

EXPANDING THE FRONTIERS OF PROCUREMENT PRACTICE: THE ROLE OF PROCUREMENT PROFESSIONAL ASSOCIATION

1.0 INTRODUCTION

Procurement is the process of obtaining or acquiring an asset, a material or a service to meet an identified need. it entails the purchase of goods and services or the engagement of third (3rd) parties to undertake the erection or assembly of civil and other works. Procurement goes beyond the final stage of obtaining goods and services (BEROE 2019) and include the range of activities undertaken by organizations to meet operational needs. The procurement process typically involves the identification and assessment of needs, preparation and packaging, solicitation, performance or implementation and processing of payment. Procurement is more commonly associated with buying and selling under controlled conditions. In a business environment, the process can involve purchase planning, budgeting, project description, standards and specifications, market survey, supplier research and due diligence, selection, price negotiation, inventory control and supply chain management.

There are two (2) broad classifications of procurement namely Private and Public Procurement. Private procurement involves the acquisition of works, goods and services by individuals, business entities and other not for profit organizations. For this category of procurements, efficiency, cost effectiveness and reliability are the watch-words. Public procurement refers to the

purchase of goods and services or the acquisition, operation and maintenance of assets, usually by Government Agencies through third (3rd) parties. The latter is required to meet other social, political and environmental objectives in addition to economic advantage and value for money. It also has a more rigid and compelling regulatory framework.

2.0 OBJECTIVE OF PROCUREMENT

The primary objective of procurement is for an optimal exchange of values i.e to obtain goods or services or acquire assets in the right quantity, to the right quality, at the right cost, from the right source, delivered to the right place, at the right time with good after sales service and to the satisfaction of both parties-value for money and fitness for purpose.

For private procurement, reliability and price stability may encourage partnering and restricted frameworks, but public procurement must encourage participation usually through open competitive bidding, ensure equity and fairness through transparent processes that promote acceptance of outcomes, including a robust appeal process. Often times, public procurement is employed to achieve other Government strategic objectives and priorities notably:

- (i) Promotion of local content through domestic preferences;
- (ii) Encouraging the growth of small and medium enterprises (SMEs);

- (iii) Promoting environmental sustainability - recycling, conservation, energy efficiency, limiting pollution, etc;
- (iv) Obeying social and labour laws such as those prohibiting child labour, unfair wages, fair trade, unfavourable work hours, forced labour (Prisoners), health and safety etc.
- (v) Promoting balanced development, employment generation etc, and
- (vi) Encouraging corporate social responsibility and community service.

3.0 EXPANDING THE FRONTIERS OF PROCUREMENT PRACTICE

The increasingly competitive business environment with both domestic and international players has encouraged businesses and organizations to improve their internal processes to survive and flourish. Customers have also come to expect higher quality, faster delivery and fit for purpose products and services at least cost.

Some of the driving forces for an efficient procurement system include:

- (a) Time and cost savings from increased availability of information and communication resources across entire supply chains.
- (b) Expanding domestic and international competition compel organizations to act quickly, remain agile and flexible to cope.
- (c) Customer demands and expectations are constantly changing; and

- (d) The fast evolving operating environment create risks and vulnerabilities which an organization's procurement and supply chains must identify and mitigate to minimize disruptions in operations and consequential losses.
- (e) There is growing inter-dependency of businesses and the procurement process goes beyond simple purchases of goods and services to value creation and sharing.
- (f) The impact of procurement on the rest of the business functions is so critical that it confers competitive advantage, but mistakes and delays could translate to disruptions, shrink in market share, operational losses etc.

Thus in today's world, procurement provides the strategic framework for identifying, planning and acquiring the organizations current and future needs, maximizing benefits, ensuring growth and long-term success.

Procurement professionals must therefore acquire the necessary competences and proficiency to efficiently manage the procurement process. These include:

- (i) Supply assurance and supplier performance management to guarantee uninterrupted flow of high quality goods and services;
- (ii) Constant improvements in procurement systems including talent management (qualified procurement personnel) as well as management of multi-stakeholder relationships and performance. (Internal stakeholders include procuring departments/entities, finance and legal departments and senior management while external stakeholders range from vendors, suppliers, OEM's regulators etc.)

- (iii) Integrated supply strategy development in alignment with /fair pricing and timely delivery of goods-value for money.
- (iv) Driving innovation and creation of value, new ideas and improvements.
- (v) Enhancing customer satisfaction and speed to market.
- (vi) Upholding principles of Public Procurement, the public good, value for money, transparency, integrity, fair treatment of bidders and non-discrimination
- (vii) Eliminating corruption and post-ante opportunism.

4.0 THE ROLE OF PROCUREMENT PROFESSIONAL ASSOCIATION

Professional associations exist to ensure the sustenance of their business, expand opportunities and promote the welfare of members, they are expected to safeguard public safety and wellbeing by holding their members to the highest ethical standards and code of conduct. To effectively do this they must mobilize and organize their members along shared competencies and values, control admission/entry, establish a clear pathway for progress in and advancement, design and implement a fair and equitable remuneration package, encourage healthy and fair competition and institute a sustained capacity enhancement programme in keeping with the dynamic nature of human society and its accompanying challenges. Professional associations must show leadership in

matters affecting their profession and mould or influence public opinion in favour of their members and value offerings.

The nascent nature of the practice of procurement as a specialized field or profession in Nigeria coupled with the limited number of qualified practitioners impose additional burdens on the pioneers to set standards, train and develop the capacity of new entrants and nurture them to attain their full potential.

Having regards to the need to expand the frontiers of the profession and its practice, consideration should be given to the following additional roles by the professional association.

- (a) Participating in and influencing policies on procurement including the need for simpler, clearer and more focused regulations on the protection of the public, the environment, public funds, national security interests or the rights of citizens and employees.
- (b) Undertaking capacity building and implementing a robust continuous professional development programme (CPDP) to keep members abreast of their roles and responsibilities, current trends, innovations and reforms in the sector. Clear understanding of obligations and performance requirements are key to an efficient procurement system. Detailed guidance should be published to support procuring entities and practitioners.
- (c) Uplifting and enforcing a strict code of conduct ethics and professional conduct by members including sanctions for misconduct. The likely infractions conflict of interest, divulging procurement information, bid rigging etc should be codified along

with applicable sanctions which should form part of the induction ceremony for new members,

- (d) Promoting automation and digitization of procurement and the training of members in ICT skills and cutting-edge technology. Consideration may be given to the development of IT software and platforms that support an end-to-end supply chain.
- (e) Expansion in procurement systems to accommodate dynamic options and markets. This can be supported by the adoption of cloud based storage systems identification technologies using voice and radio frequency etc.
- (f) Development of a database on sourcing, pricing, community of practice, and a compendium of materials, goods and services to facilitate informed decision making. Importance of website particularly as repository of pricing data cannot be overemphasized.
- (g) Promoting a culture of effective contract management and prompt payment, projects and compliance monitoring and brand support for increasing transparency and sustaining procurement reforms.
- (h) Need for behaviour change rather than just knowledge transfer – specific topics should be included in CPDP as part of a detailed and comprehensive package of published resources. In fact, the association should roll-out a programme of learning and development that meets the varying needs of stakeholders.

5.0 CONCLUSION

The Procurement Professional Association (PPA) should champion the acceptance of the overarching legal principles of procurement, identifying significant implementation challenges and ensure that certain flexibilities are retained within the uniform regulatory framework in order to realize the expected benefits. Constant review and wider refresh of the legal framework (PPA 2007 as amended) is needed to remove unclear and confusing provisions. The association should seek efforts to highlight ambiguities, strengthen its oversight role and promote the cardinal principles of its trade. These include, but not limited to:

- (i) Delivering procurement that better meets the needs of the economy and Government.
- (ii) A simpler regulatory framework.
- (iii) Using the right procurement procedures- transparency, fitness for purpose, value for money.
- (iv) Awarding to the best bidder – MEAT V's MAT, process integrity.
- (v) Contract terms and conditions to form part of evaluation.
- (vi) Ensuring open and competitive bidding.
- (vii) Appeals process should be fast and fair.
- (viii) Effective contract administration and project management; and
- (ix) Responsive disposition and quick response to assuage the fears, reservations and concerns of stakeholders and the public.

Finally, I want you to know that in the not too distant future, human contact will become one of the most expensive commodities. And according to BEROE, ***“A digitally native robust, AI-powered procurement solution will unarguably be the future of procurement and continue to disrupt the entire procurement ecosystem holistically”***.

I thank you for your attention.