Procurement transformation
Visibility, control and effectiveness
Key questions to address

“Where are we now?”

Current strategic sourcing model
- What is our current procurement sourcing model and how effective is it?
- What is our commercial strategy and are our current practices aligned with it?

Procurement analytics
- What are we currently spending our money on and are we getting value for it?

“What position do we want to get to?”

What is the ultimate goal of our procurement commercial strategy?
- Where do we ultimately want to be in terms of procurement strategy in X number of years/months?

Improved governance
- What level of governance do we aspire to be maintaining over our procurement activities?

Effective procurement risk management
- How are we going to be able to manage procurement risk?

“How do we get there?”

Stakeholder engagement and management
- How are we going to manage key stakeholders to enable our proposed transition?

Innovation
- What vehicles of innovation are we going to engage with, in order to ensure that our practices take advantage of opportunities that may present themselves, as well as continually improving practices?

Market intelligence
- How are we going to effectively gain and understand relevant information in order to better inform our decision making process?

Common issues and problems

Issues
- Lack of clarity/agreement over intended objectives
- Inertia issues with existing suppliers

Problems
- Pursuing transformation activities without any attention being paid to commercial strategy
- Poor Communication with key stakeholders

Key components of success

Visibility
- Clear vision over what is the long-term goal of the strategy

Control
- Ensuring that all activities are carefully controlled to ensure that they are executed in compliance with management systems and targets

Effectiveness
- Every activity completed to guarantee its required effect
The commercial life cycle
A virtuous cycle or more often a vicious cycle

What do I do now?

Define your commercial strategy
- Carefully define the intended end state of your procurement transformation journey.

Implement required changes to kick-start transformation process
- Initiate the changes that will allow you to transition from your current situation to your intended end state.

Monitor all activities to ensure that contractors and suppliers are managed effectively
- Carefully manage your suppliers and contractors in order to continually monitor relevant KPIs.

Analyze the financial implications of new practices in order to continually assess the financial impact of recent changes
- Analyze expected financial benefits against actual benefits.
- Re-assess budgets

Assess and re-assess commercial strategy
- Continually assess strategy and new practices so as to monitor alignment between both.
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