

Procurement Documents

- Procurement means the action of obtaining or procuring something.
- Procurement Management is managing the purchase of goods, services, and products at the best possible price to meet a purchaser's demand in terms of quantity, quality, and other dimensions.

The procurement cycle is as:

IDENTIFYING POTENTIAL SUPPLIERS

- A potential customer first researches potential suppliers, who can satisfy the requirements for the product needed.

SHORTLISTING THE SUPPLIERS

- When a required supplier has been identified, the buyer requests for quotations, proposals, and tender.
- This may be done through any kind advertisements or by direct contact with the supplier.
- In this phase, the majority of the procurement documents are prepared and circulated.
- The document includes a request for quotation, a kind of invitation for the proposal.

BACKGROUND REVIEW

- The buyer now examines references for the goods and services concerned.
- Buyer can take samples of the goods/services or undertake trials.

NEGOTIATIONS

- Once buyers gain all the information from suppliers, they would discuss product based on various parameters such as proposed solution, price, references, capability, flexibility etc.
- At the end of this phase usually both the parties sign the contract or agreement document.

FULFILLMENT OR DELIVERY

- Once both the parties sign the contract, then the supplier has to start the fulfillment of delivery as per the contracts. Usually, contracts will also have a structure for the payments. According to that payments will initiate between buyer and seller.
- Based on the contract signed, the purchased goods or services are shipped and delivered. Payment is also completed at this stage. Additional training or installation of the product may also be provided.

Renewal -

- Once the goods or services are consumed or disposed of and the contract has expired, the product or service needs to be re-ordered. The customer now decides whether to continue with the same supplier or look for a new one.
- Documents which are involved in the procurement cycle are called procurement documents.
- Procurement documents are the contractual relationship between the buyer and the supplier of goods or services.

Types of Procurement Documents are:-

RFP

- A request for proposal is an early stage in a procurement process issuing an invitation for suppliers, often through a bidding process, to submit a proposal on a specific commodity or service.

RFI

- A request for information (RFI) is a proposal requested from a potential seller or a service provider to determine what products and services are potentially available in the marketplace to meet a buyer's needs and to know the capability of a seller in terms of offerings and strengths of the seller.

RFQ

- A request for quotation (RFQ) is used when discussions with bidders are not required (mainly when the specifications of a product or service are already known) and when the price is the main or only factor in selecting the successful bidder.

Solicitations

- These are invitations of bids, requests for quotations and proposals. These may serve as a binding contract.

Offers

- This type of procurement documents are bids, proposals and quotes made by potential suppliers to prospective clients.

Contracts

- Contracts refer to the final signed agreements between clients and suppliers.

Amendments/Modifications -

This refers to any changes in solicitations, offers and contracts.

Amendments/Modifications have to be in the form of a written document.

Structure of a Procurement Document