

Chapter 23 Purchasing

Section 23.1 The Role of the Buyer

Review Key Concepts

1. Three job titles that can be used to describe people responsible for purchasing in manufacturing and service businesses include: purchasing managers, industrial buyers, and procurement managers.
2. A bill of materials gives the total of all materials necessary to make one item. This can be multiplied by the total number of items to determine the exact quantity of materials that must be purchased.
3. Centralized buying helps to create a unified image for the chain; merchandise can be transferred from one store to another where it is selling better; and quantity discounts can be negotiated due to large-volume purchases.

Practice Academics

English Language Arts

4. Students should submit a detailed, well-written script for a role-play in which they discuss making purchases for a business. Topics covered might include reductions related to customer shoplifting, employee theft, and how to establish BOM totals. In addition, students may choose to have a debate over the topics of centralized and decentralized purchasing. For example, one partner might believe that in order to meet local needs, the store needs to engage in some decentralized buying, while the other partner might support centralized buying in order to maintain the chain's brand.

Mathematics

5. The open-to-buy is \$3,500. ($23,000 - 7,500 - 12,000$)