

BOOK REVIEW

Introduction to Public Procurement. By Khi V. Thai, Herndon, VA: National Institute for Governmental Purchasing, 2004, ISBN Number: 1-932315-00-4, hardbound, 208 pages, \$80.00.

Thai's *Introduction to Public Procurement* is the initial text in the National Institute of Governmental Purchasing, Inc.'s Learning and Education Aligned to Procurement Program (LEAP). As such, it introduces the reader—and the student using it as text in the introductory course—to the practice and the profession of public procurement. It is an excellent reference tool, generously identifying other texts in the LEAP series. In addition, Thai advocates adoption of the most innovative aspects of public procurement in ways that will add to growing professionalism.

The book is divided into three parts as well as eleven chapters. The parts entail the Framework, the Functionality, and the Profession of Public Procurement. The individual chapters succinctly provide the basic information that is essential to understanding the nature of public procurement. Thai adds insightful analysis along the way, accurately identifying factors and conditions that affect decisions and the choice of policies and procedures that are key to effective public procurement.

The initial overview chapter provides a needed look at trends in the discipline, clearly stating that the profession is evolving, growing in importance and significance as the goods and services that are purchased become more complex. Thai raises a key issue: how can the effectiveness or success of purchasing be judged? This initiates a brief discussion of key goals of procurement, including at least two that reflect increasingly higher priority procurement practices: quality and managing risk. He suggests that any assessment of effectiveness entails weighing

tradeoffs among specific goal achievement, as managing risk more effectively may mean higher costs.

The second chapter is highlighted by a thorough discussion of the organizational arrangements for public procurement, ranging from highly centralized to highly decentralized structure. As Thai states, there is no most effective arrangement. He then identifies the pros and cons of each end of the range. The dual line/staff role of the centralized purchasing office is noted, further reinforcing the growing complexity of the procurement function.

The environment of public procurement as discussed in Chapter 3 includes market and political forces, especially focusing on the social concerns of “green” procurement. Here Thai mentions recommended statutes that a legislature could adopt in support of greater protection of the environment.

Laws and regulations form the fourth chapter. The Uniform Commercial Code is discussed, along with the various types of contracts. A key discussion encourages public procurement officials to become more empowered by supporting legislation that promotes innovations such as partnering, performance incentives, and eprocurement. Similar to other sections of the book, Thai advocates that those involved in public procurement should take a proactive approach to advancing the profession.

The second part of the book, dealing with functionality, discusses the three phases of the public procurement cycle:

- Strategic procurement planning process;
- Solicitation development and supplier selection; and
- Contract administration

Thai correctly emphasizes that there should be a strong link among all three phases. The success of contract administration, for example, is greatly dependent upon the clarity of the source selection method and the resulting contract. If there is misunderstanding of what is expected, then delays, missed deadlines, and penalties are likely.

As greater numbers of government agencies engage in strategic planning, Thai advocates that procurement professionals should take a more prominent role, with procurement planning becoming a more

accepted aspect. He cautions, however, that there are limitations to strategic planning, as it won't be accepted in all jurisdictions.

Similarly, the impact of procurement on the budget function is discussed. As part of budgetary decision-making, a buying plan, including value analysis, should be proposed and accepted. This allows procurement professionals to take advantage of different markets and economic conditions. The implication here is that those officials involved in the budgeting process should recognize the expertise of procurement professionals and consider them as key players in helping to plan and forecast accurate expenses.

In Chapter 6, Thai outlines the conditions under which various methods of source selection should be chosen. Various contract pricing strategies are discussed, accurately differentiating between fixed price and cost plus variations.

The contract administration chapter begins with a discussion of the various risks that should be calculated as part of contract determination. In assessing risks, a key goal is to eliminate any misunderstanding regarding the intent of the contract. Once risks are assessed, then the contract administrator's responsibilities include delivery follow up, testing and quality assurance. If delivery is not made on time, Thai offers alternative decisions facing the administrator, and identifies conditions that would influence the decision choice.

Given the large number of information technology based systems and products that are experiencing delays and overruns, the importance of testing cannot be over emphasized. The contract should identify who performs the testing and what standards should be used in evaluating test results. For complex purchases, the contract should insist that the contractor implement a quality assurance program. The contract administrator, through the use of statistical controls, should also ensure that the final product is acceptable.

In addition to a review of the basic procurement and supplier manuals, Chapter 8 discusses the importance of management reports that include the use of performance measurement. The reader is cautioned to choose measures that are objective, and to rely on data that is understandable by all concerned, and that is easily collectable. Management reports are an essential tool to demonstrate the effectiveness of the public procurement function.

The final part of the text deals with the public procurement profession. Thai reinforces the need for a strong commitment to ethics in Chapter 9. Noting the increasing reliance on close working relationships with vendors and special interest groups, this section provides an invaluable guide, discussing a wide range of topics including ethical codes and conflict of interest situations. The review of new trends in Chapter 10 is in keeping with Thai's overall theme of presenting best practices and innovations. The reader is introduced to topics such as electronic signatures, purchase cards, and cooperative ventures.

The last chapter returns to a theme that resounds throughout the book: professional development. As the dollar amount of purchases continues to grow, and the complexity of these purchases increases, the level of expertise and knowledge among public procurement professionals also must increase. In line with the LEAP program, a variety of career development paths are discussed. Public procurement must completely shed the notion that it is a clerical function. Through increased training and education, as well as leadership efforts, increasing professionalization can result.

This text achieves the goals of introducing the reader to the profession while at the same time referring to other more detailed texts in the LEAP series. It provides a comprehensive overview of the integral public procurement functions, while also discussing best practices and innovations. Readers are encouraged not just to become procurement professionals, but also to take up the cause of advancing the profession. Thai shows them how to do this, always keeping in focus the values of effectiveness, efficiency, and public service.

Reviewed by Wendell Lawther, Ph.D., Associate Professor
Department of Public Administration
University of Central Florida