

How to Buy for Materiel Management Success

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Session

- In this session we will cover some of the key considerations during the procurement process to help ensure materiel management success.
- Au cours de cette séance, nous aborderons certaines des considérations clés du processus d'approvisionnement qui aideront à assurer le succès de la gestion du matériel.

Procurement

- Directive on the Management of Procurement
- Procurement: the process related to obtaining goods, services or construction from the planning to the completion of the procurement life cycle.
- 3.2.1 Procurements are managed in a manner that enables operational outcomes and demonstrates sound stewardship and best value consistent with the Government of Canada's socio-economic and environmental objectives

Breaking That Down

- Enables Operational Outcomes
- Demonstrates Sound Stewardship
- Best Value

Complex Contracts

- In complex contracts with materiel, services, goods as a service, services that include goods etc, it is vitally important to determine up front:
 - Who actually owns the materiel?
 - Who has custody of the materiel?
 - Does it need to be reported as Governmental Assets
 - Capital Leases, Sparing Pools etc

Material Forecasting and Planning

- Do you have a materiel forecast and plan?
 - integrated process
 - acknowledging available warehousing / storage space
 - acknowledging distribution and redistribution channels
 - factoring in materiel identification
- Budgeting
 - Is my budgeting process responsive/fluid enough to handle changes in annual requirements or is it the SALY +2% or a use it or lose it mentality

Receipting

- Can the receiving section match the PO and the Invoice and the quantity received for good section 34 oversight?
 - Is the receipt process enabled through procurement or are they broken and disjointed
- Was there an advanced notice that the materiel was coming or is it an 'oh hey what do we have here' kind of situation at the receiving unit?
- Is there an inspection and discrepancy management process to link back to procurement
 - How do you include discrepancy management as part of your vendor performance rating
 - What are your processes to manage counterfeit, suspect or non-conforming materiel

Positioning

- Where do you have the materiel sent?
 - Centrally (Depot/warehouse)
 - Local storage
 - Straight to location of use
 - Are the distribution/redistribution costs included in procurement or pushed onto the warehousing organizations

Special Considerations

- Does the procurement factor in special handling and materiel considerations?
 - Hazardous Materiel (can we receive it where it's being positioned)
 - Temperature controls (ice cream on a hot jetty – icky)
 - Unique storage requirements:
 - controlled goods, narcotics, classified items, magnetic materiel, shelf life managed, humidity controlled, bio-hazardous materiel, etc

Packaging

- Is it bought packaged for shipping or storage? Is there a difference?
 - Reducing packaging to save money but causes issues upon receipt
- Will it have to be repackaged for shipping or storage?
 - Especially hazmat or other difficult commodities
- Do you buy in units of issue, units of shipping and what are the secondary effects?
- Too much packing, too little packaging adds costs up and down the Supply Chain.
 - Value for money for you or value for money for the whole of the business

Re-Order Points

- Does your organization have min/max/auto orders available?
 - Or do you have delays as you only order once you realize you're out.
 - Which creates rush orders for MM increasing costs for redistribution

Valuation and Expense

- (Yes I am dipping into Finance but it's an integrated process just go with me)
- Can I receipt the materiel and update the proper expense/expenditure GLs and Votes
 - Tangible Capital Assets
 - Inventory
 - Asset Pool Inventory
 - Immediate Expensed items
- Do my procurement and receipt processes allow me to value the inventory properly for the public accounts?

Maintenance

- Maintenance and Service Contracts
- How do you manage the
 - Maintenance of the materiel
 - Warrantees, Upgrades
 - Movement of materiel to and from a repair facility
 - Accountability of the materiel while it is not in your custody

Divestment

- When executing a procurement contract do you know how you'll divest of the items?
 - Will you need a trade in option
 - Technical specifications/environmental specifications for divestment
 - Upgrade plans for materiel so that you're not carrying unnecessary product no longer needed

Summary

- Procurement is the first point of failure/success for MM
- When doing procurement has the whole of the SC been considered to balance overall costs and requirements
- Is your process integrated

Questions
