Back to Basics. Forget all those buzz words and management speak about ‘strategic this’ and ‘strategic that’. What are the basic questions that we should ask when reviewing a purchase requisition? Paul Rogers strips away the jargon and lists 70 questions that may help identify opportunities to add value.

First Things First.

When we receive requisitions from end-users, good practice is to prioritise the requisitions on the basis of the:

• Urgency of the need.
• Criticality of the category.
• Value of the proposed purchase.

We may be able to consolidate related requisitions, but remember that the goal is to secure best value consistent with maintaining operational efficiency, and not the other way around.

Potential Problems.

The value that we can add to the transaction may be reduced if:

• Requisitions are submitted with inadequate lead times.
• Requisitions are submitted as a ‘fait accompli’ i.e. after the work has been done or goods received.
• Requisitions lack the basic information required to process them.
• The requisitioner is unreceptive to the role of purchasing in seeking to improve upon the terms already negotiated.

These are issues best resolved through a dialogue, as they are symptoms of a mismatch in expectations; the requisitioner perceives that we are order clerks, and we perceive that we can contribute to the process by changing some of the elements of the purchase, whether it be the timing, the specification, the supplier or the commercial terms. Talk to the end user and try to explain how we can add value.

Basic Governance.

Here are some questions to ask when reviewing the requisition:

1. Who is the requisitioner?
2. Are they approved to raise requisitions?
3. Have they included contact details so you can telephone or email them in the event of a question?
4. Who is the approver?
5. Do they have the appropriate financial delegation to approve requisitions?
6. Is there a budget code?

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do, so these are fundamental questions that are still worth asking!

Tell Me What You Want!

These are questions to ask when reviewing the content of the requisition:

7. Is there a description of the category needed?
8. Is the description intelligible to a potential supplier?
9. Does the description need translation so that it is more generic, to allow other suppliers to compete?
10. Does the description need development to supplement the words, such as the addition of a product code, to avoid ambiguity?
11. Is the category on an existing preferred supplier arrangement?
12. Should the category be on a preferred supplier arrangement?
13. Are other requisitioners using the same specification[s]?
14. Can we change the specification – in consultation with the requisitioner - if there is a better deal already in place, on something substantially the same or similar?
15. Is the requirement – or something similar which meets the same need - already held in stock within our organisation?
16. Should this category be processed by other procurement units?

How Many?

Suggested questions to ask when reviewing the quantity proposed on the requisition:

17. Is there a quantity stated on the requisition?
18. What is the unit of purchase? For example, ‘each’ or ‘pack of ten’?
19. Is the unit of purchase the same as the supplier’s unit of sale?
20. Do the suppliers have a minimum order quantity?
21. Do the suppliers have a minimum order value?
22. Is the quantity such that we could ask for a volume discount?
23. Should we buy more to get a better deal?
24. Are there other users also about to buy within the same category?

Price, Cost and Value.

Here are some questions to ask when reviewing opportunities to create value:

25. Is there a price stated on the requisition?
26. Is the price correct?
27. Does the price equate to the supplier’s required unit of purchase?
28. Is there a date which shows that the price is current?
29. Is there a contact name associated with the price quotation, or is there a quotation reference?

30. Can we get better terms?

31. Is there a discount stated?

32. Do we qualify for a discount with this supplier?

33. Should the purchase be free of charge as it is under warranty?

34. Does the category attract GST?

35. Is the price quoted GST inclusive or exclusive?

36. Is delivery included or is this an extra cost?

37. Is packaging included? Or extra?

38. Is insurance included? Or extra?

39. Is there a ‘rush order surcharge’?

40. Are there currency conversion issues to be addressed?

41. Does the price include minimum order charges?

42. Is the total cost calculated?

43. Is the total cost calculated correctly?

44. Is the purchase value so low that we should be using an alternative method of purchase, such as a procurement card to purchase the goods?

45. Is the value so high that we should issuing competitive quotations?

46. Has the requisitioner nominated a supplier?

47. Has the requisitioner attached a quotation?

48. Could we consolidate this order with others for the same supplier?

49. Can we change the supply source if there is a better deal available on the same purchase specification?

50. Is the proposed supplier already on the vendor system?

51. Is the proposed supplier approved or pre-qualified for this category?

52. Are there supplier contact details included?

53. Do we have an address for the supplier?

54. Is it clear where to send purchase orders for the supplier?

55. Does the supplier deal direct or through a distributor?

56. Do we have the distributor’s contact details?

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Time is of the Essence.

Here are some questions to ask when reviewing issues related to the timing of the purchase:
57. When was the requisition raised?

58. When was the requisition approved?

59. How long has the requisition been ‘in the system’?

60. Is there a due date for delivery of the goods or performance of the service?

61. Is the due date in the future?

62. Is the due date ‘ASAP’ or a specific date?

63. Is the due date realistic, given the time required to process requisitions?

64. Is the due date realistic given the lead-time from the supplier?

65. Is the due date realistic given the lead-time to process the requisitions and the lead time from the supplier?

66. Is the due date realistic given the lead-time for procurement governance such as the issue, receipt and evaluation of quotations and the lead time from the supplier?

67. Are the goods and/or services ‘urgent’ and needed by a specific event?

68. Can we meet the requisitioner’s due date for supply?

69. What will the consequences be if we fail to get the goods and/or services by the required date?

70. If we cannot meet the requested date, is there a contingency plan?

The Spanish Inquisition.

Nobody expects the Spanish Inquisition, so asking all of these questions on every requisition might only serve to slow down the purchasing process. But while experienced purchasing practitioners know through experience what to look for on a requisition, new starters may find that this checklist helps them evaluate not just what is stated on the requisition, but what is not stated as well.

Paul Rogers is a freelance procurement consultant.