

PROCUREMENT MANAGEMENT

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Introduction

Today, different organizations employ various management techniques to carry out the efficient functioning of their departments. Procurement management is one such form of management, where goods and services are acquired from a different organization or firm.

All organizations deal with this form of management at some point in the life of their businesses. It is in the way the procurement is carried out and the planning of the process that will ensure the things run smoothly.

But with many other management techniques in use, is there any special reason to use this particular form of management to acquire goods and services? Yes, this is one of the frequent questions asked regarding procurement management.

Procurement management is known to help an organization to save much of the money spent when purchasing goods and services from outside. It also has several other advantages.

How Does Procurement Management Works?

Following are the four main working areas of concerns when it comes to procurement management. The following points should be considered whenever procurement process is involved:

- Not all goods and services that a business requires need to be purchased from outside. It is for this reason that it is very essential to weigh the pros and cons of purchasing or renting these goods and services from outside.

You would need to ask yourself whether it would in the long run be cost-effective and whether it is absolutely necessary.

- You would need to have a good idea of what you exactly require and then go on to consider various options and alternatives. Although there may be several suppliers, who provide the same goods and services, careful research would show you whom of these suppliers will give you the best deal for your organization.

You can definitely call for some kind of bidding for your requirement by these vendors and use a selection criterion to select the best provider.

- The next step typically would be to call for bids. During this stage, the different suppliers will provide you with quotes.

This stage is similar to that of choosing projects, as you would need to consider different criteria, apart from just the cost, to finally decide on which supplier you would want to go with.

- After the evaluation process, you would be able to select the best supplier. You would then need to move on to the step of discussing what should go into the contract. Remember to mention all financing terms how you wish to make the payments, and so on, so as to prevent any confusion arising later on, as this contract will be binding.

Always remember that it is of utmost importance to maintain a good relationship with the supplier. This includes coming up with an agreement that both would find satisfactory. This helps the sustainability of your business as well as the supplier's business.

These four simple steps would help you acquire your goods easily and quickly without much hassle, but always requires careful consideration at each stage.

Making the Process Work Efficiently

In order to ensure that everything goes well through to the end, you would have to keep track of the progress of the procurement. This would mean that you should keep checking on the suppliers

in order to ensure that they are abiding by the terms of the contract and will be able to supply you with the goods and services by the deadline.

Should there be any discrepancies or any issues, you should always let the supplier know by means of the method of communication decided on at the time of making the contract.

The organization must always be willing and open to change. This is in respect of all changes required in order to ensure the efficiency of the process. These changes could be in the form of technological advancements and even changes to the workforce, among other changes.

In terms of technology, any new equipment and machinery required to handle these goods may need to be purchased.

Similarly, with regard to the workforce, you would need to employ workers, who are highly skilled and trained when it comes to dealing directly with suppliers.

It is always best for an organization to have different teams within who are specialized in different fields. This would make procurement management even easier. Each team could then deal with the relevant areas of buying and will also have the expertise required. For example, those who have experience buying machinery may not have the same skill when it comes to getting particular services from another organization.

Conclusion

It should be kept in mind, however, that this procurement management system must run efficiently and smoothly for all benefits to be reaped. The key to this would therefore be an efficient system as well as the right supplier and resources.

For the purpose of procurement management, there should be a team of highly trained individuals, if procurement management plays a key role.

As an example, a hospital should have a dedicated procurement team and should employ strong procurement management techniques and tools.