

The Qualifications of a Purchasing Agent¹

How the Purchasing Agent Functions and What He Contributes in a Scientifically Managed Plant

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HERE are many people who apparently believe that anyone possessed of reasonable intelligence can become a first-class purchasing agent in a very short space of time. That an opinion of this kind is erroneous and based upon little or no analytical thought I will endeavor to make clear. A purchasing agent can no more become successful and satisfactorily serve his employer without certain definite knowledge of his profession than can a physician or a lawyer.

The technique of a lawyer is his knowledge of the principles of justice and its administration, together with ability to collect data concerning relevant cases previously decided. The technique of a physician is his knowledge of the human body and its ailments and how and when certain remedies may be effective. These men do not become proficient overnight. Their training covers many months of intensive study and still longer actual practice. Just so, the technique of a purchasing agent is his knowledge of his firm's requirements and his ability to exchange money for materials, equipment and supplies in such a manner and with such care as will procure for his employer the greatest value for the purpose intended.

A purchasing agent to fit himself to become of real worth to his firm and to rise above an ordinary level must serve a long and tedious apprenticeship. This is necessary in order to gain the technical information and experience so essential to perform the functions of his office successfully.

Millions of dollars are expended annually for training men and women in various professions. This has been going on for years, and properly so; but only recently has industry considered it necessary to exercise care or more than casual thought in the selection or training of a purchasing agent. Many industrial executives, probably a majority, consider that a pur-

chasing agent should be employed merely to save money on purchase price. A purchasing agent should not be employed to save money alone, but to spend it judiciously and in such a manner as to create and maintain good will. It is no longer wise to pick any bright, young man and make him purchasing agent; rather one who has had experience in a purchasing department should be selected.

Today, the purchasing agent is becoming a constructive force in his organization. To be truly competent he must be a careful student of markets, alive to market trends in all leading or basic commodities and a judge of commercial and economic conditions. He should know the standing and character of the firms with whom he does business and, in general, the facilities and limitations of his suppliers. No less intimately should he know the financial and productive condition of his own firm and the requirements of the business.

A properly organized and operated purchasing department is not an added expense; it is, on the contrary, another fruit of scientific management directed toward the reduction of costs. From the beginning of the World War up to the fall of 1920 productive capacity grew to a point where it reached the limits of available markets. Now, however, conditions are such that in most firms an increase of profits must be derived from economical administration and from savings in every department rather than from increased sales. The cost of materials and supplies being higher today than a decade ago, they form an obvious spot for the focusing of effort toward lower costs. It is therefore just as essential to reduce expense by the purchase of materials or supplies that will entail lessened finished costs, without affecting the quality of the product, as it is to reduce labor costs. Success or failure of a business is often the direct result of good or poor purchasing.

By good buying I do not mean obtaining the lowest price that may be had on any particular commodity;

a purchasing agent who follows such a policy reveals himself as a man of narrow vision and deficient in the qualities that make for success in his work. Good purchasing means that the purchase has been made at a reasonable price consistent with the requirements of the business; it implies an exact knowledge of the materials, manufacturing processes, market prices, sources of supply, trade customs and the interrelation between all departments of the enterprise.

In extent equalled only by the sales department, the purchasing department, in its contact with the commercial world, has in its keeping the good name of the firm. On its treatment of the many concerns with whom it does business the reputation of the firm for fair dealing, courtesy, promptness and reliability largely depends. In handling the adjustments which necessarily have to be made the need of a fair, sound and consistent policy is evident.

While certain definite obligations on the part of both the buyer and the seller are incurred in purchasing the needs of a business, it rests with the purchasing agent to establish a relationship which will make others wish to do business with him and meet his every reasonable desire. A purchasing agent who keeps salesmen and his own associates at a distance and disregards this intangible asset of personal relations is due for and has much trouble, and when a purchasing department is in trouble, someone pays—at times dearly. One who creates friendly relations with his suppliers has a distinct advantage over the one who does not. Kindness, courtesy, fair dealing and frankness, even when used to inform one or more vendors that they are not to get an order, all inspire a friendly feeling and confidence without any sacrifice on the part of the buyer. Not only are thousands of dollars saved through information from friendly suppliers, but in times of stringent supply an even flow of necessary materials is more easily maintained.

The wise purchasing agent will seek the good will of sellers as much as his own good will is sought. The desire of a seller to meet the wishes of the firm whose trade he values and of a purchasing agent whom he likes and respects and therefore wishes to help is an advantage in buying which should be fostered. Moreover, it is as essential to encourage and maintain the respect and good will of the purchasing agent's executive and plant associates as of his suppliers. In fact, I believe this to be a primary asset to be acquired. How can any purchasing agent maintain permanently the desired outside relations if he does not have the

support and friendly assistance of those for whom he buys and with whom he works?

In the first place, if the purchasing agent is to command the assistance of his co-workers, so essential to his success, he must show a knowledge of and interest in their problems and prove an honest desire to cooperate with them. He must also become familiar with as many details of plant and executive routine as is possible. In financing, for example, certain ratios of quick assets to liabilities and a cash reserve of a suitable proportion must be maintained. This directly affects purchases and must be taken into consideration on all heavy commitments. The turnover on all material, supplies and merchandise is a matter for the closest scrutiny; careless handling of this problem is often the cause of excessive invested capital and losses through obsolescence or deterioration. As to the factory, the purchasing agent should know why in certain cases high speed tools are an economy over carbon; why brass for certain uses is preferable to steel; and so on to an end measured only by his capacity to absorb information.

Plant officials have their own problems to attend to and their time represents money. For a purchasing agent to be able to enter into conference with suppliers on technical subjects means that these men are not taken from their regular work unless for some special case when perhaps more than one person is necessary to handle it properly. It is absolutely necessary for the purchasing agent to be familiar with all plant and office requirements and the function of all departments that he may be able to recognize propositions of value which would otherwise perhaps be lost to his concern through a cursory refusal, and that time of other executives may not be wasted on propositions which should not or could not, due to their very nature, be used.

A friendly relationship between the purchasing agent and the plant should go beyond the plant manager, the planning and the engineering departments. It is hardly secondary to have the good will and support of the foreman and the operators who actually use the materials and supplies which he buys. These men and women all have ideas of their own, which they may or may not divulge, as they see fit. They may have their pet ideas as to this or that brand or make of something that they may be using. That pet idea may be good or bad. The purchasing agent who through diplomacy perhaps can sell his side of an argument to a foreman or operator, or in a like manner change

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