

Framework For Best in Class Sourcing & Procurement

If you are in the process of setting up your Journey for a Best in Class Procurement organisation , you'll need a **Sourcing & Procurement Framework** like the one presented in below chart.

The Framework should comprise:

- **A Vision,**
- **A Structured Approach**
- **Correct Priorities**

The focus for the Framework should be split in to 5 key work streams:

- **Organisation,**
- **Content,**
- **Process,**
- **Data**
- **Technology**

.....highlighting for each of them 4 to 5 areas which are currently high in CPO agendas and to be considered as key success factors for being Best In Class

Organization

- Separation of strategic, tactical and transactional activities
 - Optimisation of manpower costs
- Shared / Integrated business services
 - Standardisation, simplification, aggregation, resource utilisation optimisation
- Global Source-to-Pay process owners
 - Need for an overall accountability for strong outcomes
- Governance across Procurement and Finance
 - Procurement teaming up with Finance to get the governance working
- Process led Source-to-Pay function
 - Process compliance is key

Content

- High content coverage of spend (catalogues, contracts, preferred suppliers)
 - Going digital...
- Utilization of externally available content
 - Leveraging it to enrich own content creation embedded in sourcing process
- Learning from past activity injected in sourcing process
 - Continuous improvement embedded in spot buying
 - Using analytics to improve Tail Spend Management

Process

- Category specific buying channels
 - Different set of channel from 'self-enabled' (less efficient) to automated (cheapest)
- End-to-End Source to Pay process
 - A process designed from an End to End perspective
- Self Service Processes
 - Impossible to avoid this channel so better have it right
- No PO – No Pay policies
 - Sound obvious, still not applied in many huge organisations
- Internal and external collaboration
 - IT enabled

Data

- Harmonized master data (suppliers, data)
 - No accountability/aggregation transparency otherwise ... Go Big Data
- Harmonized spend / budget structure
 - Same as above
- Centralized data repository
 - Centralising is a great step for harmonization
- Efficiency, Savings & Compliance measurement
 - The right dashboard and Analytics to ensure outcomes

Technology

- One stop shop Buying portal
 - Make requisitioners' lives easy, they'll bring compliance up.
- Integrated Source-to-Pay technology
 - Avoid duplications and saving time and effort
- Value adding mix of "in the cloud" and "on premise" technology
 - Not ready yet for full cloud so get a balanced system landscape
- Procurement analytics and reporting
 - Required for above success
- Supplier enablement technology (incl. supplier networks)
 - Make Supplier life easy, they'll bring value vs sorting out admin issues

