

1. The cafeteria services available at universities are often outsourced because they are not a core competency of the university. Thus, the university (and the students) can most likely get better quality and value by outsourcing these services to a provider for whom it is a core competency. By outsourcing, the university faces a low investment risk that comes with high strategic flexibility and it will realize an improved cash flow. Since the university is buying cafeteria services, it is working in the routine quadrant.
2. Negotiation is a more costly and interactive approach to supplier selection than competitive bidding; however, there are a few conditions that make it a more viable selection tool. Negotiation should be used when the item is new or complex, there is a wide range of performance factors, the buyer requires supplier input for development, and/or the supplier cannot determine risks or costs without additional input from the buyer. The main use for negotiation is to engage supplier to develop a new or complex product, especially when there is no clear “best” supplier choice available.
3. Information systems have already eliminated many of the traditional clerical tasks that purchasing professionals had to do. Orders can be made online, planning and control systems can generate orders automatically, and information systems can instantly forward component requirements to suppliers, minimizing the need for purchasing intervention. It is a good time to join the purchasing profession because companies are becoming more dependent on suppliers. Advanced information systems can automate some tasks, but purchasers are still needed to make initial contact, create substantive relationships, and negotiate terms and agreements with suppliers.
4. Spend analysis can be used to both define the size of the opportunity (the “D” in DMAIC) and as a way to gather detailed data (the “M” in DMAIC) regarding where money is being spent, whom it is being spent with, etc.