



PROCSERVE THOUGHT LEADERSHIP

# Addressing your changing world.

FIVE PROCUREMENT RECOMMENDATIONS TO TRANSFORM AND DRIVE COST FROM YOUR BUSINESS.

The growing value of the discipline and the development of new technologies has propelled procurement into the boardroom. The supply base is now an extension of the broader company – as much a driver of cost reduction, innovation and growth as internal departments. At the heart of it all, the CPO: managing the relationships, eliminating the risks and helping push the business forward.

Procurement's value will continue to grow as supplier relationships evolve to become design, manufacturing and distribution partnerships – and with this evolution will come greater risk and reward.

Now is the time to invest in the strategies and solutions to limit the former and extend the latter – streamlining processes to deliver against the growing expectations of the business.

So how can you recognise the drivers and what can you do to take advantage of this departmental transformation?



## TALENT MANAGEMENT

### Driver

Finding and keeping procurement talent is proving a daily battle. 48% of respondents to Deloitte's 2013 CPO survey felt their teams lack the skills needed to deliver their procurement strategy. The survey of 180 CPOs and Procurement Directors from across the world found a broadening spectrum of skills are needed by procurement professionals – from business partnering, through risk mitigation to analytical intelligence. While investment in training goes some way to help, many CPOs now consider the job as just too big. In response many organisations are developing specialised roles with clearly defined areas of responsibility – fitting the right talent to the right task. This could be something you might want to consider as you build or strengthen your team. Just remember it's not just about the individual role. To attract the right talent and then keep them you may have to address the question: 'why should the next generation of young workers want to choose you and then stay with you?'

### Solution

According to Guy Hubball, VP Indirect Procurement and Group Real Estate at BP: "To expect our procurement people to be effective negotiators, strategic thinkers, deeply analytical, capable of building deep lasting relations with both stakeholders and suppliers is to ask them to be superhuman."

At the operational level, the evolution from manual checking to more automated eProcurement solutions presents an opportunity to mitigate at least some of the training burdens associated with churn within the procurement and accounts payable departments. With through-life learning and continual improvement required in so many areas, it is critical to make systems and their user interfaces as intuitive as possible, and never has this been so important than when implementing an eProcurement solution; after all, why settle for a sub-standard experience when you get to use Amazon at home? This simple but effective use of the most up-to-date technology for use in our everyday lives goes some way to securing our fresh new talent into the medium and long-term.

## SUPPLIER CONSOLIDATION, RELATIONSHIP AND TAIL MANAGEMENT

### Driver

As collaborative supplier relationships move centre stage, SRM is going beyond generating transparency and the ease of doing business. Sensitivity to the needs of both top and bottom line mean forward thinking CPOs are putting a greater emphasis on fairness, value and innovation – and less on price. But understanding the chain remains a primary goal – supporting consolidation and long tail management strategies to push greater order volumes through a smaller number of suppliers to leverage economies of scale is one way of achieving this. However consolidation is not always practical, or even desirable, therefore visibility of transactions at the push of a button for any supplier, community and category or time period is crucial.

### Solution

With procurement leaders under pressure to manage an increasingly diverse supplier community, turning to data analytics could offer you the opportunity to uncover high value strategic supplier relations and category consolidation opportunities. eProcurement software plays a key role here: delivering the interfaces to collate and analyse supply-chain related data. You can then turn that data into actionable insight: addressing the long tail of the supply chain, identifying the 20% of suppliers that attract 80% of your spend. Armed with this insight, cost-saving consolidation opportunities can be uncovered.

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## COMPLIANCE

### Driver

Compliance comes in many forms. The need to control expenditure, manage third party spend, support change management exercises and manage complex supply chain risk all requires procurement to have a strong governance foundation. As businesses and supply chains expand, so do the potential risks for non-compliance, not to mention the volumes of regulation from external fair competition, fraud and corruption regulation.

### Solution

*Distributed requisitioning through an eMarketplace tool coupled with a mandate and/or personal objectives to enforce its use will deliver immeasurable value; from pure efficiency gains, increased spend under management and the power gained from the significant amount of management information available.*

*Using technology platforms can assist in driving compliance across all frontline employees, delivering best contracts and prices straight to the desktop, and capturing transactions directly to the ERP to assure detailed reporting. Approval and ordering levels can be set reducing the chance of maverik spend, whilst making compliance easy for staff to implement.*

## INNOVATION

### Driver

The need for innovation is driving businesses to its supply chain – to help design, build and deliver exciting new products and services, to establish radical new cost saving manufacturing processes and to drive demand in new market sectors.

Innovation in the supply chain is not the only thing to flourish, the internal procurement function is alive and well too – driven by new automation technologies such as eMarketplaces, electronic payments and aggregated or outsourced content.

### Solution

*True innovation is all about the right partnership and the value that relationship brings. Finding the right partner prepared to invest time, money and imagination into helping you innovate is no easy task. Software platforms can help by streamlining processes to give you and your team more time, reduce human error and in many cases achieve a previously unobtainable goal.*

*Ultimately though, every innovation project looks different. It could be also worth you developing your own personal checklist which could feature: notification of bids or standard contracting processes. We've developed a simple guide to help you do just that. [Click here](#) to view it.*

*We advocate that the first step anyone should take is to start with a few simple questions such as: 'are they committed to a collaborative relationship? Do they have the right mix of people and product able to compliment your own skills and deliver the "Whole Product"? Are you both driven by the same ambitions and goals? If they can answer yes each time, you've made a good start!*

## P2P IMPLEMENTATION AND OPTIMISATION

### Driver

CPOs are turning to P2P systems to automate the requisition to payment process and generate end-to-end efficiencies. It's not just process improvements that come from connecting procurement and invoicing.

Today's crop of advanced P2P systems leverage big data to deliver a host of emetrics to enable more accurate planning and timely decision-making. Plus, with the integration of a growing number of eMarketplaces, eProcurement becomes a simpler, more responsive and competitive process for managing content, suppliers and transactions.

### Solution

*Leveraging the opportunities of P2P technology systems can have a hugely positive impact on your procurement function.*

*For instance you can automate manual tasks, extend cost containment strategies and win you (or your CPOs) time back to focus on strategic concerns. Operational cost containment remains a key CPO priority.*

*According to a recent study from accountancy firm BDO LLP, P2P technologies can return price savings of up to 10% and processes savings of up to 50%. The business case is here. It's time to understand your own level of P2P maturity and start planning your implementation or optimisation programme today.*

*Why not analyse your own eMaturity using our free calculator: <http://thecalculator.procsolve.com>*

## DRIVING HIGH PERFORMANCE BUSINESSES

As we see, procurement is being driven ever more rapidly towards value. Cost containment remains critical but there's a huge appetite for supporting wider business transformation. This marks an important strategic shift and underlines the opportunity for businesses.

There's undoubtedly a feeling that there is more to come. You will see that value delivery increases as procurement becomes ever more embedded into the heart of an organisation. One thing's for sure procurement is changing, providing great opportunity. Don't put it off – it's time to start making changes now.

To learn more about how you can enrich your procurement career, deploy an eProcurement system or just take better advantage of what you already have in place why not contact us today?

[Click here](#) to arrange a free half day, in house procurement evaluation workshop with one of our Procurement consultants.

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### Connect with us:



### About Procserve

Procserve, the leading UK B2B Commerce Network, was established in 2006 to develop and run the Government eMarketplace. Procserve's secure networks have now carried more than £1.8 billion worth of transactions and are today used by over 13,500 buyers and 30,000 suppliers to buy, sell, and share information within online communities. Its offering includes, but is not limited to, Purchase to Pay (P2P), Integration-Platform-as-a-Service (IPaaS), electronic payment (ePayments), and dynamic marketplace solutions, as well as specialist eProcurement implementation services. For more information, please visit [www.procserve.com](http://www.procserve.com) or follow us on Twitter @Procserve

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