

## **PUBLIC PURCHASING: WHO'S MINDING THE STORE?**

Clifford P. McCue and Gerasimos A. Gianakis\*

**ABSTRACT.** The public sector purchasing function continues to face growing pressures to reform current purchasing processes. Yet, little is known about the abilities of purchasing professionals to adapt to this rapidly changing environment. This article identifies the critical job duties and work responsibilities of government purchasing buyers and officers in an attempt to determine if they currently possess the knowledge, skills, and abilities to successfully adapt to increased pressures for reform.

### **INTRODUCTION**

The environment of public sector purchasing has become more complex than ever before. Purchasing is no longer considered a clerical function performed independently by untrained individuals within a governmental agency (Fearon, 1989, National Institute of Governmental Purchasing, 1996). Today, purchasing agents confront rapidly emerging technologies, increasing product diversity and choice, environmental concerns, and the growing emphasis on quality and best value (not simply lowest price) (National Association of State Procurement Officials, 1997). Compounding the technical complexities they face, purchasing agents are increasingly called upon to balance the dynamic tension between competing socioeconomic objectives, provide a consistent agency face to suppliers of goods and services, satisfy the

---

\* *Cliff P. McCue, Ph.D., is an Assistant Professor, School of Public Administration, Florida Atlantic University. His teaching and research interests are in public budgeting, public procurement, and governmental accounting. Gerasimos A. Gianakis, Ph.D., is an Associate Professor, Department of Public Management, Suffolk University. His teaching and research interests are in public budgeting, finance, and local government organizations.*

maintaining economy and efficiency. Within these competing and often conflicting demands, purchasing organizations face declining resources, higher demands for flexibility and responsiveness, and limited strategic support within the organization (McCue & Pitzer, 2000).

The purchasing function has also been spotlighted by the reinvention government forces as a target for reform (Gore, 1993). Reinvention calls for the empowerment of service level managers to meet the needs of citizens by granting them greater flexibility in the use of public resources in exchange for holding them accountable for the achievement of service objectives (Osborne & Gaebler, 1992; Osborne & Plastrik, 1997). Public managers have traditionally been held accountable through controls on their use of inputs to the service production process. This control is exercised by legislative bodies and central management through budgetary, accounting, personnel, and purchasing systems. The reinvention movement holds that controls on the use of inputs – i.e., the factors of production – constrain the ability of service managers to meet service demands efficiently and effectively. Decentralizing the purchasing function is beginning to receive some attention in government (Gianakis & Wang, 2000; McCue & Pitzer, 2000; National Institute of Governmental Purchasing, 1989).

Despite the increased turbulence in the purchasing environment and the increasing calls for purchasing reform, the purchasing function has not received a great deal of attention from researchers in public administration, public finance, or public budgeting (MacManus, 1992). Even in those few instances where the purchasing function is examined, researchers have focused almost exclusively on the process components of purchasing, irrespective of the potential impacts that alternative procurement systems have on service delivery efficiency and effectiveness. In order to understand and appreciate the changing nature of the purchasing function in the near future, as well as, to evaluate the abilities of purchasing professionals to adapt to this changing environment, it is useful to identify and categorize the roles and functional responsibilities of procurement professionals today (Center for Advanced Purchasing Studies, 1999). Specifically, this article addresses the following questions: What are the primary work activities of local government purchasing professionals? What knowledge, skills and abilities are required to facilitate current job demands? What are the significant aspects of the purchasing function relative to purchasing work

activities? and, What internal and external activities are most critical to enhancing organizational efficiency and effectiveness? The article concludes by identify various factors that may impede the effectiveness of purchasing to enhance its strategic position in government.

### **THE SCOPE OF PUBLIC PURCHASING**

In order to determine if purchasing agents have the capacity to adapt to a rapidly changing environment that stresses decentralization and empowerment of service delivery managers the essential purposes of public sector purchasing must be identified. Once the primary purposes of purchasing are identified, the next step is to define the activities involved in the purchasing process. Having identified and articulated the purposes and process of purchasing, a more robust picture of the skills, knowledge, and abilities needed to effectively manage the procurement process in government will emerge. It is important to note that the perspectives articulated in this study are rooted in and distinguished by their assumptions. These assumptions perform the central task of directing an inquiry toward certain concerns because they are taken to be critical and problematic, while other concerns are treated as peripheral or largely settled, and therefore worth less attention. The explanations provided herein are, therefore, inevitably partial. Thus, the more perspectives that systematically can be brought to bear, the more comprehensive and detailed the analysis will be, and the more that can be learned.

Traditionally, public purchasing has been perceived as the intermediate step between the determination of a need (service delivery managers) and the satisfaction of that need (suppliers) (Coe, 1989). Accordingly, the National Institute of Governmental Purchasing (NIGP) (1989, p. 64) defines public purchasing as “the function of responsibility for the acquisition of equipment, materials, supplies, and services.” Similarly, Gordon (1991, 340) contends that public “purchasing encompasses the total process of supplying goods and services to user agencies and disposing of surplus property.” Given these definitions, the primary purpose of the purchasing function is to assist service delivery managers in the effective discharge of their responsibilities, where purchasing must attest to the correctness of purchasing transactions. The problem with the continued use of the definition is that it: (1) fails to capture the essential purposes of public

sector purchasing, (2) does not provide for the expansion of the purchasing function beyond the acquisition phase, and (3) may not reflect what is happening in the public sector purchasing profession. The following section examines the essential purposes of public purchasing.

### **The Essential Purposes of Public Purchasing**

There are three common purposes behind local government purchasing: *control*, *management*, and *planning*. When control is the main purpose of the purchasing system, purchasing processes are designed to ensure that resources are utilized consistent with established policy and that no resources are used for fraudulent purposes. Control within the purchasing process is established through a centralized system that emphasizes accountability, controlling individual behavior and locating authority in the hands of a trained purchasing agent. The internal control function of purchasing may be compromised if service and sub-service delivery managers are charged with the responsibility of articulating the right mix of goods and services that are to be consumed, when they are to be consumed, and that service delivery managers are expected to have the skill and knowledge to execute the public weal within programmatic and legal constraints. When bureaucratic control (concentration of power through “red tape”) is minimized in order to provide service delivery managers the flexibility to adapt to their environment, it is assumed, in turn, that these managers act in the best interest of the organization, are knowledgeable in the purchasing process, and that external forces (mainly technology) provide the administrative support to conduct purchasing activities according to established purchasing procedures. In contrast, a central purchasing authority attempts to facilitate the needs of service delivery managers within a system that values fiscal control and compliance with law and policy.

Purchasing agencies perform a management support function as well as a control function. Purchasing supports service agencies by providing them with the goods and services they require to pursue their missions (McCue & Pitzer, 2000). They seek to minimize costs by aggregating requests to take advantage of volume prices, develop knowledge of markets, shop for lowest prices, maintain adequate inventories, and build expertise. They also exercise a control function through strict adherence to legal, professional, and administrative requirements that define the purchasing process. Service managers often view this control function as a constraint on the purchasing agency's service support responsibilities

(McCue & Pitzer 2000). Although purchasing agencies support service agencies, service managers exercise no authority over the purchasing agency; otherwise its control function would potentially be compromised.

From a management perspective, purchasing plays a central role in providing tactical information for measuring and controlling the efficiency and effectivity of the procurement function, as well as an operational role (NIGP, 1996). Tactical procurement activities provide the foundation information to conduct operational procurement activities. Tactical activities include:

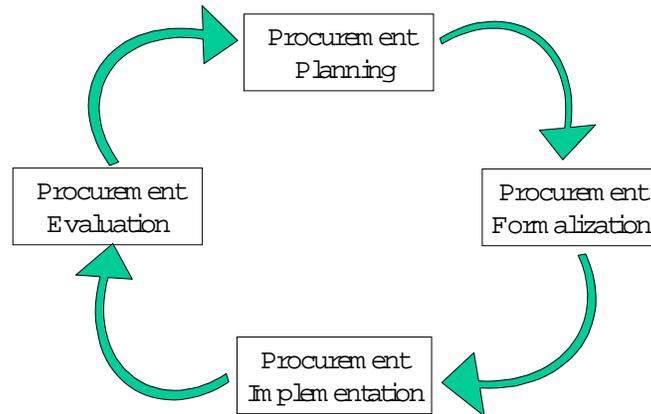
- S identifying spending patterns for the last five years per category, per activity;
- S budgeted/forecasted spending for the next three years, per category, per activity;
- S identifying and evaluating the number of suppliers per category;
- S examining the number of invoices per category, per activity (providing an indication of the administrative efficiency);
- S type of contracts within a category;
- S transaction costs per activity;
- S contract compliance and vendor protests;
- S specifying the needs within units/activities;
- S selecting suppliers; and
- S contracting suppliers.

Operational procurement activities are the 'daily' activities that secure the actual availability of goods and services. Operational activities include:

- S ordering goods and services;
- S monitoring orders and receiving goods and services;
- S inventory management (just-in-time); and
- S controlling and administration, including paying and solving operational problems.

More recently, public purchasing is beginning to play a much more strategic role in the supply chain – or the value chain process (Fung, 1999). Procurement planning in the public sector includes both strategic and tactical components. Strategic-level planning is long-range planning and is typically performed every few years, when organizations need to expand their capacities. The scope of the strategic procurement planning process is extremely broad and comprehensive, touching on all aspects of organizational support, taking place in three distinct zones. The *agency zone* is where service delivery manager requirements for the provision of goods or services originate and where the funding allocations for those requirements are managed. In large agencies, this zone may include personnel who hold inventory, initiate call-ups or orders directly to suppliers using pre-arranged mechanisms such as blanket orders or standing offers, or send requisitions to the purchasing organization. The *supplier zone* is where the producer (the provider of required goods and services) resides; there is a continuing interaction with the supplier that extends far beyond the simple satisfaction of a requirement. Such interaction may come directly from the end user in the case of receiving issues or shipment inquiries; it may come from purchasing staff in the transmission of initial orders, amendment of orders and delivery expedition. Of course, within the *management zone* itself, staff interacts not only with clients and suppliers, but also with other purchasing people in the organization to ensure the highest level service support, as well as staffing, budgeting, and managerial decision making. Tactical-level planning involves supply planning, which primarily includes the optimization of flow of goods and services through an organization. Decisions at this level

### Public Procurement Process Model



include which services must be produced and in what quantity, who is to produce them (make or buy decisions), what supply sources are available or need to be developed to facilitate anticipated needs, and scheduling of activities.

### Modeling the Public Purchasing Process

In order to assist service delivery managers in the acquisition of goods and services the procurement process must be carried out. This involves a number of different activities, or phases (see Figure 1). The first phase, procurement planning, consists of identifying and specifying the functions to be accomplished within each service delivery system. A common misunderstanding about procurement planning is to equate planning to analysis. Planning is an attempt to institutionalize analysis into the public procurement process. Planning is not analysis or a form of analysis. Planning does encourage the application of various analytical techniques, such as marginal utility analysis, cost-benefit analysis, cost-effectiveness analysis, sensitivity analysis, forecasting, present value, and other techniques. But planning is not analysis. Analysis examines alternatives, views them in terms of basic assumptions and objectives, and tests as well as compares alternatives (the final phase of the procurement process). Planning, in contrast, identifies the activities (strategies) and direction (mission) of activities for those in the

organization. More specifically, a procurement plan identifies where the organization is going, when it is going, and how it is going to get there.

Procurement plays an important role in the overall mission of the government by providing essential market and commodity information to the end users (or agencies) on specifications, alternative goods or services, pricing, procurement lead times and availability (National Association of State Procurement Officials, 1997). In addition, procurement professionals provide advice and assistance during the preparation of the purchase descriptions, statements of requirement, and statements of work that form part of the requisition. For complex requirements, procurement provides help and guidance with the establishment of evaluation criteria, and is very much the key player during the supplier selection phase, managing the solicitation, evaluation and negotiation/contracting activities. Ultimately, procurement planning is responsible for the integrity of this process to ensure that the specifications are as open and conducive to effective competition as possible; that the sourcing and solicitation process is as fair and transparent as possible; that evaluations and negotiations are conducted equitably and consistently; and that any resulting contracts adequately protect the interests of the public agency.

The second phase, the formalization phase, is where key personnel in the organization defend the acquisition of goods and services. This can take place prior to the formal adoption of the annual budget, or it can take place in the planning stage before the budget is adopted, normally through planning and strategy workshops. Typically, the stage is accomplished during the budget process. Many items are identified that should be consumed by the organization to effectively deliver services during the planning process. However, limited resources and competing demands force elected officials to make trade-offs during budget deliberations. It is during this stage that many items originally planned for are challenged, changed or amended. Strong procurement planning provides decision makers with adequate information to make more informed decisions, although eventually politics may play a more important role in the decision making process.

Formalization also takes place in the solicitation and evaluation phase. During this process, determination is made regarding a single-sourcing or multiple-sourcing approach is to be adopted, what evaluation criteria are to be used for selecting one or more suppliers of the good(s)

or service(s), who is to be involved in the selection process, and time-lines that insure that solicitations are consistent with established policies. For some solicitations, legislative approval is needed, and procurement plays a central role in defending the supplier(s) selection process.

The third phase, implementation, includes all functions that pertain to the acquisition of goods and supplies, including description of requirements, selection and solicitation of sources, preparation and awarding of contracts, and all phases of contract administration. In some organizations the implementation phase may include inventory control, traffic and transportation (logistics), receiving and receiving inspection (warehousing), store keeping, and salvage and disposal operations. The basic components of implementation are:

- S processing purchasing requests;
- S contract administration;
- S materials management;
- S inventory management;
- S product servicing; and
- S performance monitoring.

The final phase, evaluation, consists of three parts – audit, evaluation and feedback. Audit requirements often are established in legislation or policy. If not, the procurement manager needs to design a post audit strategy to ensure that the program is in compliance with established law. The procurement evaluation plan is a tentative design for evaluating the success or failure of the procurement. This plan should include, at minimum, the research design, specification of measurable indicators of the goals and objectives stated in the procurement plan, provisions for data collection, and the assignment of responsibility for conducting the evaluation, and the performance criteria to be used in the evaluation phase. Feedback specifies the reports that will be required for the service delivery managers and decision makers. This portion of the procurement evaluation is merely the creation of an information channel that disperses needed information to those charged with the responsibility of making procurement decisions. The amount and form of the feedback depend, in large part, on the manager's personal preferences and the audit and procurement evaluation needs.

The essential purposes and procurement model just described establishes a very real distinction between purchasing and procurement. Consequentially, a more robust articulation of the distinction between purchasing and procurement can be tendered. The term purchasing (the primary control perspective) is encompassed within the broader definition of procurement (the management and planning perspective), which not only includes acquisition activities (between the requesting department and the supplier), but also those activities before actual purchasing takes place (procurement planning – job specifications, descriptions or definitions, forecasting), as well as those activities after a purchase has occurred (procurement auditing – receiving, inspection, inventory control or disposal, as well as, procurement evaluation). In addition, procurement includes all logistical activities relating to the movement and control of goods and services through an organization (procurement implementation – logistics and material management), as well as, developing and evaluating bids, negotiation proposals, and presenting findings to elected officials (procurement formalization).

The purpose of this research is to identify the knowledge, skills and abilities of local government procurement professionals in order to evaluate their potential for adapting to the rapidly changing environment. Within any profession, there is a generally accepted and recognized core knowledge and expertise held by the members of a group. A profession may be characterized by:

- S a systematic body of knowledge,
- S formal education and training programs,
- S representative professional associations,
- S a code of ethical conduct, and
- S certification requirements.

In this article, the authors contend that public purchasing is not simply a technical bureaucratic exercise that can be performed by any lay person, and as the National Institute of Governmental Purchasing (NIGP) continues on its journey towards professional recognition, this research may shed light on the particular aspirations and requirements of public sector procurement professionals within the context of providing the basic information for the development of a body of knowledge that can serve the profession. Further, as the purchasing function continues to

evolve, this research may shed light on the abilities of these individuals to adapt to an environment that demands the lessening of controls on service delivery managers, and the expansion of procurement planning and management.

### **METHODOLOGY**

Findings of this study are based on data collected by the NIGP in April, 1999 from 354 governmental entities. Prior to sending the survey, a subject matter expert (SME) committee was created by the NIGP consisting of two federal, two state, three county, one higher education, one utility, and five city procurement professionals. The SME committee was charged with reviewing and revising several early drafts of the job analysis questionnaire, paying particular attention to content and construct validity. By the Summer of 1998, the SME committee had reviewed three drafts, and a final draft of the survey instrument was approved by the NIGP Education committee in August 1998. The first instrument was mailed to 1,076 members in September 1998 and 243 respondents replied within three weeks. A second mailing was conducted in early October and 111 more responses were received, yielding a 32.9 percent response rate.

For the purpose of this study a distinction is made between a buyer and officer. According to the professional classification system developed by the NIGP, those individuals designated for professional certification are considered Certified Public Purchasing Buyer (CPPB) or a Certified Professional Public Officer (CPPO). The CPPB requires the applicant to have no less than two years purchasing experience in the public sector and up to four years overall purchasing experience, depending on their educational background. The CPPO requires the applicant to have three\_to\_five years purchasing experience and two\_to\_four years public sector experience, depending on their educational background. CPPB activities include the process for determining service delivery managers' requirements, reviewing specifications, developing and issuing bids, evaluating offers and selecting the vendor, evaluating and negotiating fair and reasonable prices and terms, preparing the contract or purchase order, maintaining vendor relations, following up to ensure timely delivery, and administering contract provisions. The CPPO activities include responsibility for the overall purchasing/material management activities

in a specific governmental entity, including supervision of purchasing personnel and/or the display of executive abilities involving economic/financial, technical, statistical, legal and administrative attributes.

### FINDINGS

Respondents to the survey illustrated the background, attitudes, and technical abilities of the purchasing professional and their perceptions of the field. A plurality of respondents represented multipurpose local governments (cities and counties) and over 60 percent represented sub-national government entities. As Table 1 suggests, demographically the respondents were divided on education and gender (Most buyers were primarily female, and officers tended to be much more educated), but the overwhelming majority for both groups were White, non-Hispanic. Of the 354 entities reporting, 30 recorded greater than \$300 million of annual procurement activities; 9 had between \$100 to \$300 million in procurement; 38 had between \$10 and \$100 million; and 7 had \$10 million or less; while the remainder 270 were not sure of their total procurement volume. The average size of the professional purchasing staff was 1 to 5 employees, but 33 (approximately 9%) had staffs greater than 100. The data in Table 1 also indicate that the respondents have enjoyed extended tenures in the respective positions, and, hence, some expertise and experiences can be assumed. The sample, thus, provides a rich cross section of government levels and jurisdictional sizes.

**TABLE 1**  
**Respondent Demographics**

	Buyer		Officer	
	Frequency	Percentage	Frequency	Percentage
-----				
Gender:				
Female	93	62.4	62	36.5
Male	56	37.6	108	63.5
Education:				

High School 80	53.7	38	32.1	
Associates Degree	13	8.7	13	7.6
Bachelor Degree	41	27.5	69	40.4
Master/Ph.D.	15	10.1	51	29.2

---

The first section of Table 2 shows that buyers deal directly with purchase orders more often than officers. Buyers are less likely to engage in more strategic decisions, such as whether to lease or buy, build or buy, or to maintain a service or seek alternative service delivery options. The second section of Table 2 indicates that buyers also deal directly with suppliers by soliciting quotes and identify, select, and educate suppliers. However, no major differences emerge in the supplier analysis section. For contract requirements and administration, buyers focus on routine matters while officers are more likely to be engaged in problems and complaints. Both groups are involved in negotiation processes; here, the substantive expertise of the buyer is apparently merged with the procedural expertise of the officers.

Table 3 summarizes the general work activities performed by purchasing professionals, where each work activity is examined across two groups -- CPPB's and CPPO's. As Table 3 suggests, the only substantive differences between buyers and officers are associated with administrative and personnel activities, respectively. As expected, Officers are primarily concerned with the management of the purchasing function, while Buyers are concerned with maintaining the

**TABLE 2**  
**Job Functions by Work Activities**

<b>Job Functions by Work Activities</b>	<b>Buyer</b>		<b>Officer</b>	
	Mean	SD	Mean	SD
<b>Procurement Requests</b>				
Review purchase requisitions to determine appropriateness to requirements, adequacy, and completeness of specifications	6.90	1.57	5.97	2.11
Review purchase requisitions to determine conformance with established laws, policies, and procedures.	6.91	1.49	6.24	2.05
Review purchase requisitions to insure adequacy of available funds.	5.71	2.24	5.30	2.28
Conduct market research to ascertain the use/availability of commercial items and services.	5.14	2.07	4.58	1.99
Participate in decisions to add or incorporate options to lease or buy equipment.	4.89	2.04	5.43	1.98
Administer or participate in a small, disadvantaged, minority, women-owned and/or socio-economic business program.	5.36	2.14	5.15	2.17
Issue purchase orders for requested supplies and services	7.12	1.55	5.89	2.21
<b>Solicitation and Evaluation of Bids/Proposals</b>				
Identify, select, and educate sources of services or supplies.	6.32	1.72	5.58	1.98
Develop and review product and service specifications, requirements, terms/conditions, pricing schedules, methods of ...	6.64	1.65	6.38	1.66
Determine appropriate methods of procurement (i.e. small purchases, sealed competitive bids, competitive negotiations...	6.93	1.46	6.80	1.49
Determine appropriate contract type (i.e. blanket order, term contracts, etc).	6.63	1.62	6.29	1.81
Solicit quotes for small purchases (i.e. telephone quotes, fax quotes, email).	6.37	2.09	4.58	2.34
Solicit competitive sealed bids.	6.30	2.13	6.12	2.09
Solicit competitive sealed proposals	5.67	2.22	5.98	2.16
Conduct pre-bid conferences and prepare amendments, addendum, and minutes.	5.75	2.00	5.44	2.18
Evaluate offers (i.e., quotes, bids, proposals) to determine recommendation for award.	6.78	1.64	6.40	1.81
Review final recommendation for award and determination of responsiveness and responsibility.	6.69	1.73	6.76	1.61

**TABLE 2 (Continued)**

<b>Job Functions by Work Activities</b>	<b>Buyer</b>		<b>Officer</b>	
	Mean	SD	Mean	SD
<b>Supplier Analysis</b>				
Conduct supplier visits and evaluations to determine suitability.	4.42	2.05	4.45	2.06
Analyze supplier performance using rating systems.	4.22	1.90	4.40	2.10
Evaluate supplier performance using site visits, financial statements, performance history and references.	4.68	1.99	4.48	2.05
Assess and monitor supplier and vendor compliance to ISO 9000 (or latest edition) and other quality standards and programs.	3.75	1.77	3.70	1.78
<b>Contract Award and Administration</b>				
Prepare and issue contractual document.	6.44	1.91	6.00	1.94
Obtain legal review and approval of contracts when required.	5.93	2.12	5.98	2.01
Administer contracts and/or purchase orders from award to completion.	6.62	1.77	5.84	2.08
Conduct follow-up procedures and expedite deliveries when necessary.	6.06	1.95	5.20	2.13
Resolve contractual problems involving suppliers or contractors.	6.10	1.84	6.22	1.78
Terminate contracts and seek appropriate remedies.	5.08	2.14	5.68	2.07
Handle supplier and departmental concerns and inquiries regarding processes and practices.	6.11	1.76	6.55	1.56
Handle supplier protests and appeals.	4.87	2.12	5.83	1.90
<b>Negotiation Process</b>				
Prepare for and develop strategies for negotiations	4.93	2.10	5.15	2.18
Conduct negotiations with potential suppliers and contractors	5.03	2.22	5.31	2.14

Notes: Descriptive statistics based on an 8 point scale ranging from "Not Part of my job" to "Very much a part of my job." SD is the standard deviation of the sample mean.

**TABLE 3**  
**Work Activities by Certification Level**

<b>Work Activities</b>	<b>Buyer</b>			<b>Officer</b>		
	Mean	SD	Rank	Mean	SD	Rank
Procurement Requests	6.07	2.06	3	5.53	2.17	6
Solicitation and Evaluations of Bids/Proposals	6.40	1.86	1	6.14	1.98	3
Supplier Analysis	4.23	1.97	11	4.29	2.03	12
Negotiation Process	4.98	2.16	5	5.23	2.19	7
Contract Award and Administration	5.92	2.02	4	5.93	1.96	4
External/Internal Relationships	6.22	1.78	2	6.22	1.75	2
Material Flow	4.97	2.17	6	4.57	2.10	11
Inventory Management	4.68	2.32	9	4.75	2.21	10
Ancillary Tasks	4.73	2.17	8	5.14	2.20	8
Administrative Aspects of the Purchasing Process	4.81	2.07	7	5.82	2.00	5
Personnel Issues	4.58	2.06	10	6.71	1.57	1
Forecasting and Strategies	3.98	1.89	12	4.92	2.05	9

Notes: SD is the standard deviation of the sample mean.

Descriptive statistics based on an 8 point scale ranging from "Not Part of my job" to "Very much a part of my job."

purchasing process. What is important about Table 3 is the fact that everything is important to both job classes. This finding suggests that the local government purchasing function and organization is not well defined, other than focusing almost exclusively on the intermediate step between buyer and seller. This point is further supported when the authors examine each specific job duty identified in Table 2; buyers appear to be more likely to engage directly with purchasing requests and materials flows (implementation issues), while the officers are more likely to be involved in negotiation processes (formalization issues). Thus Officers tend to be internally oriented, while Buyers tend to boundary spanning activities.

Table 4 examines the relative importance of various components of the procurement process within current job demands. Table 4 categorizes

all those job duties that are associated with procurement planning, formalization, implementation and evaluation, respectively. During the planning phase, it is apparent that purchasing agents are not actively involved in any component identified in the survey. The findings for forecasting are the most alarming. There does not seem to be any need to examine market conditions for operational purposes, nor to align resource requests with forecasted market conditions. Yet strategic planning and identification of goals and objectives are relatively important. What is more problematic about all of the responses in this category, is that the average for the category is 3.98 and 4.85, respectively. This indicates that respondents do not consider planning a major component of their job duties or work activities. Compare this to the significance given to the formalization and implementation stages, planning seems to be rather insignificant. Further, procurement evaluation seems to generate less importance than formalization and implementation, but more importance than planning.

Within the formalization category, the request for bid/proposal (RFB/RFP) seem to generate the largest value to the procurement field. Yet the supplier side of the bid process seems to wane. This point appears to contradict specific duties within the implementation phase. Specifically, the highest relative importance given in this category is to developing and managing effective relationships with suppliers and users. The finding potentially suggests that internal relations are more critical to the respondents than external relations. In the public sector, this finding may not be too suspect. That is, given the control emphasis of public procurement, to develop and work directly with suppliers may demonstrate preferences by the governmental entity (other than those directly permitted in legislation) which could limit competition in the procurement process. Another point of interest in this category is the

**TABLE 4**  
**Procurement Process Components by Work Activities**

Buyer		Officer	
Mean	SD	Mean	SD
-----			

### Planning and Analysis

Participate in “make-or-buy” or “alternative service delivery” (i.e., privatization, outsourcing, partnering) analyses.	4.16	2.04	5.26	2.11
Develop forecasts in the light of economic trends and market conditions that affect procurement and using departments.	3.93	1.93	4.64	2.03
Plan purchasing strategies based on forecast data, market factors, and economic trends.	4.01	1.91	4.74	2.10
Formulate and implement strategic plans and objectives.	4.12	1.87	5.61	1.90
Provide forecast data of future market conditions to management and/or requisitioning departments.	3.73	1.82	4.64	2.04
Develop and implement goals, objectives, and measurement criteria for the purchasing department.	5.03	2.15	6.80	1.55
Provide prospective suppliers with future material and service requirement forecasts.	3.92	1.79	4.43	1.94

### Procurement Formalization

Identify, select, and educate sources of services or supplies.	6.32	1.72	5.58	1.98
Develop and review product and service specifications, requirements, terms/conditions, pricing schedules, methods of ...	6.64	1.65	6.38	1.66
Determine appropriate methods of procurement (i.e. small purchases, sealed competitive bids, competitive negotiations...	6.93	1.46	6.80	1.49
Determine appropriate contract type (i.e. blanket order, term contracts, etc).	6.63	1.62	6.29	1.81
Solicit quotes for small purchases (i.e. telephone quotes, fax quotes, email).	6.37	2.09	4.58	2.34
Solicit competitive sealed bids.	6.30	2.13	6.12	2.09
Solicit competitive sealed proposals	5.67	2.22	5.98	2.16
Conduct pre-bid conferences and prepare amendments, addendum, and minutes.	5.75	2.00	5.44	2.18
Evaluate offers (i.e., quotes, bids, proposals) to determine recommendation for award.	6.78	1.64	6.40	1.81
Review final recommendation for award and determination of responsiveness and responsibility.	6.69	1.73	6.76	1.61

TABLE 4 (Continued)

	Buyer		Officer	
	Mean	SD	Mean	SD
<b>Procurement Implementation</b>				
Define incoming material transportation/packing requirements.	4.48	2.14	3.94	1.99
Route, follow-up and expedite orders.	5.32	2.16	4.66	2.11

Develop and/or conduct the needs analysis for warehousing, insurance and logistics requirements.	4.16	2.26	4.89	2.14
Organize and control the inventory of materials.	4.83	2.32	4.74	2.27
Determine sources of and reconcile inventory discrepancies.	4.68	2.31	4.52	2.24
Review inventory to verify that materials are rotating/turning at desired rates.	4.82	2.44	4.57	2.06
Establish and maintain minimum stock, order points and order quantity.	4.89	2.36	4.65	2.20
Manage and dispose of obsolete equipment and/or materials, surplus equipment/materials, and scrap.	4.76	2.34	5.27	2.28
Coordinate and handle the storage, disposal and transportation of hazardous and/or regulated materials	4.30	2.28	4.23	2.14
Manage fixed asset inventory.	5.21	2.45	5.09	2.25
Identify the trends in warehousing and the methods and/or supplier best suited to provide that service.	4.66	2.24	4.58	2.19
Develop and manage effective relationships with suppliers and contractors.	6.52	1.59	6.02	1.81
Develop and manage effective relationships with all users.	6.70	1.52	6.47	1.64
Conduct training classes for users and suppliers.	4.57	1.92	5.28	1.87
Develop and maintain effective relationships with management.	6.48	1.54	6.96	1.21

---

### Procurement Evaluation/Audit

Conduct performance evaluations	4.11	1.19	4.09	1.62
Provide feedback on procurement process	4.38	1.82	4.44	1.71
Analyze specific components of the procurement process	4.98	1.65	4.36	2.27
Develop criteria for evaluating purchasing department's performance.	4.63	2.06	6.03	2.00
Audit procurement flow	4.83	2.09	4.17	1.92

---

Notes: Descriptive statistics based on an 8 point scale ranging from "Not Part of my job" to "Very much a part of my job."

SD is the standard deviation of the sample mean.

warehousing and logistics process. Respondents do not seem to value the potential cost savings that may be generated through such things as just-in-time warehousing, material management, and logistics.

Table 5 examines various ancillary tasks associated with the procurement process – focusing on administration, personnel, and other typical duties. In general, as was anticipated, Buyers are not overly concerned with the personnel aspects of procurement, while Officers were highly concerned. In fact, Officers consistently indicated that this is one of their main tasks within the procurement function.

## CONCLUSIONS

McCue and Pitzer (2000), and Gianakis and Wang (2000) conclude that the ability of the purchasing department in local governments to adapt to the changing environment is limited, and decentralization of the purchasing function is still rare, despite the attention that has been focused on it by the reinvention movement. Decentralization that had occurred was undertaken within a broader effort to decentralize control functions such as budgeting controls and the personnel function. The extent of decentralization also appeared to be limited in this study. The results of the NIGP survey summarized here suggests that considerable decentralization of core purchasing functions is already occurring within the typical purchasing agency. Front line personnel are engaged in considerable boundary spanning activities both within and outside of the public organization. There is also considerable sharing of responsibilities between the buyers and the officers – and task specificity seems to wane in local governments. The officers, obviously, assume the responsibility for the day to day management of the purchasing agency, and they attend to problems and the majority of strategic decisions.

These results suggest that buyers are well positioned to assume the internal consultant role that could facilitate further decentralization of the purchasing function. One area for concern might be the level of education exhibited by the buyers in this sample. Officers have more education, but appear to be less well suited to boundary spanning between a decentralized purchasing process and private markets. This is evinced by their deference to the substantive expertise of the area

**TABLE 5**  
**Activities Supporting the Procurement Process**

	Buyer		Officer	
	Mean	SD	Mean	SD
<b>Administrative Aspects of Purchasing</b>				
Develop and implement operating work policies, guidelines, and procedures for the control of the department's work flow.	4.76	2.11	6.79	1.54
Develop and implement a standardization program.	4.65	2.00	5.89	1.96
Develop and implement a cost-reduction or cost avoidance program (i.e., value analysis, total cost of ownership, and life-cycle costing).	4.06	1.88	5.39	2.07
Develop and implement a computerized purchasing system.	5.20	1.98	6.16	1.93

Develop and implement a minority/women/small business/ socio-economic and/or disadvantaged supplier list.	4.39	1.81	5.14	2.17
Develop/implement a materials requirement plan.	4.14	1.93	4.90	2.04
Ensure the maintenance of contract, bid, agreement, and lease files.	5.63	1.93	6.05	1.94
Ensure the maintenance of files on product/service specifications, descriptions, prices, lead times, etc.	5.05	2.13	5.72	1.83
Prepare a purchasing department budget.	4.50	2.18	6.18	2.04
Design operational forms.	4.75	2.04	5.62	1.96
Prepare and update purchasing manuals.	4.99	2.11	6.15	1.90
Assist in department audits and reviews.	4.68	2.09	5.75	1.90
Make reports to management.	5.49	2.12	6.72	1.50
Establish environmentally effective programs (i.e., buy-recycled programs).	4.67	1.89	4.62	1.97
Participate in and implement quality management programs.	4.19	2.08	5.17	1.84
Develop and/or utilize and electronic commerce program.	4.67	2.08	4.74	2.08
Formulate objectives and proactive purchasing plans, and operating budgets to accommodate them.	4.36	2.06	5.73	1.96
Develop and utilize cooperative purchasing programs with other public/private agencies.	4.88	2.02	5.53	2.15
Participate proactively with user agencies and management on planning of material and/or service needs.	5.00	2.02	5.66	1.97
Develop and utilize a procurement card program.	4.59	2.15	5.43	2.27

### Personnel Issues

Hire, train, manage, and evaluate purchasing department personnel.	4.61	2.19	6.73	1.65
Facilitate professional development of staff.	4.76	2.04	6.68	1.55
Resolve employment performance problems.	4.35	1.92	6.72	1.52

TABLE 5 (Continued)

	Buyer		Officer	
	Mean	SD	Mean	SD
<b>Ancillary Tasks</b>				
Responsible for telecommunications.	4.86	2.05	5.14	2.04
Responsible for finance and/or accounts payable.	4.76	2.02	5.53	2.21
Manage and/or administer central printing operations.	4.50	2.23	5.36	2.21
Administer the fleet of vehicles for the department agency.	5.04	2.31	5.03	2.30
Analyze the insurance needs of the department as it relates to fleet and other liability issues.	4.63	2.59	4.21	2.07
Responsible for mail service.	4.95	2.42	5.28	2.33
Responsible for property/facility maintenance.	4.30	2.02	5.27	2.24

Notes: Descriptive statistics based on an 8 point scale ranging from  
“Not Part of my job” to “Very much a part of my job.”  
SD is the standard deviation of the sample mean.

specific buyer in the issues of environmentalism and e-commerce. It appears that the real struggle in decentralizing the purchasing function may occur within the purchasing agency.

It is difficult to say what the purchasing agency would look like under the loosening of centralized managerial controls and the decentralization of purchasing functions to service managers advocated by the reinvention movement. The rigid rules and regulations that describe the purchasing process could be loosened in favor of general principles that would serve as guides to action. Service agencies may be granted more authority to purchase where they please. In addition, modern technologies such as the Internet have lowered the costs of shopping. Pressures to standardize requests from various service agencies in order to create volume purchases may be lessened. Costs savings realized through centralized administration may be lost, but these would theoretically be more than offset by the service benefits that service agency managers would be able to realize through greater flexibility in purchasing. The central purchasing agency could be reduced to an internal consultant role in which it can employ its expertise to advise and assist service managers.

However, the potential problems associated with the weakening of the control function of purchasing cannot be over estimated. Internal consultants and empowered service agencies must learn to work to ensure accountability as well as to enhance service effectiveness. Structured analysis could be employed to demonstrate the value of service enhancements in the face of potential duplication of effort and loss of economies of scale. Once again, this points to enhancing capabilities of first line purchasing personnel. As noted, procurement performs a different role, depending on the nature of the specific activity: sometimes it has prime responsibility and is in a leadership role; sometimes it assists; other times it "serves." Procurement may also be an end user by ordering materials and services for the purchasing office itself.

Currently little research has been conducted to determine if procurement professionals should be knowledgeable about the essential purposes and procurement process, or that they should be expert in a particular commodity area (Muller, 1994). There is a need for both;

indeed, this distinction represents the two ends of the spectrum of knowledge, skills and abilities required given the level of sophistication and needs within a governmental unit manifested in the adaptability of the purchasing department to assume the new and expanding roles. Specific job expectations and the organizational structure of the agency will determine the correct mix for each situation. However, contemporary attributes of purchasing professionals must include business acumen, effective business communication skills, adaptability to rapidly changing priorities and the ability to negotiate (to effectively manage relationships within the agency and between end users and suppliers). The goal of every procurement professional should be to achieve best value (not necessarily lowest cost) in the face of the pressures, uncertainty, competing objectives and public accountability entailed in balancing costs and risks. If that goal is met, then all of the procurement agent's "clients" have been satisfied. Those clients include elected officials, administrators, end users, suppliers and the public.

#### **ACKNOWLEDGMENTS**

The authors would like to thank Rick Grimm, CPPB, CPPO, Chief Executive Officer, National Institute of Governmental Purchasing, for allowing use of the survey results for this study.

**REFERENCES**

- Center for Advanced Purchasing Studies. (1999). 1999 Purchasing Performance Benchmarks for the Municipal Governments Industry, Data Year 1998. Tempe, AR: Author.
- Coe, C. K. (1989). Public Financial Management. Englewood Cliff, NJ: Prentice Hall.
- Fearon, H. E. (1989). "Historical Evolution of the Purchasing Function." In H. E. Fearon, D. W. Dobler & K. Killen (Eds.), The Purchasing Handbook: A Guide for the Purchasing and Supply Profession (6<sup>th</sup> ed.), pp. 96-129. New York: MCGraw Hill.
- Fung, P. (1999), "Managing Purchasing in a Supply Chain Context – Evolution and Resolution." In H. E. Fearon, D. W. Dobler & K. Killen (Eds.), The Purchasing Handbook: A Guide for the Purchasing and Supply Profession (6<sup>th</sup> ed.), pp. 37-64. New York: MCGraw Hill.
- Gianakis, G. & Wang, X. (2000). "Decentralizing the Purchasing Function in Municipal Governments: A National Survey." Journal of Public Budgeting, Accounting & Financial Management, 12(2), 421-440.
- Gordon, S. (1991). "Purchasing." In J. E. Petersen & D. R. Strachota (Eds.), Local Government Finance: Concepts and Practices (pp. 339-354). Chicago, IL: Government Finance Officers Association.
- Gore, A. (1993). Creating a Government that Works Better and Costs Less: Report of the National Performance Review. Washington, DC: U. S. Government Printing Office.
- MacManus, S. (1992). Doing Business with Government: Federal, State, Local and Foreign Government Purchasing Practices for Every Business and Public Institution. NY: Paragon House.
- McCue, C. P. & Pitzer, J. T. (2000). "Centralized vs. Decentralized Purchasing: Current Trends in Governmental Procurement Practices." Journal of Public Budgeting, Accounting & Financial Management, 12(3), 400-420.
- Muller, E. W. (1994). Job Analysis Comparing the Tasks in State/Local Government Purchasing and Institutional Purchasing. Tempe, AR: Center for Advanced Purchasing Studies, Arizona State University.
- National Institute of Governmental Purchasing. (1989, January 1). Resolution, Centralized Purchasing. Reston, VA: Author.

- National Institute of Governmental Purchasing. (1996). A Report of Procurement Practices. Herndon, VA: Author.
- National Institute of Governmental Purchasing. (1996). Dictionary of Purchasing Terms. Herndon, VA: Author.
- National Association of State Procurement Officials. (1997). State and Local Government Purchasing: Principles and Practices (5<sup>th</sup> ed.). Lexington, KY: Author.
- Osborne, D. & Gaebler, T. (1992). Reinventing Government. NY: Addison-Wesley.
- Osborne, D. & Plastrik, P. (1997). Banishing Bureaucracy: The Five Strategies for Reinventing Government. NY: Addison-Wesley.