

To Study of Procurement Cycles in Manufacturing Industry

Sagar Janrao¹ Prof. Ankita Manekar² Prof. Vishal Samudre³ Dr. Vaibhav Ubale⁴
Prof. Avinash Pawar⁵

^{1,2,3,4,5}Department of Master of Business Administration

^{1,2,3,4,5}SND Coe & Rc, Yeola, Nashik, Maharashtra, India

Abstract — Procurement management is a strategic approach to optimizing organizational spend. It involves sourcing, requisitioning, ordering, inspection, and reconciliation. It means acquiring your goods and services from preferred vendors, within your determined budget, either on or before the deadline. The ACE Group is one of the leading producers of Acoustic Enclosure, Base Skids, Transformer, the core values of ACE are trust, honesty, responsibility, professionalism, appreciation. These are the main values for success of a company. ACE turnover and gross profit have shown a noteworthy growth, profit before tax increased significantly by 46% as compared to previous year. Profit after tax increased by 48% and earning per share reflect the same trend. During my six-week internship period I studied several documents of company along with other documents describing regulations and guidelines which are necessary for the effective working of multinational company.

Keywords: Procurement Process, Sharing & Bending, Canopy, Operation and Design, Quality Control, Vendor Development, Inventory Management

I. INTRODUCTION

Without procurement, it would be impossible for most business operations to function. Procurement management ensures that all items and services are properly acquired so that projects and process can proceed efficiently and successfully. More than a business necessity, procurement can be leveraged as a competitive advantage when optimized to save money, time and resources. ACE Limited founded in the year 1960, is headquartered in Pune in the state of Maharashtra. To cater to the needs of the new and emerging India, ACE India has invested in world class facilities and technologies to cater to the demands of the Indian sub-continent. Our world class facilities in India are fully equipped to advise customers, design, test, fabricate and quality-assure on all aspects of fluid mechanics in India. All our plants in Pune, Chakan are a showcase of immaculate manufacturing and engineering practices!

A. Processes in Project Procurement Management

1) Planning Procurement

Planning procurement involves a series of steps that help determine which resources an organization needs for project completion and the extent of its budget.

- The materials and resources required to complete the project
- The materials and resources they already have and which need to be outsourced
- Contract requirements for outside purchases
- Delivery date requirements
- Key project milestones and their deadlines
- Legal terms and conditions
- Industry safety standards of materials and resources

- Researching providers and vendors

Managers use a written document as a project procurement plan that addresses the above considerations and details any other important information, such as how to handle changes in delivery dates or contract terms.

2) Conducting procurement

After planning for procurement, project procurement managers assess bids from vendors and select partnerships based on their project needs. Any vendor negotiations often take place during this phase of procurement and all involved parties sign the agreed-upon contracts. Project procurement managers may also make payments for products and services at this time.

3) Controlling procurement

Once contracts become active, procurement control and management are important parts of maintaining partnerships with vendors and ensuring the services and products function as they're intended throughout the course of the project. Controlling procurement often includes:

- Evaluating regular internal status updates
- Reviewing contractor agreements
- Reviewing progress and performance updates from vendors
- Conducting inspections and audits
- Assessing work orders
- Issuing additional payment as necessary

4) Closing procurement

Closing procurement involves all necessary steps in ending a partnership or contract. This often involves a review of the work or services completed, renegotiation of any changes to original contract terms and confirmation of payments issued and received. Organizations may also file a formal release of liability upon procurement closing. This contract confirms that the vendor has fulfilled the terms of the original contract and is no longer responsible for any additional involvement in the project.

- Company Name- ACE Engineering Solution India Pvt Ltd.
- Product- Acoustics Enclosure, Pump, Valves, Skids
- No. of Employee- 1500(2022)

II. VISION

A. We Want To Be The Most Successful Company In Our Markets.

We operate close to our customers worldwide and fulfill their requirements with the extreme best possible solution. We concentrate our activities on segments in which we can achieve volume growth, and are either already market leaders or could become so.

B. We Want To Demonstrate More Skill Than Our Competitors.

The quality with which we perform should be exemplary. This is the responsibility of every single employee.

We always aim to adapt quickly to change in customer wishes and find new technical solutions.

C. We want to be an independent and profitable company.

We aim to maintain the desired business results across all our business activities & segments. Our profitability is designed to underpin our company's independence and the security of the job it provides

III. MISSION

- 1) We want to be the first choice of our customers by being a competent and reliable partner and providing products and services that match and exceed our customers' expectations.
- 2) We work within the ACE Group Organization and implement the ACE Global Strategy. Through this we pursue a sustainable and profitable growth to achieve increased values for our shareholders.

IV. PRODUCT PROFILE

A comprehensive range of ACE pumps and valves are manufactured from the facilities of ACE Pumps Limited spread over six centres in India... each facility dedicated to a product line. In-house design and manufacture of jigs, fixtures and dies under strict tolerances, ensure that the highest levels of quality are maintained. An ISO 9001, ISO 14001 & OHSAS 18001 organisation, ACE in India has systematised concurrent production of dissimilar components.



At ACE, the relation with the customer is an ongoing partnership, continuing beyond product commissioning. Regular tailor-made training sessions are held, in-house and at the customers' sites, to acquaint them with selection, operation and maintenance to get the best from ACE pumps and valves.



V. INTRODUCTION TO PURCHASE MANAGEMENT

“Procurement management is responsible for overseeing all the processes involved in acquiring the products, materials, goods and services needed for efficient business operations”

Purchase Management is a function of materials management in a company. Their basic function is procuring the inputs for production function. This function encompasses suppliers in the market external to the organization and several internal to the organization.

The purchasing process simply involved placing an order with the supplier who offered the lowest price. Nowadays, increase in competition and market demand and scarcity of resources have forced organizations to reexamine their purchasing activities. The purchasing department functions have expanded considerably and include activities such as verifying the credentials of suppliers, inspecting the quality of the material to be purchased, ensuring the timely delivery of the material, etc.

A. Importance of Purchase Management

Purchase management is considered to be very important function of materials management in a company. Its importance is felt even outside the formal scope of materials management. As the purchase decisions commit a very large portion of financial resource of the company purchase function is said to be highly important. Purchase personnel deal with large number of external agencies while performing their functions. Hence, they represent company's reputation in the outside world. As they negotiate and finalize deals worth lot of money for the company their integrity is of most importance for the organization

B. Goals of Purchase Management

Primary objective or goal of purchasing function is making inputs available to the conversion process at minimum cost to the final output of the company.

The inputs to be made available are raw materials, semi-finished items, bought out items etc. There are certain parameters to be monitored for fulfilling the system objectives. We can call them goals of purchasing. These goals are popularly known as 5R's of purchase namely, right price, right quantity, right quality, right place and right time. In simple terms, if the above 5Rs are achieved primary objective is fulfilled

C. 5R's of Purchasing-

1) Right Price:

Right price is determined by costing the production process of the supplier. Right price is determined by allowing reasonable profit for the supplier and insisting and helping to reduce cost. Tender system should be used to identify lowest responsible bidder rather than lowest bidder.

2) Right Quantity:

The purchase quantity should be optimum. Besides purchase price, there are two incidental costs associated with purchase of goods which impact overall cost. First, ordering cost that is the cost of locating source, making order, follow up, transportation inspection, receipts. On the other hand, there is another cost “inventory carrying cost” which comprises of storage, insurance, handling etc. It goes up proportionately with increase in batch quantity. A right batch size is where

sum of these costs is minimum. It is also known as Economic Order Quantity OR EOQ.

3) *Right Quality:*

In an item purchased should ensure adhering to mutually accepted standard by supplier and customer at the time of finalizing the purchase order. The accepted standard may be a drawing, a sample, a grade or a universal standard

4) *Right Place:*

Is the one where the item is going to enter the value stream. If the item is not available here, when needed, it is in short supply for the process.

5) *Right Time:*

Is as decided by production schedule for meeting customer's requirements

VI. PROJECT PROCUREMENT MANAGEMENT

Project Procurement Management includes the processes necessary to purchase or acquire products, services or results needed from outside the Project team

The Project Procurement Management processes involve contracts that are legal documents between a buyer and a seller

It is the Project Management team's responsibility to make certain that all procurement meets the specific needs of the Project while adhering to organizational procurement policies

A. Key Processes

- 1) Plan Procurement Management
- 2) Conduct Procurement
- 3) Control Procurement
- 4) Closed procurement

1) *Plan Procurement Management:* -

Plan Procurement Management is the process of documenting project procurement decisions, specifying the approach, and identifying potential sellers. The key benefit of this process is that it determines whether to acquire outside support, and if so, what to acquire, how to acquire it, how much is needed, and when to acquire it. The inputs, tools and techniques, and outputs.

A procurement management plan is a plan that defines requirements for a particular project and lays down the steps required to get into the final contract. Here, the specific project means the process required to purchase or acquire the products or services the organization deals in.

2) *Conduct Procurement:* -

Conducting procurements is the process of gathering seller bid responses, selecting a seller source, and then awarding that source a contract to provide the needed human resources or material. The key benefit to this process is that it helps ensure stakeholders understand expectations from project management

3) *Control Procurement:* -

Control Procurements is the process of managing procurement relationships, monitoring contract performance, and making changes and corrections to contracts as appropriate

4) *Close Procurement:* -

The close procurement process is also known as the contract closure. It supports the close project or close phase processes. Procurement is said to be closed when the contract deadline

is reached and ends, or when the contract is terminated. A project can have a single procurement contract or multiple contracts

The Close Procurements process also involves administrative activities such as finalizing open claims, updating records to reflect final results, and archiving such information for future use.

VII. THE PROJECT MANAGER'S ROLE IN PROCUREMENT

The Project Manager's role is to ensure each vendor has identified their own project manager who will serve as the single point of contact throughout the procurement and to coordinate with those PMs to schedule meetings/demos, obtain proposals, get questions answered, and facilitate the contracting process. Procurement, like any business function, has to continually deliver value. Best-in-class procurement organizations plan and execute well, engage with stakeholders and consistently show that the vendors being selected are providing the best overall value to the company.

A. There Are Six Important Responsibilities the Procurement Project Manager

1) *Initiating the Project.*

When there is a new procurement, a Project Manager should be assigned so they can kick off the procurement project. This includes getting the initial stakeholders together to understand the scope and objectives for the procurement, and to discuss high-level expectations and timelines for the project.

2) *Creating the Procurement Plan.*

Establishing a comprehensive procurement plan is an important role the Project Manager plays to define expectations and align stakeholders. An effective procurement plan covers not only the process for procuring the goods, technology, or services but also the post-procurement activities required to effectively transition into the business operations.

3) *Coordinating Internal Stakeholders.*

This starts with the Business Owner who initiated the procurement and the personnel who will actually use the product or service, as well as other stakeholders from information technology, information security, compliance, legal and finance. The PM's role is to ensure that all relevant stakeholder groups have been identified, and that they are engaged at the appropriate times throughout the procurement process.

4) *Coordinating Vendors.*

In addition to coordinating your internal stakeholders, your vendors need coordination too. Multiple vendors may be involved during the procurement process, and each vendor may have multiple personnel involved. The Project Manager's role is to ensure each vendor has identified their own project manager who will serve as the single point of contact throughout the procurement and to coordinate with those PMs to schedule meetings/demos, obtain proposals, get questions answered, and facilitate the contracting process

5) *Communicating Responsibilities and Updates.*

Keeping all stakeholders on track during the procurement process is a necessity if you want to hit your deadlines. The Project Manager is responsible for determining what information is important to communicate, collecting that

information from the appropriate stakeholders, and packaging and distributing it at the right times. Weekly email updates, project status reports, and face-to-face meetings are all forms of communication channels that the Project Manager can use throughout a lengthy procurement project.

6) *Supporting Implementation and Transition.*

Once the procurement is complete and a contract has been signed with a vendor, the Project Manager plays a critical role in supporting the Business Owner during the implementation of the project and, ultimately, transitioning the software/services into operations. The PM assumes many of the same responsibilities as during the procurement process such as planning, coordination, and communication, but is now focused on the implementation of the solution rather than the selection of the vendor. The PM also provides a bridge between the procurement process and the implementation process, ensuring that there is a continuity of knowledge and expectations throughout the entire cycle.

- Contribution to the host organization /Society
 - 1) Created awareness of procurement tools in the organization.
 - 2) By implementing this tool saving electricity/Workers effort.
 - 3) Minimum resources Maximum Utilization in the organization.
 - 4) It helps to achieve higher production with hassle free manner.
 - 5) Smooth production with timely availability of material.
 - 6) Reduce inventory cost. i.e., Carrying Cost, Holding Cost.
- Findings: -
 - 1) Procurement Management be well maintained for safe office work new technology adoption is most important activity to improve efficiency of procurement management.

B. *Learning through Project: -*

- 1) Procurement is one of the most important career fields in the world.
- 2) Every company uses procurement even though full time procurement managers may not be employed.
- 3) The work of the procurement begins with bringing in the supplies and raw materials necessary for a business organization to operate

C. *The Experience I Learned During My Summer Training at ACE PVT LTD*

- 1) This internship helps me to understand importance of procurement management in Manufacturing
- 2) How to work in corporate field.
- 3) How to reduce costs within its procurement?
- 4) Always keep a systematic record of everything which you do in your day-to-day life
- 5) How to track the consignment and talk to the various people about our lot?
- 6) How to finish the work on time?
- 7) Work according to the rules and regulations.
- 8) The real information of the company and the way of working.
- 9) Should not be depended on others for work.

- 10) This internship helps me to understand & involvement of employees in all levels in organization.

VIII. CONCLUSION

While concluding this report, we feel quite fulfilled in having completed the project assignment well on time, we had enormous practical experience on fulfillment of the manufacturing schedules of the working project model. ACE is one of the old companies in the world with the major business enterprise. ACE has a responsibility to shareholders, employees, customers and the nation to continually improve the performance of the company and its business. Doing the works with responsible way will lead the prosperity in the industries and communities in which it participates, there are plenty of bigger challenges to be faced yet, the way the company is growing to innovation of technology will provide the cutting-edge technology with less cost in internally and investment. The competitive improvement mentioned earlier gives ACE confidence that if it's prepared to take the lead in the new world. It can be seen that various strategies are used by ACE in order to gain advantages over its competitors. In a competitive market a company must identify its strengths, weaknesses, opportunities and threats to strengthen the company and achieve its objectives and target different market. With technological changes comes innovation and innovation can be good or bad for a company and in the case of ACE innovation was perceived through vigilance

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