written contract. They include ensuring any further detail required for day to day management of the contract is included (where necessary, first negotiated) in the written contract. The written contract must be formally concluded subject to any necessary formalities (only where applicable). The signed contract documents must be delivered to the representatives of each party and the Contract Management function of the Municipality must begin the process of document

POOR CONTRACT MNGT

- No review of current contracts in place.
- Contract price variations.
- Contracts extensions which may include price variations.
- Unnecessary procurement processes resulting in budget allocation for duplicated contracts.
- Poor specifications and/or terms of reference.

LOGISTICS MANAGEMENT

- This phase involves activities post-award and includes the manner in which goods and/or services are ordered, received and paid for, amongst others.
- It also involves contract administration through the requirement of the supplier performance management, document management and generally, overall management of the contract.

LOGISTICS MANAGEMENT

- Coding of Items
- Setting of Inventory Levels
- Placing of Orders
- Receiving and Distribution of Material
- Stores / Warehouse Management
- Expediting Orders
- Transportation Management
- Vendor Performance Management

DISPOSAL MANAGEMENT

Disposal Management relates to processes involved in disposing of assets no longer required.

Processes include:-

- identifying what to dispose, when and how;
- obsolescence planning;
- inspections for identifying potential re-use;
- determining the disposal strategy; and
- carrying out the disposal strategy.

THANK YOU

