

Analysis of Supply Chain Procurement Management Strategy for Manufacturing Enterprises

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Abstract: With the global economic integration, the competition among manufacturing enterprises is becoming fiercer. Competitive supply chain among enterprises has become one of the most important competitive elements. Supply chain management is becoming more and more important for the development of enterprises. Procurement management is an important part of the activities of manufacturing enterprises. Effective management of procurement activities can help enterprises reduce production costs. Supply chain management is becoming more and more important for the development of enterprises, and the activities of manufacturing enterprises cannot be separated from the procurement management. Effective updating of supply chain procurement management plays an important role in improving the competitiveness of enterprises in the market. Therefore, this paper discusses the problems and countermeasures of supply chain procurement management in manufacturing enterprises.

1. Introduction

The supply chain is a functional network chain structure around the core enterprise, through the control of business flow, information flow, logistics and capital flow, starting from purchasing raw materials, making intermediate products and final products, and connecting the end users. The management concept of supply chain management is to seek the overall optimization of supply chain from the perspective of consumers through cooperation among enterprises. Successful supply chain management can coordinate and integrate all activities in the supply chain, and eventually become a seamless integration process. The supplier management is considered in the supply chain network structure model. The supply chain is composed of node enterprises. Driven by demand information, node enterprises realize the value process of supply chain through functional division and cooperation. From the point of view of system theory, manufacturing resources are the input of the whole manufacturing system, and the behavior of suppliers and the norms of factor markets are closely related to the quality and quantity of manufacturing resources. Therefore, supplier management is the starting point of manufacturing enterprises' production and one of the keys to the success or failure of production.

2. Problems in supply chain procurement management of manufacturing enterprises

The traditional purchasing mode of enterprises can be seen that the purchasing of enterprises is directly to solve the inventory problem, the purpose is relatively simple, and the work of supplier management is limited to this. According to the traditional theory of supplier management, the relationship between enterprises and suppliers does not have stability and specificity, and is more casual and loose. Modern supplier management enterprises focus on some important suppliers, select some of the most powerful supplier channels for enterprises, and continue to systematically evaluate these suppliers. There will also be two-way communication between enterprises and suppliers, which will enable suppliers to carry out self-certification and achieve strategic cooperation with enterprises. Modern supplier management realizes the integration of production, supply and marketing by integrating procurement, production, sales, logistics and other links, promotes enterprises to achieve the maximum benefit of production and sales in an effective inventory form, and promotes the optimal allocation of enterprise resources.

2.1. Lack of overall planning in procurement stage

Traditional manufacturing enterprises often classify purchasing as one of inventory management. When raw materials are scarce, they seek suppliers for purchasing. They do not know the process of manufacturing and the consumption of raw materials specifically, but simply purchase raw materials. The purchased raw materials cannot be completely consistent with the actual consumption in all aspects. There is a lack of communication among different departments in manufacturing enterprises, a lack of overall planning for the pre-procurement plan, and an imperfect procurement process.

2.2. Unreasonable establishment of safety stock

For manufacturing enterprises, inventory management of existing raw materials can be divided into three different situations, as shown in Table 1 below.

Table1. Three different situations of raw materials inventory management

Situation	Reasons
Moderate stock level of raw materials	Just to meet the production and manufacturing needs of manufacturing enterprises, the inventory cycle of manufacturing enterprises is in a safe range.
Raw Material Shortage	Due to overconsumption or shortage of raw material supply chain.
Excess raw materials	Due to the poor sales in the front section, the production and processing speed is slow and the stock consumption of raw materials is slow.

Among the three cases shown in Table 1 above, the first one is the state that all manufacturing enterprises want to achieve, while the latter two cases require manufacturing enterprises to issue relevant solutions in time. The stock is too small, the purchase quantity needs to be increased, the stock is excessive, and the purchase plan needs to be postponed.

2.3. Asymmetric information exchange between purchasing department and supplier

Purchasing is the act of buying and selling with suppliers. In order to maximize their own interests, purchasing departments of manufacturing enterprises often hide relevant information appropriately in order to reduce procurement costs and suppliers in order to obtain more orders and profits, which make the information exchange between the two sides inadequate. In the later

cooperation process, there are often many contradictions and problems, which bring difficulties to the procurement work of manufacturing enterprises.

3. Countermeasure of supply chain procurement management in manufacturing enterprises

3.1. Achieving the informatization of purchasing management

With the continuous development of science and technology, the trend of information technology has become an inevitable choice for all industries, and information technology management has been constantly applied to enterprise management. Informationization is the necessary means to improve the management efficiency of manufacturing enterprises. At the same time, it can also use informationization means to sort out the procurement management process, realize the information sharing within manufacturing enterprises, and realize the data analysis and processing of raw materials consumption and inventory through information network platform, so that the inventory has been in a reasonable safe inventory value range. The realization of procurement management informationization also enables manufacturing enterprises to supervise the internal information and circulation channels in an all-round way, so that manufacturing enterprises can supervise the procurement management of supply chain, grasp the type, quantity and time of raw materials, and quantify the procurement cost efficiently. Manufacturing enterprises can break through the traditional procurement mode and establish an efficient and perfect supply chain procurement management mode through the information network platform.

3.2. Achieving the standardization of purchasing process

Based on the realization of internal resource informationization in manufacturing enterprises, procurement departments need to formulate reasonable and perfect procurement process, and establish standards for procurement planning, order placing, order tracking, acceptance and other links. Purchasing order planning is very important for purchasing management. The quality and quantity of raw materials need to be strictly planned. For purchasing management order, it is necessary for enterprises to establish strict process standards, and the purchasing department should timely understand the relevant market dynamics, so that the purchasing plan can be forward-looking. The procurement process is standardized, the details of the procurement process are rationalized and specialized, the procurement plan is formulated based on the relevant information of production and manufacturing within the manufacturing enterprise, and the procurement of raw materials is carefully managed. This can improve the procurement efficiency, shorten the procurement cycle and reduce the cost of the procurement process, thus promoting the development of manufacturing enterprises.

3.3. Establishing a perfect inventory management mechanism

Manufacturing enterprises should establish perfect management mechanism for their existing inventory, check inventory regularly, and avoid too little or too much inventory. Inventory management of existing raw materials in manufacturing enterprises can be divided into three different situations as shown in Table 2 below. The first case is the state that all manufacturing enterprises want to achieve, and the latter two cases require manufacturing enterprises to put forward relevant solutions in time. There is too little stock, so it needs to increase the quantity of purchasing; there is too much stock and need to postpone the purchasing plan. In order to achieve a moderate inventory and a safe inventory value, it requires a joint collaboration within the manufacturing enterprise to formulate production and sales plans and objectives, and strive to

achieve them. If there is a situation where the sales volume is small and the production needs to be reduced or the sales volume exceeds the anticipated need to increase production, the departments should cooperate and communicate in a timely manner. Manufacturing enterprises must formulate reasonable safety stock value according to production and sales conditions, make procurement plan according to existing stock, and grasp the value of safety stock, which is of great significance to procurement management of supply chain.

Table2. Three inventory management cases

Case	Details
Moderate stock level of raw materials	Inventory cycle of manufacturing enterprise is in safe range, Just to meet the production and manufacturing needs of manufacturing enterprises.
Raw Material Shortage	Due to overconsumption or shortage of raw material supply chain
Excess raw materials	Poor segment sales lead to slow production and processing speed and slow stock consumption of raw materials.

3.4. Establishing long-term cooperative relationship with suppliers

The selection and evaluation of suppliers is an important part of supply chain procurement management. It inspects whether suppliers have the ability to provide materials meeting the quality and quantity requirements for manufacturing enterprises within a specified time, and whether suppliers have good risk management capabilities. In the process of purchasing, it is necessary to have a comprehensive understanding of the supplier's production capacity and technological level, to regularly inspect the quality of the raw materials provided by the supplier, to ensure that the raw materials purchased meet the requirements of the manufacturing company's production materials, and to provide the procurement plan of the manufacturing enterprise to the supplier in time. Purchasing departments and suppliers should establish information exchange channels and stable purchasing and supply channels, achieve efficient cooperation, become long-term strategic partners, and achieve a win-win situation between manufacturing enterprises and suppliers, so as to create the greatest value at the lowest cost in the procurement link of the supply chain.

4. Conclusions

With the increasingly fierce competition in the global market, supply chain management has increasingly become an important source of competitive advantage of enterprises, and the basis for enterprises to build sustainable strategic advantages. Manufacturing enterprises formulate supply chain procurement management process based on the overall strategic development of enterprises. The development of enterprise supply chain procurement management must keep the same pace with the overall development strategy of manufacturing enterprises. Supply chain procurement management also needs to be optimized and upgraded with the market, through the optimization of procurement management strategy, to achieve a win-win situation with suppliers, which is the basis for the steady development of manufacturing enterprises.

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