

Facilities Management from A to Z



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Procurement

The Government Procurement Service (GPS) defines Procurement as *"the whole process of acquisition from third parties (including logistical aspects) and covers goods, services and construction projects. This process spans the whole life cycle from initial concept and definition of business needs through to the end of the useful life of an asset or end of a service contract."*

In other words, procurement means the whole process of purchasing from suppliers or contractors, covering goods, services, works and turnkey solutions, and spanning complete cradle-to-grave life cycle. Clearly this is a business process with a very close relationship to facilities management given the high levels of service outsourcing and third party spend in the average FM budget.

Professional procurement differs significantly from the traditional buying function which had a strong focus on achieving the lowest possible price and little interest in what happened after the deal was struck. This approach is still completely valid for one-off purchases of commodities or highly specified components but is wholly inadequate for the establishment of long term service contracts.

Good Procurement does not mean to simply buy the cheapest possible option but rather to seek to achieve Value for Money (VFM), which is often defined as: "The optimum combination of whole life costs and quality to meet the user's requirement." This is a much more suitable perspective for the outsourcing of essential support services over a protracted period.

The relationship between the facilities and procurement functions has not always been a comfortable one as a result of this historic conflict. However, where both professions have established mutual respect for each other's technical skills an effective collaborative agenda can be developed and the advantage of both can be realised for the benefit of the organisation.

With suppliers, the potential benefits of effective communication with procurement are similar. They often complain that procurement people fail to share forecasting information with them, for example. In the challenging economic times, we currently face and with many suppliers struggling with tight margins, it makes sense to provide them with as much information as possible. That way, they can fulfil their obligations and the client is more likely to receive the service required. Simply increasing the amount of communication between Procurement and its stakeholders and suppliers will produce tangible benefits.

The foundations for effective and successful post-award contract management rely upon careful, comprehensive and thorough implementation of the procurement and facilities activities. During the pre-award stages, the emphasis should be focused on why the contract is being established and on whether the supplier will be able to deliver in service and technical terms.

However, careful consideration must be given to how the contract will work once it has been awarded. The organisation's high-level requirements should be carefully researched so that there is clarity of purpose from the outset. This will help to ensure clarity in all aspects of the procurement process.

www.cips.org is the site of the Chartered Institute of Purchasing and Supply, a body representing procurement professionals in both the public and private sectors.