

THE SPARK

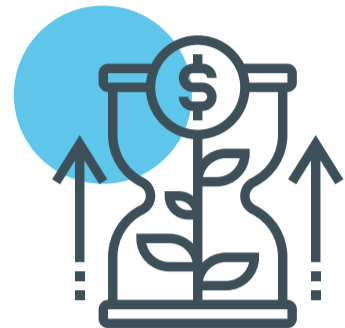
Sourcing and Procurement Flash Report

MAY 2021



INNOVATION

Playing the Long Game: Strategies for Sustainable Procurement Success



In December of 2016, I bought a single Bitcoin for around \$750. By April 2017, that coin was worth over \$1,100, so I sold it and celebrated the quick return on my investment by buying a new set of tires for my car. Fast forward to February 8, 2021 when Tesla announced they would accept Bitcoin as a form of payment. On that date less than four years later, my single Bitcoin would have been worth over \$46,000. Had I stuck with it, I could have cashed it in for an entire car instead of just a new set of tires.

Like making a fast buck in the market, quick wins in procurement can be exciting. Capturing what feels like immediate savings can cause some business leaders to justify their decision to try something new. Unfortunately, far too many procurement organizations cannot reliably sustain these wins, and consequently, aren't able to justify deeper investment from leadership. So what can a CFO or Head of Procurement do to break the perpetual cycle of opportunism and position their organizations as sources of strategic, long-term value?

Arm yourself with good information. Understand what best-in-class looks like and be open-minded about how your organization compares. Attend procurement conferences and events to expand your circle and your knowledge base. Talk to your peers who are achieving sustainable success and share lessons learned. Take a look at trends in the procurement space and ask yourself if they have real staying power or if they're just passing fads.

Understand the size of the prize. Quantify the available opportunities. Enlist the support of third-party procurement experts who can provide you an unbiased assessment with reliable benchmarking data that shows how companies like yours are performing in the market. With insight into the savings, operational efficiency gains, risk mitigation, and enabling technology, you can present an opportunity that would be irresponsible to miss.

Develop a plan that will get traction. Even when presented with a solid business case for building a robust strategic procurement organization, some businesses may be reluctant to dive straight into the deep end. Understand your company's culture and adapt your plan accordingly. In addition to developing an adaptable plan, make sure you're putting a change management process in place that will help you achieve staying power.

Tout your successes. Conduct some "lighthouse projects" to highlight the strategic contribution that your team is making to the business when given the opportunity. Use newsletters and other internal communications to show colleagues and stakeholders how your team's management of strategic sourcing decisions can free up time and resources. As you promote those wins, make sure it's all framed within the broader organizational context.

Embed your new way of operating. Embrace what worked to help you create strategic value and drive results you can trace to the bottom line - then make those tools, methods, and practices part of your organization's DNA. As your team grows, look for people who don't mind operating outside of their comfort zones and want to be a part of something bigger.

The temptation to chase quick wins is always strong, especially in today's fast-paced, what-have-you-done-for-me-lately business environment. There will always be a need for immediate results, but make sure you aren't wasting your organization's limited resourcing trying to solve persistent problems with short-term solutions. Elevate your vision to aim for greater strategic value. Don't settle for a new set of tires when you could have the whole car.



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We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

