

MODULE LOG2030: PURCHASING 2

Level: Intermediate

Theme: Purchasing

Prerequisite: LOG1040 Purchasing 1

Module Description: Students develop an understanding of the principles of locus of control, economies of scale, risk management, surface and hidden costs, tendering and procurement. Students also perform purchasing activities and address related factors, including budgets and inflation, within an organization's decision-making structure.

Module Parameters: Access to purchasing, warehousing and distributing facility.

Curriculum and Assessment Standards

Module Learner Expectations	Assessment Criteria and Conditions	Suggested Emphasis
<p><i>The student will:</i></p> <ul style="list-style-type: none"> • demonstrate functional knowledge of key principles of: <ul style="list-style-type: none"> – lines of authority – economy of scale – risk management – budgeting • distinguish between surface and hidden costs • demonstrate basic abilities relating to: <ul style="list-style-type: none"> – purchasing – decision making – tendering – procurement 	<p><i>Assessment of student achievement should be based on:</i></p> <ul style="list-style-type: none"> • preparation and presentation of a report on: <ul style="list-style-type: none"> – how the locus of control affects purchasing decisions – how the economy of scale principle can add value to the company – basic strategies used to manage and minimize risk – relationship between purchasing, budgeting, risk and inflation • explaining how total ownership costs and other costs affect purchasing decisions affecting best value • demonstrating ability to: <ul style="list-style-type: none"> – balance quality, time and cost – assist in preparing tenders – assist in writing specifications. <p><i>Assessment Tool</i> <i>LOG2030: Purchasing 2 Competency Profile and Assessment Checklist</i></p> <p><i>Standard</i> <i>A minimum performance rating of 2 for each applicable area of assessment</i></p>	<p>5</p> <p>5</p> <p>10</p> <p>10</p> <p>10</p> <p>10</p> <p>25</p> <p>25</p>

MODULE LOG2030: PURCHASING 2 (continued)

Module Learner Expectations	Assessment Criteria and Conditions	Suggested Emphasis
<p><i>The student will:</i></p> <ul style="list-style-type: none"> demonstrate basic competencies. 	<p><i>Assessment of student achievement should be based on:</i></p> <ul style="list-style-type: none"> observations of individual effort and interpersonal interaction during the learning process. <p><i>Assessment Tool</i> <i>Basic Competencies Reference Guide and any assessment tools noted above</i></p>	<p>Integrated throughout</p>

Concept	Specific Learner Expectations	Notes
<p>Lines of Authority</p>	<p><i>The student should:</i></p> <ul style="list-style-type: none"> define the term locus of control explain how the locus of control affects purchasing decisions identify and describe the lines of authority for the purchasing section of the organization operate efficiently and effectively within the identified lines of authority when assisting with purchasing activities. 	
<p>Economy of Scale</p>	<ul style="list-style-type: none"> define the term economy of scale explain how the use of the economy of scale principle adds value to a company list examples of an economy of scale in one or more purchasing activities. 	

MODULE LOG2030: PURCHASING 2 (continued)

Concept	Specific Learner Expectations	Notes
Risk Management	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • define the term risk management, including: <ul style="list-style-type: none"> – expense items – capital equipment – production materials • identify and describe the risks associated with purchasing decisions; e.g.: <ul style="list-style-type: none"> – company liability – personal liability – Workers’ Compensation Board (WCB) coverage • identify and chart lines of authority, responsibility and accountability in the risk management process • identify and describe basic strategies used to manage and minimize risk when purchasing decisions are made. 	<p>Risks, risk management and lines of authority may vary among different companies.</p>
Surface and Hidden Costs	<ul style="list-style-type: none"> • define and provide examples of: <ul style="list-style-type: none"> – surface and hidden costs – initial and lifetime costs • explain how total ownership costs and other costs affect purchasing decisions; e.g.: <ul style="list-style-type: none"> – insurance – gas – mileage – maintenance. 	
Purchasing Decision Making	<ul style="list-style-type: none"> • explain the concept of “best buy”; e.g.: <ul style="list-style-type: none"> – size – quantity – quality – cost • explain the necessity to balance quality, cost and time in making purchasing decisions. 	
Tendering	<ul style="list-style-type: none"> • define the term tendering • identify and describe the tendering process. 	

MODULE LOG2030: PURCHASING 2 (continued)

Concept	Specific Learner Expectations	Notes
Procurement	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • define the term procurement • explain the purpose of specification writing in purchasing activities. 	
Budgets	<ul style="list-style-type: none"> • explain the purpose or function of savings, capital accounts and operational accounts • identify individuals responsible for: <ul style="list-style-type: none"> – savings – budget centre usage – capital accounts – operational accounts • demonstrate a basic understanding of cost accounting principles • explain the effect of inflation upon the budget • explain the effect of the budget upon inflation • identify and describe the process by which spending decisions are made. 	
Career Opportunities	<ul style="list-style-type: none"> • identify and describe requirements for entry into a purchasing career as a: <ul style="list-style-type: none"> – buyer – procurement analyst – expediting clerk – regional representative – senior buyer – any other purchasing position. 	<p>Include as many requirements as possible; e.g.:</p> <ul style="list-style-type: none"> • academic • teamwork • communication skills • numeracy skills • ability to use technology.