

Supply Chain Management Conference

Professionalization of Procurement

and

The Role of Supplies Practitioners
Management Act (SPMA)

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Significance of Procurement in the Supply Chain

- **Procurement's power as a unique resource within the Supply Chain relationships.**
 - A resource we must responsibly manage,
 - Effective management of procurement can make a huge contribution to the bottom line performance of your business and realization of value for money spent
 - HENCE
 - Procurement is an investment rather than a cost centre
 - AND
 - Procurement competency has become a mandatory requirement.
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- **But Procurement function still lacks strategic focus in most institutions.**

Significance of Procurement in the Supply Chain

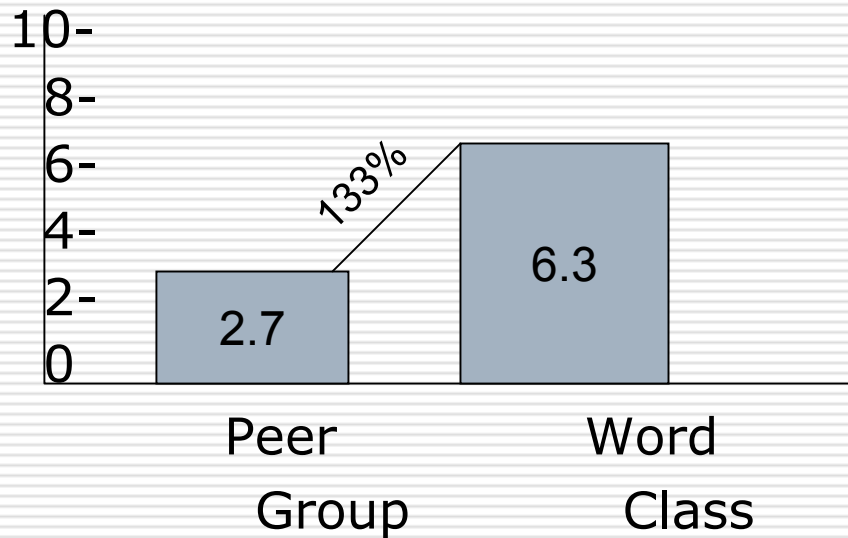
The Hackett Group

A Global Strategic Advisory firm based in Miami Florida USA

- ❑ Carried out a Procurement Practice study referred to Hackett Study on 300 companies.
 - ❑ The researchers calculated returns on investment (ROI) by dividing **spend savings** (spend reduction attributable to procurement practices) **by total cost of procurement operations**
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The Hackett Group-The Hackett Study

The ROI Advantage



Spend Savings as a Percentage of Procurement Process Cost: Source: Hackett Group

Significance of Procurement in the Supply Chain

The Hackett Group-The Hackett Study cont'd

□ Findings

- World-class organizations generate 133% greater return on their investment in procurement than the average companies.
- The advantage translated to \$3.6 Million of the company bottom line for every \$1Million in procurement operations cost on the average.
- Best practice companies understood procurement as an investment rather than as a cost centre ,
AND
- that this is how they generate millions of dollars in additional savings than other companies do.

The Perception about Procurement Professionalism in Kenya

- Procurement had and is still viewed either as a profession or as sub-set of other functions such as Finance or Administration and others.
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The Paradigm Shift in Procurement Professionalism in Kenya

- However ***the Government of Kenya has*** recognized procurement as a strategic cost management function, requiring high level leadership, effective planning, innovative sourcing, active contract management and continuous process improvement.
- The Private sector is steadily emulating the Government's procurement reforms

Why?

- Procurement function is an investment which must be well managed
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The Paradigm Shift in Procurement Professionalism in Kenya

□ **Therefore.-**

- To effectively and efficiently manage procurement as an the investment ,organizations have to attract and retain procurement professionals by raising their professional standing
 - Achieving professional standing requires a combination of workplace experience, capability training and professional development
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The Paradigm Shift in Procurement Professionalism in Kenya

- Development of procurement professional standards through legislation in 2005 and 2007 is timely and important.

 - The enactment of:
 - Public Procurement and Disposal Act 2005 and its Regulations

And

 - The Supplies Practitioners Management Act 2007
 - ..have reinforced recognition of the procurement professionalism in Kenya.
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Who is a Procurement Professional?

□ Procurement Professional

...is an individual who specializes in procurement as a dedicated function; highly skilled and experienced in facilitating the process of procurement..

A Procurement Professional Cont'd

- The Public Procurement and Disposal Act Section 26 (8) defines procurement professional as:
 - **Sub-Section (a)**
 - a person who has professional qualifications in procurement and supply management from a recognized institution.
 - **Sub-section (b)**
 - a person who is engaged in a calling or occupation in which recourse to procurement is directly or indirectly involved and has experience in the practice of procurement.
 - **Sub-section (c)**
 - a member of a recognized institute of purchasing and supply
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Enforcing Procurement Professionalism

- Professionalism is anchored on rules and procedures in or standards established by professional bodies
 - While being professional does not eliminate the possibility of individual member being corrupt ,standards help control improper behavior by allowing actions to be judged against standards accepted by the profession
 - The foregoing is an integrity –based approach.
 - However, circumstances force us to resort to enforcement –based approaches i.e. through legislations.
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The Supplies Practitioners Management Act 2007

- A legal instrument for propagating enforcement and integrity- based approaches.
 - Spells out qualifications for procurement practice
..and defines who a practitioner should be.
 - The qualifications form a basis for **registration** and **licensing** of practitioners.
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The Supplies Practitioners Management Act 2007

- The Act establishes:
 - Examination Board
 - Registration Committee
 - Disciplinary Committee
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The Supplies Practitioners Management Act 2007

- ❑ The Act enables the Institute to discharge its professional mandates such as:
 - ❑ Establishing, monitoring ,improving and publishing the standards of the supplies practice.
 - ❑ Safeguarding the interests of all supplies practitioners.
 - ❑ Making provisions of training and instructions for persons seeking registration under the Act
 - ❑ Performing any other functions connected therewith or incidental to these functions.
 - *Such other functions have already been prescribed in the draft Regulations pursuant to section 36 of the Act*
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The Supplies Practitioners Management Act 2007

Examination Board Functions

- Conduct national examinations
 - Prescribe and regulate syllabuses
 - Prepare and conduct examinations for persons seeking registration
 - Prepare regulations regarding standards of proficiency to be gained in each examination
 - Make rules with respect to such examinations.
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The Supplies Practitioners Management Act 2007

Examination Board

Functions Cont'd

- Issue professional qualifying certificates and other awards
 - Investigate and determine cases involving indiscipline by students
 - Liaise with Ministry of Education in accreditation of institutions offering the examination for purpose of carrying out examination
 - Promote recognition of examination in foreign countries.
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The Supplies Practitioners Management Act 2007

❑ **Examination Board Composition**

- ❑ Five Persons-Qualified Supplies Professionals nominated by the Council
 - ❑ One appointed by the Council as Chairperson
 - ❑ Two nominated by Minister for Education (one from KIE, other from KNEC)
 - ❑ One nominated by CHE
 - ❑ One nominated by DG of PPOA
 - ❑ One nominated by the local university
 - ❑ One nominated by Kenya Private Sector Alliance
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The Supplies Practitioners Management Act 2007

❑ **Registration Committee**

The functions

- ❑ Registration of procurement practitioner and issuance of practicing certificate.
 - ❑ Monitor compliance with professional, quality assurance and other published standards.
 - ❑ Prescribe regulations to govern the above.
 - ❑ Recommend to the Council that a member be investigated.
 - ❑ Advise the Council on matters pertaining to professional and other standards.
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The Supplies Practitioners Management Act 2007

❑ **The Registration Committee cont'd** **Composition**

- ❑ Chairman appointed by the Council
 - ❑ Two supplies practitioners appointed by the Council
 - ❑ One from FKE
 - ❑ One From KNEC
 - ❑ One from PPOA
 - ❑ AG or his representative
 - ❑ Registrar appointed by the Minister
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The Supplies Practitioners Management Act 2007

□ **Registration Committee**

Functions

- Registering and licensing of practitioners in accordance with the Act

- Registration and licenses are renewed every after 12 months

- No practice without registration and practicing license.

- Licensing is based on holding a valid registration certificate

The Supplies Practitioners Management Act 2007

Disciplinary Committee Functions

- Order removal from the register, suspension of registration and license , disqualification or imposition of fine as may be prescribed by the Council on practitioner who is:
 - Convicted of an offence
 - Guilty of gross negligence or malpractices
 - Guilty of other impropriety or professional misconduct
 - Details of the offences are stipulated in Section 23 of the Act***
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Attaining core competency

- It is our role as members and potential members of KISM to work towards attainment of core competency.
 - KISM has decided to lead the way in collaboration with other stakeholders nationally and internationally to realize this goal.
 - In this regard, KISM has decided to benefit from globalization agenda by associating with the International Trade Centre (ITC) to enable its members acquire the much needed competency on managing procurement function professionally
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Attaining Core Competency

About ITC.

- ITC is a **focal point institution in the UN system** providing technical cooperation to developing countries and economies in transition in areas of international trade promotion and development
- ITC **provides** a practical, continuously updated and supported **training pack** that can help enterprises make effective international purchasing and supply chain management become a key factor to their competitiveness and success.
- ***This is a Modular Learning System on International Purchasing and Supply Chain Management (MLS-IPSCM).***

Attaining Core Competency

About ITC.

- **KISM has joined the ITC Learning-net** and demonstrated this initiative by sending three Council Members to the latest **Global MLS-IPSCM Network Round Table Conference** that took place at Montreux, Switzerland from 22nd to 24th April 2009.
 - To day we have been honored by the presence of ITC representative Mr. Hong Siew who will address you on the matter
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Challenges

- ❑ In Kenya we are still experiencing some challenges in propagating procurement professionalism
- ❑ We must overcome the challenges
- ❑ But always be reminded that you are bound to experience challenges that are associated with failure and successes.
and
- ❑ ..these two sides of negative and positive influences can determine your performance
- ❑ Let failures be a cause of **trial and error** and successes for **lessons learned** and **continual improvements** (A Quote from ITC Modular Learning Toolkit).

Challenges

- So **START** tackling the challenges by teaming up with KISM members because if you
 - **Start**
 - **Today** *you will*
 - **Achieve**
 - **Results**
 - **Tomorrow**
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Challenges

- How to Start
 - Build confidence
 - Invest in yourself
 - Take risk
 - Don't wait until the right time
 - First try
 - Act now
 - This forum provides an opportunity for identifying and addressing challenges that we have individually and collectively encountered.
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Conclusion

- ❑ The growth of professional procurement capability will continue to be a priority.
 - ❑ The pursuit of the capability by attracting, retaining and developing needed the professionals in the public and private sector institutions is nevertheless gaining momentum.
 - ❑ Let us embrace this momentum
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Thank You
