

## ABSTRACT

The objective of this project is to develop purchasing management by setting up purchasing strategies to monitor ingredient material, package material and indirect material used in frozen production. Those purchasing strategies also include guidelines for a program to improve supplier performance (Appropriate Quality & Prompt Delivery) and supplier relationship (Data Exchange & New Product Development). In order to determine an appropriate purchasing strategy, each material will be incorporated into a 'Commodity Portfolio Matrix' model, which is a tool to develop long term strategic purchasing plans and to realign items to ensure that the correct resources are applied to the appropriate items.

It was found that the appropriate purchasing and supply management could drive sales up, in terms of faster to market, improved quality, price flexibility, innovation, enhanced customer satisfaction, customer fulfillment flexibility, short cycle and lead times. Furthermore, the appropriate purchasing and supply management could result in lower total cost, in terms of better product designs, acquisition cost, better asset utilization, quality cost, down time cost risk, cycle time cost, non-value added cost, supply cost, and post ownership cost.

