GB	Definition
20% / 80 % rule	A way to classify Purchasing expenses (or selling expenses) by ordering the priorities: 20 % of customers represent 80 % of sales. 20 % of suppliers represents 80 % of purchasing.
ABC Analysis	A way to classify Purchasing expenses (or selling expenses) by ordering the priorities: 20 % of customers represent 80 % of sales. 20 % of suppliers represents 80 % of purchasing.
Absolute Risk	Absolute risk measure is a measurement that reflects intrinsic risk within a clearly defined supply chain based on a specific set of inputs and criteria. It is an aggregate of all measurements of risk taken together with greater emphasis applied to critical elements. If any element changes, a new absolute risk measure is created for the updated set of inputs. The score is not comparable to the previous score, and putting two scores side by side will not yield a meaningful comparison. However the score in and of itself does give a meaningful indication of the degree of risk in the supply chain.
Account payable	Accounts payable is the money owed by the company to suppliers for goods or services received.
Account Receivable	Accounts receivable is the money owed to the company by customers who have received your goods or services and who have negotiated credit terms.
Accruals	Accruals are the accounting entries recognising money owed to your suppliers who have provided goods or services but not yet provided an invoice.
Accrued expenses	Accrued expenses are liabilities for purchases incurred for and which do not have a supplier invoice.
Accumulated Amortization	A deduction from intangible assets to show the total amount of periodic charges to income over the estimated useful lives of those assets.
Accumulated depreciation	Accumulated depreciation is the sum of all past depreciation expensed on all fixed assets.
Achilles Group Limited	Headquartered in the United Kingdom, Achilles Group Limited is a provider of cloud-based supplier management and supply chain risk management services.
Advanced Buyer	The Upstream buyer heads project-purchasing teams acting upstream on projects, uses transversal procedures, and uses functional analysis tools. He sets objectives for projects, particularly in terms of general tactics. He is the interlocutor of the site-purchasing managers and the Lead Buyers.
Allocation (“Going on Allocation”)	Allocation refers to a supplier practice of apportioning its reduced output among multiple suppliers as a result of an event - such as a factory flood - that limits overall capacity / output below normal production and shipment levels. A supplier may reserve a higher proportion of their limited or reduced output for customers with a more favourable contract or relationship. A customer who receives a reduced proportion of a supplier’s capacity relative to its normal volume is said to “go on allocation.”
Allowance for bad debts	Allowance for bad debts as a provision for probable inability to collect accounts receivable.
Amortisation	Amortisation is the method of charging out the Goodwill or Value of Patent to the economic period which benefits from the Goodwill or the patent.
Amortisation	Periodic charges to income to recognize the distribution of the cost of the company's intangible assets over the estimated useful lives of those assets.
Amortisations	Amortisation in the accounts is an expense set against earnings to record the depreciation of an asset over time. In British and American accounting documents the term 'depreciation' is used for tangible assets and 'amortisation' for intangible or financial assets.
Annual Cost of Procurement	The cost of running a Procurement function, including salary, employment costs, training, travel and
ANSI/ASIS BSI BCM.01:2010 Business Continuity Standard	The standard provides auditable criteria for developing and implementing a business continuity-management system that improves an organisation’s ability to prepare for, respond t, and recover from a disruptive event. The ASIS/BSI Business Continuity Management Standard specifies requirements for planning, establishing, implementing, operating, monitoring, reviewing, exercising, maintaining and improving a Business Continuity Management System.
Apparent objective	They are the objectives for your negotiation as fixed by your manager or as they initially appear to you.
Area Purchasing Manager	The area-purchasing manager leads a team of site-purchasing managers. He is responsible for the financial performance of his area. He sets the guidelines and resources available in the area. He is responsible for deploying the actions and tools in his area (e.g. E-commerce tools, etc.).
Assets	Assets are items which a company owns.
Auction	Process in which a seller proposes goods or services to sell at a proposed starting minimum price, while the potential buyers show their interest in goods or services by increasing this given starting price to be sure to get the deal. The auction is closed when there are no longer buyers to increase the last proposed
Audit of financial statement	A systematic examination of a company's financial statement to determine if the amounts and disclosures in the reports are fairly stated and follow generally-accepted accounting principles.
Average weighted Cost	An inventory costing method that charges the cost of issued parts as the quantity weighted average price of the parts in inventory.
Balance Sheet	Balance sheet is a base financial statement which balances items owned with money owed. It is usually represented in a table with two columns where Assets and Liabilities are placed. The totals must be
Bank loans	Bank loans are either overdrafts or formal loans lent by the bank on which the company pays interest
Basic earnings per common share	Income available to common shareholders for the period divided by the weighted-average number of common shares outstanding for the period.

GB	Definition
BATNA *(Best Alternative To Negotiated Agreement)*	It is the best option you have apart from the negotiation. The thing you will do if negotiation fails. The more you have worked on your BATNA, the more bargaining power you have during your meeting. for example: you are negotiating the price of a purchase with supplier 1. Your target price is 100. Supplier 1 proposes 110. If you can purchase the same product from another supplier (supplier 2) whose price is almost your target price (102), this gives you a good BATNA which you will be able to use during your
Benchmarking	Process to identify the best in class, to analyse the best in class, to understand why he is the best and to understand what we have to implement to improve ourselves.
Best in class	The company who is considered as the best in realising one given activity or a given practice (whatever the sector).
Bill of Materials (BOM)	Bill of Materials is a complete list of raw materials, components, and assemblies needed to produce or manufacture a product. A bill of materials follows a hierarchical format - the topmost level represents the end product and the bottom level illustrates the materials and individual components needed to manufacture the product. Manufacturer BOMs are critical to materials requirement planning (MRP) and enterprise resource planning (ERP) processes. A well-managed and streamlined bill of material has a large impact on mitigating risks and cost factors associated with inaccurate part information and product/part changes. BOMs are critical to calculating value-at-risk by showing the relationship between various components and the sold product. BOMs in conjunction with material requirements planning help supply chain risk managers determine sufficient lead time to avoid risk.
Black Swan Events	Black Swan Events are typified as unprecedented, unexpected disasters/disruptions which can greatly impair a business's supply chain operations. Black swan Events go beyond regular expectations of a typical disruption, are extremely impactful and typically explained after the event's occurrence. Black Swan Events can range from natural disasters to man-made events that can affect any node of a supply chain. Although Black Swan Events are often unexpected , analysts can determine in hindsight that the event was bound to happen, shedding light on pre-existing supply chain vulnerabilities.
Bonded logistics parks	A type of special economic zone; trade arrangements are similar to those of a bonded warehouse but over a specific geographic area. Goods may be stored, manipulated or undergo manufacturing operations without payment of duty.
Book value	Book value is the value at which an item appears in the accounts, different from market or current value.
Bottleneck	Bottleneck refers to a point of congestion in a supply chain whereby its limited capacity reduces the capacity of the whole supply chain. The results of bottlenecks can be stalls in production, supply overstock, or customer dissatisfaction, among other impacts. Bottlenecks occur when input at a supply chain node comes in faster than the speed of the process. Identifying both short-term and long-term bottlenecks in an end-to-end supply chain reduces accumulation risks and throughput risks. For example a lack of smelter and refinery supply can cause upstream bottlenecks and effectively limit production.
Bottom Line	Also called Net Income/Loss. The final result of all revenue and expense items for the period.
Break-even point	Break-even point is either the date or the conditions on which the profitability threshold is reached. The profitability threshold is a state of balance i.e. the turnover is equal to the sum of costs. It is the point that separates production at a loss zone from production at a profit zone. The profitability threshold can also be expressed in the quantity of work units and products to be made.
Breakpoint	It's the least you can expect from the negotiation. It's the minimum which is acceptable for you.
Bullwhip Effect	The Bullwhip Effect is a distribution channel phenomenon that exemplifies how demand variability and demand surges are inherent risks to multi-tiered supply chains. It demonstrates how minor changes in consumer demand can lead to large variations in orders placed upstream, presenting potentially impactful supplier capacity risks. The bullwhip effect describes that demand variability increases as one moves up the supply chain away from the retail level of distribution.
Business Continuity Planning (BCP)	Business Continuity Planning is a form of contingency planning that ensures production and product delivery continues in the event of a supply chain disruption - either uninterrupted or with minimal financial, competitive or customer impact. It aims to prepare a business and its network of supply chain partners so that performance continues regardless of where and when a supply chain disruption occurs.
Buyer	The buyer consolidates the requirements, consults the market, negotiates contracts and supervises their implementation in all the units in his area.
Buyer's or user's market	A market which is favourable to the users (supply is greater than demand).
Buying centre (Stakeholders)	Process to identify the people who are directly or indirectly concerned about goods or services that the buyers are responsible for.
Capex	CAPEX is an abbreviation for capital expenditures or new fixed assets
CAPEX/Capital Spend	An amount spent to acquire or upgrade an asset (such as buildings, machinery and equipment, vehicles) in order to increase the capacity or efficiency of a company for more than one accounting period.
Cash	Cash is money in the safe or in the bank account.
Cash flow	Cash flow is money generated during a period of time (cash receipt less cash disbursement).

GB	Definition
Cash flow statement	A statement showing cash receipts and disbursements compiled and totalled by operating, investing and/or financing activities.
Cashable Profit and Loss	Savings which directly reduce revenue expenditure by impacting directly on budgets: profit and loss
Category	The result of segmentation: the homogeneous group of goods or services.
Category Lead Buyer	The Lead buyer for a purchasing family/segment leads a purchasing team working on the same kind of purchases. He sets the objectives for that family, particularly in terms of overall strategy. He analyses the market and contracts.
Category Purchasing Manager	The Product Family Purchasing Manager is responsible for all decisions made regarding one or more families of products. He sets out the strategic direction, the action plans to be implemented and makes sure that they are deployed. He is responsible for defining and allocating the resources needed (human,
Centralised Model	A Procurement operating Model where all purchasing is conducted through a single central organisation that fully leverages the organisation's total spend, formalises standardised processes and shares best
Centre-led Model	A Procurement operating model that forms a centre of excellence focused on corporate purchasing strategy, strategic commodities, best practices and knowledge sharing while leaving individual purchases and tactical execution to the business units. The model leverages cross-functional teams that represent all key business units.
COGS	Cost Of Goods Sold = variable and fixed cost to manufacture the goods.
Commodity	The result of segmentation: the homogeneous group of goods or services.
Commodity Lead Buyer	The Lead buyer for a purchasing family/segment leads a purchasing team working on the same kind of purchases. He sets the objectives for that family, particularly in terms of overall strategy. He analyses the market and contracts.
Commodity Purchasing Manager	The Product Family Purchasing Manager is responsible for all decisions made regarding one or more family of products. He sets out the strategic direction, the action plans to be implemented and makes sure that they are deployed. He is responsible for defining and allocating the resources needed (human,
Common stock	The stated value of the common stock (the basic ownership interest in a corporation) issued by a company and reported in its balance sheet.
Conflict Mineral Compliance	Conflict Mineral Compliance is the on-going set of disclosures required by certain companies and manufacturers utilising tin, tungsten, tantalum or gold as a necessary component of their product, as stipulated by the final rule of the Dodd-Frank Act. Although consumer electronics companies are primarily affected by Conflict Minerals Compliance regulations, conflict minerals are used in a wide spectrum of end-products. Outside the legal implications of non-compliance, a company may face pressure from human rights activists, NGOs, consumers or other market forces to prove they are in fact conflict free. Thus, conflict minerals non-compliance can be a tremendous brand risk to an organiSation.
Conflict Minerals	The term “conflict minerals” refers to minerals including tantalum, tin, tungsten, and gold – also referred to as “3TG” – that are utilised in the production of various products, predominantly consumer electronics. The world’s largest reserves of the 3TG exist in the Democratic Republic of Congo, Africa. Due to concerns that the exploitation and trade of these minerals by armed groups helps finance conflict in the Democratic Republic of Congo, the United States Congress passed the Dodd-Frank Act in 2010, requiring certain companies to disclose their use of conflict minerals.
Contract	Document which is signed by the supplier and the buyer to give the characteristics of what is bought, how its bought (price and delivery) and giving information to find solutions in case of problems.
Contract Deployment	Process to deploy one contract in the company among the different users, requesters, B.Us.
Contracted Payment terms	Payment terms (in days) contractually agreed upon between the business and its suppliers for the purchase of goods and services.
Core business/ activities	What the companies consider as the key strategic elements of the company that cannot be outsourced.
Corporate Social Responsibility (CSR)	A form of corporate self-regulation, Corporate Social Responsibility (CSR) is a mechanism in which a business monitors and assures full compliance with laws, ethical standards, national and global norms. Companies which do not adhere to accepted CSR standards can face brand and legal risks and associated
Cost	Costs: This is the sum of expenses relating to an element of a product or service
Cost	The Cost is the amount of money spent for buying a good or a service.
Cost analysis	Cost analysis is the identification and understanding of the cost elements of a product or service.
Cost avoidance	To avoid some costs by modifying technical specifications (over quality, over quantity, …).
Cost Avoidance	A specific action taken to decrease costs in the future, such as replacing parts before they fail and cause damage to other parts. It is calculated as the difference between prices for goods and services and the probable increase in prices during the reporting year if actions had not been taken to obtain reduced costs for the same goods and services.
Cost breakdown analysis	Process to build up and to understand the different elements which compose the cost of goods or services (labour, investment, utilities…).
Cost drivers	Cost drivers are all the technical parameters which define the features of the product and influence the

GB	Definition
Cost Management "Savings"	A systematic and structured approach that provides a holistic framework to control, reduce and eliminate costs throughout the value chain that have a direct impact on the financial performance of the organisation such as P&L, OPEX reduction, cash flow, budget reduction, etc.
Cost of sales	The total cost to purchase and/or manufacture all of the company's products sold during a period.
Cost reduction	To decrease cost by improving efficiency on some elements of the transactional costs (order, follow-up,
Crisis Preparation	Crisis Preparation is a process for a business to ready itself for future crises which may include the following elements: a) Determine a crisis team's roles, responsibilities and governance; b) Define communication channels; c) Establish event response-level triggers; d) Develop and document playbooks; e) Map and develop IT/application/system recovery processes; f) Develop a post-crises assessment and continuous improvement process; g) Define and test the basic processes.
Crisis Response	Crisis Response refers to the various protocols implemented by a company to mitigate business impacts following a major disaster. A company's first priority following a crisis is to assist first responders in the affected area (which may include fire fighters, medical personnel or event plant employees responsible for performing emergency procedures to prevent further damages). Simultaneously, companies begin efforts to minimise business impact from the disruption to expedite recovery, which requires: designating special recovery teams, creating ad hoc supply chains, communicating the crisis to stakeholders, and collaboration with other entities (possibly even competitors).
Current assets	Current assets are cash or items which will normally be transformed into cash within one year.
Current liabilities	Current liabilities is money owed to third parties, to be paid out within one year.
Customs assist	Goods or services provided by a buyer that lend tangible value to the production of the final product by the manufacturer. For example, raw materials are considered assists if the buyer sends them to the manufacturer to be processed or used in the product that will ultimately be imported into the US. Failing to account for customs assists that the importer has contributed to the manufacture of their products can mean reporting a lower valuation and therefore underpaying customs duties.
Customs handbook	The practice of documenting all the imported parts/materials used in final assembly in order to be able to claim duty drawback when a completed system is re-exported. For instance, if a company did not use all imported parts/materials in final assembly, the finished goods handbook allows for a refund on any duties paid on those unused materials.
Customs valuation	A customs procedure applied to determine the customs value of imported goods. If the rate of duty is ad valorem, the customs value is essential to determine the duty to be paid on the imported goods.
Debt to equity ratio	The ratio of total debt (liabilities) to total shareholder's equity.
Decentralised Model	A procurement operating model where each business, function or geographic unit within a corporation is responsible for its own purchases.
Deferred charges	Expenditures for items that will benefit future periods beyond one year from the balance sheet date.
Depreciation	A method of charging out the fixed assets to the Profit and Loss Statement, based on the estimated economic life of the asset. Thus the fixed assets on the balance sheet will decline in value over time. This reflects the wear and tear of the fixed assets (machines, buildings, items bought for more than 500
Design for Resiliency	Design for Resiliency, coined by Bindiya Vakil, is a supply chain best-practice that identifies opportunities in the design and development phase of a supply chain risk management program to drive resiliency upstream in the product development process by identifying known or potential supply chain risks to product plans such as dependence on a high-risk component or supplier.
Design to cost (design to target cost)	To define a solution (for goods or services by) using functional definition of requirements, but limited by a limited target price.
DIO Days Inventory Outstanding	A financial measure of a company's performance that determines how long it takes a company to turn its inventory (including goods that are work in progress, if applicable) into sales. It is generally calculated using Inventory Outstanding (average inventory/cost of goods sold) multiplied by 365.
Direct costs	Direct Costs can be identified and imputed directly to a given production or activity of the company.
Direct Spend/goods and services	Purchases of goods and services that are directly incorporated into a product being manufactured or a service provided to the end customer (or public). Examples include raw materials, sub-contracted manufacturing services, components, hardware and -in the case of the public sectors- may include waste management, road maintenance, adult social care, etc.
Discrete Event Simulation (DES)	In the context of supply chains, Discrete Event Simulation is a modelling process that identifies how specified supply chain configurations will behave under different operating conditions and circumstances. Discrete event simulation codifies the behaviour of a complex supply chain as an ordered sequence of defined events and renders a long-term view of how a supply chain will perform when different potential disruptions and risks are applied to it.
Dividends	Payments, generally declared by the Board of Directors, from retained earnings to shareholders.
Downstream purchasing	Downstream purchasing is the management of the purchasing process once the specifications are frozen (or the needs/requirements are defined).

GB	Definition
DPO Days Payable Outstanding	An indicator of how long a company is taking to pay its trade creditors. It can be calculated as the total accounts payable divided by the cost of sales over the number of days.
DSO Days Sales Outstanding	A measure of the average number of days that a company takes to collect revenue after a sales has been made, usually calculated as the Days Sales Outstanding (or the number of days multiplied by the total Accounts Receivable over Total Credit Sales).
Duty drawback	The refund of certain duties, internal revenue taxes and certain fees collected upon the importation of goods. Such refunds are only allowed upon the exportation or destruction of goods under US Customs and Border Protection supervision.
Earnings per common share	Net income reduced by preferred dividends and divided by the average outstanding number of common shares during the accounting period.
End-to-End Visibility (E2E Visibility)	E2E Visibility is the ability for a company's leadership to look into their suppliers' global footprint, site locations, sub-contractor and sub-tier dependencies, site activities, part origins, alternate sites, recovery times, emergency contacts, and business continuity planning information. Allows the profiling of suppliers and how they are connected at the first, second and third tiers. E2E visibility helps a company's leadership make informed decisions and take proactive measures to prevent and mitigate supply chain risks. E2E Visibility = Supply Chain Visibility
Enterprise Risk Management (ERM)	Enterprise Risk Management (ERM) is a strategic business discipline addressing the full spectrum of an enterprise's risks and managing the combined impact of those risks as an interrelated risk portfolio.
Enterprise Security Risk Management (ESRM)	Enterprise Security Risk Management (ESRM) is a progressive practice which, when combined with security convergence, can help organisations set up comprehensive SCRM processes. Aspects of enterprise security risk management can include: a) Supply chain risk management; b) Physical asset protection; c) Human resource security; d) Information security; e) Communications security; f)
EPI (Early Purchasing Involvement)	Purchasing staff being involved in the definition of requirements to avoid risks and cost. EPI = Upstream Purchasing
e-RFI	Electronic RFI
e-RFP	Electronic RFP
e-RFQ	Electronic RFQ
e-RFx	Generic electronic documents
ESI (Early Supplier Involvement)	To have suppliers participate at the very early stage of the process to contribute in the definition of requirements.
Event Monitoring Services	Supply chain event monitoring services provide real-time event detection, impact analysis and the ability to view disruption zones and pinpoint supplier sites, products, parts and customers potentially impacted by an event. Event Monitoring Services are valuable supply chain visibility measures that enable swifter responses to disruptions and other supply chain risks.
Expenses	This is the monetary expression of the sums or amounts paid or to be paid in return for goods, work or services. Shown in the accounts in the form of the depreciation or amortisation of an asset / capital investment. Paid in the form of taxes, duties, interest, etc.
Failure Modes and Effects Analysis (FMEA)	Failure modes and effects analysis is a step-by-step approach for identifying all possible risks/failures in a design, a manufacturing/assembly process or a product or services. "Failure modes" refers to the ways in which something might fail. An "effects analysis" studies the consequences of the failure. FMEA analyses prioritise risks/failures according to the seriousness of their consequences, their frequencies and how easily they can be detected. FMEA analyses document the current and applicable knowledge and treatments of risk and can be implemented during design to prevent failures.
Fair market value	The amount at which an item could be exchanged between willing unrelated parties other than in a forced liquidation. It is usually the quoted market price when a market exists for the item. Fair market value = Market Price
Family	The result of segmentation: the homogeneous group of goods or services.
FCPA (Foreign Corrupt Practices Act)	The FCPA (Foreign Corrupt Practices Act) addresses the problem of international corruption in two ways: (1) the anti-bribery provisions prohibit individuals and businesses from bribing a foreign government of officials in order to obtain or retain business and (2) the accounting provisions impose certain record keeping and internal control requirements on issuers and prohibit individuals and companies from knowingly falsifying an issuer's books and records or circumventing or failing to implement an issuer's system of internal controls. Violations of the FCPA can lead to civil and criminal penalties, sanctions and remedies, including fines, disgorgement and/or imprisonment. Enforcing the FCPA is a continuing priority at the Department of Justice (DOJ) and the Securities and Exchange Commission (SEC)
FDA Action	The FDA oversees the integrity of pharmaceutical supply chains through initiatives that help protect consumers from exposure to substandard drugs and ensure that safe and effective drugs reach U.S. consumers. However, FDA actions can present a complex set of supply chain risks and business interruptions, particularly to pharmaceutical supply chains sourcing ingredients from outside the United States. For example, FDA actions may prevent drugs from entering the US if a sub-tier ingredients

GB	Definition
FIFO	An inventory costing method that states inventory at its most current cost while charging the cost of sales in the order the inventory was carried out.
Financial ratios	Financial ratios are key measures derived from relationships in the Balance Sheet and the Profit and Loss statement.
Fixed assets	Fixed assets are physical assets used to undertake the business of your company, with the minimum economic life of one year and a minimum value of €500.
Fixed costs	Fixed costs do not depend on the quantity produced. For a producer, the total amount of fixed costs is the money already spent or to be spent in the future so that the factory can produce.
Force Majeure	Literally “superior force,” Force Majeure is a common clause in supply chain business contracts that exonerates both parties from liability and obligation following an unexpected, unavoidable event described by the legal term “act of God.” Force majeure events can prevent one or both parties from fulfilling their contractual obligations. Force Majeure events can include supply shortages, natural disasters, strikes, riots, etc. Due to the unexpected and interruptive nature of Force Majeure events,
Foreign trade zones	Secure areas legally outside the customs territory of the United States. Their purpose is to attract and promote international trade and commerce. Foreign exporters planning to open or expand new American outlets may forward their goods to a foreign trade zone in the US to be held for an unlimited period while awaiting a favourable market in the US or nearby countries. During this time, goods will not be subject to CBP entry requirements, payment of duty, tax or bond.
Frame Agreement	Agreement which is signed by both parties to secure a price and certain quantities. All different users of the company benefit from this agreement.
FTE Full Time Equivalent	Any full-time, part-time, temporary and contract employees employed during the year, prorated by the number of employees and the hours spent performing each process or activity and reported as the average number of full-time equivalents employed during the year.
Functional definition of requirements	An expression of needs in terms of functions, constraints, acceptance flexibility and not in terms of technical solutions (provides more opportunities in terms of possible solutions).
GAAP	Generally Accepted Accounting Principles: the rules and standards followed in recording transactions and in preparing financial statements.
Global cost or Total Cost of Ownership (TCO)	TCO or Global cost is the global or lifetime cost of a product is the sum of all expenses incurred from a product's conception to the end of its life.
Goodwill	An intangible asset that represents the excess of the amount paid for an acquired company over the fair market value of the net assets of that company. Basically it is the value of the name and reputation of
Goodwill	Goodwill is the premium a company pays for purchasing another company.
Governance, Risk & Compliance (GRC)	A discipline that synchronizes information and activity across governance, risk management and compliance responsibilities in order to operate more efficiently, enable effective information- sharing, more effectively report activities and avoid wasteful overlaps.
GRECO (Group of States Against Corruption)	The Council of Europe established the Group of States Against Corruption (GRECO) in 1999 to monitor countries' compliance with the Council of Europe's anti-corruption standards, including the Council of Europe's Criminal Law Convention on Corruption. These standards include prohibitions on the solicitation and receipt of bribes, as well as foreign bribery. As of Nov.1, 2012, GRECO member states, which need not be members of the Council of Europe, include more than 45 European countries and the
Gross Profit Margin	Net sales minus the costs of goods and services sold.
Harmonised system	The Harmonised Commodity Description and Coding System, also known as the Harmonised System (HS) of tariff nomenclature, is an internationally standardised system of names and numbers to classify traded products. These codes determine tariff assignment and eligibility for preferential trade
Hybrid Model	A procurement operating model which incorporates principles or aspects of more than one other operating model.
Income statement	Income statement is another basic financial statement which shows the result after deducting operating costs from revenue.
Income tax	The amount of income tax expenses reported for the period.
Incoterms	A set of pre-defined commercial terms published by the International Chamber of Commerce that are used in international commercial transactions or procurement processes. These rules, such as “free on board” and “delivery duty paid”, are intended to communicate the costs, tasks and risks associated with the transport and delivery of goods. Currently Incoterms 2010.
Indirect costs	Indirect costs are all costs, except direct costs i.e. those which cannot be directly imputed to an identifiable finished product. They are also called overheads.
Indirect Spend/goods and services	The purchase of goods and services that are not directly incorporated into a product being manufactured. Examples include computers, safety goggles, printed forms, office supplies, janitorial

GB	Definition
Initial Risk Register	A master document, compiled upon completion of a risk management plan which records identified risks, their severities and the action steps to be taken. The document can take several forms though the most effective format is a table – risk register tables can present a great amount of information in just a couple of pages. To project stakeholders, Initial risk registers confirm that risks are being addressed and dealt with. Risk registers collect information that identifies baseline supply chain risks at global and regional levels. The most effective risk registers include the following: a) Risk identification dates; b) Target and completion dates; c) Risk descriptions; d) Risk types/classification; e) Likelihood of
Intangible asset	Non-physical assets with continuing value such as goodwill, copyrights, trademarks and franchises.
Interest expense	Interest expenses is the cost of borrowing money either through a bank loan or a short-term credit
Internal Stakeholders	It refers to the people who are involved in, impacted by or have influence on the procurement process and typically includes users, specifiers, budget holders and buyers.
Inventories	There are 3 categories of inventories, Raw Materials (RM), Work In Progress (WIP) and Finished Goods.
Invoice	A formal commercial notification of payment required by a supplier stated as a request for payment for specified goods or services with quantities and prices, defining payment date and terms.
ISO 31000	ISO 31000 is an industry standard for risk management which helps businesses improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.
Just-in-Time (JIT)	Just-in-Time is a manufacturing and supply chain inventory management method designed to reduce inventory along the supply chain while increasing product quality and service levels. JIT involves shipping goods in smaller, more frequent lots - usually just before the products and services are needed. JIT methodology helps reduce down times within production as well as response times from suppliers and customers; however, Just-in-Time manufacturing increases the potential of supplier capacity risks from demand surges which can result in the associated financial risk of under stock.
KPI's (Key Performance Indicators)	Set of indicators permitting to track results (price, lead time, quality, …).
Kraljic matrix	A portfolio analysis tool to define the purchasing strategy/best practices to implement per segment by looking at the Importance of the Spend and the Market Difficulty. It is composed of 4 types of segments: non-critical, bottleneck, leverage and strategic.
Lean Supply Chain	Lean Supply Chain refers to an organisational approach whereby inventory across the supply chain is minimized for cost-reduction purposes. With the understanding that holding excess inventory or redundant inventory can be costly, Lean processes aim to reduce costs and bolster supply chain efficiency and facilitate Just-in-Time manufacturing procedures. However, lean supply chains may pose business continuity risks to an organisation in the event of a demand surge. Since Lean processes seek to minimize inventory, there is the risk an organisation may have insufficient inventory to service demand
Learning curve	The learning curve or Wright/'s law, is a way of recording the fall over time in the resources necessary to produce a product.
Liabilities	Liabilities are money a company owes to third parties.
LIFO	An inventory costing method that states inventory at its earlier cost while charging the cost of sales in, at its latest cost (in the reverse order of how the inventory was carried out).
Long-term debt	Long-term debt is the debt due for repayment in excess of one year.
Long-term liability	Long-term liability normally includes long-term debt, shareholder capital & reserves. Could also include amounts for pension liabilities in certain countries.
Make or buy	The analysis to compare the advantage of producing internally (to make a product or a service) or of having it produced externally (buying).
Make or buy criteria	Criteria to support the decision of making or buying (cost, innovation, capacity, capability, core
Market price	The amount at which an item could be exchanged between willing unrelated parties other than in a forced liquidation. It is usually the quoted market price when a market exists for the item. Market Price = Fair market value
MI	Management Information
Multi-Sourcing	Multi-sourcing is an approach whereby an enterprise chooses to procure a certain component / material from multiple, different suppliers. The advantages and risks of multi-sourcing depend on a product's Bill of Materials (BOM), complexity and the unique material availability. Multi-sourcing can have numerous supply chain risk factors associated with it due to the involvement of many independent suppliers in different locations, each with their own propensity to disruption. The most important advantage of multi-sourcing is that it enables enterprises to have alternate suppliers when a particular supplier faces a disruption. Multi-sourcing helps mitigate supply risks and reduces a buying company's reliance on one supplier. It also helps reduce inherent supply chain risk of demand variability as demand is spread across numerous suppliers that together would collectively have more capacity and be more responsive to the buying company. Many businesses utilise multi-sourcing to foster competitive bidding among suppliers
Net Fixed assets	Net fixed assets is the residual value of fixed assets after deduction of accumulated depreciation.
Net income/Loss	The final result of all revenue and expense items for the period. Also called Net Profit/Loss or "Bottom

GB	Definition
Operational purchasing	Purchasing which is only a support function dealing more with administration (ordering, tracking, invoicing) than strategy.
OPEX/operating spend	The on-going cost of running a product, business or system which includes day-to-day expenses such as sales and administration or research and development (excluding cost of goods sold -or COGS-, taxes, depreciation and interests).
Opportunity costs of invested funds	Opportunity cost is an amount equal to that it could be earned if the money invested in inventory were invested elsewhere in the company.
Outsource	To look for an external supplier to realise what we were realising up till now internally.
Outsourced Model	A procurement operating model where specified key procurement activities relating to sourcing and supplier management are transferred to a third party.
Outsourcing	The action of realising the outsource.
Pareto Analysis	A way to classify Purchasing expenses (or selling expenses) by ordering the priorities (20 % of customers represent 80 % of sales. 20 % of suppliers represents 80 % of Purchasing).
Policy costs	Policy costs are costs related to principles and values the company defends. For example: green policy, image, social principles.
Porter 5 forces analysis	Framework to assess supplier market dynamics by looking at the supplier market competition, the demand market, the supplier's supplier market, the substitute market and the barriers to new comers.
Potential suppliers	Companies which have been selected in function of our own criteria, to potentially deliver us goods or
Predictive Analytics	In the context of supply chain risk, predictive analytics use various analytical and statistical techniques to build mathematical models that gauge the future outcome of a certain scenario of study. Predictive analytics are used in the supply chain risk management space to help businesses anticipate risks before
Price reduction	To decrease buying price by mainly decreasing the margin associated with goods.
Proactive Risk Mitigation	Advanced, preventive measures a company can take beyond simple disaster recovery planning or crisis response to avert risks that could impact their businesses and supply chains. Risk-reduction objectives may include: a) Quality; b) On-time delivery; c) Responsiveness; d) Diversity; e) Supplier viability.
Procurement Buyer-planner	The buyer-planner organises and coordinates stock management according to the general guidelines set by the stock manager. He is responsible for all related activities and expected results.
Procurement Department	The division of a business that is responsible for the purchasing of goods and services to accomplish the goals of the enterprise.
Procurement Function	The function within an organisation that is recognised as having formal responsibility for procurement and sourcing both at strategic and operational levels. The scope of activity will typically include commercial strategy, managing the tendering process, contracting, negotiation and supplier management. Additional activities associated with the supply of third-party goods and services may also be included (estimating, scheduling, supplier quality).
Procurement Model	The rationale of how a Procurement function creates, delivers and captures value.
Production costs	Production costs are the fixed and variable costs incurred in order to produce goods or services. These costs mainly comprise labour, raw materials, energy and operating expenses.
Profit/Loss	Remaining amount after deducting costs from revenue for a given period.
Project Buyer	The Upstream buyer heads project-purchasing teams acting upstream on projects, uses transversal procedures and uses functional analysis tools. He sets objectives for projects, particularly in terms of general tactics. He is the interlocutor of the site-purchasing managers and the Lead Buyers.
Purchase Order	A commercial document used to request the supply goods and services from a supplier in return for payment that generally provides specifications and quantities.
Purchase Order	The person responsible for creating a purchase order from the information provided by the
Purchase to pay cycle-time	The time required to complete one procurement cycle (enabled by technology) from point of order to
Purchase to Pay Location	Location where staff involved in the Purchase to Pay (P2P) process (requisition, order, receipt, invoice,
Purchasing cost	Cost of the transaction for goods: it corresponds to the purchasing price plus elements of transactional
Purchasing Executive	The purchasing executive defines the purchasing strategy and general purchasing policies in alignment with the strategy of the company or group for which he acts. He decides how the function is organised and is responsible for determining and allocating the resources needed (human, technical and financial). He is responsible for deploying the tools and action plans. He decides the methods for measuring overall performance and reports on performance to his immediate superiors (who belong to the executive committee, production or finance). He defines the human resources management policy (profiles,
Purchasing manager: Group of buyers	The "purchasing manager" is responsible for the implementations of the strategies by all the purchasing teams. He sets out the strategic direction, the policies to be implemented and makes sure that they are deployed. He is responsible for defining and allocating the resources needed (human, technical and financial). He reports on performance to the purchasing management board.
Purchasing price	Price the buyer is ready to pay for goods. This buying price corresponds to the suppliers' selling price.
Purchasing Process	This process includes 6 mains steps: definition of needs, analysis of the supplier market, definition of the purchasing strategy, selection of the suppliers, negotiation, contract deployment and supplier

GB	Definition
Purchasing/Procurement (EU)	In Europe: Purchasing is the strategic part of buying goods or services. Procurement is considered as the fulfilment of orders to secure dailys operations. Procurement normally depends on Purchasing.
Purchasing/Procurement (USA)	In USA: It is the other way around. Procurement is the strategic part of buying goods or services. Purchasing is considered as the transactional part of the process. Purchasing normally depends on
Real objective	They are the true objectives for your negotiation. Behind what you think you want or what you say you want, there are sometimes other objectives whose nature can be different.
Realistic objective	It is what you can realistically expect from this negotiation. It's the probable result of the meeting.
Recovery Time Objectives (RTO)	Recovery Time Objectives refer to business objectives that account for the time to recover a service after a disruption or outage. Criteria for developing RTO include: starting from the point of disaster, the time before a disaster is declared; the time to perform tasks to the point of business resumption whereby the data which was lost, up to the point of disaster, is restored.
Redundancy	In the context of supply chains, redundancy is a supply chain resilience measure that involves keeping excess capacity and back-up systems throughout the supply chain that enables the maintenance of materials flow and supply chain functionality in the event of disruptions. Redundancy reduces the likelihood of an organisation experiencing inventory shortages following a disruption or demand
Regional value content	RVC rules require that a product include a certain percentage of originating content in order to qualify for certain free-trade agreements.
Relative Risk	Relative risk is the score of one risk element vs. another. For example, the natural disaster score of one location vs. another can be easily compared to gain meaningful insights.
Replacement cost	An inventory costing method that charges the cost of issued parts as the price of the next order required to replenish the inventory.
Requisitioner	An end user or the person who creates the requirement for procurement of product or services in the
Residual Risk Analysis	Residual Risk Analysis services measure numerous supplier elements such as: their ability to handle demand surges; supplier preparedness and time-to-recovery; security; or brand risk. Residual risk analysis is used to evaluate risks before and after a risk mitigation. If the likelihood and consequence of residual risk is greater than the established risk tolerance, further risk mitigation will be required. Assessing risk tolerance can be facilitated by using a risk frontier graph which plots the likelihood of
Retain earnings	Retained earning is the Profit (or loss) made in previous and current periods, retained in the company i.e. not paid out to shareholders in dividends.
Retain earnings current period	Retained earnings current period should be equal to the net profit or loss on the bottom of the Profit and Loss Statement.
Revenue from sales	Revenue from sales is the amount of revenue invoiced to customers.
Reverse Auction	Process in which a buyer proposes to buy goods or services. In a limited time frame, sellers have to decrease their selling price to propose the best offer.
RFI (Request For Information)	Formatted document sent by the buyer to collect general information from vendors to analyse if they could potentially be selected.
RFP (Request For Proposal)	Formatted document sent by the buyer to collect specific information from a potential supplier on a specific proposal or demand.
RFQ (Request For Quotation)	Formatted document sent by the buyer to collect pricing information for certain goods (quality, quantity) from a selected potential supplier.
Right First Time	Invoices paid to the supplier on time and without any correction or manual intervention.
Risk Analysis	Risk analysis produces a register of vetted risks, evaluation parameters/metrics, risk thresholds, and priorities for risk treatment. Risk analysis evaluates those risks against a set of risk criteria and risk appetite/tolerance thresholds to generate risk scores. Risk scores are then used to prioritise risk treatment activities and investments. Risk analysis is a multi-pronged process comprised of: a) Risk identification; b) Risk criteria; c) Risk appetite/tolerance; d) Risk scoring.
Risk Appetite and Tolerance	Risk Appetite and Tolerance refer to the amount of risk an organisation is willing to take in order to meet its strategic objectives. Risk appetite and tolerance specifies the boundaries for the appropriate amount of risk taking within an appropriate level of authority. It drives the decision regarding whether or not a risk should be accepted, treated and re-treated as a result of residual risks.
Risk Criteria	Risk Criteria are principles which establish an organisation's approach and parameters for assessing, accepting, pursuing, retaining or treating risk. Risk criteria establishes the basis for a supply chain's risk scope and serves as the benchmark of scales for the evaluation and measurement of risk consequences and likelihood. Examples of risk criteria include impacts to key business metrics such as: revenue, cost, customer satisfaction; or risks to supply chain continuity and operations such as supplier financial, location, recovery or capacity vulnerabilities. Considerations for risk criteria can include: reliability and degree of uncertainty of information; assumptions that may influence results; risk triggers or its root causes; supply chain relationships; risk weaknesses and the interactions between threat, criticality and

GB	Definition
Risk Exposure Index (REI)	Risk Exposure Index, developed by David Simchi-Levi, is a supplier segmentation method that enables business to focus mitigation efforts on the most important suppliers and risk areas rather than ignoring them or using an exhaustive approach. It assesses the cost of a potential major disruption based on the Time to Recovery (TTR) for each level or node in the supply chain, and the resulting Financial Impact (FI).
Risk Identification	Risk Identification is a prerequisite to the risk scoring phase which determines and segments the broad categories of risks, threats, and vulnerabilities across a global supply chain network. Risk identification speculates the various setbacks of a specified supply chain. The segmentation of different risk types includes: a) Strategy risks; b) Product/part/component risks; c) Supplier risks; d) Supply network risks; e) Incident type risks; f) Geographic supply chain risks; g) Demand volatility risks.
Risk Intelligence	Risk Intelligence increases supplier visibility by the collection, validation and maintenance of supplier data via surveys and other supplier-information collaboration tools. Risk intelligence is developed by the on-going processes of supply chain mapping and supplier data retrieval.
Risk Management	The identification, assessment, priorisation and mitigation of risks including supply chain internal process and third-party expenditures.
Risk Mitigation	Risk mitigation refers to both the proactive and responsive risk management scenarios and approaches. Proactive risk mitigation measures anticipate future potential events and their impact, while responsive measures are characterised by actions taken to reduce an incurred impact. The proactive measures taken to remedy identified, assessed and prioritized risks during the risk analysis phase. These measures include: a) Setting mitigation targets; b) Receiving approval for incurred costs; c) Tracking mitigation activities in progress and reporting their statuses; d) Timely closing-out of mitigation processes.
Risk Treatment	Risk Treatment is a set of risk-modification processes that include: a) Discontinuing activities that give rise to risk; b) Removing risk sources; c) Changing the likelihood of risks; d) Modifying risk consequences; e) Sharing the risk with other parties; f) Retaining the risk through informed choice.
Rules of origin	Used to determine the country of origin of a product for purposes of international trade. There are two common types of rules of origin depending upon application, the preferential and non-preferential rules of origin. Tariff and duty fees are impacted by rules of origin classification .
Segment	The result of segmentation: the homogeneous group of goods or services.
Segmentation	Capability to group goods and services based on common criteria (process, quality, technology…)
Seller's or supplier's market	A market which is favourable to the suppliers (demand is greater than supply).
Shareholder capital	Shareholder capital represents the number of issued shares at the nominal value. It does not represent the price on the stock exchange.
Shareholder equity	Shareholder equity is capital plus retained earnings or profit left in company.
Single Point of Failure (SPOF)	A single point of failure is a system component whose failure can render an entire system unavailable or unreliable. It is invariably singular in a physical or virtual location and can have repercussions which extend far beyond an individual organisation, for example to unsuspecting stakeholders such as an organisation within that industry or the economic and social well-being of an entire country.
Single-Sourcing	Single-sourcing is an approach whereby a buying organisation relies on a single supplier for a particular component even when other suppliers are available. Single-sourcing is often opted for to reduce material costs, as higher volume purchasing requirements from a single supplier can make it possible to negotiate better purchasing conditions. Single-sourcing can allow for collaboration and innovation between enterprise and supplier especially when the buying organisation and supplier are mutually dependent on one another. However, single-sourcing has its own supply chain risks. It can increase the dependence of the buying organisation on the supplier potentially developing a unbalanced trading partner relationship. Supplier capacity risks are another downside of single-sourcing as failures at the supplier level can disrupt the supply chain and flow of inventory.
Site Purchasing Manager	The Site Purchasing Manager leads a purchasing team and is responsible for the economic performance of his site. He sets the savings objectives, processes and overall strategy, and allocates resources and activities within his team. He is the interlocutor of the line-purchasing managers and project-purchasing
Sole-Sourcing	A sole-source purchase occurs when only one supplier for a required component/part/ material is available. In some cases, a sole-source supplier may hold a patent for a particular component used in the buying company's final product. Though alike, sole-sourcing should not be confused with single-sourcing, as single-sourcing implies the buying company weighs its options and chooses to partner with a single provider. With sole-sourcing, buying companies do not have a choice but to rely on that particular supplier. However, sole-sourcing is similar to single-sourcing in that supplier failures can result in acute
Sourcing	Process to identify, qualify and select new suppliers.
Spend under Contract	The purchasing spend for the goods and services which are covered by active contracts.

GB	Definition
Spend under Management	The spend carried out in compliance with company policies and procedures that meet any of the following conditions: a) Purchases made by the Procurement department; b) Purchases made directly by end users following policies, procedures and commercial frameworks set-up by the procurement department; c) Purchases made by the wider organisation where Procurement have been engaged early in order to challenge and support the development of the specification through to contract
SRM: Supplier Relationship Management	Policies to set a new relationship with one supplier permitting to be considered as the preferred customer to this supplier.
Standard cost	An inventory costing method that charges the cost of issued parts at an arbitrary price (in line with the fair market value) defined my management.
Standard Payment Terms	Payment terms (in Days) agreed by the business in return for the purchase of goods and services.
Stock (FGS)	FGS also includes spare parts supplies for use within your own factory.
Stock Option	An agreement, usually between an issuer and its executives/employees, that grants the right to purchase securities, such as common stocks, at a specified price. Options are common stock equivalents and may dilute earnings per common share.
Strategic purchasing	In opposition to transactional purchasing. To be involved in the definition of requirements, the internal partner's satisfaction, the value creation process.
Sub-family	The result of segmentation: the homogeneous group of goods or services.
Supplier	Company with whom a contract has been signed.
Supplier Audit	Supplier audits are a risk mitigation approach whereby organisations identify supplier non-compliance and evaluate the performance of suppliers throughout an end-to-end supply chain.
Supplier Development	Set of actions to support the supplier in improving its complete process (cost, quality and deadline).
Supplier Key-account buyer	He is the unique contact point for a given supplier. He coordinates the different lead buyer in relation with this given supplier to define one common strategy for this supplier and set a Supplier Relationship
Supplier Relationship Management	Supplier Relationship Management is the practice and process for interacting with suppliers with an organised approach to produce positive sourcing results. Improperly managed supplier relationships can result in non-compliance, late shipments and further sourcing risks.
Supplier Segmentation	Supplier Segmentation involves grouping and classifying suppliers by their impact on a given business. It incorporates reviewing supplier segments, identifying supplier opportunities, developing product and service agreements, measuring performance, and creating supplier / cost profitability reports. Suppliers are often grouped into one of four categories: commodity, standard, strategic or key.
Supplier Selection	Pre-determined criteria used to evaluate and select the different potential suppliers.
Supplier Sourcing	Refers to the regular screening and monitoring of current and potential suppliers through self-assessment templates/surveys or internally developed risk scoring methods to identify potential disruptors for use in the request for quotation (RFQ) process.
Supplier Transparency	Supplier Transparency is the process of achieving a clear vision into supplier environments critical for managing rising risk levels in a global environment where corporate supply chain practices are attracting increasing legal, regulatory, and consumer scrutiny.
Supplier's margin	The margin is the difference between the supplier's selling price and the supplier's total costs.
Supply Base Management (SBM)	Supply Base Management (SBM) is a systemic, dynamic approach for strategically managing the whole supply base (current suppliers, minor suppliers and potential suppliers), the scouting of new suppliers and the transition of suppliers between groups. There are four major elements to SBM: management of major suppliers, management of minor suppliers, scouting and vetting potential suppliers, and the on boarding and integration of new suppliers into a company's supply chain. Supply base management is a long-term supply chain risk mitigation strategy which not only oversees the performance of current suppliers, but ensures that backup and scouted suppliers can be integrated as seamlessly as possible. SBM also involves the ongoing evaluation of potential supplier replacements. Akin to sports recruiting, supplier scouting is a continuous process aimed at providing a robust, compliant supplier pool.
Supply chain	Series of operations that provides goods or services to end customers.
Supply Chain Disruption	Supply Chain Disruptions are events or actions at any level of a company's internal or external supply chain that cause business interruptions affecting production, manufacturing, shipping or inventory.
Supply Chain Management (SCM) Business Process Outsourcing (BPO)	SCM BPO is the strategic outsourcing of one or more supply chain processes to an external service provider. The scope of SCM BPO includes supply chain planning (SCP) and analytics, direct material sourcing and procurement, manufacturing management and logistics management.
Supply Chain Resilience	Supply Chain Resilience, or Supply Chain resiliency Management (SCrM), refers to the capability of a supply chain network and individual suppliers to recover quickly and cost-effectively from an event with minimal to no impact on the normal flow of supplies.

GB	Definition
Supply Chain Risk	Supply Chain Risk is the likelihood and consequence of an event, at any point in the end-to-end supply chain, to disrupt the normal flow of supplies and/or result in negative impacts on downstream channel product flows and supporting infrastructure and services. Supply chain risks can manifest in an innumerable amount of ways; however, for practical purposes, supply chain risks can be distilled into the following categories: a) Process-oriented risks at production sites; b) Supplier-oriented risks at direct or indirect supplier sites; c) Upstream and downstream transportation/logistics risks; d) Operational risks at the agency, department, division, branch, unit or corporate level; e) Regulatory risks (i.e. legislative, compliance, intellectual property, sovereign) at the country or regional level for multinational
Supply Chain Visibility	Supply Chain Visibility is the ability for a company's leadership to look into their suppliers' global footprint, site locations, sub-contractor and sub-tier dependencies, site activities, part origins, alternate sites, recovery times, emergency contacts, and business continuity planning information. Allows the profiling of suppliers and how they are connected at the first, second and third tiers. Supply chain visibility helps a company's leadership make informed decisions and take proactive measures to prevent and mitigate supply chain risks. Supply Chain Visibility = E2E Visibility
Switching Point	When the demand corresponds to the offer, then the price starts changing its trend (from increasing to decreasing and vice versa).
Tactical purchasing	Purchasing which is only a support function dealing more with administration (ordering, tracking, invoicing) than strategy.
Target objective	It's the best thing you can expect from your negotiation. The highest objective you can think of. It's also your opening offer, the one you will start negotiation with.
Tariff classification	Numbered category in a country's customs tariff schedule to which goods being imported or exported are determined to belong for the purpose of (1) imposing duties and taxes and (2) recording into the country's international trade statistics. Most countries classify goods in accordance with the harmonised commodity description and coding system, popularly known as the harmonised system.
Tariff engineering	Modifying the design of an imported product to reduce duty or tariff expense associated with that
TCO (Total Cost of Ownership)	Methodology to set a complete cost along the life of the product (including end of life, training,
TCO Model	TCO model is made up mainly of the cost drivers and the rules for calculating the cost for each of them.
TCO or The Total Cost of	TCO is the cost related to the acquisition, the use and the end of life of an item or service.
TCO perimeter	TCO perimeter gathers all the sections considered as consistent for building the TCO model.
Technical specifications	An expression of needs in term of technical solutions, technical, characteristics, which limits the potential solutions and the supplier.
Third-party Capital Expenditure	All third-party expenditure on goods and services which are classified as capital by the financial policy of a business
Third-party Expenditure	The total spend on goods and services calculated based on the total value of expenditure accrued per annum (excluding VAT) to all suppliers for the purchase of goods and services
Time-to-Recovery (TTR)	Time-to-Recovery is the gap in time between the moment a disruptive event occurs and when the company can restart normal production. It represents the time needed for a supply chain tier to fully recover after a particular disruption. TTR includes: the duration of recovery efforts to restart production and deliveries at the disrupted supplier; the time taken to locate, qualify, buy and use parts from an alternate source; the duration of reengineering processes to utilise other types of available components and capacities. Identifying the Time to Recovery for each node in a supply chain is a critical component in planning for unexpected disruptions. By inspecting supply chain nodes individually, one can calculate the financial impact of each node. Determining the TTR for each node requires a complete analysis of a product's Bill of Materials (BOM), multi-tier supplier data and transportation routes. Comprehensive TTR intelligence reduces the overall risk for manufacturers and the businesses they supply.
To be the benchmark	To be the reference.
Transactional Efficiency	The overall efficiency of the Purchase-To-Pay cycle (requisition through invoice receipt and payment).
Transactional purchasing	Purchasing which is only a support function dealing more with administration (ordering, tracking, invoicing) than strategy.
Transfer pricing	The price at which divisions of a company transact with each other. Transactions may include the trade of supplies or labour between departments. Transfer prices are used when individual entities of a larger multi-entity firm are treated and measured as separately-run entities. Firms will often raise or lower the transfer price of goods or materials to ensure an optimal income tax position. This typically can be in conflict with the customs valuation on imported goods and materials.
Upstream purchasing	Purchasing staff being involved in the definition of requirements to avoid risks and cost. Upstream Purchasing = EPI
Upstream buyer	The Upstream buyer heads project-purchasing teams acting upstream on projects, uses transversal procedures and functional analysis tools. He sets objectives for projects, particularly in terms of general tactics. He is the interlocutor of the site-purchasing managers and the Lead Buyers.

GB	Definition
Value	The value is associated to all tangible elements plus intangible costs (expertise, satisfaction, fit, …). It is equal to “Customer Satisfaction” / “Cost”.
Value analysis	Utilisation of functional definition of requirements methodology on existing goods to improve solutions.
Value and Performance	The benefits delivered by the Procurement function typically including savings, innovation, cost reduction, service improvement, speed to market, risk mitigation, revenue enhancement and
Value chain	Activities though which a firm develops a competitive advantage and creates shareholder value. Purchasing is one contributor to value chain.
Value-at-Risk (VAR)	A category of risk metrics that describe, in terms of probability, the market risk of a trading portfolio over a given period of time. Rather than an expected value of loss, VAR is a conditional estimate of loss. Widely used by banks, securities rms and commodities merchants, VAR can also be used to evaluate and manage risk in the supply chain. VAR is the sum of the probability of disruptive events multiplied by the financial impact of the events for a specific process, supplier, product or customer. The calculation of VAR for different types of disruptions helps companies prioritisze proactive risk mitagation efforts and reactive recovery efforts during crisis response.
Variable costs	Variable costs is a cost which varies with the volume of a company's output or business. The sum of variable costs represents money which is not spent if nothing is produced.
Vendors	General term to suppliers (mainly in the USA). Companies which can potentially become suppliers of goods or services.
Volume effect	By consolidating the needs of one company (over time or cross B.Us) to increase purchasing power with regards to suppliers to secure delivery, obtain best cost and best quality.
Working capital	The working capital is money tied-up by the company in both inventories and customer invoices not yet paid , minus suppliers invoices which the company has not yet paid. Working capital covers the amounts on the Balance Sheet for accounts receivable and inventories minus accounts payable. Working capital needs to be financed, usually by short term bank loans.