

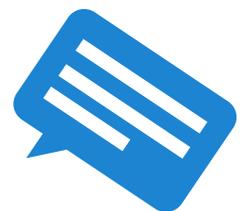


10 Ways Procurement Leaders Can Add Value Throughout Their Department



Procurement leaders may not always have the most visible role within organizations, but they can play a critical part in helping companies stay on budget, manage risk and gain the products and services they need for peak performance. Having this effect, however, often requires procurement leaders to increase their efforts in areas ranging from gaining more spend visibility to getting buy-in for their initiatives throughout organizations.

Specifically, procurement leaders can take the following actions to add more value to their companies:





1. Know your spend

Having a clear understanding of your company's procurement spend provides the foundation needed to improve procurement processes, and add value to the overall organization. Knowing your spend will enable you to find cost efficiencies, identify areas of overspend, understand purchasing trends and more, which ultimately helps you find ways to improve profits and elevate employee experience.



2. Examine the relationship between procurement investments and long-term value

Once you know your spend, you may be able to find costs that can be cut, but you can also then more easily examine how certain areas of spending add value over time. For example, spending more on certain products that last longer or help employees perform their jobs better could yield higher a higher return on investment, and you can get a sense of that such as by identifying the frequency of reorders for certain items. Procurement leaders can help their companies perform their best by looking at the positive side of cost, rather than only looking to reduce expenses. This is also known as lowest total cost of ownership in procurement parlance.



3. Use an effective tool to research vendors in the marketplace

To provide employees with the ability to purchase high-quality products and services at the lowest total cost of ownership, procurement leaders need to ensure companies have access to high-quality vendors. Look for e-procurement platforms or consultants that provide strategic sourcing capabilities to help your company find the best vendors for your needs. Once you do find quality vendors, make sure you keep a list of all vendor contact information readily available so you can easily communicate with them when needed.



4. Get on the same page with vendors

Staying organized and maintaining clear communication with vendors helps procurement leaders ensure that they have high-quality supplier relationships. Doing so can make it easier for vendors to supply what your company needs and do so on-time with minimal errors. Make sure your vendors understand exactly what you are looking for in your quote documents, and keep track of all milestone dates from ordering through delivery.



5. Negotiate, Negotiate, Negotiate

Don't be afraid to negotiate with vendors to lower costs while still gaining access to their quality offerings. See how you can align yourself with vendors and work with them on bids to create win-win situations, whether that means increasing order sizes to decrease per-item costs, creating exclusive relationships that the vendor can leverage in their marketing or find other ways of being flexible so that vendors have the ability to provide more competitive pricing.



6. Focus on understanding industry trends

Procurement leaders that learn about where the market/industry is now and considering where it could be headed in the future can find ways to incorporate new processes and technologies to gain an advantage over competitors. Industry news sites such as SpendMatters and procurement blogs like this one you're reading now can be useful resources that make you a stronger procurement leader.



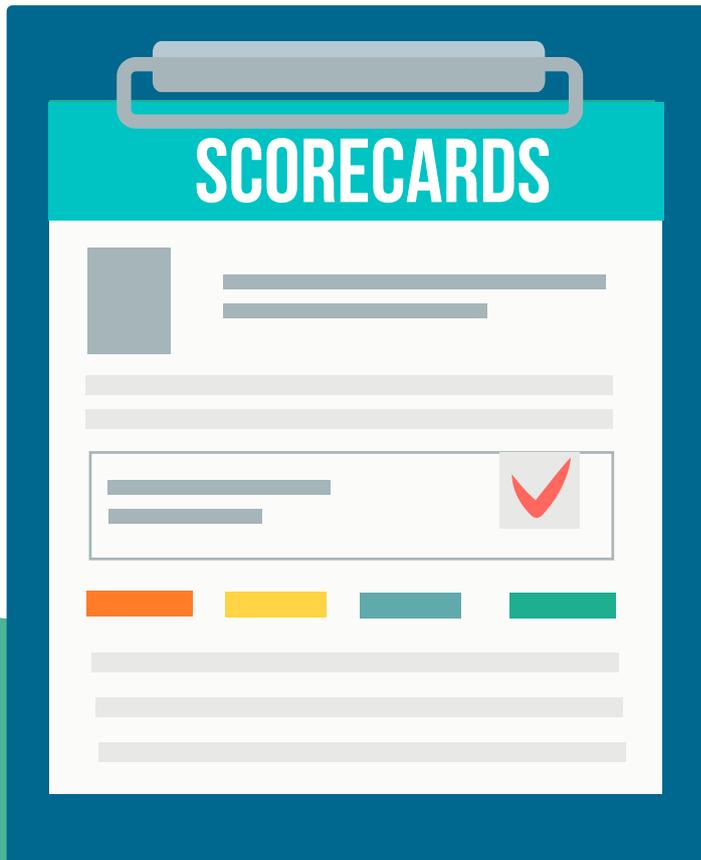
7. Learn how to be an effective influencer within your organization.

To add more value throughout your company, try to gain more influence ranging all the way from the junior level persons (for example, Requisitioners), to C-Suite management level. Doing so can help you get the feedback needed to improve procurement processes and get buy-in to make necessary changes and investments. Talk with employees about their procurement needs and challenges, and advocate for what your department does to help the company reach its goals.



8. Engage all internal stakeholders as needed when building RFPs and RFQs

As part of being an influencer within your company, you can also more easily engage the stakeholders needed to build comprehensive RFPs and RFQs. For example, having good relationships with IT staff can help procurement leaders figure out what information needs to be included in RFPs and RFQs when considering new technologies.



9. Build effective and simple scorecards

To find areas that need improvement, procurement leaders can use the balanced scorecard management system, which assesses strategic measures alongside financial ones. Make sure all stakeholders have their say in determining what metrics should be included to gauge performance. In addition to cost savings, consider factors such as supplier relationship quality, risk management, delivery efficiency, employee satisfaction and more.



10. Be creative

Lastly, don't be afraid to explore creative solutions in processes ranging from negotiating supplier contracts to finding ways to streamline purchasing processes. Procurement is not a one-size-fits-all practice, and procurement leaders that are creative and flexible can find ways to add value based on the unique needs of their organizations.

To learn more about how you can help your organization add value by gaining full visibility into spend and maintaining frictionless purchasing protocols, schedule a demo with GoProcure today.