



Procurement as a Trusted Advisor

The structure and collaborative nature of a company's sourcing and procurement function is an essential component of their overall strategy. With 50-70% of their annual revenue spent on purchased goods and services ranging from raw material, capital equipment, professional services and several other categories, a company's ongoing growth, profitability and benefit to society depends on supplier relationships.

The sourcing and procurement function must develop trusting relationships with colleagues and suppliers to overcome a common perception of bureaucratic stodginess.

Accounting and legal guidelines requiring the use of purchase orders, invoices, receipts, 3-way matching, contracts, etc. can create a bureaucratic and frustrated buying process. Further, internal conflicts for selecting vendors, managing relationships and budgets can create unease in an organization and contribute to mistrust between procurement and business colleagues.

A sourcing and procurement function can become a trusted advisor by following these three steps:

First, start with good governance by defining the role of procurement and how it supports the business strategy. Procurement leaders (VP of Procurement, Director, Manager) need to work with their internal colleagues to support the strategy and ensure sourcing and procurement decisions are made in alignment with the strategy. Some strategic questions for procurement to consider:

- How will suppliers help the business grow?
- Is there waste in our sourcing and procurement processes where supply costs can be reduced while improving quality & service levels?
- Is the current procurement and sourcing structure capable of supporting business objectives?
- What supply risk issues could adversely impact business?
- How can a digital strategy enhance the sourcing and procurement process?

Second, procurement must work with their colleagues to implement standard and efficient buying and sourcing processes across the entire Source-to-Pay (S2P) process. Important elements include:

- Supplier onboarding and data management
- Category strategy and strategic sourcing
- Contract management
- Supplier management
- Supply risk planning
- Procure-to-Pay management

Finally, by looking at the entire S2P process, a company can efficiently manage its sourcing, contracting, purchasing and payment activities. As the business grows, procurement will need to work with operations, legal, finance and IT teams and align on the following activities:

Activity	Scope
Metrics	Supplier performance, financial, risk and procurement metrics needed to efficiently manage the corporate buying process
Systems	E-procurement and ERP systems needed to efficiently purchase goods and services
Policies & Procedures	Steps, functions, policies and processes involved in the purchase of goods & services
Organizational Structure	Procurement & supporting staff structure responsibilities needed to purchase goods & services

Following these steps will take time and require procurement to build collaborative relationships with colleagues and suppliers to develop the level of trust needed to make the sourcing and procurement function an integral part of the business strategy.

At Adventus Consulting, we help rapidly growing companies harness supplier value by developing procurement & sourcing processes supportive of growth, risk and cost management goals. Working with sourcing and procurement teams and business leaders, we foster collaboration with company and supplier stakeholders to create an efficient buying process across sourcing, contracting and payment activities.

For more information, please contact:



Dave Stowe
 Partner
 Adventus Consulting
davestowe@adventusinnovate.com