

## Purchase Department

### Brief History

This Department was created in 2009. Gradually, other departments were coordinated with so that their data could be analyzed to check what their purchases are and their price. After a thorough analysis and market research, all departments were instructed to route their purchases through Purchase Department as time and money could be saved. Initially, it was not easy to convince all departments to arrive at a consensus due to trust factor. Only, after positive results were seen, did all departments agree.

### Hierarchy & Workflow

- Head of Purchase Department has to report to Vice President, Finance or the Temple President. This is to make sure that the purchase undertaken is according to the needs of the temple.
- The purchases are completed in a step by step method:
  - HODs are contacted to know their purchase requirements. Detailed requirements are listed by the HODs in a specific format stating
    - ✓ Item required
    - ✓ broad specification
    - ✓ preferred brands
    - ✓ price range (budget).
  - Delivery is then made to the departments.
  - Payment is made to the vendor only after the concerned HOD signs the bill. This ensures that there is no sub-standard product being purchased.
- Earlier, this department had a very short structure. As volume increased, it now has a dedicated vehicle and one assistant is employed for record keeping to ensure that all payments are tracked and lead time is minimized.
- There is an Audit Team in place consisting of 1 Chartered Accountant and 1 ex-serviceman of SBI, constantly evaluating whether all assets are utilized or not. An Asset register is maintained to verify whether:
  - ✓ All assets are in place.
  - ✓ Assets are being utilized.
- The decision of whether the asset should be purchased or not, is jointly taken by a team consisting of Temple Finance Committee, Audit Team and Temple Finance Department. The purchase is done after screening and after it is made sure that the purchase is as per the needs of the temple.
- There is a policy that all purchases above a monetary limit of Rs. 25,000/- must have the approval of the Temple Management Council or the Finance Committee to ensure that no purchase is unnecessary and there is no asset lying idle which blocks the resources.

### Strategy

- Purchase is done by directly contacting the manufacturer company. They are approached by presenting our case as an organization for spiritual advancement and public welfare, with a promise to use the incentive they provide for spiritual advancement. The quotation sought is at a preferred price even over the institutional price (price offered to industries, airlines). There are 2 advantages to this:
  - ✓ No faulty product
  - ✓ Best price in the market
- During festivals, like Janmashtami, several temples across different states jointly demand a price quotation to take benefit of bulk orders. A tie-up with Amul in this way led to milk being offered at Rs. 35.42 per litre as compared to Rs. 42/ litre in the outside market.
- Some other instances are tie-up with JBL India for sound system requirements during public gatherings and tie-up with Havells for lighting. Havells usually sends their consultants and also provides us with free samples, thus resulting in huge economic benefits.
- When a department raises a requisition request of, say a machine, it is evaluated as to whether the old machine being phased out, could be repaired. If the repair falls within the warranty period, money could be saved. All possibilities must be analyzed.
- When there is a regular supply to other departments of food items, a proforma has been structured to know how much of the quantity demanded stands in hand. If there is sufficient quantity in hand, the goods are supplied to the department at a later date. Earlier, departments used the new supply and this led to spoiling of the older stock in hand.

## Lessons

- The markets being dynamic, there is endless scope for economizing. Negotiations at unbelievable lengths are possible. It all depends on our willingness to explore opportunities. It is important to stay updated with the market scenario and constant study and analysis to make operations cost-effective, easy and convenient is vital.
- For any purchase or installation decision, a second opinion must always be taken from other manufacturers and 2/3 competitive quotations must always be sought. Constant self-study and analysis must also be done.
- Buying directly from the manufacturer, and thus avoiding middlemen, saves lot of money. The executives of the manufacturer company are invited for temple programs are treated warmly, which gives them joy.