

# Procurement vs. Purchasing

Understanding the differences and synergy in supply chain processes





# What is Procurement?

## Definition

Strategic process for sourcing goods and services

## Key Aspects

- Planning and vendor selection
- Negotiation and contracts
- Long-term value focus

## Example

Choosing IT service vendor for next 2 years

# What is Purchasing?

## Definition

Operational process of ordering and payment

## Key Activities

- Create purchase orders
- Receive goods and services
- Process payments promptly

## Example

Ordering 10 laptops from approved vendor

# Procurement vs. Purchasing – Key Differences

## Scope

- Procurement: Strategic, long-term
- Purchasing: Transactional, short-term

## Focus

- Procurement: Value, quality, relationships
- Purchasing: Price, delivery, fulfillment

# Why Are They Important?

Timely, cost-effective acquisitions

Risk reduction and supplier trust

Support operational efficiency

Drive business growth

# Simple Process Flow



## Procurement

1. Identify needs
2. Select suppliers
3. Negotiate contracts
4. Manage relationships

## Purchasing

1. Create purchase orders
2. Receive goods/services
3. Verify and pay invoices



# Conclusion

**Procurement:** Strategic, value-driven, long-term focus

**Purchasing:** Tactical, transaction-focused, timely acquisition

Both must collaborate to optimize the supply chain

“Procurement builds the strategy. Purchasing brings it to life.”