



Supply Chain Procurement Best Practices Guidelines



The MCA Canada and the CIPH Board of Directors have come together to develop best practice guidelines to assist both mechanical contractors and wholesale distributors when dealing with supply chain management issues such as procurement. Collaboration, integrity and mutual respect are key in an effort to ensure a healthy and profitable relationship for both parties.

MCA Canada and CIPH offer the following best practices to help strengthen the procurement process by considering the following in advance of each project:

Early Involvement: Both parties can initiate a smooth materials procurement process by helping with needs identification, procurement strategy, and drafting of possible agreement documents before a requisition is actually received. This can be accomplished through ongoing dialogue between both parties, such as a review of purchasing, payment, and delivery patterns. Get to know each other's needs, expectations, shortfalls, and strengths.

Liaise With the Parties: All affected company personnel need to be informed and involved. This will help develop responsive, creative and flexible procurement strategies.

Involve Specialists: Where and when required, specialists such as accountants, legal services, and engineers should be consulted.

Communicate Effectively: Written instructions accompanying each bid solicitation or decision reached should be clear and easily understood by all parties.

Maintain Confidentiality: To protect the interests of all parties, information of a confidential or personal nature, including pricing information, must be treated in a secure and confidential manner. This ensures the integrity of the procurement process.

Obtain Confirmation: The parties involved should obtain written confirmation of important information, agreements and discussions, such as confirmation of a questionably low price, extension of a bid validity period, or possible delays to the project or material requirement.

Select the Appropriate Contracting Method: Depending on the product being procured, the appropriate method must be clear and concise in its expectations. Typically the procurement process is via a purchase order from the contractor to the supplier however other methods such as contracts may be used.

Product Knowledge: All parties should strive to develop a comprehensive understanding of products. Both parties should also use their understanding of the materials when defining their technical requirements and scope.

Keep informed: Both parties should keep themselves informed about such things as the proposed contractor's or supplier's performance history, financial situation and practices.

Maintain Records: Both parties should keep files up to date in an effort to fulfill access to information requests as well as for possible audit purposes. Verbal agreements are strongly advised against, and if made at any time should be verified in writing at the first available opportunity, before the process begins.



Use Standard Documents: Where either party requires a contract, standard contract documents that have been developed in accordance with the industry norms should be utilized.

Closing Statement:

It's important that the wholesale distributor and the mechanical contractor work to understand each other's business, their financial models, their lead times and their expectations. Cooperative contractor – wholesale distributor relationships are essential for conducting business with the goal of making the procurement process more efficient and creating a win-win scenario for both parties.

The [Canadian Institute of Plumbing & Heating](#) (CIPH), founded in Montreal in 1933 is a not-for-profit trade association committed to providing members with the tools for success in today's competitive environment. More than 260 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents, and allied companies who manufacture and distribute plumbing, hydronic heating, industrial, waterworks, and other mechanical products. CIPH members employ more than 20,000 Canadians, and CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$6 billion annually.

The [Mechanical Contractors Association of Canada](#) (MCAC) is a national, non-profit federation of autonomous provincial associations working for the betterment and advancement of the trade and mechanical contracting industry in Canada. Established in 1895, MCAC is a vibrant and diverse national association serving the needs of mechanical contractors of all sizes engaged in such disciplines as plumbing, heating, ventilation, air conditioning, controls systems, medical gases, welding, and fire suppression primarily within the industrial, commercial and institutional sectors. With offices in each province and 15 regional offices in Ontario, the MCAC is Canada's largest trade contractor Association.