Generally speaking, qualitative considerations do not play a primary role in the selection of a supplier for capital equipment. They are usually considered in the final analysis, after the major factors have been weighed. The qualitative factors are the straws that tip the balance one way or the other for the several potential suppliers who rank high on combined technical and economic considerations.

**Activity 5.1**

Most sellers of major equipment maintain an intimate and continuing interest in their equipment after it is sold and installed. What are the two types of services that you will be looking out for in equipment procurement from potential suppliers?

4. **Joint selection of equipment**

It should now be clear that the final selection of major capital equipment should be a joint undertaking by all departments having a legitimate interest in the decision. To facilitate this process, larger firms frequently utilise a buying team composed of representatives from Operations, Process Engineering, Plant Engineering, Finance and Procurement, depending on the nature of the procurement. In smaller firms, this coordination may be achieved less formally by a series of meetings among the appropriate functional individuals; in this case, procurement’s capital equipment buyer often serves in a coordinating or administrative role. In either case, because major capital equipment represents a long-range investment, a general management executive frequently makes the final procurement decision, based on recommendations from this interdepartmental group.

What contributions and interests do the various functional departments have on capital equipment procurement? Obviously, the head of the department where the capital equipment is to be used has an important interest in the decision, and the enthusiasm or reluctance of his or her acceptance may have a direct bearing on the efficiency of the equipment in actual use. For instance, because the operations manager is responsible for the efficiency of the total production operation, his or her views logically carry a great deal of weight in the selection of production equipment. Similarly, the technical contribution to be made by process engineering and plant engineering representatives is clearly an important one. As for the Finance department, it has three primary interests in capital equipment. First, this department usually administers the firm’s capital budget; it is therefore concerned with the allocation of funds for the proposed procurement. Second, Finance department has the responsibility of deciding how to finance such procurements. Third, the Finance department should review and evaluate the economic analysis of alternative equipment.

Then what is the role of Procurement function in capital equipment procurement?