ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

Journal home page: www.ajbasweb.com

Strategic Role of The Purchasing Function

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ARTICLE INFO

Article history:
Received 6 March 2015
Accepted 25 April 2015
Published 9 May 2015

Keywords:
Sourcing strategy, outsourcing, vertical integration

ABSTRACT

Henri Fayol, already in the early twentieth century, taught that knowing how to buy well is as important as knowing how to sell well. The purchasing function has undergone major changes in recent times, increasingly assuming a proactive, anticipatory role. The aim of the paper is to demonstrate the growing strategic importance of this role within high performance organizations to achieve competitive advantages against current and potential competitors, and to describe, from a risk / benefit matrix, possible actions in the purchasing area. In the making of this work, some basic research was developed, a qualitative approach, whose analysis of the data inductively occurred.

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ToCite ThisArticle:César Ricardo Maia deVasconcelos, and Walid Abbas El-Aouar.Strategic Role of The Purchasing Function.***Aust. J. Basic & Appl. Sci.,*** *9(11): 279-288, 2015*

INTRODUCTION

The bases of large integrated companies – a centralized and hierarchical bureaucratic organization, coordinated by centralized professional managers - have been established since the industrial revolution. For Martinet (2002), the period from 1870 to 1970 was marked by this style of management and cites as examples the major U.S. railroad companies, adding that most of the industrial sectors, including steel mills, oil companies and automakers who also adopted administrative structures (staff and line) followed the same trend, which for a long time, according to the author, were considered to be the "universal principles" of modern management.

After World War II, a strong pressure for demand over an inadequate supply characterizes the economic situation that prevails. The biggest concern of businesses facing this, thus, is their capacity and funding. This environment starts showing signs of change in the 60's, when competitive pressure tends to intensify and to express itself differently, while accelerating the pace of technological innovations (Lehmann-Ortega*et al*, 2013, p. 377-401).

In the international scene, the improvements of means of communication and transportation provide an increase in trade, and factors such as the fall of customs and regulatory barriers lead to globalization. The internationalization of financial markets makes them more attractive than the internal management of cash flows in large diversified firms - based on analysis of earlier type matrices like Boston Consulting Group (BCG), Arthur D. Little (ADL), McKinsey, so stylish in the 60s and 70s.

The process of production of goods and services becomes permanently marked by flexibility, quality and speed, and companies are confronted with new forms of management to achieve an interesting competitive advantage.

The 80s and 90s, says Martinet (2002, p. 25), "are marked by the proliferation of mergers, acquisitions, cessions that focus, re-specialize and reconstruct groups" around a small number of professional categories. On the subject, Bleeke and Ernst (2001, p. 167) state that these changes in the world economy introduce new concepts in the field of administration, such as "collaborate to compete".

Among the french, the term *impartition* arises proposed by Barreyre (1968), to characterize this strategic decentralizing outsourcing movement, which is based on relations of long-term partnerships, on trust and on mutual good faith and in the values shared. So Barreyre (1968, p. 23) defines *impartition* as the act of "looking outside the company for services and material goods that constitute a set, instead of doing everything yourself". In reality, *impartition* (make or buy) is the opposite of vertical integration therefore leads to expansion or horizontal diversification.

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When a company uses a strategy of vertical integration or establishes an outsourcing relationship with suppliers, the organizational structure undergoes a major impact, especially the purchasing function, which sees an oscillation of its decision-making power over its actions.

Thus, the scope of this article is to know the importance of the purchasing function for the intentions of a high performance organization, and to describe, from a risk / benefit matrix, possible actions in the purchasing area.

To analyze the strategic role of the purchasing function in an organization, it is considered important to clarify, in the beginning, how the decision to *faire* or *faire-faire* ("do" or "do together") can be analyzed and deliberated by the company. Then, one must observe the changes that occurred and the current importance of the purchasing function within an organization. Later, we dedicate ourselves to describe and analyze the purchasing strategies and outsourcing policy then pass, in a continuous fashion, to the presentation of the methodology used in the construction of this research. In the closing remarks, there are presented clarifications and suggestions for organizations seeking to increase their competitiveness in a market that lives, increasingly, with rapid changes.

"*Faire* Or *Faire-Faire*":

The decision to do certain activity in-house or adopt an outsourcing relationship usually has a strategic nature and deserves to be examined properly by the direction of the organization. From the strategic viewpoint, there has been a convergence to focus the company on its competitive essence. On this theme, Quinn and Hilmer (2001, p 72) suggest, "when combined properly, the two strategic approaches - competitive essence and strategic outsourcing - allows managers to leverage the skills of their companies well against the levels available with other strategies".

For the authors, managers can do this in four ways:

First, maximize the returns on investment by focusing internal resources and energy on what the company does best. Second, well-developed competitive essences provide formidable barriers for the entry of current and future competitors [...]. Third, the full use of external suppliers' investments, innovations and professional skills [...] and fourth, in situations of rapidly changing markets and technology, this combined strategy reduces risk, shortens cycle times, reduces investment and creates better responsiveness to customer needs.

Vertical integration, whose main feature consists of the implementation of various functions of the operational chain coordinated by the same company, is a type of strategy that, in addition to enabling a significant impact on long-term outcomes of the organization, has its advantages commonly associated with the barriers against entry and bargaining power between suppliers and customers (Porter, 1992) and economies of scale and experience (BCG). It is also advised when the source of supply is unique or strategic, or when transaction costs are excessive. According to Kamshad (1997, p. 527), in general,

Vertical integration is more interesting when transaction costs are excessive and threaten profitability. Thus, the company does the process internally and consequently overcomes the problems of market failures. In addition, vertical integration may prove interesting when there are few suppliers in a given sector and the risk they showed opportunities, in other words, they take advantage of their small number to charge very much for that product or service.

This strategy has its risks that are typically associated with inflexibility in strategic maneuvers or in markets where production volume is limited. In reality, the disadvantages of vertical integration are the advantages of outsourcing and vice versa, i.e., the two strategies have positive and negative points that should not be overlooked by managers. This does not take into account the propensity of the leader, his personal values and aspirations in choosing one or the other.

For Prahalad e Hamel (1998, p. 297),In the short term, the competitiveness ofa company derives its attributes by price / performance of existing products. However, the survivors of the first wave of global competition, whether Western or Japanese, are converging on similar and formidable standards of cost and quality - minimal barriers to competition remain, but increasingly less, as sources of differential advantage. In the end, competitiveness derives from an ability to make, at lower costs and with greater speed than one's competitors do, the core competencies that provide products that cannot be anticipated.

It is true that the focus of a company on what it does best (its competitive essence) has been the preferred strategy today. However, managers need to rely on a more solid basis for making that decision, since it is a strategic choice that will result in profound changes in the organization.

Martinet (2002) proposes an integrative model of strategic management to assist in choosing the competencies that are specific to the company and for those who will be subject to a policy of outsourcing-*impartition*. (Fig. 1)

According to the author, the purpose of strategic management is to design, organize and activate an architecture that maintains harmony between the intention of the company, internal and external expertise, relevance and effectiveness of the supply system and the needs, or rather systems of use of the customer segments. In this way, the model he presented is intended to guide the company in a way that promotes discussion and reflection, with the goal of establishing in a more effective manner, the ways

that the company could follow in the search for better results.

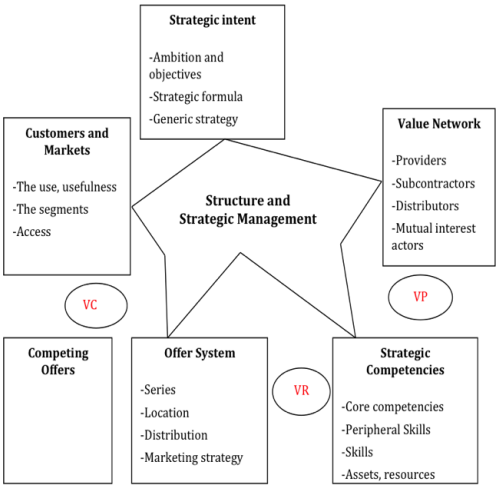

Fig. 1: An integrative model of strategic management "Own Skills / *Impartitions*"
Source: Martinet, 2002, p. 32.

There are three categories of advantages that are increasingly interconnected:

– Competitive Advantages (VC) are described as the differential benefits that are perceived by customers when compared to competitive offerings.

– Benefits relating to resources and skills (VR) contribute to building competitive advantages and embrace the system supply and the strategic competencies of the organization.

– Advantages linked to partners (VP) are those that also contribute in building competitive advantages and are represented by actors of common interest in the value network as compared to the core competencies of the company help in outsourcing decisions, or not, of an activity.

Moreover, to complete an investigation of "do" or "do together", Martinet (1982); Robert and Devaux (1994) narrate that what is interesting about the typology described above is that it articulates, in a logical and consistent manner, the strategic formula chosen by the organization, the strategy concerning deployment and strategic competencies of the company. Martin*et al*so suggests that you look at the chart below, in which financial firms are excluded:

Table1: Formulas and strategic skills.

STRATEGIC FORMULA	STRATEGIC DEPLOYMENT	STRATEGIC SKILLS	EXAMPLES
Product or Service	Extension of range Geographical development	Development of products and processes Development of services	Michelin, Renault, Boeing
Category Market Needs	Multiplication of new products	Knowledge of customers, prospects, market placement, loyalty.	L'Oréal Calvin Klein
Technology or knowledge	Multiplication of applications Creating markets	Research and development Knowledge management marketing	Sony Du Pont
Production Capacity	Saturation of equipment	Efficiency of the production unit Replacement marketing	Airlines Auto Parts Firms Capacity of subcontractor
Natural Resources	Maximizing output Diversifying sources	Exploration, recovery of sources	Evian Shell
Methods of Sales or Marketing	Market penetration Increased Range	Recruitment of sellers Improving the effectiveness of the method	Amway Tupperware E-commerce
Distribution Methods	Optimization, saturation of the distribution system	Traceability Logistics	Telephone Companies Federal Express

Source: Martinet, 2002, p. 33

The author (p. 34) states that: "We may well, heuristically, identify the types of *Impartition* more adaptable to each strategic formula, now that the advantages related to resources and expertise on one side, and the advantages related to the partners on the other side differ according to the formula", and he adds that:

Used together, these two tools (skills and resources and strategic formula) suggest at once, the range of the supply system of the company, its provisional borders and outsourcing choices that

result upstream, downstream and laterally and contribute to building networks of partners.

With the same objective, Pires (1998) suggests a decision matrix for outsourcing, which can be used for both the product as well as the process. The matrix can be distinguished along two dimensions: competitiveness and strategic potential of an activity, as evident from the diagram shown below:

	Not competitive	*Competitive*
Strategic	Reorganize	Keep
Not strategic	Outsource	Analysis needed

Fig. 2:Decision matrix for outsourcingSource: Pires, 1998.

The analysis of this matrix shows that when an activity is considered strategic and competitive, the decision should be to keep the activity within the company. On the other hand, if it is considered not strategic and not competitive at the same time, the best choice is to outsource the activity.

This way, depending on the quadrant that indicates whether an activity is strategic / non-strategic and competitive / non-competitive, the manager will have a proper insight in choosing between rearrange, maintain, adopt a policy of outsourcing or conduct a more thorough analysis.

Although, from a strategic and global view, this matrix does not address all the apparatus of strategic management, as in the Martinet model (Figure 1), it has its use associated with a greater simplicity, which can facilitate the choice of keeping a certain activity or not.

The decision to retain a service in the company or outsources it has significant effect on the purchasing function which should, on one hand, function as a buyer of inputs necessary to implement company activities and, on the other hand, as a mediator of a complex process of identification and hiring of company partners to develop activities to be outsourced.

Current Importance Of The Purchasing Function

With the change of the economic system that has occurred the last thirty years from a manufacturing economy to a market economy, the relationship between customers and suppliers have undergone substantial changes. On this subject, Perrotin and Loubère (2002) present a table containing the features that mark each economy and that fundamentally changed the role of the purchasing function and its relationships in the organization.

Table 2: Comparison of the characteristics of the production economy and the market economy.

Production Economy	*Market Economy*
Product and technology have lead role in corporate strategy.	The company seeks to develop new markets.
The integration of manufacturing processes is strong.	The company manufactures only makes products that stem from its core values and outsource the rest.
The organization is centralized and pyramid-shaped relying on a strong bureaucracy.	The administrative aspect is secondary to the technical and commercial components.
Communication between the different functions is difficult.	The organization consists of transverse functions. Exchanges are permanent between marketing, quality, purchasing, logistics, etc.
The company has a weak power conversion, given the significant investments it makes and the obligation to amortize them.	The strategy is entirely based on flexibility and the company anticipates critical situations causing its own conversion.
Purchases tend to satisfy the demands and have a strategic role.	Purchases collaborate with the expression of needs once they appear.
The purchasing function "lives away" from the marketing function and the innovative capabilities of the firm.	The purchasing function is in continuous dialogue with marketing and research and development.

Source: Perrotin; Loubèrre, 2002, p. 60

Analysis of the table shows a significant change in the attitudes and values of the organization, and consequently in the purchasing function which is no longer required to be a simple researcher of lower prices, or even "placed in a secondary role and understood as an element common to all companies" (Resende, *et al*, 2011, p. 61), but also as occupying an important position as an interface between the company and its suppliers and partners, keeping permanent contact with other functions of the organization, and ensuring, in the opinion of Resende*et al* (2011, p. 61), "appropriate and consistent standards of quality of purchased inputs".

It appears, therefore, that "Purchasing" ceases to be a reactive role to assume a proactive, anticipatory role which may intervene from the design of a product or service, to its placement in the market due to its great influence with customers / suppliers established through lasting relationships and that all parties wins, where the aspect of bargaining and negotiation is mischaracterized.

This way, the purchasing function contributes substantially in the quest for competitive advantages and resulting generation of wealth for the company. About this view, Hays (2002, p 186) emphasizes that the purchasing function profoundly changed: "from a simple administrative procedure, it became a contributor with aggregate value to the profits of the company".

To Barreyre (1997, p. 6), however, the importance of the purchasing function "comes from a combination of factors that led to a metamorphosis of the function within companies". He argues that two major changes confer an increasing weight to this role: companies buy more - and this is explained, in part, by the use of outsourcing; and purchases have become more technical, less risky, therefore, more advantageous.

Nevertheless, the current competitiveness of enterprises requires certain modes of production such as "lean production" so named by the Japanese, the use of just-in-time supply and the requirement for a high degree of quality from suppliers. Global sourcing, despite the benefits of a better price / quality make purchasing more technical, more professional, and for that more complex, and keeping in mind the existence of different cultures, exchange rates that are not always stable, as well as the need for new skills on the part of the purchasing area to act in a more comprehensive supply chain.

Now for Baily *et al*, (2000, p. 18), "the value of the purchasing activity is associated with an increased spending on resources acquired outside the company", which consequently leads to reduced costs with labor and indirect expenses. According to the authors, this is due, among other things, to the following factors: high expertise of the purchasing organizations; use of outsourcing policies; targeting firms in their competitive essences; development of specialized suppliers; easier access to global market supply; use of complex technology; closer coordination with key suppliers.Calvi (2000, p.42) argues that: Because of the passage of *Impartition* policies (consisting of doing together instead of doing alone), the value of items purchased from outside providers currently represents, on average, 55% of the cost of retail products (Barreyre, 1991). Therefore, in many companies, the economic role of the buyer comes down to that of a "negotiator" articulating on the purchase price and an "organizer" of the supply chain, since the product is clearly defined by research centers.

The author states that among the papers of the purchasing function is to participate in development projects of new products, after all, now this function integrates the strategies of companies. Their claims are that purchasing participation from design, research and development (R&D) generates at least two major advantages, which are the command of performance objectives of cost / quality and reducing the time for development and launch of new products to the market. In addition, it involves the purchasing function,from the design stage, it allows purchasing to seek a triple objective of cost reduction: an action on development costs taking advantage of economies of scale and field that can generate an early involvement in R&D from specialist suppliers, an action on the costs of industrialization by the fact that it is taken into account from the design stage, manufacturing problems, finally, an action on the warranty costs, e.g., for the company Lexmark that realized a lowering of 80% of their customers' warranty returns on the first of their projects of a "printer" that involved, from the design, its main suppliers (Calvi, 2000, p. 147).

Quality improvement is related to functionality (simplifying the design and production process, using standard components, etc.) and introduction of new products such as exchange of materials, for example. As for the decrease in time to market, the author adds that technological support of the supplier helps the company in streamlining the design, production and market launch.

These advantages stemming from the use of suppliers invariably pass through the purchasing function, since it has the basic mission of making the interconnection between the various functions involved and the chosen suppliers as partners in the development of new products / services.

According to Hays (2002, p 186-187) the companies glimpsed the interest in using an outside resource they had, long neglected: the supplier market for. The author adds that this interest comes to add two other events: the focus of companies on their *métier de base* and economic globalization. It is in this way, with the combination of these factors, that organizations started having internal productivity gains, realizing the importance of their suppliers. Soon, companies

Also understand that practicing global sourcing, developing their supplier base, gaining competitive advantages from their suppliers, partners, requires a knowledge that is the privilege of men of art: the Buyers. It is not the case, of course, leaving the buyer to manage the purchasing company– supplier interface alone. However, competitiveness and productivity being increasingly abundant, numerous actors become involved and become indispensable to the buyer, as an orchestra leader, coordinating and synchronizing the different action plans to deliver the expected results. For all these changes, the purchasing function has moved from a status of a consumer of resources (with the exception of salaries, expense function par excellence) to that of creator of wealth and that wealth creation takes many forms and is not only framed in buying at a price [...]. (Hays, 2002 p.189).

As we have seen, strategic sourcing and supplier involvement from concept and product development has become a great ally of organizations looking for greater competitiveness. This means that there should be a teamwork network, involved in different functions in the company.

Coupled with the fact that purchases are very important in cost (60-80%) in certain sectors of activity (Hays, 2002), and with the emergence of what some call "co-development" (joint development), a company cannot work with any supplier, as it will be necessary that this supplier be

able to use innovation, good information and research for competitiveness in a hypercompetitive setting.

Thus, according to Hays, the role of the purchasing function becomes paramount to the relationship between the buying company and its suppliers, however, quite different from the roles previously undertaken, consisting essentially of buying good products at the right time and good prices. Actually, what companies want is to buy quality, value, differential, emerging then what the author calls the Strategic Buyer.

Purchasing Strategies And Outsourcing Policy

Studies in the area of purchasing and supply are unanimous in stating that the more the function intervenes upstream in the decision process, the greater the gain in purchase, i.e., the greater will be the contribution of the purchasing function for the creation of value in the company. The buying process can be described as follows:

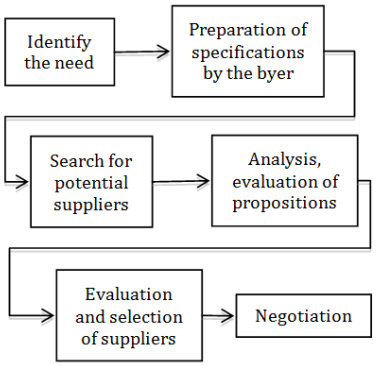

Fig.3: Purchasing processSource: Hays, 2002, p. 194.

The author states, "this process has its origin in all the tools and concepts that make the purchasing process a function that contributes strongly to the results of the company". This process is explained through the following steps: 1) preparation of specifications of products / services - this activity requires a team effort that includes a set of actions that allow us to assess the relative importance of each of the functions to be fulfilled providing enhancement of the negotiating strategy; 2) search for potential suppliers - which should be taken by the purchasing function on a worldwide basis , using global sourcing and purchasing marketing ; 3) analysis of proposed purchases - that lets you integrate in the decision to buy, all variables and not just the price ; 4) evaluation and selection of suppliers - which must be taken under an advanced base, which implies the establishment of a necessary process of long and tiring review, yet strategic .

The impact of competitive and environmental changes on the company and consecutively on suppliers, showed changes in the relations between them. According to Weele and Rozemeijer (2002, p. 130), these impacts on relations with suppliers "include strong demands in terms of quality, logistics, cost of goods, opportunities for innovation and technological specialties" resulting in a reorientation of the role of the purchasing function and constant productivity of suppliers.

Furthermore, the authors define the term *partenariat* as "constructive and proactive maintenance of a relationship with a limited number of suppliers from a performance-oriented perspective", and added; "This relationship is based on mutual trust and the intention of the customer and supplier working together in a prolonged period relying on the equitable sharing of risks and rewards".

In the same line of reasoning, Perrotin and Loubère (2002. p. 26) add that this strategic choice is to "explore the synergies of customer / vendor in a spirit of sharing risks, resources and gains as well as increase the competitiveness of the partners in the long term".

Thus, from observations on the subject, the authors propose an array called "risk / benefit" in order to visualize a Portfolio of Purchases from these two dimensions. (Fig. 4)

The two-axis matrix that indicates a risk in the supply side (e.g. level of difficulty or vulnerability of the client to a failure of the supplier) and other potential profit (benefit) with a given supply. There are four regions: tactical, profit, security, and strategy. Depending on the positioning of a product in one or in another quadrant, the authors suggest a purchasing strategy that is most appropriate.

In the TACTICS region, for example, the products have the following characteristics: numerous sources of supply due to low risk, existence of substitute products and products of little value or purchased in small quantities. These attributes would lead then to a purchasing strategy that consists of minimizing the resources used, since the actions of negotiating with suppliers bring few gains, subject to the service sector.

ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

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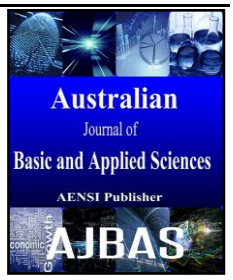

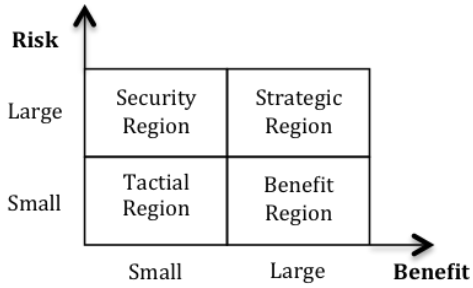

Fig. 4: Risk/Reward Matrix. Source:Perrotin; Loubère, 2002, p. 47

As in this case, the profit potential is internal to the company, the authors suggest actions such as using an administrative simplified supply circuit; delegation of the purchasing function to supervisors, maintaining only a slight surveillance; minimizing internal costs by decreasing orders and managing a limited number of suppliers; provision of a minimum inventory and product standardization.

Now in the case of the BENEFIT region, where the products, at first, possess as characteristics numerous sources of supply, plus the fact that there is little risk to supplement, where the market is dynamic and substitute products exist and in which the products have high value or have strong earning potential, the recommended strategy focuses on generating the maximum benefit.

According Perrotin and Loubère (2002), the principle of this strategy may be what they call "attack in force". This can be achieved through actions such as making spot purchases; establish a customer-supplier relationship of systematic competition implementation; explore the market through a technological and commercial monitoring point; require great flexibility of suppliers; reduce inventory to the minimum; exploit the buying power in negotiating using the cost analysis of the experience gained and the volume of business made with the supplier.

For the SAFETY region, where the products have the characteristic of having few sources of supply, possibly, thus having few available substitutes, the strategy proposed is for the continuity of / on suppliers, given that this region constitutes a "point bottleneck", where risks may be technical, commercial or both.

The proposed actions in this case aimed at safety and supply of inputs include establishing long-term relationships with suppliers and frontloading of supply plans, as well as studies on replacement products, implementing a system of monitoring and differentiated technological business reflections about possible vertical integration and analysis of a policy of "Do" or "Do together".

Finally, the STRATEGIC region, which combines a high risk with a strong commitment, houses the strategic products. The authors argue that in this case, there are products with a high added-value characteristic. Thus, the desired strategy is to perpetuate the supplies with the generation of a significant gain on purchases. It is a region conducive to the development of a *partenariat* policy.

From this matrix, a table containing the features of the product is presented, the purchasing strategy to use, the actions to be taken and actions that provide gains to the company.(Table 3).

Methodological Aspects

In making this paper, the author tries to develop a basic research aiming at generating new conducive knowledge for the advancement of science new. Nevertheless, it involves truths and universal interests, different from applied research, where the interests, according to Silva and Menezes (2001), are local and of immediate application.

From the point of view of the approach to the problem, it can be seen as qualitative as it is recognized that there is a dynamic relationship between the real world and the subject, that is "an inseparable link between the objective world and the subjectivity of the subject that cannot be translated into numbers" (Silva and Menezes, 2001, p. 20). The authors also point out that the natural environment is the direct source for data collection and the researcher the instrumental key. It is descriptive because those involved tend to analyze their data

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inductively. In the same line of thought Gil (2010) emphasizes that the method involves the use of standardized techniques for data collection, and in the case under study, systematic observation was the criterion adopted.

As to the objectives, it is considered exploratory, since it aims to provide greater familiarity with the subject in order to make it explicit. It involves extensive literary survey, that even with its limitations, as is the case of "no representation and subjectivity of documents" (Diehl and Tatim, 2004, p. 59), presents significant advantages that are worth highlighting. Among them stand out, as the authors already cited (2004, p.58), the fact constitutes "rich and stable data source", "low cost when compared with other research", plus "of not requiring contact with the research subjects", which in many cases is difficult or even impossible.

Table 3: Purchasing strategies.

Region	TACTICAL	BENEFIT	SECURITY	STRATEGIC
Product characteristics	Numerous Sources of Supply Existence of substitute products Products with little value or purchased in small quantities	Numerous Sources of supply Dynamic market Existence of substitute products Product with high value (type A) or strong earning potential	Few major sources Few replacement products Quality product of great precision, due to their specialty Technical and/or commercial risks	Strategic purchases combining high risk and strong engagement Products with high added value
Purchasing strategy	Minimize the resources used	Maximize benefit through an attack in force	Continuity of Supplies	Continuity of Supplies generating capital gain
Actions	Administrative simplified supply circuit Delegating purchases Minimize internal costs Make available only a minimum inventory Standardize products	Spot purchases Systematically put in competition Explore the Marketplace Ask the vendors for great flexibility Reduce inventory to the minimum Exploit the purchasing power through the analysis of costs, effect of experience and turnover Use an analysis of simplified values.	Long-term relationship, with plans to forecast purchases Product Replacement Study Technological and commercial Vigil Reflection "Do" or "Do together".	Defining a Target price; Respect of quality objectives Reduction of processing cycles Division of gains, losses, risks and means with the partner Transparent customer /Supplier relationship Removal of internal barriers to the company (creation of working groups or purchasing centers) Acceptance of delivery of specifications or method of control Anticipation of conflict and prior definition of solutions
Actions	Simplification of specifications Effect Size Globalization Delegation Competition	Competition Internationalization Effect Size and globalization	Planning Globalization Vertical Integration Simplification of specifications	*Partenariat* (partnership) Make or Buy

Source:Perrotin; Loubère, 2002, p. 51

On the subject, Stumpt (2005, p. 52), states that:

When thought and human findings have been registered, man no longer needed to rely only his biological memory to remember facts and events. Oral tradition gave rise to these records and, by preserving the ability to learn, allowed the transmission of knowledge more accurately.

Moreover, the objective of this research is to highlight the importance of the purchasing function and how this function can be used by an organization to reach competitive advantages against current and potential competitors and participate consistently in the hyper-competitiveness existing in today's environment.

Paraphrasing Barreyre (1996), in general, the field of strategic management is, etymologically, the art of conducting the maneuvers labeled strategies. In this sense, the actions generated by the purchasing function are usually an activity of problem solving with regard to other areas of the company.

The decisions of the purchasing function are no longer isolated and are increasingly intertwined with decisions of other functions such as Marketing, Competitive Intelligence, Finance, R&D, etc. Thus, it is important to highlight the strategic role that Purchasing now assumes within high performance organizations.

Conclusion

From the survey, it was found that, given the changes in the economy, coupled with the phenomenon of globalization and the current propensity of companies to focus on their core competencies or strategic competitive essences, there was an evolution of the purchasing function from a simple administrative process to a strategic position, adding value to the profits of the organization.

To neglect the important role of this function in decision-making and their involvement in the process from conception of a new product or service to release to the market is to stop using a key competitive advantage, a target in the forefront of every corporation.

The purchasing function has gotten greater prominence in the overall strategy of an organization, similar to other functions such as marketing, research and development, competitive intelligence and finance. Studies have shown and experience proves that the interrelationship of the purchasing function with these other functions has become essential for the proper development and growth of a company.

It was evident that the importance of the purchasing function to the intentions of a top performing company was to be able to present to these organizations strategic formulas that allow a clear view of the situation experienced, enabling better decision making.

I also sought from the studies Perrotin and Loubère (2002), to describe the possible purchasing strategies that companies can take hold of when operating in the regions of "security", "strategic", "tactical" or "benefit".

Moreover, it is also a realization that more and more companies need to involve the purchasing function in the process of production of goods or services. The choice of a strategy of outsourcing of certain activities, combined with a focus on competitive essence or the option for vertical integration of an organization are key parts in the role developed by the function under study.

According to Lima (2004), the strategy of vertical integration, i.e. to manufacture internally diminishes the importance of the purchasing function that takes on a reactive role to the extent that their actions are focused on the simple acquisition of raw materials, which the important variables are price, time and quality.

Nevertheless, the author himself points out that in the case of an outsourcing strategy, i.e. buying or doing together, there is a sharp increase in the importance of the function that needs to have a proactive role "managing a mutual relationship with the supplier, seeing that negotiations are not typically focused on the acquisition of inputs, but rather to the actual construction of a common goal for both" (p. 35).

Strategies for production of goods or services, which were previously based on variables such as cost, quality, and now also, involve speed, flexibility and reliability as paramount for the positive performance of the organization.

The following table explains some of the reasons that, in the opinion of Baily *et al* (2000, p. 18) "contributed to increasing the importance and recognition of the purchasing function" as a strategic part of the organization.

Table 4: Total expenditure of organizations.

Labor and indirect expenses	*Externally acquired resources*
Declining due to: – Automation – Work more efficiently – Competitiveness that depends on access to "best practices"	Growing due to: – Increased expertise of the purchasing organizations – Policies "outsourcing" – Focus on core competencies – Development of specialized suppliers – Easier access to the world market supply – Complex technology limits the amplitude of the ability to manufacture – Flexibility depends on external assets and not of own assets – Coordination closer to key suppliers

With the research undertaken, it was shown, through a brief history, that the purchasing function had an evolution over time and trends, noting its relevance to business in general.

Nevertheless, despite the advantages offered by the purchasing function, from our view, we observed that their use does not appear to have increased significantly in the studies. The complexity of the current activity features, including the need for internal cultural changes, could be an obstacle to its application.

Reflecting on the research, for a company to institute the purchasing function in the manner verified by research, it is not enough to have interest from the decision-making manager, but also the knowledge and understanding of its capabilities, requirements, capabilities and limitations, so that those involved, in the common interest, can make use of its benefits.

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