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Procurement Functons as Tools for Entrepreneurial Successby: Gbadamosi Olaniyi Mufutau. Dept, Purchasing and Supply and Omidiji Samuel Ajetomobi Dept, Office Technology and Management.

Gbadamosi Olaniyi Mufutau and Omidiji Samuel Ajetomobi

Abstract: *This paper work was carried out on procurement functions as a tools for entrepreneurial success and the works discuss extensively on entrepreneur as a concept and the procurement function which includes all activities in purchasing were also explained, the researcher discovered during the course of written this paper that procurement as a function have a lot to do when it comes to business survival not only in Nigeria but throughout the world, because the primary aim of purchasing is to achieve the five rights in which is a business organization can get right, the whole activities will not be only productive but profit maximization which is the primary goal of all business establishment will definitely be achieved.*
Key Words: *procurement, productivities, entrepreneurial, profitability and business.*

I. Introduction

Entrepreneurship is the willingness and ability of a individual to seek out investment opportunities, establish ad run an enterprise successfully (Inegbebor, 1987). The entrepreneur is essentially a person who owns or controls a business through which income is gained. National Directorate of Employment (NDE) (1989) in Onyebueke and Ochoogo (2002) defined entrepreneurship as the art which involves recognizing a business opportunity, mobilizing resources ad persisting to exploit that opportunity. The entrepreneur takes risks, is focuses and energized by an inner drive. The ability to develop a new venture or apply a new approach to an old business is sole idea of entrepreneurship. Entrepreneurship education will. Enable potential entrepreneurs and create avenues for people to: manage innovation; manage entrepreneurial process; and develop their potentials as managers of creativity in fields. It provides practical applications for students. Training in entrepreneurship has been used by nations like Germany to set up unique engineering – oriented business programmers in the university where their potential engineering are encouraged to seek out ideas and subsequently develop the promising ones from invention phase to commercialization.

According to Anayakoha (2006), the entrepreneur is one who chooses or assumes risks, identifies business opportunity, gathers resources, initiates action and establishes an organization or enterprise to meet such demand or market opportunity. From this definition, the entrepreneur is seen as an independent, self-sufficient individual who is willing to sink or swim his/her idea. It can thus be asserted that an entrepreneur is a person who in the bid to survive makes profit and owns his/her own business. He/she effectively utilizes his/her abilities and potentials confidently.

Challenges of Entrepreneurs in Nigeria

- Lack of entrepreneurial and technical competencies
- High interest rates
- Dearth of credit facilities
- Poor infrastructural facilities
- Policy summersaults
- Harsh and competitive business environment
- Business climate that promotes rather than meritocracy
- High level corruption

How can we understand the dynamics of procurement management?" An answer to this question has predominantly been explained by procurement management experiencing dissatisfaction with the status quo, where the procurement organization was viewed from other entities in the company as an insignificant, reactive and an administrative part of the business. The potential, however, for the procurement organization to be significant in the company was argued to be vast (Ammer 1989).

Ellram& Carr 1994, Van Weele 2005). In order to change the situation of the procurement organization, procurement management was informed that they should in gradual steps develop the procurement organization towards more sophistication and significance (Reck& Long 1988).

Producing strategies that were aligned with the overall company strategy including the development of policies, procedures, systems, tools and processes (Cousins 2002, Cousins et al 2008). This process changed the perspective of the procurement organization which among other things, allowed the procurement entity to contribute to the implementation of the concept of supply chain management.

Freeman&Cavinato 1990). Ever since I first got familiar with the practices of procurement and its management, I have been puzzled by its complexity. Also, authors such as Robinson et al (1967), Mogee& bean (1976), and Novack&Simco (1991). Underline the complexity of procurement in several aspects. For example, Novack&Simco claim that procurement processes are complex because they involve the completion of a cerires of activities, such as qualifying new supplies, procuring different types of inputs, and monitoring supplier performance, that cut across both functional boundaries (intra – firm) and organization boundaries (inter - firm). We can therefore, as Dumond (1994) points out major linkages: internal interactions and external involvement. akey objective of this study is to develop a theoretical grounding of the complexity and dynamics of procurement management in relation to larger relations of supply and demand, production and consumption. Thus, the study by its application of complexity science aims to contribute to the development of understanding the complexity of supply chain management, where procurement is one of the central entities, as well as to development of the procurement domain itself. Form this also follows a contribution to strengthen the application of complexity science as a means to address analysis of management and organization studies. Another objective of importance of this study is to guide a consequential praxis to procurement managers.

II. The Concept Of Entrepreneur

An entrepreneur is some who organizes, manages, and assumes the risks of a business or enterprise. An entrepreneur is an agent of change. Entrepreneurship is the process of discovering new ways combining resources. When the market value generation by this new combination of resources is greater than the market value these resources can generate elsewhere individually or in some other combination, the entrepreneur makes a profit. An entrepreneur who takes the resources necessary to produce a pair of jeans that can be sold for thirty dollars and instead turns them into a denim backpack that sells for fifty dollars will earn a profit by increasing the value those resources create. This comparison is possible because in competitive resources markets, an entrepreneur’s costs of production are determined by the prices required to bid the necessary resources away from alternative uses. Those process will be equal to the value that the resources could create in their next – best alternate uses. Because the price of purchasing resources measures this OPPORTUNITY COST – the value of the forgone alterative – the profit entrepreneurs male reflects the amount by which they have increased the value generated by resources under their control.

Entrepreneurs who make a loss, however; have reduced the value created by the resources under their control; that is, those recourses could have produced more values elsewhere. Losses mean that an entrepreneur has essentially turned a fifty-dollar denim backpack into a thirty-dollar pair of jeans. This error in judgment is part of the entrepreneurial learning, or discovery, process vital to the efficient operation of markets. The profit – and-loss system of CAPITALISM helps to quickly sort through the many new recourse combinationsentrepreneurs discover. A vibrant, growing economy depends on the EFFICIENCY of the process by which new ideas are quickly discovered, acted on, and labeled as successes orfailures. Just as important as identifying success is making sure that failures are quickly extinguished, freeing poorly used resources to go elsewhere. This is the positive side of business failure.

Successful entrepreneurs expand the size of the economic pie for everyone. Bill Gates, who as an undergraduate at Harvard developed BASIC for the first microcomputer, went on to help found Microsoft in 1975. During the 1980s, IBM contracted with Gates to provide the operating system for its computers, a system now known as MS-DOS. Gates procured the software from another firm, essentially turning the thirty-dollar pair of jeans into a multibillion-dollar product. Microsoft’s office and Windows operating software now run on about 90 percent of the world’s computers. By making software that increases human PRODUCTIVITY, Gates expanded our ability to generate output (and income, resulting in a higher standard of living for all.

Sam Walton, the founder of Wal-Mart, was another entrepreneur who touched millions of lives in a positive way. His innovations in distribution warehouse centers and inventory control allowed Wal-Mart to grow, in less than thirty years, from a single store in Arkansas to the nation’s largest retail chain. Shoppers benefit from the low prices and convenient locations that Walton’s Wal-Marts provide. Along with other entrepreneurs such as Ted Turner (CNN), Henry Ford (ford automobiles), Ray Kroc (McDonald’s franchising), and Fred Smith (FedEx), Walton significantly improved the everyday life of billions of people all over the world.

The word “entrepreneur” originates from a thirteenth-century French verb,entreprendre, meaning “to do something’s or “to undertake.” By the sixteenth century, the noun form, entrepreneurs, was being used to refer to someone who undertakes a business venture. The first academic use of the word by an economist was likely in 1730 by Richard Cantillon, who identified the willingness to bear the personal financial risk of a business venture as the defining characteristic of anentrepreneur. In the early 1800s economists JEAN-BAPTISTE SAY and JOHN STUART MILL further popularized the academic usage of the word “entrepreneurs”. Say stressed the role of the entrepreneur in creating value by moving resources out of less productive areas and into more productive ones. Mill used the term “entrepreneur” in his popular 1984 book, Principles of Political Economy, to refer to a person who assumes both the risk and the management of a business. In this manner, Mill provided a clearer distinction than Cantillon between an entrepreneur and other business owners (such as shareholders of a corporation) who assume financial risk but do not actively participate in the day-to-day operations or management of the firm.

Two notable twentieth-century economists, JOSEPH SCHUMPETER and IsrealKirzner, further refined the academic understanding of entrepreneurship. Schumpeter stressed the role of the entrepreneur as an innovator who implements change in an economy by introducing new goods or new methods of production. In the Schumpeterian view, the entrepreneur is a disruptive force in an economy. Schumpeter emphasized the beneficial process of CREATIVE DESTRUCTION, in which the introduction of new products results in the obsolescence or failure of others. The introduction of the compact disc and the corresponding disappearance of the vinyl record is just one of many examples of creative destruction: cars, electricity, aircraft, and personal computers are others. In contract to Schumoeter’s view, Kirzner focused in entrepreneurship as a process of discovery. Kirzner’s entrepreneur is a person who discovers previously unnoticed profit opportunities. The entrepreneur’s discovery initiates a process in which these newly discovered profit opportunities are then acted on in the marketplace until market COMPETITION eliminates the profit opportunity. Unlike Schumpeter’s disruptive force, Kirzner’s entrepreneur is an equilibrating force. An example of such an entrepreneur would be someone in a college town who discovers that a recent increase in college enrollment has created a profit opportunity in renovating houses an turning them into rental apartments.

III. Procurement Functions

Procurement is the acquisition of goods, services or works from an external source. It is favourable that the goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the acquirer in terms of quality and quantity, time, and location. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing exposure to fraud and collusion. Almost all purchasing decisions include factors such as delivery and handling, marginal benefit, and price fluctuations, procurement generally involves making buying decisions under conditions of scarcity. If good data is available, it is good practice to make use of economic analysis methods such as cost-benefit analysis or cost-utility analysis. An important distinction should be made between analyses without risk and those with risk. Where risk is involved, either in the costs or the benefits, the concept of expected value may be employed. Based on the consumption purposes of the acquired goods and services, procurement activities are often split into two distinct categories. The first category being direct, production-related procurement and the second being indirect, non-production-related procurement.

Direct procurement occurs in manufacturing settings only. It encompasses all items that are part of finished products, such as raw materials, components and parts. Direct procurement, which is the focus in supply chain management, directly affects the production process of manufacturing firms. In contrast, indirect procurement activities concern “operating resources” that a company purchases to enable its operations. It comprises a wide variety of goods and services, from standardized low value items o\like office suppliers and machine lubricants to complex and costly products and services; like heavy equipment and consulting services.

Procurement Steps

Procurement life cycle in modern businesses usually consists of seven steps:

Identification of need: This is an internal step for a company that involves understanding of the company needs by establishing a short term strategy (three to five years) followed by defining the technical direction and requirements.

Supplier Identification: Once the company answered important questions like: make-buy, multiple vs. single suppliers, then it needs to identify who can provide the required product/service. There are many sources to search for supplier; more popular ones being Ariba, Alibaba, other suppliers and trade shows.

Supplier Communication: When one or more suitable suppliers have been identified, requests for quotation, requests for proposals, requests for information or requests for tender may be advertised, or direct contact may be made with the suppliers. References for product/service quality are consulted, and any requirements for follow-up services including installation, maintenance, and warranty are investigated. Samples of the P/S being considered may be examined or trials undertaken.

Negotiation: Negotiations are undertaken, and price, availability, and customization possibilities are established. Delivery schedules are negotiated, and a contract to acquire the P/S is completed.

Supplier Liaison: During this phase, the company evaluates the performance of the P/S and any accompanying service support, as they are consumed. Supplier scorecard is a popular tool for this purpose. When the P/S has been consumed or disposed of, the contract expires, or the product or service is to be re-ordered, company experience with the P/S is to be re-ordered, the company determines whether to consider other suppliers or to continue with the same supplier.

IV. Procurement As A Basis For Business Intelligence

Supply chain analysis appears to be poorly understood technology in dire need of some best practices. According to a study released early this year by Ventana research Inc. (Pleasanton, Calif), most companies see substantial room for improvement in how they use manufacturing business intelligence (BI) and analytics to manage products and supply chains, and only one in eight has reached the highest level of maturity. The group of the researcher submitted thus:

To understand the links between procurement and enterprise performance we conducted one of the largest known survey of procurement leaders to harvest insights on what actions and decision are driving positive results.

We found that to maximize its impacts on the organization, the procurement function must have a strong set of fundamental capabilities, become an influencer throughout the organization and embrace innovation.

The Chief Procurement Officers (CPOs) of organizations that demonstrate these attributes often have a seat at the corporate leadership table-while their underperforming counterparts are relegated to the more mundane tactical roles.

Like other strategic functions in the enterprise, procurement's role continues to evolve. From 2008 to 2012, many companies looked to procurement to help facilitate aggressive cost-cutting targets necessitated by a global economic downturn.

Through our research, we discovered three key points of differentiation that separate high-performing procurement organizations from the pack.

1. Effective delivery of traditional procurement capabilities
2. Influence within the enterprise over purchasing and strategic decisions
3. Delivery of innovative ideas from a diverse range of inputs

The few procurement organizations that consistently deliver on all three of these important dimensions, approximately 15 percent of the organizations we surveyed, offered unique insights into what works best to move the procurement needle in the right direction.

CPOs from these high-performing organizations maintain focus on procurement fundamentals, extend procurement's value through collaboration and develop new capabilities to address emerging procurement challenges.

Roles Play By Procurement Is Ensuring Business Productivity

The goal for procurement organizations is to dependably deliver value to the companies they serve. To consistently deliver this benefitto the enterprise, the procurementfunction must, at a minimum, be a master of the fundamentals. Top performers get these basics right every time.

Regardless of the specific mission any individual CPO has carved out for his or her organization, the primary mission is to reduce procurement costs.

Advancing this cause depends on a core set of procurement capabilities that top performance achieve through consistent application of the right performance metrics, effective upward communication about performance success and standardization of the processes and procedures that define the function. They also ensure:

Top Performers Are Influential In The Organizations They Serve

Delivering traditional procurement capabilities is important, but the hope of most CPOs is to influence and improve the way the business operates. In this regard, influence is another key element of procurement performance, but fewer procurement organizations seem to excel in this area.

Top-performing procurement organizations recognize the value of collaboration. Compared to their lower-performing peers, these top performers excel at both internal collaboration-collaboration between employees-and external collaboration-collaboration with customers, partners and suppliers.

Top performers bring innovative ideas into the organization

While about one half of procurement organizations are effective and a third are influential, even fewer are innovative. Those that are indicated they look for innovation across a wide range of sources.

They achieve results by staying ahead of change. For example, leading procurement organizations embraced fundamentals like automation and collaboration before they were common.

Similarly, top performers are currently at the leading edge of risk management, procurement analytics, and talent management, and we expect the focus on these key three areas will continue to confer advantage to the CPOs who excel in these areas.

The IBM Institute for Business Value executive report, "Chief Procurement Officer Study: improving competitive advantage through procurement excellence" examines the practices of those select few procurement organizations that have developed and mastered the capabilities, influence and innovation that enable them to contribute to the competitive advantage of their enterprises.

The report looks at what separates out performers from the rank-and-file organizations that fall short. And, finally \, the report provides a road map that CPOs can follow that will enable them to begin emulating the practices of out performers to positively impact the competitive positive oftheir organizations.

The Roles Play By Procurement On Small Business Finance

Most organizations do not have a spendmap and rely on poor quality information including summaries of general ledger categories or spend by a supplier. A spendmap can provide you with the basis for identifying opportunities and risks, providing the foundation for cost reduction initiatives and improving the value you receive from your suppliers. Mapping spend, and regularly updating that map, will give you invaluable insights which include:

- Knowing what your total spend is
- Who is spending and on what
- Which vendors supply multiple business units
- Which business units buy the same or similar goods and services
- What portion of your spend is with the core suppliers
- (e.g., top 10) and the total number of one-off and small
- Value transactions suppliers
- How many transactions your organization processes and the associated administrative cost.

The challenges in analyzing spend and preparing the spendmap should not be underestimated. The key is to ensure all data and information repositories are captured and that rules are in palace to establish cost categories and 'buckets'. We find that when organizations complete this for the first time the information is surprising for many and is quickly utilized to assist with decision making and informs financial reporting.

There is a large body of evidence suggesting that the majority of cost reduction programs fail to meet expectations, often because of poor planning, management and execution. Out experience suggest that an effective cost reduction program considers the full range of procurement levers across demand, source, fulfill and manage using a hypothesis driven approach where ownership and accountability for achieving savings are aligned with the business. This means that the procurement team should not be the 'sole owner's of savings. Instead the focus of the team should be on facilitating and driving initiatives. They should also be accountable for the governance function through recording, measuring and reporting savings. The importance of this distribution should not be underestimated. As the focus of the procurement team moves from units cost reduction to 'total cost of ownership' improvement many of the initiatives will rely on process and business unit practice changes. This means that business units need to be accountable for changes and the consequential savings. Our observation is that the procurement team needs to be rigorous in making sure that the savings are actuallyrealized. In some cases this may lead to the procurement team ensuring budgets and cost estimates are actually reduced in accordance with financial management practices. Another important challenge for the procurement team is in getting the right balance between shorter term savings opportunities and longer-term transformational opportunities.The typical mandate for a procurement team is centered on a need to produce savings in the short-term to 'get buy-in'. as a result, the short-term opportunities are often pursued at the expense of longer-term and more strategic core service delivery improvement initiatives. Our observation is that the most successful procurement transformations split and appropriately resource short-term (quick win) opportunities as well as longer-term more strategic change. Whilst shorter-term more substantial benefits usually accrue from the longer-term and more transformational initiatives.

V. Procurement As A Value Added Element To Business Organization

Procurement is often a misunderstood and disregarded (unfortunately!) function of an organization. However, streamlining the procurement process within an organization can produce a host of benefits.

An Optimized Procurement Process Can Lead to Significant Saving

From a business perspective, the most obvious benefits of an effective procurement process are financial. Productively managing procurement-and by extension purchasing-will allow an organization to realize immediate upfront cost savings by procuring items, services and contracts at the best price available.

Furthermore, a company will be able to properly take advantage of any warranties or discounts that are often forgotten, leading to routinely neglected, yet critical,back-end savings. A fully functional purchasing process will also allow for better visibility into company spending and budgets.

Having a strong understanding of company spending will allow organizations to negotiate better contracts with vendors, enabling a company to take full advantage of discounts that might have previously appeared unavailable to them. Visibility into spending patterns and budgets will also allow organizations the option to leverage additional cash flow by extending payment terms and forecast for the future.

A Fully Functional Procurement Process Can lead to Greater Efficiency and Preparedness

Many view the procurement cycle as a one-dimensional process within an organization. However, procurement, when it is adopted widely within an organization, often leads to greater efficiency and provides for a better match with desired goods or services, a streamlined purchasing process will lead to more efficient sourcing-quality goods and services delivered on time.

An up-to-date procurement process will also ensure that an organization’s supply chain will be able to capably navigate through any unforeseen roadblocks (financial problems, natural disasters, labour shortage/surplus, economicvolatility). Whenoptimized, and efficient procurement process will also help in distinguishing between successful vendors from underachieving vendors.

Being able to distinguish between quality vendors will not only improve your supply chain overall but might even lead to compensation from the low quality vendors from failing to deliver within agreed upon parameters.

An Empowered Procurement Process Will Allow for Innovation

Businesses are constantly being tested by their competitors-either on price, quality of good or service, or convenience. Any competitive edge might be the difference between a new customer and a lost sale. A progressive procurement process will allow an organization to seek out innovative products or services.

An organization with an entrusted purchasing process will enable the sourcing of those innovative goods and services in the hopes of securing a competitive advantage. In some cases, solidifying (empowering) this function might even yield exclusive deals with suppliers.

Improving the Procurement Process

An effective procurement process will improve an organization’s bottom line and increase efficiency. But, the evaluation (improvement) of a procurement function does not happen in a vacuum. Providing your team with the right procurement tools enables them to improve upon the current procurement process is critical.

Procurement software helps to bring greater visibility into company spending, streamline sourcing, and provide greater insight to leaders to make strategic decisions. An empowered staff, using the right tools and software, will go a long way to improving the crucial procurement process.

VI. Procurement As A Tools For Effective Business Risk Management

Procurement departments have had significant success in taking over purchasing for a wide range of functions. Could procurement bring value to risk management? Traditionally residing within finance departments, risk management is being considered as one functions of the enterprise that might be absorbed into the procurement department-an area gaining greater prominence throughout the business world, including insurance companies.

Procurement departments offer the advantage of economies of scale to organizations that purchase large quantities of goods and services. They also develop a unified organizational approach to purchasing methods. All that has an appeal in terms of using organizational resources with greater efficiency.

The interest in additional functionality for the procurement department has been consistent and may be a testament that the trend may add value to be organizations employing it. However, as with any trend in organizational management, a significant factor in determining success is if the function is being applied in a manner that creates the most benefits.

Generally, the goods and services that cost readily lend themselves to the efficiencies gained through procurement’s economies and uniform procedures are those viewed as commodities or near commodities. Certainly, few would argue with the value of purchasing copier paper or number 2 pencils through the economic scale that procurement provides.

Risk management is a widespread organizational function, deeply involved in the acquisition, utilization, and development of goods and services. The risk management department purchases a significant amount of risk transfer, risk mitigation, and other risk-related services on which the organization closely relies to support its various missions.

However, the efficacy of superimposing the practices of the procurement department onto the risk management function may largely center on the degree to which the purchase and services d4eveloped by risk managers are readily commoditized or, more important, if they should be commoditized.

To appreciate the nature of purchases and the decisions about purchasing from third parties that the typical risk management department makes, one must survey the functions and services that the department provides the organization. Risk management is frequently tasked with offering a high level of risk consultancy throughout the enterprise and beyond. These include customers, venders, leasing companies, and other business partners ranging from banks to landlords. Additionally, risk management supports a wide range of organizational functions, including legal, accounting, human resources, supply chain, and logistics.

Effective risk management includes vital functions throughout the internal enterprise as well as a variety of external parties. Internal risk management consultancy involves advocacy, coordination, and leadership in claims and risk mitigation. How much of the consultancy function is outsourced and how much is handled by in-house staff varies form company to company. But deciding who performs what part of the risk management function must be specifically tailored to the culture and practical business requirements of the organization.

The challenge of achieving a value –added role for the procurement department within the risk management function lies in three areas:

- Combining the unique competencies of procurement with the risk consultancy role in a meaningful way
- Understanding how the risk consultancy function aligns with the effective purchase of risk transfer services.
- Ensuring the combination does not result in a pure “insurance buyer” function that eliminates more creative approaches to risk.

The low-cost provider may not be the most efficient partner for the organization in terms of the total cost of risk to the organization. If the myriad roles delivered byan effective risk management department are properly considered (total cost of risk), overreliance on driving down cost may be dangerously misleading. That is where the procurement department’s strength in purchasing other goods and services may not translate well into risk management.

Too often, when the drivers of the total cost of organizational risk management is also not well understood, the true value of effective risk management is also not well understood. The use of premiums and other fees as a reliable measure of risk management costs may lead to erroneous conclusions about employing the techniques that work so well in the procurement of other goods or services where cost is the easily understood metric.

What is not measured is not managed. When an organization measures cost of risk – and the implied effectiveness of its risk management function simply as the cost resulting from the purchase of goods and services – it consequently begins to view those goods and services essentially as commodities. It is then potentially making a serious mistake.

Evaluating the effectiveness of the many enterprise wide touch points, services, and opportunities that risk management can bring to an organsiation – and thereby the true cost of mitigating organizational risk- requires a more sophisticated approach. Determining the cost of risk management demands the best data, metrics, benchmarking, predictive analytics, catastrophe assessment, claims mitigation, and management –as well as the efficient application of a variety of risk engineering and allied Allied disciplines.

Once a risk measurement regimen is established, two significant, two significant benefits will accrue: uncertainty within the organization will be reduced by a meaningful degree and appreciation of risk management’s approach to improving the organisation’s decision-making abilities will begin to emerge.

What procurement departments do best generally differs from the level of competence that contemporary risk management departments possess. Improving the effectiveness of risk management will increasingly demand both reliable analytic capabilities and effective risk partners when can tailor sophisticated risk- services to fit specific client needs. Improving the management of risk demands skill sets that the commoditizing of risk-related goods and services and procurement departments cannot fully address.

The benefits of effective procurement strategies in various enterprise functions notwithstanding, risk management is ultimately best served by an independent department fully immersed in enterprise risk management techniques.

Kenneth R. Rado is director of risk management and planning at ISO. Robert J. Schneider is managing principalof the ISO risk management practice. Rado and Schneider manage ISO’s risk management development, solutions, and services group, which delivers leading-edge risk solutions, including analytics and data modeling, claims management, loss control, supply chain and business continuity, and property risk services, to a wide array of clients in numerous industries.

VII. Recommendation/Conclussion

Business establishment in Nigeria is faced with many problems but the most deadly one is their inability to manage their resources towards organizational productivity. Some organization failed in achieving their broad objectives of profit maximization because they fail to realize how important procurement function is. Their problem arises majorly during the material acquisition period in which an organization source for material needed, this materials is an input of an organization and mits contribution have a dirct impact on organizational product. An organization must ready to provide the needed product for the customer at An organization must ready to provide the needed product for the customer at affordable price and such product must be of high quality, which means organization needs to fulfill the costumer need with economic consideration without tampering with the product quality in other not to affect its functional value. All the aforementioned objectives can only be achieve through effective procurement function because its only through this process an acquisition of materials will done and the full recognition will be given to the need to procure and achieve the five rights of purchasing which includes Right Quality, Right Quantity, right Source, Right Price and Right Time. If an organization can procure their needed material and able to achieve the five rights such organization will be able to achieve their objective because they will have all the rights embedded in their organizational product and this will allow them to achieve their aim and objective. Procurement function will also help business establishment to get best out of their supplier via a very negotiation process among others.

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