Purchasing Department: Roles, Duties, and Responsibilities

Purchase departments help keep organizations financially healthy. They procure goods and services designed to meet operational needs while providing the highest possible value. They established procurement policies and procedures to ensure their organization operates with integrity and the marketplace. Purchasing departments keep operations moving smoothly because they monitor Supply chains and take care of tedious tasks like negotiating contracts with vendors, so the department has can focus on other things.
The role of the purchasing department plays within a company depends on the size of the organization. Outsourcing and technological advances have affected the job outlook for the purchasing profession negatively, which is a trend we can expect to continue.

**The Role of the Purchasing Department**

Also known as a procurement department or a purchase department, the purchasing department supports company operations as the primary buyer of goods and services in private sector companies, government agencies, educational institutions, or any other type of organization.

The procurement department serves its internal customers by procuring the goods and services they need in a timely manner while also maintaining the company’s financial health. They seek and purchase products and services at the best possible price and value.

As such, the purchasing department must understand the complexities of the operation it supports as well as the markets that provide the goods or services required to meet its objectives. The duties and responsibilities of a purchasing officer far extend beyond procuring office furniture and supplies. Today’s procurement staff must also understand complex Network technology equipment, international travel needs, acquisition of workspaces, and more.

**Purchasing Department Staff**

At the top of the purchasing department, there is a purchasing manager who supervises the department staff and works closely with the organization executive to plan and oversee the budget. The purchasing manager has to maintain close communications with department heads to better understand their needs and the

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role their purchases play in the company. For instance, a purchasing manager for an online retailer needs to have a working knowledge of the way network servers play the company’s operational workflow.

Purchasing officers, purchasing agents, and buyers all work under the supervision of the purchasing manager. Their duties and responsibilities may vary depending on an organization’s size and priorities. A purchasing agent for a pharmaceutical company may focus on purchasing the chemicals used in manufacturing specific drugs. A purchasing agent for a mortgage broker may handle for curing goods and services that range from necessary office supplies to vehicle rentals.

**Procurement Policy and Procedure**

Generally speaking, a procurement Department establishes the company’s purchasing policies and procedures. The rules that they set in place define spending limits and provide a list of authorized vendors from which the staff must purchase items such as necessary office supplies or catering services.

For instance, the IT department may have the freedom to purchase external hard drives that cost under $200 from any vendor. Still, if they need a high-capacity hard drive that costs more than $200, they must submit a formal requisition, and a purchase order number needs to be obtained from the purchasing department before they can buy the goods. The purchase order process established between a purchasing department and a vendor usually applies to specific products and services sold at a previously negotiated price.

Purchasing agents are the people who work to negotiate contracts. For example, if an organization requires employees who travel on business to work with certain airlines, hotels, and car rental companies, that’s because a purchasing agent has worked to establish a contract with those companies. Policies may also apply
when looking for services such as carpet cleaning, temporary staff through an employment agency, catering, and more.

Local or state purchase departments often established rules around purchases from local and out-of-town vendors. For example, local governments may require their departments to buy office supplies from a vendor that operates within the city limits. Purchasing departments in private-sector organizations or government made to find a preference for purchasing goods and services from minority-owned and women-owned businesses.

Generally, local, state and federal purchasing departments work under strict guidelines determined by law. When it comes to government agencies, individual departments generally must purchase the majority of their goods and services through a procurement department process to prevent conflicts of interest such as buying from suppliers that are owned by elected officials or their family members.

“Having a company purchasing department benefits the organization in multiple ways. By monitoring internal and external Supply markets, purchasing agents prevent a shortage in vital materials, over purchasing, and waste. They also ensure quality goods and services at the best possible value to keep cash flow and profit positive.”

Purchasing Department Duties

Competitive Duties

Many times, state, local, or federal laws require government agencies to make certain purchases with a competitive bidding process. Some private companies
use the same practice and require their purchasing department to solicit and evaluate bids before selecting the best business to supply whatever is needed.

For example, a county government purchasing department may seek bids from automobile dealers to replace their police cars. And growing tech company may send a request for proposals (RFPs) to furniture companies to furnish a new department, and a distribution company may ask for bids from local contractors for the construction of a new warehouse complex.

In the competitive bidding process, the procurement department opens the purchasing process to any eligible vendors and generally selects the bid based on the lowest cost. However, at times, an organization will restrict the bidding pool in a non-competitive bidding process. A television station may open and non-competitive building process purchase new cameras and include only vendors who sell only a particular brand of equipment.

Purchasing departments handle both competitive and non-competitive bidding processes. They have to collect information from company stakeholders regarding the types of goods and services required then contact vendors who could be interested in bidding and purchase advertisements to announce the bidding process. When it comes to a non-competitive bidding process, the procurement department may also have the task of choosing the qualified vendors.

**Non-competitive Duties**

Purchasing departments often buy certain types of goods and services directly from the vendor. This type of sole-source or non-competitive purchasing requires purchasing agents to carefully research and evaluate vendors and products before making their purchase. Buyers have to assess the quality of goods or services, prices, and the vendor’s ability to deliver those goods or services on time.
In the case of large organizations, purchasing agents generally have to conduct extensive research on a vendor by evaluating references or financial reports to determine its ability to perform in a long-term contract. In these situations, finding the right supplier may involve visiting the vendors manufacturing plants are distribution centers to understand their fulfillment capabilities and their products. Purchasing staff may attend trade shows to stay current with the new products and vendors or go to industry conferences to learn more about the goods and services that are critical to supporting their operation.

Sometimes, the purchasing department has to negotiate a contract for service to a single or multiple locations. For instance, the procurement department for a nationwide bank may negotiate a deal with a national beverage vendor to deliver soft drinks every week to all of its office locations across the country. These contracts generally include location-specific quantities and delivery times.

The job’s not over after the contract is negotiated. After deals are in place, the purchasing department monitors the vendor’s performance to ensure they are complying with the established terms and conditions. It’s also possible that purchasing agents will handle the return of any defective Goods in the processing of refund or replacement request. In some organizations, purchasing staff may manage critical operating inventories or year-end inventory reporting of property, including office furniture, company vehicles, and computer hardware.

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