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| **论文题目** | 上海俣美生物科技有限公司的  实践报告 |
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**上海俣美生物科技有限公司的实践报告**

XXX

滁州学院外国语学院

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**A Practice Report on Shanghai Yumei Biotechnology Co., Ltd.**

By

**XXX**

Under the supervision of

Lecturer / Associate Professor / Professor XXX & Supervisor XXX

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# Abstract

This thesis is written on the basis of the author’s six-month practice in Shanghai Yumei Biotechnology Co., Ltd. Through the internship experience and investigation, the author finds that the company has three problems in the procurement process: (1) extensive supplier management; (2) low procurement efficiency; (3) high procurement cost. This paper uses the theoretical knowledge of supplier management and procurement management, and adopts the method of purchasing positioning model to discuss the advantages and disadvantages of the company’s procurement process, and puts forward the following three suggestions for the problems of the company: (1) using Activity Based Classification to strengthen supplier management; (2) using lean supply chain model to formulate procurement task; (3) simplifying the procurement process to optimize the procurement model.

Through the above recommendation, the author hopes that the company can get rid of the problems of extensive supplier management, low procurement efficiency and high procurement cost in the procurement management process. Besides, the author hopes that the above suggestions can provide help for the company in strengthening supplier management and improving procurement plan.

**Key words：**Shanghai Yumei Biotechnology Co., Ltd.; supplier management; procurement efficiency; procurement costs; practice report

# 摘 要

本文基于在上海俣美生物科技有限公司六个月实践的基础上，通过实习经历和调查研究,笔者发现该公司在采购过程中存在以下三点问题：（1）供应商管理粗放；（2）采购效率偏低；（3）采购成本偏高。本文运用供应商管理、采购管理等理论知识，采用采购定位模型的方法对公司采购过程的优点和不足展开讨论，并针对该公司出现的问题提出以下三点建议：（1）利用ABC分类法加强供应商管；（2）采用精益供应链模式，完善采购管理体系；（3）精简采购流程，优化采购模式。

通过上述建议，笔者希望公司能早日摆脱其在采购管理过程中供应商管理粗放、采购效率偏低、采购成本偏高的问题。此外，笔者希望上述建议可以为公司在加强供应商管理，完善采购计划方面提供帮助。

**关键词：**上海俣美生物科技有限公司；供应商管理；采购效率；采购成本；实践报告

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**A Practice Report on**

**Shanghai Yumei Biotechnology Co., Ltd.**

# Introduction to the company

## 1.1 Company overview

Shanghai Yumei Biotechnology Co., Ltd. is a foreign trade-based procurement agency enterprise, founded in 2019 with a registered capital of RMB 1 million yuan. It is located in Shanghai Hengtai economic development zone and the main business includes technology development, technology transfer, technical consultation in the biotechnology field, and it is also an agent selling chemical raw materials and products, craft gifts, instruments and apparatus, cosmetics and so on. As a sci-tech popularization and application service enterprise, Yumei adopts advanced management mode and forms a complete system from product development, procurement, sales to after-sales service. At present, the overseas customers developed by the company are mainly from South Korea.

Since its inception, the company has always adhered to the people-oriented and honest business principles. It combines foreign advanced information technology and management methods with specific practice of domestic enterprises to help company maintain competitiveness and achieve rapid and stable development in the fierce market competition.

Founded in 2019, Yumei entered the foreign trade industry earlier than 50% of similar enterprises. In the past three years, with the support of national policy for emerging enterprises, Yumei has given full play to its regional advantages in foreign trade business. It takes project construction as a starting point and strives to seize the commanding heights of survival and development. After developing foreign trade business projects based on chemical raw materials and service projects based on technology development, technology transfer and technical consultation in the field of biotechnology, Yumei has not only gradually increased its market share, but also made great development in foreign trade business. It has realized the expansion from developing the single business of cosmetics raw materials to selling chemical raw materials and products, craft gifts, instruments and apparatus, cosmetics, etc. Besides, in 2020, it reached a long-term cooperation with Dorae (Shanghai) Biotechnology Co., Ltd. The continuous improvement of business scale and benefits has brought more customers to Yumei.

In a competitive marketplace, Yumei focuses on adjusting the development model and optimizing the development strategy. In 2021, Yumei developed a subsidiary, Guangzhou Wanming Biotechnology Co., Ltd., whose main business includes product development, procurement, sales as well as after-sales service, which played a crucial role in the development of Yumei.

## 1.2 Company products

First, the company purchases and sells chemical raw materials and products, including oil, powder raw materials, gelatin raw materials and make-up water and lotion and so on.

Second, the company purchases instrument and apparatus, including process instrumentation, thermometer, manometer, digital display instrument, bracket instrument, etc.

Third, the company purchases craft gifts, including different types of lacquer craft gift, pottery craft gift, ceramic craft gift.

Fourth, the company provides technology development, transfer, and consultation in the field of biotechnology.

# Practice content

## 2.1 Practice purpose

Practice can not only help test theoretical knowledge in real work environment, but also help cultivate the spirit of innovation and exploration and enhance practical ability. By means of practice, graduates can truly enter into the society and adapt to the change of internal and external economic situation. At the same time, graduates can learn to solve the contradictions between life and work. The campus allows graduates to find internship based on their interests, which means graduates not only use the knowledge to analyze and solve the professional problems, but also improve their working potentiality.

In this paper, the author conducted an practice and research in Yumei, and comprehensively used theoretical knowledge and business skills learned in the four years of university. It not only improved the overall understanding of the profession, but also strengthened the author’s cognitive ability and innovation ability. In the practical process, the author needed to be familiar with the specific process of import and export business in foreign trade practice, and fully applied the theory of foreign trade practice in the operation process. During the practice, firstly, the author was able to learn various skills in import and export business, such as cost accounting, inquiry, offer and counteroffer. Secondly, the author can have a thorough understanding of the foreign trade industry and personally experience the specific work and interaction between different parties in international trade. Additionally, the author can get in touch with all kinds of strategies formulated by the company and experience real business practices. These helped the author to accumulate work experience and improve the ability to find problems, analyze problems and solve problems.

Beyond accomplishing the assigned work, the author also summarized the problems existing in supplier management and procurement management of Shanghai Yumei Biotechnology Co., Ltd., and put forward effective measures to solve the problems by referring to relevant research work.

## 2.2 Job description

As a salesman, the author’s work is mainly in the following three aspects: First of all, the author is responsible for maintaining the existing products information in order to ensure that the product information is comprehensive and complete. Due to the continuous development of biotechnology and the rapid updating of products, the existing product information needs to be modified or supplemented to ensure that customers gain the latest product information. Besides, the author needs to communicate with customers by mail or telephone calls and provides customers with good pre-sales and after-sales service so as to maintain a good relationship with customers. In addition, the author is responsible for preparing conference materials for weekly meetings. Shanghai Yumei Biotechnology Co., Ltd. is a foreign trade-based procurement agency enterprise, as a salesman, firstly, the author should be familiar with product information and prepare English information for product, so as to timely formulate corresponding promotion and preferential policies for key customers. Whenever receiving customer inquiries, salesman should timely and accurately inform customers of product information and provide them with enthusiastic and satisfactory services. When receiving customer inquiries, the seller will be required to give the customer a reply within 24 hours to provide relevant quotation information, including product grade, specifications, packaging requirements, the quantity of products, the date of delivery, and the mode of transport. When processing the sample list, the suppliers are required to provide samples to avoid incorrect proofing. At the same time, the company will consult with suppliers and customers on sample costs. Before placing an order to the supplier, salesman needs to specify the name, specification and quantity of the product and follows up the production progress of the product. Besides, salesman needs to contact the consignee two weeks before the delivery date to ensure the quality of the product. Secondly, it is essential for a salesman to contact with the customers and learn to make a good impression on them. Therefore, the author should not only continuously learn new foreign trade knowledge and conversation skills, but also improve the reading and writing ability. The last but not least, the author should be familiar with the business processes and understand the company’s business objectives and work plans and be responsible for the collating and archiving of related information about business.

# Problems identified during practice

A Swiss purchasing expert, Robert (2000) argues that procurement management is the focus of most business management and is very important to improve the overall efficiency of enterprises. In a sense, procurement management is the source of the cost, quality, efficiency, and innovation of enterprises. Tony and Stephen (2008) believe that the function of purchasing is to purchase the desired quantity at a reasonable price in order to meet the quality of customer requirements and ensure on-time delivery. Liu (2019) puts forward that when conducting procurement management activities, enterprises must value the necessity and importance of supplier management, and focus on the development, maintenance, and training of suppliers. Only by choosing the right supplier to meet the real needs of enterprises can the correctness of the direction of supplier management be guaranteed. Through the deep cooperation and integrated management of suppliers, cultivating excellent suppliers and promoting the common progress and development of both sides can ensure the procurement management efficiency of enterprises.

With the development of globalization, supply chain research is booming all over the world. Kraljic (1983) believes that enterprises need to consider the competitiveness of suppliers they select in order to improve their own competitiveness. And many scholars have proposed that enterprises and suppliers influence and promote each other, and long-term partnerships need to be developed to share the results of supplier relationship improvement. Carr and Pearson (1999) explore the influence of the supplier management on the enterprise development strategy from the perspective of corporate financial. The results indicate that the establishment of a long-term and stable cooperative relationship for strategic suppliers is conducive to reducing enterprise financial risks and procurement costs, which is of great significance to the sustainable and stable development of the company. Aiming at the current situation of supplier management, it is believed that the supplier management plays an important role in improving the market competitiveness of enterprises and realizing long-term development.

During the personal practice, the author found that Shanghai Yumei Biotechnology Co., Ltd. had the following problems in its procurement management process.

## Extensive supplier management

Yumei is a foreign trade-based procurement agency enterprise, so supplier management is the guarantee for its development. At present, Yumei has established partnerships with more than 10 suppliers, among which the company has established long-term cooperation with 3 suppliers and medium-term cooperation with 5 suppliers. But in the current supplier procurement, there are two major problems in its supplier management.

The first problem is lack of scientific supplier evaluation criteria. At present, Yumei selects a supplier mainly based on the experience of procurement staff and minimum lowest quotation. There are no clear and detailed selection requirements, such as the quality of the main product, the delivery time, the supply capacity, etc. Especially when signing contract with suppliers, the lack of necessary constraints on the technical requirements and delivery date of the products will lead to defective products. What is worse, once a customer asks for claims, not only will the cost increase, the product quality and delivery date will be out of control.

Besides, there is no clear classification on supplier management. Yumei purchases and exports dozens of products, in order to ensure product stability and price competition, Yumei requires at least two suppliers for each category and no more than three suppliers for key products. Short of a clear classification on supplier management, Yumei cannot distinguish the suppliers of key products from other suppliers and cannot obtain better procurement resources from important suppliers. Besides, price and delivery date, as well as product schedules are not informed timely.

Through the above analysis of the problems existing in the supplier management of Yumei, the author thinks the evaluation and selection model of suppliers should be improved as soon as possible. In order to guarantee the reserves of suppliers, Yumei should look for potential suppliers and develop different management strategies to manage different types of suppliers.

## 3.2 Low procurement efficiency

Yumei’s purchasing process mainly includes the following 16 steps:

First, accept foreign customer’s inquiry sheet, including specifications, description, quantity and expected delivery date. Second, make the inquiry sheet according to the customer’s purchase demand, including a detailed description of the product and the content that need to be supplemented by suppliers. Then, send the inquiry sheet to different suppliers. Third, accept quotations from different suppliers, and negotiate price with suppliers. Four, provide the quotation to customers. Fifth, counteroffer and counter-counteroffer with customers, then, modify the quotation. Sixth, draw up contract and send it to the supplier. In this process, the customer may propose additional requirements for the confirmed order, therefore, the contract should be modified and re-transmitted to the supplier. Seventh, confirm the final contract. Eighth, the supplier arranges production. Ninth, follow up the production process and remind the supplier to deliver goods on time. Tenth, the supplier completes the production and provides the test reports. Eleventh, examine goods. If the product is approved, shipment will be arranged. Otherwise, the product will be returned to the factory. Twelfth, apply for payment to the supplier. Thirteenth, the supplier receives the payment and delivers the goods. Fourteenth, complete the packing and make the customs declaration. Fifteenth, the customer receives the goods and pays for them. Sixteenth, the customer manages inventory after receiving the goods. If there is any problem in the product quantity and quality, the after-sales and claim can be made.

From the above process, three problems can be summarized in the company’s procurement process: Firstly, lack of analysis of procurement needs. Procurement personnel spend a lot of time in enquiring and comparing prices with different suppliers, and constantly bargaining with customers. Yumei quotes prices to suppliers according to the customer’s inquiry sheet, ignoring the competitiveness and production status of similar products from domestic suppliers. These will lead to an increase in time cost in the procurement process. Besides, lack of supply chain management. First, the procurement personnel is mainly engaged in the procurement process. There is no enough time and energy, as well as corresponding awareness to focus on supplier development. Second, there are also no relevant regulations on the company’s rules to conduct a systematic annual planning and strategic analysis. The company does not pay enough attention to the inventory management and supply chain integration. This will result in a waste of resources in the procurement process. Last, after confirming the order, the company fails to make recommendations to other customers, missing potential cooperation opportunities.

Through the above analysis of the problems existing in the procurement process of Yumei, the author thinks that Yumei needs to identify its procurement objectives and establish lean supplier chain and a long-term cooperative relationship with suppliers to improve the efficiency of procurement management.

## 3.3 High procurement cost

Yumei's purchase price depends on the suppliers’ quotation. The same products can create different purchase costs by bargaining with suppliers over increasing the purchase quantity, changing product parameters and packaging requirements. In general, the suppliers’ quotation includes not only the cost of production, the value-added tax, the inland transportation charge, the warehousing fees and the profit of the suppliers, but also the loading charges, the booking cost, and terminal handling charge, etc. Since the quotation involves lots of content, suppliers often make quotations according to their own understanding, rather than the purchasing price that Yumei expects. Besides, the same supplier can offer different pricing for different purchase quantities, the following table shows the quantity and unit price of essential oil and seal lacquer craft gift purchased by Yumei in the past three years.

**Table 1** *The quantity and unit price of essential oil and seal lacquer craft gift purchased by Yumei from 2019 to 2021*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Product | Quantity (Bottle) | Unite price (CNY) | Amount (CNY) |
| 10/09/2019 | essential oil | 3,000 | 10 | 30,000 |
| 08/11/2019 | seal lacquer craft gift | 6,000 | 3.5 | 21,000 |
| 11/09/2020 | essential oil | 10,000 | 9.7 | 97,000 |
| 20/03/2021 | seal lacquer craft gift | 15,000 | 3.2 | 48,000 |

As can be seen from Table 1, with the increase of quantity, the unit price of the items will decrease. However, Yumei has no detailed purchasing list, that is, it does not show the procurement level of different products, which leads to the inability to distinguish key products in the procurement process. This means that when cooperating with suppliers, Yumei are at disadvantage in terms of price due to the relatively small purchase quantity. In addition, Yumei does not do enough research on the market supply and demand and price changes of its competitors. As a result, it fails to take effective bargaining methods in the negotiations and ultimately fails to reduce the procurement price.

# Solutions and strategies

## 4.1 Strengthen supplier management

4.1.1 Optimize supplier selection

The right supplier choice is the premise of effective supplier management. Humphreys & Wong & Chan (2003) believe that procurement management needs to establish a scientific and standardized supplier management model to comprehensively analyze the scale of suppliers, the type of products, the geographical location of suppliers, and related export experience. In addition, selecting the optimal supplier through the model can also reduce the cost of procurement. Khurrum & Faizul (2002) identify supplier selection and evaluation as the most important stage in the procurement process and as one of the key functions of the organization’s success. For enterprises, the supplier with the best comprehensive strength is the optimal choice, rather than the supplier providing the best technical service or the lowest price. Therefore, different factors must be evaluated when selecting suppliers.

The previous studies have shown that suppliers’ comprehensive ability, including suppliers’ price, quality, supply capacity, determines whether suppliers can provide raw materials that meet the production requirements of enterprises. In addition, the long-term cooperation can ensure the high quality of raw materials provided by suppliers and help improve the quality of products. However, some small and medium-sized enterprises only consider price, and even reduce enterprise costs at all costs. These enterprises pursue low-price, hoping to ensure that products have competitive price in the market by reducing procurement costs. Once both parties reach an agreement on the price, it means the achievement of the cooperative relationship. And the enterprises do not manage the suppliers in any other matters, which leads to information asymmetry between enterprises and suppliers. As a result, enterprises are not only unable to know the supplier’s production, processing and other aspects, but also do not know the delivery capacity of suppliers. Once there are problems in the supply, enterprises need to take on great risks.

4.1.2 Look for potential suppliers

Due to the continuous expansion of new products, the suppliers may have problems in product quality, price, delivery time and terms of payment. In order to guarantee the supplier reserve of different types of products, it is inevitable to search new suppliers. New suppliers can bring more types of products and increase profits. On the basis of understanding the selection method of the two parts, it is conducive to promoting the fairness and openness of the transactions between both parties. However, it also takes a long time to get used to cooperating with new suppliers. Therefore, the company should make an investigation on a new supplier before deciding to cooperate with it. Since the evaluation and selection standards of suppliers are constantly changing, many entrepreneurs and managers select suppliers based on three primary indicators: product quality, delivery date and purchase price. James & Chuang & Tzen (2014) believe that the actual situation of enterprises and suppliers should be considered, for example, the selection of suppliers should be analyzed from four perspectives of product quality, cost, intention to cooperation and risk. Osiro & Lima-Junior & Carpinetti (2014) proposed a comprehensive evaluation based on supplier delivery efficiency, quality improvement management, technical capacity, performance and credit.

As a new company, Yumei needs to demonstrate its advantages and show cooperation intention and clear procurement requirement. During a six-month practice, the author also learned that there are regular exhibitions in every country, and a lot of enterprises attend them. Yumei can make full use of these opportunities to seek cooperation. In addition, visiting different suppliers of similar product and comparing information can distinguish the comprehensive strength of different suppliers. This can not only help win good resources but also save cost for the company.

4.1.3 ABC hierarchical dynamic management

The Activity Based Classification was first developed by the Italian economist Vilfredo Pareto. Specifically applied to the supplier management, it means that 20% of the quantity of suppliers are responsible for 80% of the production of ordered products. In other words, 20% of the product generates 80% of the profits, and according to this method, suppliers are classified into three categories: (1) Class A (Especially important products), (2) Class B (Generally important products), (3) Class C (Not an important but needed product). Meindl (2013) once pointed that the classified management should be strengthened to establish a long-term and stable strategic partnership with suppliers, so as to achieve mutual benefit and win-win results. The company develops different management strategies to differentiate management of all types of suppliers, so as to establish long-term and stable partnerships with Class A suppliers.

By analyzing the procurement project data of Yumei in the first three years, the company’s product classification and the total amount of sales can be concluded as classification of product chart, which are sorted according to the size of the total sales amount, as shown in table 2.

**Table 2** *The ABC classification of product in Yumei*

| Classification | The number of varieties | Percentage of varieties | Sales of each product category | Percentage of total amount |
| --- | --- | --- | --- | --- |
| Class A (chemical raw materials and products） | 5 | 15.2% | 72 | 75.0% |
| Class B (instruments and apparatuses) | 7 | 21.2% | 16 | 16.7% |
| Class C (craft gifts) | 21 | 63.6% | 8 | 8.3% |
| Aggregate | 33 | 100% | 96 | 100% |

***Note:*** *Data are from the average statistics of Yumei from 2019-2021*

According to the chart 4.1, it can be seen that the product of Class A belongs to the strategic items, which accounts for 15.2%, and its total amount accounts for 75.0%. Therefore, different classification of product can be managed as follows：

In the first place, Class A products are the key projects of the company’s procurement management. First, the company purchases according to the customer’s orders and pays attention to whether the product has a good market foundation, whether there are substitute products. Second, the company pays attention to suppliers’ production status in real time and effectively controls product quality and delivery date, so as to keep a long-term cooperation with suppliers. Third, it is recommended that customers regularly check the inventory to ensure the quantity of inventory. Therefore, when cooperating with Class A product suppliers, it is necessary to assess and evaluate suppliers and provide more orders and priority payment support to Class A suppliers.

In addition, the quantity and amount of Class B products are moderate, and the management method is consistent with Class A products. That is, daily management of the products is relatively loose, but the company must ensure the quality and cost performance of the products. After active market expansion, some Class B products will also become Class A products. Therefore, when new suppliers are increasing, it is necessary to strictly control the number of suppliers of each product and appropriately increase some conditions.

Last, Class C products are miscellaneous, but the total amount is small, the company can reduce their attention to such products. Therefore, when cooperating with Class C suppliers, the company should provide feedback on the production, packaging, delivery and inspection information promptly. All emails should be copied to customers and suppliers at the same time to introduce the specific work situation. Once any disagreement from the three parties need to be raised within the specified time, for example, the change in product details needs to be formally notified by mail, so that the three parties can be consistent in information and supervise each other.

## 4.2 Formulate procurement task

4.2.1 Identify procurement objectives

Yumei should have clear goals in supplier selection. At first, Yumei should choose suppliers that are in line with its strategic positioning and beneficial for the enterprise to achieve its strategic goals. Furthermore, the company should analyze the category of purchased materials, the proportion of the amount allocated to each category of goods, and then use the procurement positioning model to classify the products with different materials and procurement strategies. Finally, company should focus on the selection of suppliers for strategic items and establish long-term cooperative relationship with suppliers that match the company’s goals.

The Purchasing positioning model proposed by Kraljic (1983) who divides the purchased materials into four categories: strategic items, leverage items, bottleneck items and non-critical items. And the 20% quality strategic and leveraged materials can create 80% value.

According to the expenditure level: the profit impact, and the supply risk, the products of Yumei can be divided in the following four types, as shown in chart 1.

high

bottleneck items

cosmetics

strategic items

chemical raw materials

non-critical items

craft gifts

leverage items

instruments and apparatuses

supply

risk

low

profit impact

high

**Chart 1** *Classification By Purchasing Positioning Model*

It can be seen from the chart that the highest procurement value is the cosmetics raw materials. Therefore, the following procurement strategies can be adopted for different items:

For strategic items, with high value ratio and product requirements, which can only be supplied by individual suppliers. Yumei can build up a long-term cooperative relationship with suppliers to ensure the stable production and quality.

For leverage items, there are many suppliers and the products have standardized quality, which can bring high profits to buyers. Yumei can reach a package agreement with the preferred supplier and deal with orders according to normal procedures.

For bottleneck items which are inconvenient to transport and have low financial impact can only be provided by specific suppliers. Yumei can diversify supplier selection to ensure the inventory, which is conducive to eliminating the risks of bottleneck materials shortages.

For non-critical items, with Low financial influence and abundant supply, Yumei can identify 3-5 high-quality suppliers for long-term cooperation to reduce management cost as much as possible.

4.2.2 Lean supply chain

Hao & Hu & Li (2018) discussed and analyzed how to choose supplier and distribute orders better under Total Just In Time (T-JIT) environment by using mathematical model combined with system engineering concept, so as to improve the supply chain management level of enterprises. From the perspective of enterprise supply chain, if enterprises want to stand out in the increasingly competitive market, they must establish a set of supply chain management system that is suitable for their own development situation. As an important part of the supply chain, the supplier is one of the most important parts, which directly affects the effectiveness of the supply chain management of enterprises. According to JIT on-time procurement plan (JIT procurement), Yumei can purchase appropriate goods at appropriate time, so as to eliminate waste and achieve zero inventory management. Because of the rapid update of product, it is impossible to maintain a large amount of inventory. Therefore, the procurement plan is formulated and implemented in accordance with the JIT, which can not only quickly meet the needs of the project implementation but also minimize inventory backlog as well as improve the production efficiency.

4.2.3 Establish a long-term cooperative relationship

The way that enterprises choose suppliers has a certain relationship with corporate culture. Some enterprises pay more attention to the smoothness of cooperation, and other enterprises pay more attention to the advantages of price, however, no matter what kind of purpose the companies work for, it is necessary to establish a good cooperative relationship with supplies. In this regard, strategic procurement focuses on the establishment of strategic partnership, both sides are not unilaterally pressing prices or raising prices but based on a full understanding of the market to develop a favorable solution for themselves. Through consultation and communication, both parties can establish a long-term cooperative relation and win long-term development opportunities.

Paul (2019) argues that successful supplier management requires company to adopt an enterprise-to-enterprise point of view, which can guide organization to accept practices and adopt behaviors that have not traditionally been connected with buy-seller interrelationship. It is suggested that company need to recognize interaction of the decisions made in business processes across and between enterprises. Successively, the objectives of both parties can be compatible with each other in the supply chain. Yumei should pay attention to the following three points when cooperating with its suppliers: (1) establish a coexistence relationship. Yumei should build trust with its suppliers and be strictly confidential about the technology and performance of the suppliers. Besides, in order to attract more potential customers, it is necessary for the company to innovate products with suppliers. (2) conduct consultations on strategic cooperation. For those key suppliers, Yumei should keep in touch with them and regularly discuss the goals of long-term strategic cooperation. (3) take the customer as the core. Each party in the supply chain has a common concept, that is, they are serving for the ultimate consumers, because the benefits of all sides are closely related to consumers.

## 4.3 Optimize the procurement model

4.3.1 Centralize procurement mode

Guo & Peng (2007) propose that the best way to realize strategic procurement is to establish a win-win strategic partnership, and deal with market competition jointly through resource integration. For small and medium-sized enterprises, the procurement cost is easy to control because of the small procurement quantity and procurement types, but their advantages of strategic procurement are not obvious. With the continuous development of enterprises, the advantages of strategic procurement will become increasingly obvious. Enterprises should implement a strategic procurement framework as soon as possible. Chinese scholar Li (2010) puts forward the specific implementation methods of strategic procurement, including centralized procurement management, expansion of the supplier scale, improvement of procurement process and procurement integration.

It is centralized procurement that can expand the procurement advantages of enterprises and improve their bargaining power as well as reduce procurement costs. At present, Yumei has only been developing for three years, and it may be difficult to implement centralized procurement management due to limited procurement demand and employee shortage. Nevertheless, if centralized procurement management is not implemented in the company, with the development of the enterprise, there will be some problems, such as the procurement price fluctuates greatly, and the procurement personnel are not professional enough, etc., which can greatly increase the procurement cost as well as the difficulty of procurement management. In turn, Yumei can establish centralized procurement departments to centralize purchasing, which not only can avoid the above problems effectively, but reduce the differentiation of purchased items as well as procurement management costs.

The company can update purchase details of different customers, which helps the procurement staff to promote products to other customers. Furthermore, arranging the production of different customer’s orders at the same time can not only achieve the suppliers’ minimum order quantity, but also increase the single purchase quantity of products and minimum procurement cost. More significantly, in order to guide customers to increase the purchase quantity, the company can adjust its product parameters to meet market demands. As a result, the concentration of demand gives the company bargaining power, which turns the company from a weak side to a strong side in the negotiation.

4.3.2 Streamline the procurement process

The procurement process must be so clear that can be implemented effectively. It is an essential responsibility for company to develop perfect procurement process, which helps company to manage its cost. The key to the formulation of the procurement process is to have transparent procurement standards, introduce competition, and establish a supplier bidding mechanism. The company can require suppliers to provide “menu-style” services and products, that is to price the product according to its specifications and calculate total price by quantity. As it is clearly shown on the menu, the price of the product is transparent, with classified pricing and without cheating.

Next, the company should choose the suppliers providing goods with a high performance-price ratio so as to reduce the overall purchase cost. With the modern information technology, the company can also communicate online to reduce procurement cost and improve communication efficiency.

4.3.3 Expand the supplier scale

The number of suppliers partly determines the discounts that company can get, if there are few suppliers to cooperate with the company, the company can easily fall into a situation where they can only accept the price passively. Besides, increasing reliance on suppliers will lead to higher procurement costs. Yumei can introduce suppliers that match the size and hierarchy that the enterprise has. And it is necessary to cooperate with different suppliers on the same product, for example, the company can choose two or three suppliers to supply similar materials. It is beneficial to give company enormous bargaining power and create a healthy competitive environment for suppliers.

# Retrospection and gains

During the six-month practice in Shanghai Yumei Biotechnology Co., Ltd., the author consulted reference material about supplier management and procurement management, the author constantly applied theoretical knowledge learned in class to practice and acquired new knowledge and skills about foreign trade business in practical experience. The author has improved the ability to find, analyze and solve problems in the practical process and become familiar with the import and export process of the company. More significantly, the author has made progress in dealing with customer relations. And the practice made the author realize his shortcomings of practical ability, which enriched experience for future work.

In addition, the author found three problems about supplier management and procurement management in Yumei and put forward three suggestions to deal with these problems. The three problems are: extensive supplier management, low procurement efficiency, high procurement cost. And the three suggestions are: using ABC classification to strengthen supplier management, using lean supply chain model to formulate procurement task, simplifying the procurement process to optimize the procurement model.

In a word, strong supplier management and complete procurement plan play an important role in the company’s supply chain system and procurement system. The author hopes this report can help Shanghai Yumei Biotechnology Co., Ltd. to achieve better and faster development and provide reference for other similar foreign trade enterprises in the aspects of supplier management and procurement management.

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