This lecture is intended to achieve the following.

1. Shed light on the various ramifications of the stores functions.
2. Emphasise on the aspects of the stores function which has won it a pride of place in corporate and institutional set-ups.
3. Focus on the particular functions performed by the PUTO Stores section.
4. And lastly disillusion those who go with the mistaken belief that the stores function is a routine and perfunctory one.

In order therefore to accommodate the foregoing outlines and do justice to this lecture, I will like to bring in the concept of "Materials Management". Materials Management is that aspect of industrial management which is concerned with all of the activities involved in the acquisition and use of all materials employed in the production of the finished product. It includes all the activities related to the purchase, storage, maintenance, and physical handling of goods used by the business.

The National Association of Purchasing Management (N.A.P.M.) defines materials Management as a concept of operation which systematically integrates horizontally related Material functions, commencing with the determination of Material needs and culminating in the delivery of finished goods. It consolidates the responsibility for the functions of purchasing, production and inventory control, and physical distribution to optimize profitability by achieving the least total materials cost.

However, for the purpose of this lecture and time constraint I will only dwell on the two functions of Materials Management which are of relevance to us. And this brings me to the functions of Purchasing and Stores. In some organizations like PUTO, there is no sharp dividing line between these two functions and infact the appellation stores is used to stand for the two. The stores here has garnered up efforts to grapple with the two functions without much complaint.

In other Organizations the two functions are mutually exclusive, I have borrowed this word from Elementary Probability theory in statistics to mean that the function purchasing cannot be performed by the buyer and storesman together while the stores functions cannot also be performed by the stores officer and the buyer together. In other words the storesman is responsible for stores function while the buyer is responsible for purchasing functions.

Ideally and in recent times the word procurement is used to cover both functions and those who perform them are brought together under the Materials Manager who among other functions coordinates the two.
The advantage of having a Materials Manager is that the Materials Manager clearly defines functions of those under him and this helps to obviate conflicts arising from one performing the other’s functions. At this juncture the functions of purchasing and stores will be looked at individually and efforts will be made in the end to relate them to what we do here. I will begin with purchasing.

Evolution of Purchasing

Purchasing represents a stage in the evolution of civilized human relationships since it has substituted trading for the procurement of a desired object by conquest, plunder and confiscation. In the early times people got what they wanted through conquests and seizures. Purchasing is an ancient activity.

According to Harro Warner, an American researcher, a Cuneiform clay tablet excavated at El-Rash Shamra and dated about 2800 B.C. contains an inscription which roughly translated reads: “He is to deliver 50 jars of fragrant smooth oil each fifteen days after (a starting date) and during the reign of Ashurbanipal. In return he will be paid 600 small weight in grains. The order will continue indefinitely until the Purchaser or his son removes his consent.”

Definition and General Overview

Purchasing is the term used in industry and management to denote the act of and functional responsibility for procuring materials and services. In a narrow sense, the term purchasing simply describes the process of buying. However, in a broad sense, the term involves determining the need, selecting the supplier, arriving at proper price terms and conditions, issuing the contract or order, and following-up (progressing) to ensure proper and prompt delivery.

The need for material input is peculiar to all organizations, both profit and non-profit oriented. A church as a non-profit making organization needs building, chains, vests and all sorts of materials to conduct its business. A company alike requires buildings, machineries, raw materials etc to commence business.

All these create procurement needs. Insufficient or wrong supply of the foregoing items will place operational constraints on the company which may rear its head in the form of economic disadvantage.

Procurement is concerned with the total use of resources. This is in any management structure, whether industrial, commercial or governmental, a highly professional activity, which has profound influence on the fortunes of any organization. The growth of business complexity, the scarcity of material resources and the need for judicious utilization of available material resources have created more challenges for the procurement function.
Aljian has posited that the success or failure of any organization depends on its procurement policy. This is because in many organizations materials constitute more than 60% of total investment in the form of raw material, parts and supplies. And with this sort of money involved,

I think financial prudence demands that the purchasing functions be performed by truly qualified professionals.

**Functions**

Aljian states that the Purchasing system includes all the functions involved in the procurement of material from the time a need or possible need is first known until material is received and approved for us.

In his own contribution, Roman has affirmed that the types of activities, tasks and functions on a broad scale include requirement determination, procurement decision, procurement process and materials management.\(^5\)

A.M. Taylor in his foreword to the 3rd Edition of purchasing principles and Techniques, 1977, states that in recent times there have been dramatic changes in the concept of purchasing and supply management, pointing out that it is now seen as covering not only the acquisition and control of material and hiring of services, but also the formulation and planning of those requirements.

Accordingly, the significance and importance of purchasing function in many companies have elevated it to top Management level and beyond a perfunctory activity of business.\(^7\) Because of the endless variation in Company size, dissimilarities in business objectives and characteristics, status of the head of Purchasing department, management attitude towards purchasing and other factors it is not so easy to itemize specifically a tailor-made function of a purchasing department. However, the classical definition of overall purchasing task is: To obtain materials of the right quality in the right quantity from the right source delivered to the right place at the right time at the right price. Each "right" here further needs to be analyzed in the light of the requirements of the particular organization and the executive action necessary for its attainment. For example the idea of right some has always remained controversial, as it is said that "the choice of the right source of supply is an acid test for a sound purchasing". The other Rs of purchasing very much centre on the right source.

For example, a buyer may describe the quality desired of a product, he may establish the quantity needed, he may negotiate the most reasonable price and he may clearly determine and specify the exact time and place of delivery. All of his careful planning on these points can be jeopardized, or even nullified by a poor selection of a prospective supplier. A professional buyer must always therefore try to find a supplier who would furnish him with the optimum combination of these factors. If therefore a buyer is not allowed to take this important decision of source of supply, his job is merely being reduced to a clerical one.

However, the general objectives of a purchasing department are:

1) To supply the organization with a steady flow of materials and services to meet its needs.
2) To ensure continuity of supply by maintaining effective relationships with existing sources and by developing new ones either as alternatives to meet emerging or planned needs.

3) To buy efficiently and wisely, obtaining by any ethical means the best value for money.

4) To manage inventory so as to give the best possible service to users at lowest cost.

5) To maintain sound co-operative relationships with other departments and to use information and advice as necessary to ensure the effective operation of the organization as a whole.

6) To develop staff, policies, procedures and organization to ensure the achievement of the foregoing objectives. In the course of this lecture I shall relate our efforts to the foregoing broad objectives.

It is not impossible to go on discussing the purchasing function but time factor is a major limitation. Some time will now be devoted to the stores.

Stores Function

In most organizations the stores is one area in which all kinds of materials needed for production, distribution, maintenance, packaging etc. are received, kept and issued. The stores function is therefore basically concerned with receiving, holding and issuing stocks. However other functions of the stores on a broad spectrum can be said to be the following:

1) Receiving, holding, controlling and issuing stocks.

2) Control of all stores issues, stock yards and outside storage units.

3) Materials handling functions

4) Quality control activities

5) Training of stores staff

6) Clerical administration of stores operation

Documentation

Stock is as much valued as Cash. Infact it is a very common practice for people to hold their assets in stock rather than Cash. The stores is an embodiment of records and must be kept in the way of removing any material held in stock except through appropriate documentation. The storeskeeper cannot be exonerated from blame in time of stock discrepancy unless he had maintained an impeccable perpetual inventory. There are various forms for receipt and withdrawal of items from the stores which I do not need to mention here.
But suffice it to say here that the storesman can only give a proper account of stock through impeccable records and that the storekeeper should be seen as his cashier counterpart. The only difference here is that the Cashier has a more air of security built around him and people prefer Cash for immediate disposal, hence he is more popular than the storekeeper.

Identification & Valuation of stock

The ease with which items are identified and issued from the stores indicates the efficiency of stores. People do not normally want to encounter any delay in transacting any business with the stores. In a well established store, the process of documentation leading to withdrawal of items from the stores is an exclusive business of the stores. This is made possible by having a stores accounting unit that keeps the stores ledger. The function of the stores accounting unit which functions independently of the storekeeper is to cost stock preparatory for issuing to users. He functions as a check on the storekeeper whose main records do not show price of items. The section also renders returns of receipts and issues to the appropriate quarters.

Types of Stores

There are many types of stores as there are organisations. The need of the individual organisations dictates the need for the type of stores to be established. However it is not unusual to find these types of stores.

1) Transit store - where goods are kept preparatory for final carting to their destination.

2) Bonded Store - normally government store where goods are kept if confiscated or where they are kept until relevant duties are paid on them.

3) Raw material store

4) Finished goods store

5) Fuel store and so on.

Having given a general overview of the two functions of purchasing and stores, efforts will now be made to marry both of them as far as we are concerned here. But let me make haste to say that what I have done here so far does not by any means give an exhaustive treatment to the functions of purchasing and stores.

The Functions of FUTO Stores Perse

Some where in this paper, I had earlier mentioned that there is no sharp dividing line between purchasing and stores in FUTO. Both functions are performed together by the same people and unit. In addition to what have earlier been said, the FUTO Stores functions as follows:

1) Follow-ups overseas orders and sees to their clearing and delivery to the appropriate School. This it does by making available all the documents required for customs clearance to GCA.

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This function requires more amplification than said here and should have been a topic of its own. In many institutions it is performed by a full-fledged unit.

2) Rendering of official and personal services. The stores has gone a step further to render personal services and make a little profit for the University. With the support and advice of the Bursar this new direction was explored during the time of the so-called "essential commodities". Now it is on record that the stores is being looked up to as not only sustaining these services but venturing into new directions.

3) The stores also renders consultancy services to other outside institutions. This is in the area of duty exemption. Some institutions such as Unife, Uniport, ABU, University of Cross River have benefited from this free consultancy services.

4) Rendition of returns: The stores renders monthly returns of receipts to the Main Accounts and this forms the basis for end of year accounts reconciliation. I must say that the performance of this singular bit of function has been a lacklustre one. However, efforts are being made to arrest the cause of disagreement.

I would not want to end this lecture without mentioning the issue of Centralization which has generated a lot of interest here in FUTO. The terms centralization and decentralization are more commonly used to refer to the location of purchasing authority. Centralized purchasing exists when the responsibility for the procurement function is assigned to a single unit. Such unit is accountable to management for the proper performance of procurement function. On the other hand decentralization exists when the procurement function is performed by individual units. Here the question of accountability is doubtful and the proliferation of standards and duplication of efforts are encouraged. Again each Department which has found itself in the procurement syndrome looks at the entire organisation from the stand point of his own department. In a centralized arrangement the stores approaches issues from the organisational concept and the element of control becomes effective. The issue of Centralization is a matter to be viewed from the central point of individual organisation and its advantages should be weighed against the disadvantages. As far as FUTO is concerned the procurement arrangement should be on Centralised basis. This is because we have tasted decentralization and I think our experience is that we are worse off for it for many obvious reasons which time and space will not allow me to mention here. However, the foregoing assertions do not in any way suggest that decentralization has no place in procurement arrangement. Conditions and situations exist which make it desirable to have a decentralized procurement arrangement.

Ladies and gentlemen there are many areas of stores function, I believe, which I have left uncovered. If you in particular had wished to hear such areas but are now disappointed by my presentation please do forgive me and make sure you raise it.
them up during the question and answer session. I think I am
done for now but not down.

References

2) C.K. Lyssons, *Purchasing*,
4) Idem 1 - 6
5) Peter & David Farmer, *Purchasing Principles & Techniques* 1977
6) Daniel D. Roman, "A reintegration of Purchasing to close
the academic credibility gap."
7) *Purchasing Department Organisation and Authority, American
Management Association Research Study No.45*, New York
1980.