Managing Buyout Decisions

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Understand the Buyout-to-Order Workflow

In Pams, **Buyouts to Procurement** connects a purchasing requirement to the Purchase Order that your team will use to obtain the required goods or services. A buyout requirement records what the project, Sales Job, BOM, or MRQ needs to purchase. It is not yet an order to a Sub-supplier.

The process has four clear stages:

1. **Review the buyout requirement.** Confirm what is needed, why it is needed, and whether the available supplier and commercial information is sufficient to make a purchasing decision.
2. **Record the selected buyout decision.** Choose the Sub-supplier or purchasing option that meets the requirement, then confirm the quantity, Item Price, and other commercial information.
3. **Approve the decision.** A decision that is complete moves to **Awaiting Approval**. Once the required review is complete, it can be marked **Approved**.
4. **Convert the approved buyout.** After approval, create the related operational order: the Purchase Order used for purchasing and fulfillment.

[SCREENSHOT: Buyouts to Procurement screen showing buyouts at different stages, including Awaiting Approval and Approved]

Keep the difference between a requirement and a Purchase Order clear:

Record	Purpose	When to use it
Buyout requirement	Captures the purchasing need	Before the supplier and commercial option are fully approved
Buyout decision	Records the selected purchasing option	After reviewing supplier, quantity, and price information
Purchase Order	Represents the approved order to be fulfilled	Only after the buyout decision is approved

Do not convert an incomplete decision merely to start purchasing activity. A requirement with missing supplier details, uncertain Quantity, or unconfirmed Item Price should remain under review. Likewise, a buyout in **Awaiting Approval** is not ready for conversion.

When the buyout is approved and converted, continue managing the resulting Purchase Order using Creating Purchase Orders. That document covers the Purchase Order workflow after the buyout decision has been made.

Review Buyout Requirements Before Making a Decision

Start in **Purchasing** and open **Buyouts to Procurement**. Use the list to identify buyout requirements that need a purchasing decision. Focus first on records that have not yet reached **Awaiting Approval** or **Approved**, as these still require review or completion.

1. Open the buyout requirement you need to assess.
2. Review the requested **Item** or service and read the **Item Description** or **Material Description** where provided. Make sure the requirement clearly identifies what must be purchased.
3. Check the requested **Quantity**, **Unit**, and any required delivery information, such as **Required Receiving Date**, **Required Receiving After**, or **Delivery Date**.
4. Review the linked business context, such as the related **Project**, **Sales Job**, **BOM**, or **MRQ**, when these are shown. This helps you confirm that the buyout supports the correct operational need.
5. Check the available Sub-supplier or sourcing information. Review the listed **Sub-supplier**, any **RFQ** or Offers information, and the offered commercial details before selecting an option.
6. Review notes and attachments for requirements, delivery conditions, or other information that could affect the purchase.

[SCREENSHOT: Open buyout requirement showing Item, Quantity, Project, Sub-supplier, and commercial information]

Pause the approval process if any important information is missing or conflicts with the underlying requirement. Examples include a missing Sub-supplier, a Quantity that does not match the BOM or MRQ, an unclear Item Description, or an Item Price that has not been confirmed.

Use the buyout record to keep the purchasing decision connected to the original requirement. Do not use a similar item from another Project or Sales Job as a substitute unless the buyout details clearly support that choice. A careful review at this stage prevents incorrect Purchase Orders and reduces later changes to quantities, prices, or suppliers.

Record the Selected Buyout Decision

After reviewing the requirement, select the purchasing option that best meets the operational and commercial need. Record the decision in the buyout so Pams can carry the approved information into the later Purchase Order.

1. In **Buyouts to Procurement**, open the reviewed buyout requirement.
2. Select the appropriate **Sub-supplier** or confirm the selected supplier option already shown on the record.
3. Confirm the **Item** or service is the one requested. Check the **Item Description**, **Unit**, and **Quantity** before saving the decision.
4. Enter or confirm the commercial details for the selected option, including **Item Price**, **Currency**, **Discount (%)**, and **Tax (%)** where these fields are available.
5. Review delivery-related details, such as **Delivery Time**, **Delivery Term**, **Planned Delivery Date**, or **Required Receiving Date**, when they are part of the buyout.
6. Add relevant **Commercial Notes** or **Note** information that explains the selection, especially when the selected option differs from another available Offers.
7. Click **Save** or **Save and Close** to retain the decision.

[SCREENSHOT: Buyout decision form with Sub-supplier, Quantity, Item Price, Currency, and Commercial Notes completed]

The recorded decision should give an approver enough information to understand what Pams will use to create the Purchase Order. Before moving the decision forward, verify that the selected Sub-supplier, Item, Quantity, and price all refer to the same purchasing option.

When the record is complete, submit it through the purchasing approval process using **Apply Approval for Purchasing**, if this action is available for the buyout. The decision should then appear as **Awaiting Approval** rather than as an unreviewed requirement.

Do not treat an estimated or incomplete price as a final decision. If pricing is still being negotiated or the supplier has not confirmed the required quantity, save the available information but keep the buyout under review until the commercial details are ready for approval.

Approve Buyouts That Are Ready to Order

Use the approval stage to confirm that the buyout decision can become a Purchase Order without further changes. Approval is the control point between selecting a supplier option and committing the organization to an operational order.

1. Open **Buyouts to Procurement** and locate records marked **Awaiting Approval**.
2. Open the buyout and compare the selected option with the underlying purchasing need. Confirm that the **Item**, **Item Description**, and **Quantity** still match the related BOM, MRQ, Project, or Sales Job.
3. Verify the selected **Sub-supplier** and review the commercial details that will be used in the Purchase Order. Check **Item Price**, **Currency**, **Discount (%)**, **Tax (%)**, and **Total Price** when shown.
4. Confirm relevant dates and delivery information, including **Required Receiving Date**, **Planned Delivery Date**, **Delivery Time**, and **Delivery Term**, where applicable.
5. Review any **Commercial Notes**, **Technical Notes**, attachments, or linked RFQ and Offers information that explains the decision.
6. When all information is complete and accurate, approve the buyout using the available approval action.
7. Return to the buyout list and confirm that the record is marked **Approved**.

[SCREENSHOT: Buyout in Awaiting Approval with supplier, quantity, pricing, and delivery details ready for approval]

Approval should reflect a complete purchasing decision, not simply a preference for one supplier. If the buyout uses an alternative quantity, price, delivery date, or product option, resolve that difference before approving it.

An approved buyout is ready for conversion into a Purchase Order. If the record is still **Awaiting Approval**, do not attempt to create an operational order. If you find an error after approval but before conversion, return the buyout to review through the available decision controls and correct the commercial information first.

Convert an Approved Buyout into an Operational Order

Once a buyout is marked **Approved**, create the operational order that will be used for purchasing, receiving, and subsequent supplier processing. In Pams, this order is a **Purchase Order**.

1. In **Purchasing > Buyouts to Procurement**, locate the approved buyout you need to convert.
2. Open the buyout and confirm its status is **Approved**. Review the selected **Sub-supplier**, **Item**, **Quantity**, **Unit**, and **Item Price** one final time.
3. Use the available conversion action to create the related Purchase Order.
4. Review the Purchase Order details created from the approved buyout. Confirm the **Sub-supplier**, ordered Item or service, **Quantity**, **Unit Price**, **Currency**, **Tax (%)**, delivery information, and any transferred **Commercial Notes**.
5. Save the Purchase Order and confirm the conversion.
6. Open the newly created Purchase Order from the buyout or from **Purchasing > POs** to verify the related order is present and ready for the next ordering activity.

[SCREENSHOT: Approved buyout with the conversion action and the related Purchase Order after conversion]

The conversion preserves the connection between the original buyout requirement and the Purchase Order. This connection helps the purchasing team trace why the order was created, which requirement it supports, and which Sub-supplier option was approved.

Do not edit the created Purchase Order in a way that changes the approved commercial decision without first reviewing the impact on the originating buyout. If the supplier, quantity, or price needs to change materially, correct the buyout decision and follow the approval process again.

Continue with the Purchase Order process described in Creating Purchase Orders, including the actions needed to activate, send, receive, and follow up on the order.

Resolve Buyouts That Cannot Be Approved or Converted

When a buyout cannot move forward, use its current stage and details to identify what needs attention. Do not create a Purchase Order as a workaround for an incomplete or unapproved decision.

1. Open the buyout record and review the **Item**, **Quantity**, **Sub-supplier**, and commercial fields. Complete missing information such as **Item Price**, **Currency**, delivery dates, or **Commercial Notes** before requesting approval.

2. If the selected supplier or commercial option does not match the requirement, correct the decision. Confirm that the **Quantity**, **Unit**, **Item Price**, and **Total Price** reflect the option you intend to approve.
3. When the conversion action is unavailable, check the buyout status. A record in **Awaiting Approval** must be approved before it can be converted into a Purchase Order.
4. If the buyout was previously approved but information has changed, return it to review using the available decision controls. Update the affected details and submit it for approval again.
5. Before converting, check whether a related Purchase Order already exists. Review the buyout and the **POs** list to avoid creating a duplicate order.
6. If the requirement is no longer needed, record the appropriate reason using the available cancellation or review controls rather than leaving an incomplete buyout in the active list.

[SCREENSHOT: Buyout record showing an incomplete supplier or pricing decision and an unavailable conversion action]

Common issues often come from mismatched data between the buyout and the original requirement. For example, the buyout may show a different Quantity than the MRQ, the selected Sub-supplier may not match the Offers, or the Item Price may be missing while a Total Price is expected. Resolve these differences on the buyout before approval.

If a Purchase Order already exists, use that related order for further purchasing activity. Do not run the conversion action again unless the existing order has been reviewed and your organization has confirmed that an additional order is required.

Overview

Buyouts to Procurement gives purchasing teams a controlled way to turn approved purchasing needs into Purchase Orders. It is particularly useful when a Project, Sales Job, BOM, or MRQ creates a requirement that must be reviewed commercially before a Sub-supplier receives an order.

The workflow keeps three decisions visible in Pams:

- **What is needed:** The Item or service, Quantity, Unit, and delivery requirement establish the purchasing need.

- **Which option was selected:** The chosen Sub-supplier and commercial details identify the buyout decision.
- **Whether the order can proceed:** The approval state determines whether Pams can create the related Purchase Order.

Use the buyout record as the source for the purchasing decision rather than relying on separate messages or spreadsheets. The record can include the relevant Sub-supplier, RFQ or Offers context, Item Price, Currency, delivery information, notes, and the related Project or MRQ.

A buyout should progress only when each stage is complete:

- A requirement needs review when supplier or commercial details are still missing.
- A completed decision can be submitted through **Apply Approval for Purchasing**.
- A buyout in **Awaiting Approval** needs approval before ordering.
- A buyout marked **Approved** can be converted into a Purchase Order.
- A converted buyout should be checked against the created Purchase Order to prevent duplicate orders.

This workflow supports traceability across procurement activities. When a question arises about an order, you can review the originating buyout to see the requirement, selected Sub-supplier, pricing basis, and approval outcome. For related upstream activities, see Managing Material Requisitions and Managing Supplier Offers.

Prerequisites

Before working with **Buyouts to Procurement**, make sure the purchasing requirement has enough information to support a commercial decision. Buyout approval is most effective when the underlying Project, Sales Job, BOM, or MRQ is already clear and the purchasing team can verify the selected supplier option.

Prepare the following before recording a decision:

- Access to **Purchasing** and **Buyouts to Procurement**.
- A buyout requirement linked to the appropriate **Project**, **Sales Job**, **BOM**, or **MRQ**, where applicable.
- A clear **Item** or service requirement, including **Item Description**, **Quantity**, and **Unit**.
- Available sourcing information, such as a proposed **Sub-supplier**, RFQ, or supplier Offers.

- Confirmed commercial details for the option you intend to select, including **Item Price** and **Currency**.
- Delivery information when the purchase depends on timing, such as **Required Receiving Date**, **Planned Delivery Date**, **Delivery Time**, or **Delivery Term**.
- The authority to submit purchasing approvals or approve decisions, according to your assigned role and approval limits.

If the buyout will be created from a supplier Offers, review the Offers before entering the final supplier and pricing decision. Use Managing Supplier Offers to ensure the commercial option is ready for selection.

You should also know whether a Purchase Order already exists for the requirement. Check the related buyout and **POs** before converting an approved decision. This prevents duplicate purchasing commitments for the same Item, Quantity, or Project requirement.

Once these details are available, the buyout can move through review, approval, and Purchase Order conversion with a clear record of the decision behind it.