ORGANIZATIONAL PROCUREMENT PAPER- AND WORK-FLOW BOTTLENECKS: SOME "REAL WORLD" CASES

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Abstract

The purpose of this paper is to present a methodology for identifying and eliminating organizational procurement paper- and work-flow bottlenecks. Several common organizational procurement paper and work-flow bottlenecks are highlighted along with suggested solutions.

Introduction

One of the continual challenges confronting organizational procurement executives is the effective elimination of paper- and work-flow bottlenecks. Even with detailed written company procedures and almost "paperless" procurement, thanks to the computer, such bottlenecks are apt to persist if not mushroom. This occurs because of the operation of the informal organization relative to its formal counterpart. That is, the procurement manager may possess a comprehensive understanding of his department's paper- and work-flows, which is not always the case. But he usually is not cognizant of the individual procedures employed by his procurement subordinates. Oftentimes, these unique procedures lead to suboptimization of the department and firm's goals. In further defense of the procurement manager, the very nature of his job insulates him from the hour-to-hour responsibilities associated with paper- and work-flows. He is usually embroiled in strategy and planning meetings with superiors; report writing; tactical sessions with his buyers relative to vendor selection and evaluation, value analysis, and price quotations; and departmental/firm emergencies.

What then is the answer to locating and eliminating organizational procurement paper- and work-flow bottlenecks? A partial solution involves flowcharting or diagramming these flows for the procurement department much as a computer programmer flowcharts a complex problem before programming it. The basic procedure is as follows: (1) pinpoint paperwork flows in and out of the procurement department; (2) keep track of where the paperwork comes from and to whom it goes within the department; (3) ascertain what this individual does to the paperwork; (4) determine to whom this paperwork then flows, and follow steps 3 and 4 until all paperwork is handled; (5) put all this information together by means of interconnecting dots and/or arrows; and (6) scrutinize the flow diagram for existing bottlenecks, which are normally self-evident if objectively viewed. The remaining part of the solution lies in observing the physical movement of procurement personnel--secretaries, buyers, and managers--during a "normal" workday. By maintaining records of each person's movement, one is operating like a time-and-motion engineer to discover and alleviate various work-flow bottlenecks.

Common Organization Procurement Paper- and Work-Flow Bottlenecks

In order to illustrate the application of the afore-mentioned method, some of the more common organizational procurement paper- and work-flow bottlenecks will be highlighted in case form.

Case 1: Over-Clericalizing the Procurement Executive

Here clerical tasks normally reserved for secretaries, e.g., filing, typing, and distributing various forms, are being undertaken by the procurement executive. In one specific example, the department secretary logged in and forwarded purchase requisitions received from various departments to the assistant procurement manager, who then segregated these by buyer and returned them to the secretary. She, in turn, logged out and distributed each stack of requisitions to the appropriate buyer (**Figure 1**). Given the routine nature of most purchase requisitions, experience of the secretary, and formal delineation of item procurement responsibilities by buyer, the secretary should have segregated requisitions by buyer. This would have freed the assistant manager from a clerical task. Of course, if most of the purchase requisitions were not routine and/or the departmental secretary was not "experienced," then the assistant procurement manager should probably still perform this task.

Case 2: Buyers Pushing Their Responsibilities Upward

In this situation, buyers unload some of their responsibilities on the procurement manager. In one experience, every purchase order was signed by the procurement manager or, in his absence, the assistant manager. For purchase orders less than $200, the company delegated the signing authority to the particular buyer. But, left to their own preferences, most of the buyers would not assume this responsibility. Without strict enforcement of this policy, the procurement manager soon discovered other responsibilities normally reserved for buyers coming his way. Furthermore, if the manager continues to accept this "buck passing," then a Case 1

FIGURE 1
EXAMPLE OF CASE 1

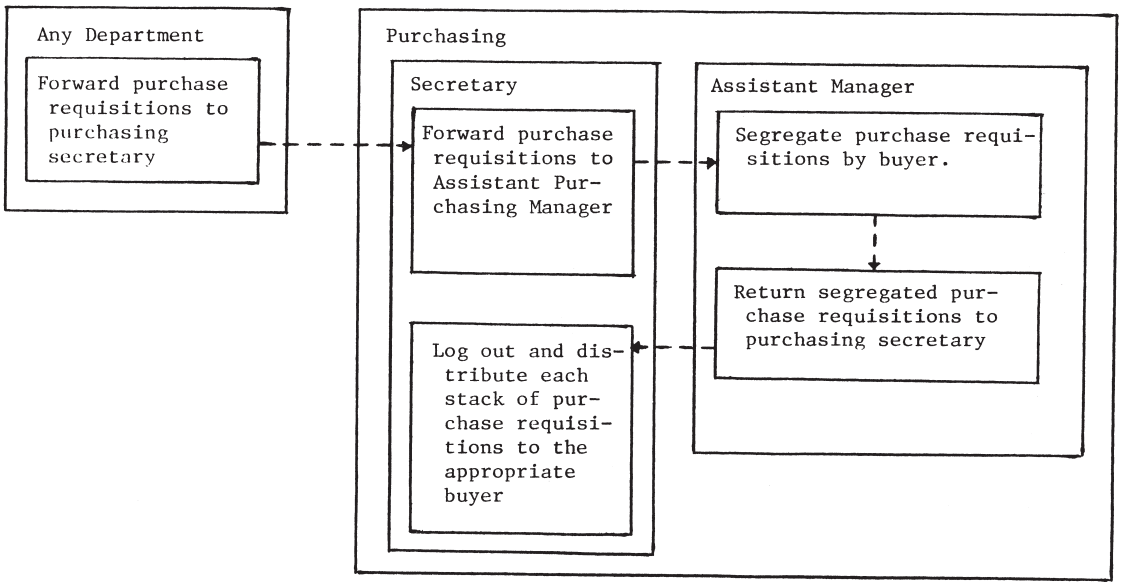


FIGURE 2
EXAMPLE OF CASE 3

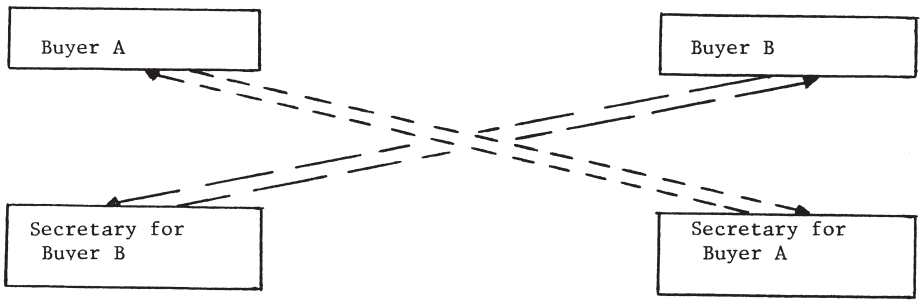
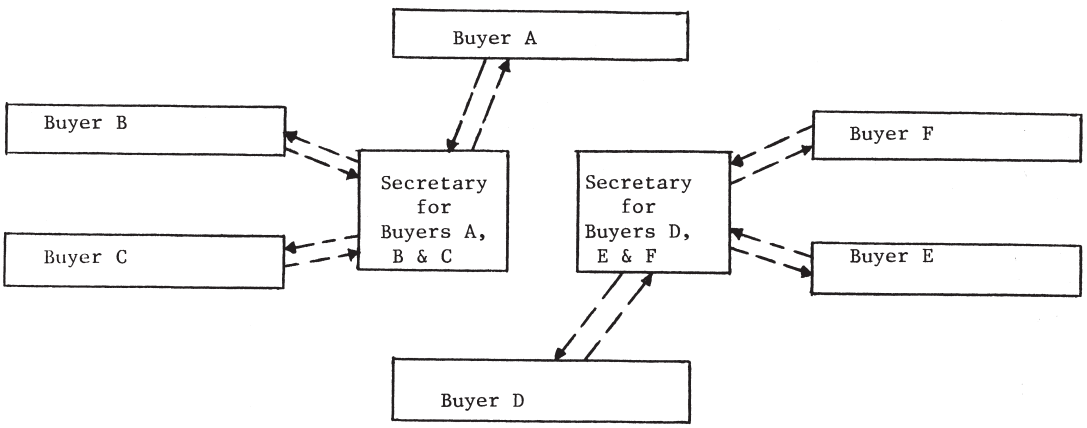


FIGURE 3
WHEEL ARRANGEMENT FOR SOLVING CASE 3 PROBLEM



problem will evolve. However, by enforcing this policy, time and cost savings will accrue to the procurement manager as well as the benefits associated with participatory management on the part of the buyers.

Case 3: Needless Steps Taken by Buyers

Here buyers' furniture, records, files, and books may be situated such that the number of needless steps taken in a day's time is maximized, which in turn usually minimizes their productive efficiency. In one company, the author observed two buyers whose desks were physically separated by 15-20 feet. However, each one's secretary was opposite the other buyer (Figure 2). All day long, these two buyers crossed paths--approximately 15-20 times--en route to their respective secretaries. The obvious solution, of course, was to either move one of the secretaries or one of the buyers. But this can be a problem for departments possessing more than say ten buyers. What then? Assuming the existence of adequate physical facilities, the number of steps taken by all persons can be minimized if some variation of a wheel arrangement is employed (Figure 3).

Case 4: Dog-Eared Purchase Orders

Whether the purchase order is open or closed, it is usually placed in some folder and filed away in a file cabinet. Depending upon the firm and industry, these purchase orders may be pulled and scrutinized for order information numerous times during the course of their existence. After only several pullings, these sheets usually become dog-eared, if not torn, which makes it difficult to subsequently locate and pull them. Also, there is the associated problem of refiling orders. As a result, valuable secretarial time is used locating, pulling, examining, and refiling purchase orders. Although a microfilm system could be substituted for this archaic procedure, a more advanced approach would be to use visual display equipment, such as a CRT, which is linked with the computer, or by a PC monitor. By typing in the requisite purchase order number on the keyboard, the procurement executive can get an almost instantaneous version of the original order on the visual display tube. He nor his secretary physically handle the purchase order as it is now stored in the central memory of the computer. While a large cash outlay accompanies the acquisition of such a system, the possible reduction in secretarial time and/or personnel usually outweighs this problem.

Case 5: Over-Zealous Use of Stamps and Approval Signatures

Office personnel, especially procurement individuals, can easily fall prey to the problem of over-stamping and over-signing departmental/office forms. This is an inherent hazard associated with paperwork. By developing a paper- and work-flow diagram, however, these "over-stamping" and "over-signing" points can be pinpointed, and eventually eliminated. If left unmonitored, such hoaxes can reach ridiculous proportions as in one example where a "rush" purchase order had five "rush's" stamped on it along with corresponding signatures from five different procurement individuals. By objectively examining each stamp and approval signature, the procurement manager can ascertain the benefit/cost behind it as well as the necessity for continuing it. If such approval steps cannot be totally eliminated, perhaps some can be integrated and performed by one person or a few people. Not only will this speed the flow of paperwork but it might also obsolete a job position since fewer "stampers" and/or "approvers" are needed.

Case 6: Too Many Copies of Forms Being Distributed

Another phenomenon associated with paperwork is the vast array of copies of each form that is sent to everyone everywhere in the firm. It has been the author's experience that many of these copies are either discarded or filed away and forgotten about so that when the department needs information, they ask the initiating department. Not only has the time necessary to develop the original form as well as cost of the paper been wasted, but additional time is required of the initiating department to locate and communicate the requested information. Before haphazardly reducing the number of copies of various procurement department forms forwarded to other departments, the procurement manager should ascertain the benefit each department derives from its particular copy. Armed with this information, he can objectively determine which distribution copies of each procurement form should be discarded. The prior development of a paper- and work-flow diagram for each department within the firm may facilitate this analysis. A problem related to "too many copies of forms" and perhaps more generic is the existence of too many forms. By overburdening procurement executives with forms, top management is encouraging productive inefficiency; fostering "paper pushing," thereby over-clericalizing its procurement executives (Case 1); and causing the procurement department to be overstaffed. While one answer is "paperless" procurement, a more appropriate and profitable solution involves a cost/benefit analysis of each form similar to that mentioned above under "too many copies of forms."

Case 7: Over-Logging of Forms In and Out

As in Cases 5 and 6, this situation is a natural result of paperwork as well as over-enthusiastic record-keeping and control maintenance. In an atmosphere of mutual trust and understanding, little if any

logging in and out of forms is required. But, in firms/departments where this atmosphere does not exist, everyone embraces some type of logging in and out process to protect himself. A paper- and work-flow diagram will unearth and highlight this time-consuming practice. While some logging in and out is necessary, much of it can probably be eliminated, as observed in one situation where intra-departmental movement of every single procurement form had to be logged in and out. Perhaps, as in Case 5, some of the logging can be integrated and performed by one person or a few individuals.

Conclusion

Additional uses of organizational procurement paper- and work-flow diagrams include: (1) training apparatus for new procurement personnel; (2) justifying either the number of individuals presently in the procurement department or need for additional persons to top-level executives; (3) affords management a panoramic and succinct perspective of the department; and (4) by putting time values on each block, one can determine where time delays occur in procurement paper- and work-flows as well as how long it takes to proceed through the system.

Any one of at least four problems can prevent the effective development and utilization of these flow diagrams. First, when developing paper- and work-flow diagrams, it is mandatory to discuss this with someone who possesses a detailed, comprehensive knowledge of paper- and work-flows within the procurement department. Sometimes this is the procurement manager; usually it is one of his subordinates who works with these flows on a daily basis. Regardless, if the individual contacted does not know the required information, then any attempt to develop a viable, useful diagram is fruitless. Second, the source person for the flow diagram may choose not to divulge all aspects of the procurement department's paper- and work-flows. This is different from the first problem where the person did not know the required information. Here, the individual knows, but for reasons of either company politics, playing psychological games, or whatever, he does not disclose either some or all of the requisite information. If this person represents the only potential contact within the procurement department, then development of a complete flow diagram is seriously jeopardized. Third, presupposing the evolution of a detailed organizational procurement paper- and work-flow diagram, another obstacle looms realistically in preventing the effective utilization of such data--a procurement department manager sufficiently biased so as not to recognize apparent procurement flow problems. If top management is ineffectual, the procurement department's paper- and work-flow bottlenecks will persist. Finally, inter- and intra-departmental problems will arise if the flow diagram developer is a person from either the corporate staff or the procurement department. For reasons of job security and politics, a procurement subordinate is likely to be ineffective in researching and developing an accurate, detailed flow diagram. Because of the "love-hate" relationship existing between most departments and corporate staff personnel, a corporate staff person will probably encounter the second type of problem, which will result in an incomplete diagram. The best solution is to bring in an outside consultant who is capable of developing such diagrams, unaware of company politics, and committed to doing a comprehensive job. Unfortunately, this will cost a relatively large sum of money. Discounting these difficulties, the development of complete and accurate organizational procurement paper- and work-flow diagrams can assist appreciably in the effective elimination of procurement flow bottlenecks. In most instances, unearthing and crystallizing a problem is half-way to solving it, and so it is with uncovering and detailing organizational procurement paper- and work-flow problems.