

Design of Corporate Communication Systems



A . P . U
ASIA PACIFIC UNIVERSITY
OF TECHNOLOGY & INNOVATION

Procurement Planning

Why procurement planning

- Better alignment of procurement strategies with agency service delivery strategies
- Improved purchasing advantage
- Better value for money outcomes
- Better planning and risk management
- More efficient procurement
- Effective partnerships between agencies and service providers.

Procurement Planning

- There are two categories of procurement planning:
 - Project specific
 - Annual

Project specific procurement plans

- Project specific procurement plans are to be prepared for specific purchases of goods and services that are considered high value (over \$500,000), strategic or complex.
- The purpose of these plans is to assist the agency to analyze its need and select the best procurement option to maximize value for money.

Annual procurement planning

- Annual procurement planning encourages agencies to adopt a long term and strategic view of their procurement direction.
- Agencies are required to:
 - review their current procurement investment and purchasing processes, and
 - identify improvement goals, targets and milestones that closely link with their business plans, outputs and Government objectives.

Annual procurement planning (Cont)

1. Supporting service delivery objectives through procurement:

- What goods and services are purchased and how much is spent on them?
- How much is spent on major procurement investment areas?
- How critical are the goods and services to the agency's service requirements?
- Compare the past year's expenditure on each item with the projected spend for current and future years (i.e. 3-5 years).
- How are goods and services purchased?
- Who and where are the goods and services purchased from?

Annual procurement planning (Cont.)

2. Improving purchasing advantage

- By identifying and analyzing spending patterns
 - Consolidate agency procurement through new contracts.
 - Co-ordinate with other agencies on new opportunities.
 - Rationalize and reduce product range.
 - Use preferred service provider(s).

Annual procurement planning (Cont.)

3. Improving procurement processes and disciplines

Agencies are to re-engineer their procurement strategies to reduce the cost of doing business

- Greater monitoring of fuel is expected to realize fuel savings.
- The introduction of timed lighting and sensor lighting for inconsistently used areas such as meeting rooms has lowered energy costs.
- Leasing multi-functional machines has derived benefits such as reducing the number of items of office equipment by up to 60%, savings in floor space, energy usage and maintenance.

Annual procurement planning (Cont.)

4. Developing performance targets and measures

Agencies are to establish targets and measures for procurement.

- better procurement practice
 - improved matching of service outcomes with procurement solutions
- more aggregated buying
 - lower prices
- wider take up of electronic procurement
 - lower transaction costs
 - improved data collection.

Annual procurement planning (Cont.)

- Agencies should prioritize the measures identified for improving procurement processes and establish a timeframe for their incorporation in procurement plans.
- Performance targets and measures can include:
 - reducing duplication in procurement activities within and between agencies
 - reducing the number of contracts
 - Simplifying contracting procedures
 - supporting electronic procurement
 - providing feedback to service providers.

Assess your agency's procurement function

- Is there a clearly defined role and set of responsibilities?
- Who is currently involved ? Is there a senior executive responsible for the overall function?
- Are agency procurement procedures documented, understood and easy to use by personnel who purchase?
- To what extent do operational units/divisions within the agency coordinate their purchasing of common items?
- To what extent do personnel who purchase share information about markets, suppliers and products?
- Do service providers have electronic interfaces that could potentially improve transactions?
- ...