

## Research on the Advantages of Strategic Centralized Procurement of Large Real Estate Enterprises<sup>†</sup>

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### Abstract

With the increasing competition in the real estate market and the macro-control of policies, the real estate industry gradually tends to have a cross-regional and large-scale development trend. At present, centralized procurement has become one of the real estate enterprises save procurement costs, the effective way to expand profits, so this paper based on strategic centralized procurement in real estate application, to which materials and equipment for centralized procurement mode, this problem for in-depth research, and for the real estate enterprises implement centralized procurement problems, put forward suggestions to improve the efficiency of centralized procurement. It is found that large real estate enterprises can effectively reduce the procurement cost of building materials and the unilateral cost of real estate projects, improve product quality and achieve brand effect through centralized procurement, which has become the most effective way for large real estate enterprises to expand profits. In the same time, the centralized procurement mode is not applicable to all materials and equipment. Blind implementation of centralized procurement will lead to the advantages of centralized procurement and even affect the progress of project construction.

**Keywords:** Procurement management, Strategic centralized procurement, Real estate, Supplier

### Introduction

Recently, with the domestic policy regulation and the rapid development of the real estate industry, the market competition is becoming increasingly fierce, and the game between real estate enterprises has entered an era of winning with their own core competitiveness (Xiaochen, 2011). At this time if real estate enterprises want to foothold in the industry and occupy a place, there is an urgent need to improve the control of the enterprise, must be lower than the cost of competitors and better than competitors management to obtain higher than the industry average profit margin, and real estate enterprises to achieve the goal of low cost, high profit, improve the level of procurement management is undoubtedly one of the most effective means.

Jun (2014), shows that in the existing real estate development and construction projects, construction and installation engineering costs account for about 35 - 70 % of the development cost of real estate enterprises, related materials and equipment costs account for more than 70 % of the total construction and installation engineering costs. It accounts for a large proportion. It plays a crucial role in the project profit and loss. However, at present, most real estate enterprises do not pay enough attention to material procurement management. There is also no corresponding procurement management system. The purchase method mostly adopts the traditional decentralized material procurement mode. In the context of mass procurement, high cost, low efficiency, serious restriction on enterprise return on profit. So if pooling the purchasing materials for all projects, will have a great value, and it has the benefits of scale. This will create new opportunities for real estate development enterprises to reduce costs. Now, with the development and improvement of procurement theory, strategic centralized procurement has become a key factor to promote

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the real estate industry supply chain upgrade, is also an effective way to reduce real estate enterprises operating cost, so in the real estate enterprise itself has scale and industrial advantages, the implementation of strategic centralized procurement, can effectively reduce the procurement cost, improve the core competitiveness of real estate development enterprises.

Therefore, on the basis of the analysis of the role of strategic centralized procurement, starting from the problems existing in centralized procurement, it is of important theoretical significance and practical value to study what kind of material and equipment should be incorporated into the scope of centralized procurement, which is also a topic that real estate development enterprises need to focus on.

## **Research status at home and abroad**

### **Procurement system**

Procurement can be divided into broad sense and narrow sense. The broad sense of procurement refers to the process of obtaining tangible or intangible materials through a series of activities from daily life to production activities, from civil society to government organizations. In the narrow sense, procurement refers to the transfer of ownership in the form of purchase on the condition of exchange between the 2 parties. The procurement studied in this paper is more about enterprise product procurement, that is, how to adopt the form that best meets the requirements of the enterprise. Procurement management is a management activity taken by the enterprise to meet the production or sales plan, select the right supplier, ensure the right quality at the right time and at the right price, and purchase the right quantity of goods. Strategic centralized procurement is to gather the scattered and limited human resources, suppliers and other procurement resources, and summarize their respective procurement needs. With a “quantity” advantage, the effective integration of excellent talents and information resources can improve the right to choose and speak in procurement transactions, so as to reduce procurement costs and obtain high-quality and comprehensive supplier services.

### **Status of research abroad**

Due to the early emergence and rapid development of the foreign real estate market, the research time on the procurement management of real estate enterprises has been conducted for a long time, and the research results have been generally applicable to the practice of real estate enterprises.

For the value aspect of the real estate enterprise procurement management work, Scheuing, E. E(1989) It is believed that good procurement management and procurement methods can quickly improve the profits of enterprises, which is the source of value for real estate enterprises, but real estate enterprises generally have the procurement process is not refined enough.

In terms of the definition of procurement, Van Weele (2004), it is believed that the procurement is the relevant products and services obtained from the supplier according to the quantity or quality requirements of the required goods at a specific time to ensure the normal production and operation of the enterprise.

Regarding the research aspects of the centralized procurement theory, Peter F Drucker (2012) once in the book effective managers, good production process, reduce material consumption, increase product sales are the profit source of the enterprise, and procurement activities as part of the supply chain, can also serve as a profit source of the enterprise, strengthen the supply chain management, centralized procurement, may be the last profit source has not yet been developed. Mark Vigoroso (1998), the proposed centralized procurement model can reduce procurement costs, save negotiation time, integrate supplier resources, and provide high-quality supplier services. Kumar (2004) believed that if, in order to implement centralized procurement management, enterprises need to manage suppliers from 3 aspects of maximum satisfaction, minimum net cost and minimum delay time. Essig (2000) believed that centralized procurement can efficiently integrate internal resources, and can efficiently and reasonably use purchasing personnel, so as to save labor costs. Wang and Pan (2010), from the perspective of game, the mutual relationship between supplier and demand party in the centralized procurement management is expounded.

### Domestic research status

Domestic research on procurement management is later than abroad. There is still a big gap with the world's advanced level. For the current Chinese enterprises, many enterprises have not realized the importance of procurement management and supplier management, with the continuous improvement of foreign research and the successful application of enterprises, although some large enterprises will gradually focus on the centralized procurement management, to guide the enterprise procurement management, but in the practical sense of the centralized procurement management gap is larger.

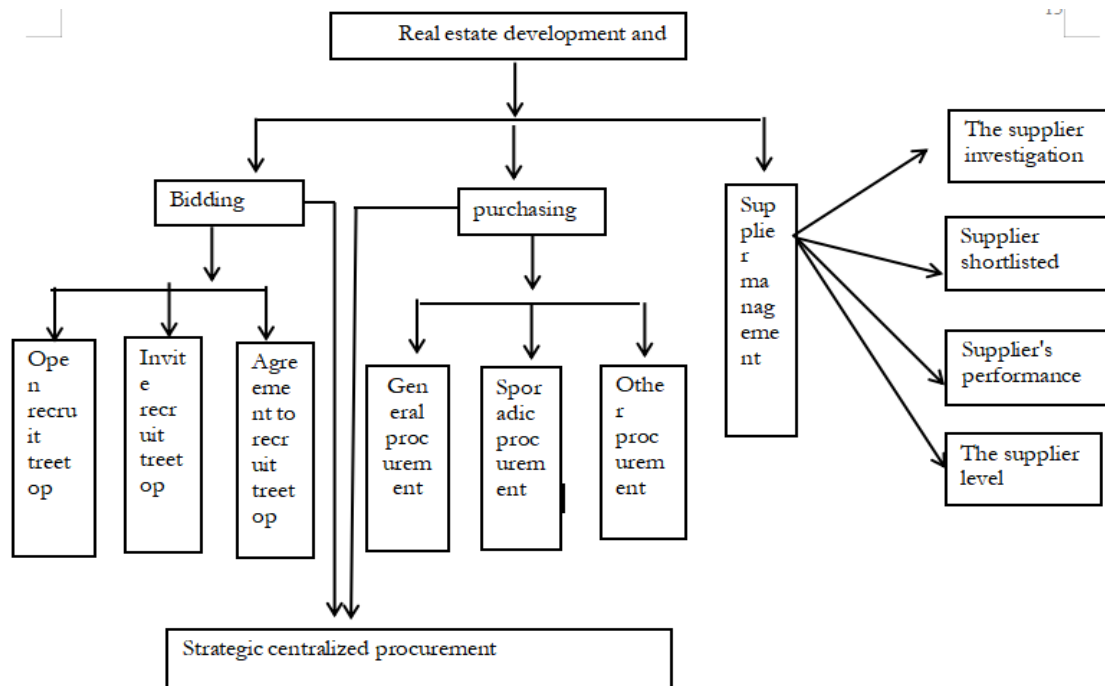
In view of the research on the centralized procurement value, Dayong (2012) pointed out that the product quality, cost and time are extremely important relative to the production enterprises, and the supply and demand sides can reach a consensus on these 3 issues. From the perspective of the long-term development trend, centralized procurement is the future development direction, and the conclusion of procurement is closely related to the cooperation between suppliers to buyers. It can even be said that supplier management is the most important. Guibin and Jingfeng (2021) through the literature analysis, example method and questionnaire method, discusses the problems in the decentralized procurement, in fully analyze the practical significance and necessity of regional material centralized procurement, put forward the construction group company to carry out the regional centralized procurement mode of basic ideas and countermeasures, can effectively reduce the procurement cost, improve enterprise profits.

In the research on the cost of centralized procurement, Yun (2017) in the "Procurement Cost Control and Supplier Management", it is proposed that centralized procurement can effectively reduce the procurement cost of enterprises, and points out that the advanced procurement system can realize the pursuit of core values such as quality, cost and delivery, but this first requires enterprises to have the concept of strategic procurement. Junshun et al. (2019) believed that after the centralized procurement of material framework agreement based on the supply chain, it solves the worries of suppliers' payment payment, stimulates the vitality of suppliers to participate in bidding and bidding, and effectively reduces the procurement price and procurement management cost. So the centralized procurement efficiency plays an important role in improving the cost advantage of enterprises.

To sum up, domestic scholars for real estate enterprise procurement management attention and research theory are at a low level, lack of systematic theoretical guidance for centralized procurement management, and research focused on purchase price, supplier identification and certification, but for enterprises concerned about mode selection and procurement implementation research, this paper is based on previous research, can to some extent to supplement this defect.

### Overview of the related theory of centralized procurement

The procurement management content of real estate development enterprises is shown in **Figure 1** below. For large real estate enterprises, procurement management has a special significance in the project operation, usually the procurement department to make a timely response to each department, the procurement demand of each project, but also always maintain a friendly cooperation relationship with external suppliers, which will promote the enterprise profits to achieve rapid growth cannot be ignored. Nowadays, procurement management, as the core part of the project management functions of real estate enterprises, can not only greatly save the development cost of real estate enterprises, but also improve the core competitiveness of real estate enterprises market.



**Figure 1** Project procurement management of real estate enterprises.

### Meaning of centralized procurement

Centralized procurement is an effective procurement management method of enterprise procurement. Its core idea comes from the concept of resource integration, which is often used in the procurement management of large enterprises with large-scale, cross-regional and large branches. Centralized procurement management refers to the enterprise will have the scale of resources demand for unified integration, form a large number of purchase orders, in order to the enterprise internal procurement department to carry out procurement work, supplier inquiry, purchasing, and all aspects of supplier evaluation, to get better product quality and supplier services. Some surveys and studies show that about 28 % of large enterprises implement the centralized procurement mode, about 59 % of large enterprises adopt the mode of combining centralized procurement and decentralized procurement, and only about 13 % of large enterprises adopt non-centralized procurement. At present, with the acceleration of the enterprise scale process and the rapid development of science and technology, the centralized procurement management mode has been adopted by more and more large enterprises.

For large real estate development enterprises, the implementation of centralized procurement is a strategic arrangement made conducive to the long-term and healthy development of enterprises to the market operation environment, which can effectively prevent and control procurement risks, improve the efficiency of procurement management, and finally achieve the goal of maximizing enterprise profits. Therefore, more and more real estate enterprises began to try to do centralized procurement.

### Characteristics of centralized procurement

#### 1) Realize the overall value of the supply chain

In the fierce competitive market environment, large enterprises pay more and more attention to the application of their own resources and external resources. Enterprises through the implementation of centralized procurement, with the advantage of “quantity” to attract suppliers, can achieve a harmonious and stable strategic cooperation with suppliers, reduce the sides of supply and demand to price sensitivity, so as to save more energy to pay attention to supply chain management, let the enterprise in the supply chain to maximize benefits, and realize the overall value of the supply chain.

## 2) Realize the value of the enterprise itself

Centralized procurement will usually establish a centralized procurement management department in the enterprise headquarters, integrating and centralized the scattered procurement resources into a large market. Under the advantage of a large market, we will strive for the initiative on the negotiating table, so as to achieve the goal of reducing the cost and improving the core competitiveness of the enterprise. The implementation of centralized procurement by enterprises needs to concentrate the purchasing rights of various departments and regional companies, and the centralized procurement management department of enterprises carries out centralized procurement. Then, through the improvement of the enterprise structure and business process, improve the efficiency of procurement management, and separate the procurement right and supervision power, to avoid the illegal operation of regional companies, which helps to realize the value of the enterprise itself.

### **Mode of centralized procurement**

The existing centralized procurement mode is mainly divided into the following several kinds:

- 1) Centralized ordering, separate receipt, separate settlement, and use separately.
- 2) Some centralized orders, receive goods separately, settle separately and use separately.
- 3) Centralized ordering, centralized receipt, centralized settlement, and internal allocation.
- 4) Centralized ordering, separate receipt, centralized settlement, internal collection and payment, and separate use.

### **Selection criteria for centralized procurement**

In the complex market environment, enterprises need to consider many factors to implement the centralized procurement management mode, need to conduct comprehensive analysis according to the characteristics of the required materials and equipment, market supply and demand conditions, and choose the optimal centralized procurement mode. Therefore, the selection conditions of centralized procurement can be divided into the following aspects (Guibin & Jingfeng, 2015):

- 1) The purchased materials and equipment have a high versatility.
- 2) Sensitivity of the product price to the purchase scale.
- 3) Enterprise scale and management level.
- 4) Geographic location of the demand department.
- 5) Structure of the supply market
- 6) Price fluctuations of materials and equipment.

## **Analysis of the characteristics and advantages and disadvantages of the large-scale real estate centralized procurement mode**

### **Characteristics of large real estate development enterprises procurement**

As we all know, in the procurement management of large real estate development enterprises, due to the particularity of purchasing materials, the procurement work is inevitably more complicated than that in the ordinary manufacturing industry, and the content of procurement management is also more extensive. To this end, only by fully understanding the purchasing characteristics of large real estate enterprises, can we better formulate procurement management measures and play the role of strategic centralized procurement, so as to achieve the purpose of enterprise cost reduction and efficiency increase. After reading a large number of literature, this paper combines the examples of FY Group procurement management to summarize the characteristics of large real estate development enterprise procurement as follows.

#### 1) Diversity of product types and methods required for procurement.

In China's real estate industry promotes the rapid development of a modern city, and is also the pillar industry of the national economy. There are many kinds of materials and equipment used in the real estate development and construction projects. According to the data, the kinds of materials purchased by ordinary projects can reach thousands of kinds, even for the same category of materials, there are also different standards, specifications and models.

2) The prices of the purchased products are diversified

The price of the purchased product usually has a price diversity depending on the brand of the product, the purchase quantity, and the delivery location of the supplier. The location distribution of general suppliers determines the market distribution of the purchased products, while different markets vary in their product prices according to their own regional characteristics.

3) The purchased products are obviously targeted.

The whole stage of project development of real estate enterprises is unique, which refers to everything from project approval, design, construction to completion and delivery. Large real estate enterprises often carry out targeted classification according to the different attributes of their products, and then adopt appropriate procurement methods. However, due to the uniqueness of the project, it needs to formulate procurement strategies according to the characteristics of the project itself.

4) Insufficiency of the product design

In the early design of real estate projects, the required materials and equipment are usually not be explained carefully, but in order to better realize the quality requirements and use needs in the engineering construction, it is often necessary to deepen the design of products and equipment. Therefore, in the procurement process, bidding only according to the design instructions provided by the design often leads to the appropriateness of equipment and materials purchased, and then has an impact on the quality and cost of procurement.

5) The purchased materials cannot be stored in large quantities.

Real estate projects are usually of high value, large volume, storage often requires a lot of space, and the construction site is limited, it is difficult to accumulate and store as in the manufacturing industry. At the same time, if a large amount of materials is stored on the construction site, it will also reduce the available site of the project accordingly, resulting in congestion on the construction site. Secondly, hoarding more materials, will also occupy a large amount of the working capital of enterprises.

6) It is easy to change during the project construction period, and the procurement is very difficult

In the process of the construction of real estate projects, there are many uncertainties, which often leads to the occurrence of project changes. Engineering change refers to the adjustment of the process, size, materials, construction methods of the construction scheme to meet the safety and practical purposes of the project construction. For large real estate development enterprises, there are many projects under construction and a large scale, so it is more likely to undergo more engineering changes, thus greatly increasing the difficulty of procurement.

### **Difference between centralized procurement and general procurement**

In the past, for a long time, the real estate procurement mode was mostly decentralized procurement. Due to the advantages of convenience and timeliness, decentralized procurement has always been an important procurement management mode (Wang, 2004). Decentral procurement is the enterprise procurement according to their own needs, which is a free procurement mode. Nowadays, with the continuous progress of science and technology, more and more enterprises begin to pay attention to the reasonable and optimal allocation and scale effect of limited resources. At this time, the decentralized procurement mode can no longer meet the procurement needs of enterprises. At the same time, with the in-depth research on procurement management, enterprise managers gradually realize that centralized procurement has huge advantages in reducing the procurement cost of enterprises. Therefore, centralized procurement has entered people's vision.

Enterprises usually choose different procurement modes according to the market environment and strategic arrangements. Therefore, understanding the use conditions and differences of different procurement modes plays a key role in improving the efficiency of enterprise procurement management. At present, most real estate development enterprises adopt 2 procurement modes: Decentralized

procurement and centralized procurement, so this paper mainly analyzes the differences between these 2 procurement modes.

Compared with the centralized procurement, the centralized procurement mode mainly has the following characteristics:

1) Centralized procurement management helps to standardize the procurement behavior. Compared with the decentralized procurement, the centralized procurement can avoid irregularities or corrupt behavior, and the centralized procurement is more conducive to the government departments to realize the supervision of the whole procurement process. In addition, centralized procurement can realize the separation of power in the system, separate the choice of suppliers and the right to accept the goods, and prevent the emergence of irregular behavior and corrupt behavior from the root cause.

2) Centralized procurement can achieve the scale effect. It can through the integration of enterprise demand for resources, in order to attract suppliers with certain strength, with enterprise scale advantage, and then improve the voice and bargaining power in procurement negotiation, get the supplier on the product price, and to control product handover quantity, handover time and handover batch, to reduce the transaction cost, finally achieve the goal of reducing the total procurement cost.

3) Centralized procurement management can effectively improve the procurement efficiency. After integrating supplier resources, enterprises can formulate unified procurement standards, including the unification of procurement price and payment cycle, which will not only help to simplify the procurement process, promote the improvement of the business level of the procurement department, but also help to improve the control degree of the supply chain.

4) Centralized procurement management can ensure the procurement quality. Through establishing a close strategic cooperative relationship with suppliers, enterprises can improve the quality, timeliness and stability of supply products, which is not only conducive to procurement managers to timely grasp the market trend, but also conducive to enhance the ability of enterprises to resist risks.

5) Centralized procurement management can enhance the relationship between enterprises and suppliers. Generally, centralized procurement helps enterprises to establish close partnerships with suppliers, and enterprises in turn gain more supplier support and after-sales service to achieve the goal of improving the loyalty of strategic suppliers.

### **Challenges facing centralized procurement**

Now, with the adjustment of policies and the rapid development of science and technology, the competition between the real estate industry is intensifying. In this severe market environment, the procurement of large real estate enterprises faces huge challenges. Through the collation and analysis of relevant documents at home and abroad and the in-depth discussion with the real estate industry experts, this paper summarizes the challenges faced by large real estate enterprises, in implementing centralized procurement, as follows.

#### **1) Challenges faced in the implementation process of centralized procurement**

##### **1.1) What materials are suitable for inclusion in centralized procurement.**

Due to the complexity of real estate mining enterprises procurement, it is difficult for real estate enterprises to classify scientific and effective procurement products, so it is not easy to determine which materials are suitable for centralized procurement and which materials are not suitable for centralized procurement. If there is no reasonable classification of the purchased products in the initial stage of the project procurement, then it will certainly bring difficulties to the subsequent procurement.

##### **1.2) Centralized procurement is difficult to apply for regional and emergency procurement.**

In the specific implementation process, centralized procurement needs to coordinate the relevant departments, which leads to a long approval time, so when the regional project requires a small procurement, the centralized procurement mode is difficult to apply; At the same time, the enterprise procurement Department cannot respond quickly to the emergency needs of each project enterprise. Although centralized procurement often reduces procurement costs, it will affect the progress of the project. From the overall perspective of project development and construction, centralized procurement does not give full play to its real advantages.

### 1.3) Implements centralized procurement of non-common products, with little price gap.

Many large real estate enterprises blindly carry out centralized procurement in procurement without taking into account the common problems of products, which leads to centralized procurement does not bring price advantage, but affects the lack of non-standard demand of the project. For the centralized procurement of non-standard materials, the characteristics and commonalities of materials and products as well as the choice of procurement methods should be considered. How the purchaser improves the implementation of centralized procurement to reduce procurement costs and reduce procurement costs is a common problem faced in the implementation of centralized procurement.

## 2) Challenges faced by centralized procurement enterprise management

### 2.1) It is difficult to coordinate and transfer information.

The enterprise procurement management department usually makes the procurement plan according to the procurement plan reported by each project, and conducts the centralized procurement of materials and equipment. However, there are often changes in the project construction, which usually need to be handled quickly to ensure that the construction progress of the project will not be affected. In the event of a scheme change in the project construction, this requires the procurement department to re-purchase, and at this time, it is difficult to organize relevant personnel to hold meetings and review the plan. Therefore, how to deal with the change will be a difficult problem faced by centralized procurement.

### 2.2) Centralized procurement leads to too concentrated risks, easy to produce a large range of quality problems.

Usually centralized procurement scale is larger, so the project involved in more, if the purchase of materials and equipment quality problems, the problem will be widespread, so the impact on the enterprise reputation will be difficult to predict, so consider its huge risk factors, enterprise procurement management department procurement, need to strictly control the quality of materials and equipment.

### 2.3) Centralized procurement process is too long, easy to reduce the procurement efficiency.

After the enterprises carry out the centralized procurement, they need to report the procurement application at various levels, and often pass multiple approval before starting the centralized procurement orders. These complicated processes greatly reduce the procurement efficiency. At the same time, the parallel development of cross-regional multi-projects also leads to a too long procurement approval and execution process, In the procurement stage, a contract order takes several days or even weeks to approve, which will certainly increase the procurement cycle and make it difficult to improve the efficiency of centralized procurement.

## 3) Problems in centralized procurement management informatization

3.1) Enterprise information cannot be timely shared with suppliers, which greatly affects the strategic partnership between both supply and demand. If the enterprise strengthens the information sharing with the strategic suppliers, it can not only exchange the order execution information and the inventory situation, but also deal with the emergency procurement situation of the project in time, so as to achieve win-win cooperation between the supply and demand.



3.2) Information communication means are relatively backward, the lack of summary. The information of the enterprise procurement management department and suppliers cannot be shared in a timely and effective manner. It lacks information database and no supplier basic data analysis, such as supplier supply price trend, supply timeliness, product quality qualified rate and service quality. These problems can easily put enterprises at a disadvantage in the negotiations with suppliers, which in turn makes it difficult to obtain the minimum procurement price, the minimum procurement price, the shortest supply period and the best service in the negotiation.

### **Cause analysis of the existing problems existing in centralized procurement**

1) Enterprise management personnel do not pay enough attention to centralized procurement.

The investigation and research found that even if the centralized procurement has been carried out and implemented in enterprises for many years, there are still some personnel and departments paying insufficient attention to the centralized procurement, inaccurate understanding of the strategic goals to achieve in the centralized procurement, and negative resistance. Specifically, there is not enough attention to the attention of the planning, acceptance, settlement and payment of the materials and equipment associated in the centralized procurement, and there is procrastination.

2) Lack of corresponding rules and regulations.

Mainly reflected in the enterprise system arrangement, no arrangement from the perspective of supply chain, internal assessment emphasizes department assessment goal maximization, isolated department performance evaluation, form the group internal procurement functional departments one-sided pursuit of maximize interests, so form internal consumption, and in the process of concrete implementation inevitably form conflict of interest, influence centralized procurement.

3) The construction of centralized procurement talent team is relatively lagging behind.

As we all know, procurement management positions are highly professional positions, which requires procurement management personnel to not only be familiar with the relevant technical terms of procurement materials and equipment. In addition, in the whole enterprise salary system, the post salary standard of business personnel in the procurement department is relatively low, which also leads to many outstanding talents who are unwilling to join, even if they want to join their active work is not high.

### **The necessity of centralized procurement of real estate enterprises**

1) Dispersed procurement is not applicable to the cost reduction goal of large real estate enterprises.

Large real estate enterprises to carry out centralized procurement, not only centralized procurement has more advantages, but more importantly, the existing decentralized procurement cannot meet the goal of real estate enterprises to reduce project construction costs. At the same time, decentralized procurement is easy to produce repeated transactions, bringing about a waste of manpower. In addition, due to the small quantity of procurement, it is difficult to take the initiative in negotiating with suppliers to reduce the procurement costs.

2) The materials and equipment required for the real estate are of great value.

With the development of policy regulation and the real estate market, the industry competition is becoming more and more fierce. How to improve the cost control is a problem that real estate enterprises must consider for gaining a foothold in the market. When today's market is not clear, the cost management ability of enterprises determines whether the enterprise can safely through the key factors of stable development. Therefore, for the real estate construction cost, due to the huge amount of material and equipment procurement cost, even if the implementation of centralized procurement cost saving 0.1 %, its cost control effect on the whole project cannot be ignored. Therefore, in the current situation, the real estate enterprises to implement centralized procurement is particularly necessary.

3) Centralized procurement is conducive to reducing procurement costs and unifying quality standards.

Centralized procurement is to collect the procurement needs of various departments and regional projects of the enterprise, optimize the procurement plan, and conduct the unified procurement of materials and equipment suitable for centralized procurement. Under the advantage of “quantity” of procurement demand, seek the initiative and bargaining power in negotiation with suppliers, so as to reduce procurement costs. At the same time, because centralized procurement is purchased by enterprises, the quality and standards of materials and equipment can be unified, ensure the perfect implementation of enterprise standardization strategy, further reduce the project operation cycle and reduce the risk of project development.

### **Motivation for large real estate enterprises to implement centralized procurement**

After reading and studying the literature and the research on FY Group, the motivation of large real estate enterprises to implement centralized procurement mainly has the following aspects.

#### **1) Effectively reduce procurement costs**

Due to the increasing improvement of the real estate market and the fierce competition, more and more large real estate enterprises focus on how to improve the cost advantage by reducing the procurement costs, and thus improve the core competitiveness of enterprises. Existing research and enterprise examples show that centralized procurement expands the procurement scale and attracts more high-quality suppliers to compete with the advantage of procurement “quantity”, which can cause the phenomenon of suppliers to obtain enterprise orders and sell products at a lower price. At the same time, the procurement department can carry out centralized procurement according to the needs of materials and equipment, which is also conducive to the adjustment of inventory, avoid the material surplus caused by repeated procurement of the project, and reduce the storage cost. In addition, carrying out centralized procurement can also prevent regional companies from repeatedly setting up purchasing departments, resulting in leading to the increase of enterprise management costs. Finally, the implementation of centralized procurement by real estate enterprises can effectively reduce the large number of transportation brought by companies in various regions by decentralized procurement, and then reduce logistics costs.

#### **2) Show the enterprise brand value.**

A good brand can not only improve the value of the project, but also enhance the visibility of enterprises. Therefore, in order to strengthen the brand construction, real estate enterprises can also pay more attention to the cooperation of more well-known suppliers in the industry. Enterprises to carry out centralized procurement, collection of regional company procurement demand, gathered into a “big order”, with “quantity” to expand the choice of suppliers, and then more conducive to open cooperation with famous suppliers, on the one hand can use the visibility of suppliers to achieve project awareness, thus in the process of real estate project sales, to cooperation with well-known suppliers as a sales highlight, attract more buyers, improve the brand influence of the enterprise. In addition, through the cooperation with well-known suppliers can ensure the quality of materials and equipment, not only to prevent the occurrence of quality problems, but also can form a good image in the eyes of home buyers, is conducive to shaping the brand of the enterprise.

#### **3) Improve the service quality of suppliers.**

Real estate enterprises need to cooperate with many industries, the management is more complex, and emergencies often occur in the project site construction, which requires all parties to participate in the industry cooperation. Therefore, when enterprises ensure the quality of materials and equipment supply, they also pay more attention to the tacit cooperation with suppliers, that is, the degree of supplier service quality. Centralized procurement is the enterprise management department will be regional company procurement plan summary, form a “big order”, so its high value, attractive to suppliers, so the suppliers for order, usually with lower price and better service, especially in the quotation difference, most suppliers will use high quality service as the winning chip, thus, the enterprise can get better service quality in

procurement. In addition, under the centralized procurement mode, it is easier for enterprises and suppliers to form strategic alliances. At this time, suppliers are more willing to invest more energy on the improvement of service quality, so as to add value to the whole community of interests.

#### 4) Optimize the resource allocation

The competition between real estate enterprises is essentially the competition of resources. If the enterprise has a lot of resources, then the probability of winning in the competition will be greatly increased, but usually the resources are limited, so how to optimize the allocation of resources to create value for enterprises is particularly critical. Through centralized procurement, the procurement business can be planned to the centralized procurement department management, which can reduce the number of regional project procurement departments and procurement personnel, and then optimize the inventory system of enterprises, and avoid the phenomenon of repeated procurement. At the same time, the implementation of centralized procurement can integrate scattered and limited procurement resources, and take the advantage of the "big market" to obtain preferential prices and high-quality after-sales service. On the other hand, centralized procurement can examine and evaluate the use efficiency of resources from a global perspective. Through the effective collaborative integration and optimization of the internal and external resources of the enterprise, give full play to the advantages of the scale of enterprises, and avoid repeated work.

#### 5) Realize the concentration of procurement power

The degree of control of the enterprise headquarters over the regional companies is reflected by the concentration of power. If the high concentration of power indicates that the control of the enterprise headquarters is strong, and if the degree of power concentration is low, it means that the enterprise headquarters gives the regional companies more space to play. On the one hand, the centralization of the procurement power can effectively prevent the subordinate regional companies from taking advantage of their power in the bidding and procurement process, and affect the quality of the purchased products. On the other hand, the concentration of power can conduct effective supervision over the various regional companies, timely discover the various problems arising in the production and operation of the companies in the various regions, and then formulate effective measures to avoid operational risks. In addition, the "concentration" of rights is also conducive to the integration of the procurement resources of regional companies, forming a whole, conducive to improving the overall purchasing power of enterprises.

### **Application and control of large-scale centralized real estate procurement**

#### **Impact factors of centralized procurement**

With FY group as an example and combined with literature research, the real estate enterprises before centralized procurement of materials and equipment analysis, research found that enterprises decide whether to adopt centralized procurement mode and which materials and equipment for centralized procurement, usually need to consider their own factors, materials and equipment of their own factors and market factors.

##### 1) The own factors of real estate enterprises

###### 1.1) Characteristics of the materials and equipment required by businesses

For the procurement of real estate enterprises, even different projects also have certain demand characteristics, and these demand characteristics also have a certain impact on the choice of procurement methods. That is, the number of regional items required at the same stage of such materials and equipment, the distribution of regional items, and the number of grade positioning of such materials and equipment need to be considered. If there are many projects requiring such materials and equipment at the same stage, and the projects are distributed in relatively concentrated areas, choosing centralized procurement can play a better procurement effect. Sometimes even if the same materials and equipment, but due to the far location, the project positioning is different, then the enterprise demand will have different levels, which will not be conducive to the implementation of centralized procurement.

### 1.2) Construction of the procurement management platform

The investigation and research found that the construction of the procurement management platform is an important factor to determine the smooth development of the centralized procurement management. The construction content of the procurement management platform mainly includes: Procurement management information construction, the allocation of professional procurement talents, and inventory control construction (Qing, 2012) Centralized procurement management usually needs to summarize the procurement needs of each regional project, and have a timely and dynamic understanding of the enterprise inventory. For the centralized procurement work, high-quality talents with professional knowledge are the key factor to improve the procurement efficiency. Therefore, the above 3 aspects determine whether the centralized procurement can be carried out smoothly and create higher value.

### 1.3) The supplier management system

For some real estate enterprises only for a part of materials and equipment centralized procurement, so in the decision-making of such materials and equipment supplier management system construction also must be considered, mainly including: the completeness of such materials and equipment supplier management system, running time of management system, enforceability of dynamic evaluation system. If the enterprise has long-term effective management experience, good management measures, executable dynamic evaluation management method, then centralized procurement for such products will create greater benefits, if there is no above system or management measures, need the group in the process of implementing centralized procurement, pay attention to the management and control of suppliers, need to establish according to the actual situation of the enterprise itself management system.

### 1.4) Product strategy

Generally, the product strategy of an enterprise also determines in some aspects which materials and equipment are suitable for centralized procurement, such as the support and response of such materials and equipment to the strategic development of the enterprise, the sustainability of such materials and equipment to the strategic development of the enterprise, and the frequency of application of such materials and equipment. Assuming that the enterprise has many types of products within itself, then the procurement of some materials and equipment will not be suitable for centralized procurement, because of different types of products, they may need different standards, different grades of products, and they are not easy to form a scale. Another situation, such as the enterprise group positioning of high-end residential projects, then some materials and equipment need to improve the specifications. In order to improve the specifications, to reduce the price, the centralized procurement can be regarded as a way.

### 1.5) Procurement management development phase

The implementation of centralized procurement requires enterprises to have a high level of procurement management, which mainly refers to the requirement of enterprises to have a high accuracy and specificity in compiling the procurement plan of such materials and equipment. If the enterprise accurately declares the procurement plan based on the centralized procurement plan, the enterprise will reduce the procurement cost. If the procurement management level is enterprise-regional-project, sometimes regional centralized procurement is adopted for the convenience of operation. If there is a mechanism for various regional companies to allocate surplus inventory of materials and equipment to each other, for the whole real estate enterprises, the use of centralized procurement will be more conducive to the distribution of resources.

## 2) The own factors of the materials and equipment

### 2.1) Materials and equipment value characteristics

For the value characteristics of the materials and equipment, the stability of the main product prices, the amount of the procurement funds, and the adaptability of the procurement scale efficiency are comprehensively considered. Generally speaking, if the amount of materials and equipment is huge, the centralized procurement is conducive to controlling the cash flow of enterprises. You can even cooperate

with suppliers, such as FY Group's centralized procurement for the entry door. Enterprises usually the price is easy to change and obvious scale benefits of materials and equipment into the scope of centralized procurement, after enterprise in-depth research, analysis, decision, according to the regional company scale procurement demand, the corresponding procurement or inventory procurement in advance, will greatly reduce the procurement cost, improve the procurement management efficiency.

## 2.2) Materials and equipment time characteristics

The time characteristics of materials and equipment mainly refers to whether there is a demand for the use time, whether the design department is required to follow up the production in advance, whether the supply time is required, and its impact on the project construction progress, etc. At present, most real estate enterprises, is based on its own scale to determine the speed of development, so the construction project progress is particularly crucial, so seriously restrict the project progress of materials and equipment will not be suitable for centralized procurement, at the same time to high timeliness sensitivity should not carry out centralized procurement, such as common commodity concrete, etc. In the project development and construction, there are some special materials and equipment, and usually the construction party is required to intervene in the secondary optimization design in advance, and the project department is responsible for controlling the specific time, so such materials and equipment should be purchased by the required project department, such as doors and Windows. For materials and equipment frequently used in the development and construction of the project, the enterprise headquarters can summarize the purchase needs of each region in advance, carry out centralized procurement, and take advance to prevent the delay of the project period.

## 2.3) Materials and equipment quality characteristics

The quality characteristics of materials and equipment are mainly considered from the stability of the purchased product quality, the impact of product quality on the project quality, etc. At present, real estate enterprises usually carry out centralized procurement of materials and equipment with a great impact on the project construction quality, especially the materials and equipment that can reflect the quality, through the implementation of centralized procurement to avoid the quality risks caused by decentralized procurement, such as external wall insulation materials and coatings.

## 2.4) Functional characteristics of materials and equipment

For the functional characteristics of the materials and equipment, main considerations: The impact of the product function on the project, the impact of the installation and construction quality on the product function, and whether the functional failure responsibility can be effectively divided. The function of materials and equipment also plays a vital role in playing the normal function of the project, such as waterproof materials. Such material enterprises are suitable for centralized procurement or to determine a clear quality standard rules, and make a timely assessment, However, there is another kind of materials and equipment whose installation and construction quality affects the function of the product greatly, and the functional failure responsibility cannot be effectively divided, Generally, it should not be done in centralized procurement, Instead, it is suitable for decentralized procurement. The project enterprise shall purchase the material supply and installation services overall, Enterprises may formulate acceptance standards and payment rules for such products, such as smart building equipment. Only if installed correctly, to play a normal function, the project department is responsible for purchasing, which is more conducive to improving the overall efficiency of procurement.

## 2.5) Site construction and installation features

The site construction and installation characteristics mainly refer to the difficulty of construction, the difficulty of finished product protection, and the impact of construction quality on the whole project construction and other aspects. The materials and equipment requiring fire control equipment installation and difficult for finished product protection are usually need to be purchased by the project department, which is conducive to the project department to quickly ask the suppliers to provide corresponding

supplement and services when the materials and equipment are damaged.

## 2.6) Degree of standardization of materials and equipment

Generally, the standardization of materials and equipment required for real estate refers to whether there are unified standards in the industry, the scope of application, whether there are conflicts with local regulations, and the universality of materials and equipment in regional projects. When there are specific industry standards and a wide range of applications, the implementation of centralized procurement can enjoy the price advantage. If the materials and equipment required for the project have strong versatility, then the procurement demand can be summarized in the early stage of the project, large-scale procurement, and the safety inventory can also be established, which is conducive to timely use. On the contrary, if the standards are different, then the project department can carry out the procurement by itself. For example, the power distribution box required for the project is unified nationwide, so the procurement needs of each project can be summarized and implemented in unified procurement to reduce the procurement costs.

## 2.7) Circulation and storage characteristics of materials and equipment

Centralized procurement usually means the expansion of procurement scale, so there will be inventory, so for material and equipment circulation, storage characteristics must be considered, the logistics form and cost, logistics cost, purchase cost, material equipment storage and storage cost is detailed research, such as required cement, its less and has a certain storage period, then it is not applicable to centralized procurement, avoid overdue and losses, generally such products need to be purchased by the project.

## 3) Market factors

### 3.1) Supplier selection

The core appeal of centralized procurement is to obtain preferential product prices and quality service suppliers, so it is particularly important to choose suppliers, in the decision to implement centralized procurement, for supplier selection should consider: The position in the market, supplier production management level, the number of suppliers, supplier business development scale of the industry. When product supply has many suppliers, the enterprise buyers occupy the market initiative, procurement is easy to get more considerable procurement benefits, on the contrary, when the number of suppliers is less or in a monopoly position, procurement suppliers, need to centralized procurement, to improve the bargaining power of enterprises and suppliers, but also need to consider the supplier production management level, after the supplier can decide, which is conducive to get quality suppliers.

### 3.2) Supplier vendor management

Companies are essential to manage products and services with high-quality access. In making centralized procurement decisions, the difficulty of supplier evaluation and the benefit adaptability of supplier management should be considered. For example, if the supplier of some material and equipment is difficult to manage, and the supplier management has a strong impetus on the supplier to improve the quality products and services, the centralized procurement management can be considered to improve the overall benefits. Similarly, when the supplier cannot be evaluated through quantitative indicators, it is also suitable for the centralized purchasing department of the enterprise headquarters to prevent the power rent-seeking phenomenon of local projects.

### 3.3) Competitive factors

In the real estate raw material market factors, the competition factors are mainly the competition direction, competition scope and competition situation of such materials and equipment. For competition scope contains local, regional, national, international and other 4 levels, competition also refers to the material and equipment own elements, the competition refers to benign competition, vicious competition and monopoly competition in these 3 situations, such as toilet has relatively mature standardization, competition scope is broad, development toward a few well-known brand enterprises in the industry, so its procurement way is applicable to centralized procurement. Because of the wide range of competition and

large scale, it is easy to find suitable and high-quality suppliers in centralized procurement. There is no need to worry about the lack of supplier production capacity. On the contrary, if the supply capacity of enterprise suppliers is limited, it will not be conducive to the development of centralized procurement.

#### 3.4) Procurement risks of materials and equipment

Centralized procurement summarizes the procurement needs of enterprises, but also the risks are concentrated accordingly. Therefore, the procurement risks must be comprehensively considered. They mainly include: The probability of procurement risks caused by poor procurement management, the size of the price fluctuations of materials and equipment, and the risk size of the supplier's supply capacity that is difficult to meet the needs of enterprises. At this time, some enterprises are the risk dispersion by the project procurement, some are centralized control, take various means to control the risk, such as strategic cooperation with suppliers, reduce the impact of material and equipment price fluctuations on enterprises, but also with the supply mode of the main and auxiliary suppliers, to avoid the risk caused by lack of goods.

#### **Relations analysis between centralized procurement and suppliers**

Supplier is the direct factor affecting the efficiency of enterprise procurement management, and also the key factor affecting the quality and price of enterprise final products. Centralized procurement and suppliers are complementary and damaging to each other. When the scientific and effective management of suppliers, enterprises can ensure the procurement quality, reduce costs, improve the service quality, and then enhance the core competitiveness of enterprises. Supplier management refers to establishing and maintaining supplier database, conducting comprehensive evaluation of suppliers, maintaining friendly cooperation with suppliers, and motivating suppliers in effective ways to obtain better products and services. Therefore, in order to improve the efficiency of centralized procurement, enterprises will strengthen the relationship management between each link and suppliers.

##### 1) Importance of strategic suppliers

In the real estate industry, high-quality supplier resources, especially strategic supplier resources, are and their important resources, and their importance is shown as follows:

1.1) The quality of the material and equipment provided by the strategic supplier will determine the quality of the project products, while the strategic supplier is also the direct provider and the actual executor of the material and equipment and subsequent services.

1.2) Targets large real estate enterprises with cross-regional and sustainable development projects, and establishing strategic suppliers with long-term and stable cooperation will have immeasurable strategic significance for the smooth development and construction of projects. At the same time, after the real estate enterprises accumulate a certain number of strategic suppliers, they can timely and quickly deal with the possible supplier performance changes in the project development and construction.

1.3) Most of quality strategic suppliers have high technical level and management experience in their industry, and real estate companies can also improve the management level and innovation ability of their project teams through long-term cooperation with quality strategic suppliers.

##### 2) The relationship between strategic supplier management and supply chain management

In the environment of rapid economic development in China, real estate enterprises and their related enterprises are increasingly close, the industry competition is not the competition between each real estate enterprises, but with the enterprise as the core and the competition between the enterprise, the enterprise is called the real estate development project procurement supply chain, related enterprise called the core enterprise of real estate development enterprise suppliers, strategic supplier is strategic partnership with development enterprises. At present, supplier management, especially for strategic supplier management, has become the most important link of enterprise procurement management.

Nowadays, the supply chain management of real estate enterprises has become the key to improve the competitive advantage of enterprises. Centralized procurement management based on supply chain management is to design the business strategy in the whole supply chain environment, which reflects the

coordination, synchronization and integration of supply chain management ideas, to ensure the overall synchronization and refined operation of the supply chain process, so as to improve the efficiency and effect of centralized procurement work. Data show that through effective supply chain integrated management will reduce the procurement cost of enterprises by 20 %, reduce the whole supply cycle by 20 - 30 %, and improve the time supply rate by more than 15 %.

### 3) Key links to be paid attention to in the supplier management

#### 3.1) Strengthens the communication with the suppliers

The centralized procurement of most real estate enterprises is through signing a framework agreement, during which the real estate enterprises can choose according to their own needs. Usually suppliers according to the enterprise order direct supply to the project stage, there may be friction, so in order to improve the quality of supplier service, the enterprise will set the supply and demand communication mechanism according to demand, to deal with problems, prevent problems lead to serious consequences, but also more conducive to promote the cooperation between the 2 sides, improve the quality of supplier products and services. Many studies have shown that there are inevitable various problems in the procurement process, and only through effective communication can the problems be solved in time, and then ensure the benefits of centralized procurement of enterprises.

#### 3.2) Establishes the elimination mechanism and improves the assessment standards

When real estate enterprises introduce new suppliers according to scientific standards, they need to guarantee the cooperation with high-level suppliers, but also to prevent the reduction of suppliers' service capacity. At the same time, in order to improve the efficiency of centralized procurement management, we should also timely eliminate the suppliers that cannot meet the procurement needs of enterprises. Therefore, the enterprise should establish the supplier mechanism, and comprehensively decide the future cooperation order and whether to stop the cooperation according to the assessment results. Therefore, the supplier must carry out the full assessment content should include the supplier product quality qualified rate, supply timeliness, production capacity, product follow-up service ability, etc.

#### 3.3) Supervises the supply quality and progress of the suppliers

When the enterprise implements centralized procurement, the project procurement demand is concentrated, so to some extent, it also means that its quality risk will also be concentrated. In order to better control the quality risk, it is necessary to pay attention to the tracking and management of the supplier's supply progress and supply quality in the management process of the suppliers. Through regular monitoring of the supplier's production capacity, capital situation, quality guarantee measures, etc., to prevent not timely supply, or the supply quality does not meet the requirements.

### **The research and analysis of centralized purchased substances**

Only through scientific use of centralized procurement can centralized procurement in real estate enterprises give full play to the advantages of centralized procurement. Therefore, we study the problem of which materials and equipment are suitable for real estate enterprises to carry out centralized procurement, and analyze the materials and equipment suitable for centralized procurement, and the materials and equipment that are not suitable for centralized procurement.

#### 1) Appropriate use of centralized procurement

After the analysis of the above factors affecting the benefits of centralized procurement, it is clearly shown that not all materials and equipment are suitable for conducting centralized procurement. Therefore, according to the analysis of the selected centralized procurement factors in this chapter, the following conclusions can be drawn accordingly:

According to the influencing factors of material and equipment itself, its value characteristics tend to be high in absolute amount, accounting for a large percentage of the total procurement, then it is suitable for centralized procurement; when the quality of a required material and equipment is difficult to distinguish



and the quality differences are large and unstable, for example, some stone enterprises implement centralized procurement mode to control quality from suppliers, improve quality level and reduce quality risk. If a certain material and equipment, such as the power distribution box, has clear standards in the industry and has a wide range of application, the centralized procurement can be implemented to obtain the price advantage. At the same time, if the materials are highly common for the projects developed by the enterprise, the procurement demand can be collected in the early stage of the project development for large-scale procurement.

If the materials are relatively mature, and the competition range is relatively wide, and tend to grow in a few well-known brand enterprises, they will have the conditions for centralized procurement, such as sanitary ware. At the same time, the sanitary ware is very important for consumers' housing experience, and it is one of the factors reflecting the project grade. In order to reduce the price, the centralized procurement of the sanitary ware is a feasible way. When the number of suppliers is large and purchasers have a low advantage in the market, project procurement is easy to obtain better procurement benefits, otherwise, when the suppliers are small or special materials and equipment are less selected, centralized procurement should be used; when the suppliers of certain products are generally difficult to manage, and supplier management plays a strong role in improving quality products and services, centralized procurement management can be considered to improve the overall efficiency; If there are more projects using such products in the same stage, and the distribution of the project location is relatively concentrated, then the centralized procurement can play a better benefit.

## 2) The situation of centralized procurement is not suitable.

The construction materials purchased centrally by the enterprise procurement management center are usually concentrated on the materials with standardized products, high purchase amount and not strong region, but some materials and equipment still need to be completed by project procurement. The project procurement personnel are familiar with the specific situation of the project and are sensitive to the changes of the project demand. Therefore, the appropriate decentralization of procurement contract right can increase the flexibility and adaptability of procurement and supply, and can improve the speed of response to unexpected situations, and enhance the ability to resist risks, so centralized procurement is not absolute.

The materials that usually closely affect the progress of the project are not suitable for centralized procurement. Similarly, those with high timeliness requirements are naturally not difficult for centralized procurement, such as commercial concrete. There are also some materials that need the construction unit to intervene in advance to deepen the design. The specific time is only easy for the project department to grasp, so such products and equipment should generally be purchased by the project department, such as railings and doors and Windows, materials and equipment that need to be further design in the later stage. Cement and other materials have a certain storage period, so it is not suitable for centralized procurement to prevent overdue losses. Some materials such as sand have a large proportion of the material cost, and are easy to lose in the circulation process, so it is difficult to carry out centralized procurement, and it is suitable for project procurement.

## **Improve the strategy analysis of centralized procurement**

Through the research and analysis of the causes of centralized procurement problems in the previous article, some suggestions will be proposed for the implementation of centralized procurement problems in real estate enterprises. For carrying out centralized procurement, first of all, we need to scientifically use centralized procurement, and establish effective control means in the procurement process. Only by avoiding the occurrence of factors affecting the efficiency of centralized procurement, can the effect of improving the efficiency of centralized procurement management be achieved.

### 1) Improve the centralized procurement management system and process.

In order to better carry out centralized procurement, real estate enterprises need to have a supporting process, and in order to better implement the supervision of centralized procurement management, which requires enterprises to improve the relevant system.

## 2) Improve the comprehensive efficiency of centralized procurement management.

Improving the comprehensive efficiency of centralized procurement management is mainly reflected in optimizing inventory management. By the establishment of enterprise procurement information platform, open up the information flow between enterprises and upstream suppliers, and realize the timely sharing of demand information and supply information. Actively improve the participation of suppliers in inventory management, and finally form a joint inventory management together between enterprises and suppliers, so as to shorten the procurement cycle and optimize the procurement frequency.

## 3) Implement the comprehensive management of suppliers

To implement centralized procurement well, enterprises must have excellent supplier resources to support them internally. Therefore, enterprises need to conduct dynamic management of suppliers and strengthen the interaction and cooperation with suppliers.

## 4) Build a professional talent team and cultivate compound procurement personnel.

Under the constraints of the scientific and standardized centralized procurement management system, the centralized procurement management work covers many standards and requirements. As the executor of enterprise procurement activities, the procurement personnel play a key role in the effectiveness of enterprise procurement management. Therefore, as an enterprise supply chain manager, it is more necessary to realize the importance of cultivating compound procurement personnel. Strengthen the talent training of procurement teams, establish a professional talent echelon, adopt the way of regular job rotation, accelerate the training of centralized procurement professionals, strengthen the training of procurement management personnel, and improve their procurement management ability.

## 5) Establish an information platform to achieve effective coordination.

5.1) Establishes a contract management system through the information platform. Realize the whole life cycle management from the generation of contracts to the completion of contract performance.

5.2) Establishes an order collaborative system through the information platform.

5.3) Releases the bidding demand information through the information platform, realizes the electronic management and operation of the bidding process, and improves the efficiency of bidding and procurement work.

5.4) Establishes a supplier management system through the information platform to realize the whole-process management of the supplier.

5.4) Through the construction of information platform, realizes the seamless connection between enterprise procurement and e-commerce platform.

5.6) establishes a personnel incentive mechanism to strengthen the performance management of procurement work.

## 6) Implement the “standardization” strategy.

In order to facilitate the needs of various projects, enterprise centralized procurement is bound to promote “standardization.” At the same time, in order to solve the problem of “separation of procurement and users and poor procurement performance”, it is also necessary to vigorously promote standardization to reduce the uncertainty of materials and equipment used and improve the accuracy of procurement information communication between enterprises and regional companies. After the standardization of parts, enterprises can meet some emergency procurement conditions of the project through reasonable inventory, so as to alleviate the situation that “centralized procurement cannot adapt to sporadic, regional and emergency procurement conditions”, so as to achieve the goal of improving the centralized procurement efficiency.

## Conclusions

Through the application of strategic centralized procurement in large real estate enterprises, the following conclusions:

1) Compared with decentralized procurement, the implementation of strategic centralized procurement by large real estate enterprises can effectively reduce the procurement cost of building materials, improve product quality, realize brand value, and enable real estate enterprises to obtain higher corporate profits.

2) Due to the characteristics of real estate development enterprises, the centralized procurement mode is not applicable to all materials and equipment. If centralized procurement is blindly implemented, it may make it difficult to give full play to its own advantages, and even affect the progress of project construction. Therefore, large real estate enterprises can use this study to reasonably apply centralized procurement according to their own characteristics, so as to maximize their profits.

3) For most real estate enterprises, it is difficult to implement centralized procurement, mainly because the implementation of centralized procurement has high requirements on the professional ability of managers. Therefore, this paper also puts forward corresponding suggestions and management methods on how to better implement centralized procurement, which will be conducive to the better implementation of strategic centralized procurement by real estate enterprises.

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