



2021



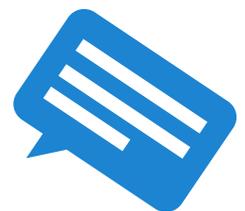
The 2021 Checklist for Improving Procurement



Over the last several years, procurement has transformed from being a mostly back-office, operational function to one of increasing strategic significance. Strong procurement practices can improve profitability, boost employee experience, reduce risk and more.

Still, plenty of companies have areas they can work on to get more out of their procurement activities. To kick off this new decade on the right note, finance and procurement teams should focus on accomplishing the following as soon as possible in 2021

If you have more ideas for what finance and procurement teams should include on their 2021 checklists, we want to hear from you and potentially incorporate your ideas in future collaborative content! Get in touch with us!





1. Track Spend Data

If you don't yet have a way to track spend data, you're setting yourself up to make poor financial decisions. However, if you can implement a consistent way to collect spend data, ideally in an automated, real-time way through an e-procurement or spend management platform, you can better understand your procurement activities. If you don't have a system or processes in place for tracking spend data yet, make that your first priority for 2021 so you can have the information you need to optimize the full spectrum of procurement-related activities.



2. Identify Unnecessary Expenses

By tracking spend data, you can start to identify cost-saving opportunities such as by spotting duplicate orders and inaccurate payments. You can also identify unnecessary expenses in terms of noticing areas where you're going over budget, which may then cause you to realize you can obtain more cost-effective products or services, without diminishing quality.



3. Streamline Purchasing Processes

Understanding your company's spending behavior can also help you streamline purchasing processes. For example, you may identify that your company is spending a lot on travel, with employees booking their own flights and hotels and getting reimbursed later.

Instead, you could streamline booking through an online platform that allows employees to easily get approvals and pay for travel with corporate cards, while minimizing the work they need to do to file expense reports. Doing so could also keep costs down by only displaying approved travel options.



4. Set Budget Controls

Related to streamlining purchasing processes is setting budget controls so you can stay on track for your 2021 business goals. When employees have an easy way to make purchases through an e-procurement platform or other centralized systems, it can also be easier to set budget controls.

If employees use product catalogs to place orders on their own and file expense reports later, finance teams may be unaware of purchases that bust budgets until it's too late. Yet if those purchases are made through an e-procurement system, purchases above a certain amount could get flagged for further review. While this may seem like an inconvenience to employees, overall it aligns with streamlining processes, as it can make purchase approvals and expense reports more organized and automated, and thereby more efficient.



5. Set Compliance Controls

Like setting budget controls, finance and procurement teams can also implement controls within e-procurement platforms to help ensure purchases follow necessary rules. That starts with including catalogs of compliant products and services, and it can extend to approval workflows. Even if a company does not yet have an e-procurement platform, they can set compliance controls meanwhile based on requirements around areas like how employees report purchases and how payments are made.



6. Negotiate With Vendors

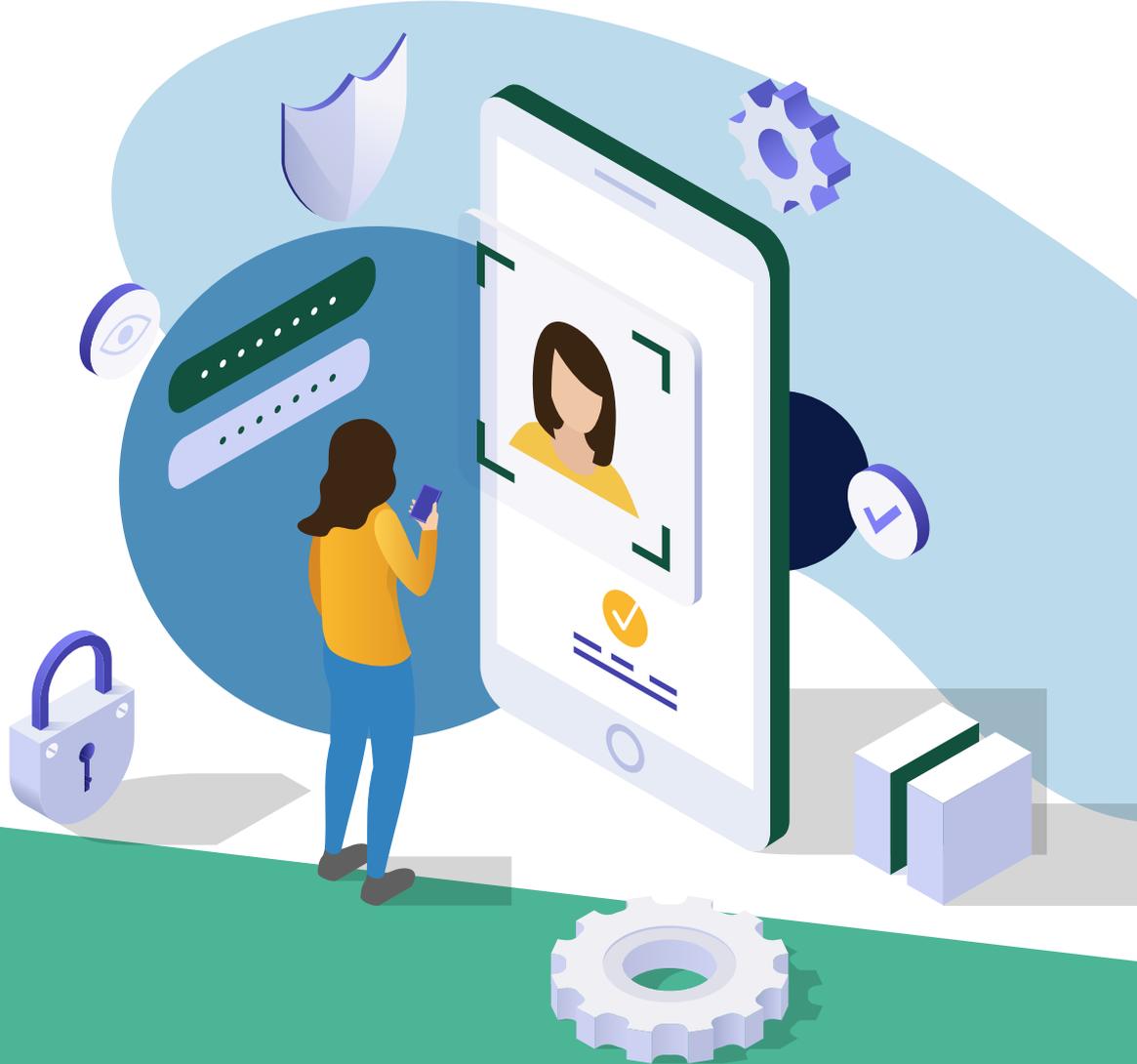
Beyond focusing on how purchases are made, companies can also improve procurement based on how they work with vendors. Try using spend data in 2021 to negotiate better rates or more favorable terms with vendors. For example, spend data may indicate an opportunity to consolidate spend with fewer vendors so you don't have to keep track of such a complex supply chain. Thus, you can present this information to vendors, showing them how you can provide them with more business in exchange for a better rate, faster delivery or other favorable terms.



7. Increase Supplier Diversity

When reviewing spend data to negotiate with vendors, you can also analyze your current list of suppliers and see where you may benefit from more diversity. While you may not think procurement has much to do with diversity, working with different types of businesses like women-owned, minority-owned and veteran-owned suppliers can go a long way toward increasing innovation through less groupthink, along with other benefits like improved employee and customer experience.

To increase supplier diversity, you can turn to a number of resources such as supplier diversity organizations and technology vendors like GoProcure (itself a diverse business) that link you with other diverse companies.



8. Identify Talent Gaps

While technology can go a long way toward improving procurement, there's still a significant human element needed in areas like implementing data insights and forming strong relationships with suppliers. As such, you should review whether you have any talent gaps related to procurement, and if you do need help in certain areas, you may want to increase the size of your procurement staff through either contract workers or full-time employees.



9. Connect Procurement to Strategic Goals

Part of the reason why you may be able to justify growing your procurement staff is that this function isn't just about obtaining goods and services for the lowest price; instead, it can tie into helping businesses overall, such as by improving sustainability or risk management. For 2021, focus on connecting procurement to your company's overall strategic goals, which can also help you get buy-in from executives and other departments to help optimize procurement.



Following this checklist can put your organization in a great place to succeed in 2021 and beyond. Start with a strong foundation of tracking spend data and improving purchasing processes, and soon enough you'll be on your way to connecting procurement with innovation and reaching more of your goals.

To learn more about how your business can gain full visibility into spend and improve procurement overall, schedule a demo with GoProcure today.

