



INTERNATIONAL BUYING

INTRODUCTION

In our trading activities, we encounter cases where we do not find products or components locally or find it favorable to acquire the products from the international market.

What to Consider in International Buying

The following factors need to be addressed when engaging in international buying:

1. Sourcing
2. Logistics
3. Landed Costs
4. Lead Time
5. Product Quality
6. Supplier Relationships

Considerations For Sourcing Products

1. Product: cost, quality, support or after sale service, variety
2. Suppliers: Suppliers' eligibility, 3 Quotations, Preferential Payment terms.
3. Relationship

Logistics

- ▶ **Shipping and Freight**

Considerations: Speed/lead time, Source, Supplier Preferences
Examples service providers: DHL, UPS, Gladacom

- ▶ **Duty and Clearing and Handling**

Examples of Clearing Agents: Freight Worx, AGS, (three quotes for agents or clearing company)

Landed Costs

FEDEX defines landed costs as “the sum of expenses associated with shipping a product. Typically, the term refers to costs connected with international shipping like taxes and fees.”

Stages in International Buying

Stage 1 - Order Creation

Stage 2 - Sourcing

Stage 3 - Order Confirmation

Stage 4 - Purchase Order (Sales Order)

Stage 5 - Financing / Payment

Stage 6 - Delivery / Receiving

Stage 7 - Vendor Bill

Stage 8 - Landed Costing

Stage 1 - Order Creation

Requisitions emanate from :

- Minimum Order Quantity
- Departmental requests
- Unexpected demands
- Scarcity - Local suppliers

Stage 2 - Sourcing

Sourcing involves :

- Gathering 3 quotations from different vendors
- Price negotiation
- Payment terms and payment mode accepted
- Quantity and Quality assessments
- Delivery SLAs

Stage 3 - Order Confirmation

Order Confirmation includes:

- Product specs check
- The brand in consideration
- Quality and Quantity of the product

Stage 4 - Purchase Order (Sales Orders)

Purchase Order encompasses:

- Product Quantity
- Product Price
- Preferred Vendor with comparison schedule
- Tax charges captured with appropriate tax heads

Stage 5 - Financing / Payments

Payments Process includes:

- Payment scheduling and approval
- Payment Processing
- Payment confirmation with the supplier

Stage 6 - Delivery and Receiving

Delivery and Receiving encompasses:

- Duties and clearing
- Order Collection and confirmation
- Receiving in the Odoo System
- Vendor Bill Creation

Stage 7 - Vendor Bill

Just Like Purchase Order, Vendor Bill constitutes:

- Billed Quantity
- Product Price
- Taxes Charged
- Check the Landed Cost tickbox
- Correct General Ledger Accounts for posting
- Accurate, proper fiscalised tax invoices as well as bill of entries, duties, agent invoices, storage cost amongst other.

Stage 8 - Landed Costing

Landed Cost finally:

- Billed Quantity
- Product Price
- Taxes Charged
- Agency clearing and storage Fees
- Correct Inventory accounts
- Exchange rate used in the computations
- Validation