

THE SPARK

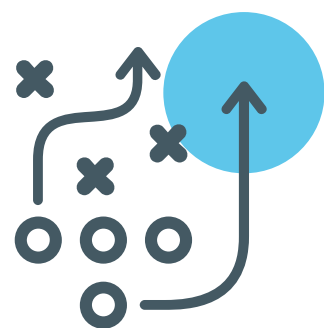
Sourcing and Procurement Flash Report

JANUARY 2022



INNOVATION

Three Strategies Every CPO Needs to Take the Offensive in 2022



The business community is fast approaching year two of playing defense. And while it's still prudent to be cautious and take the long look at things, it's also time to turn the tables – or flip the table altogether. With supply chain issues unlikely to go away any time soon, ask yourself, do you want your business leaning on their backfoot, or would you rather step forward and take the offensive?

If you want to have a meaningful impact in 2022, then you already understand the need for Procurement to move from tactical buyers to strategic business partners. The decentralized approach of buying and contracting as a part-time administrative function within departments cannot deliver deep savings or mitigate the risks that organizations require to thrive in today's environment. Optimization is necessary and can be achieved with the right steps. To start:

Centralize with a team of procurement professionals

All your buying behaviors acting in unison is key to a good counteroffensive. In this increasingly complex market, a highly trained staff focused on delivering commercial and process expertise are critical to create the savings and controls necessary to drive value. These centralized teams:

- Provide organizations with full transparency into spending, driving the elimination of unnecessary or duplicate purchases
- Create deep savings through volume purchasing and standardization
- Mitigate contract risk with trained procurement professionals looking beyond just price into terms and conditions that drive additional value or reduce risk
- Ensure efficiencies in both procurement and business departments as each focus solely on their core competencies

Create and communicate a Procurement Policy

Any good strategy starts with a plan of attack. Your organization's procurement policy should outline the principles, values, and standards they want to use to acquire goods and services. It should require that procurement be conducted in a manner that is transparent and objective with time-sensitive, cost-effective, and diverse decision-making. Establishing, sharing, and enforcing a procurement policy will:

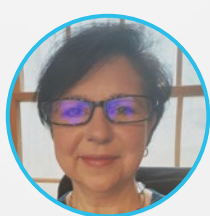
- Establish strong controls and compliance with proper segregation of duty
- Eliminate rouge spending
- Hold suppliers accountable for best-in-class pricing and terms
- Reduce risk in the procurement and contract process

Implement effective procurement tools

If your team's finally ready to start taking the fight to uncertainty you need to make sure you're equipped with the right tools to get the job done. Procurement software should be a part of every organization's digital transformation today. It has become more powerful with automated workflows and advanced data analysis. The right tool can now:

- Reveal spend and contract data for proactive spend optimization
- Automate workflows to simplify the user experience and reduce cycle time
- Maximize supplier performance, compliance, collaboration, and diversity
- Create more accurate financial reporting

These steps can be the start to shift your organization from one with a simple department-led procurement process to one with a strong strategic procurement partnership that puts your organization on offense. Still, that doesn't mean you should leave your business exposed. You want to be sure the timing is right, that changes are accepted and adopted. Optimizations like this can be challenging, time-consuming, and even emotional, meaning you may want to consider an outside partner that's seen it all before, that can give you a holistic, risk-conscious plan of attack, and can ensure the timely implementation of technology and sustainable best practices. Are you ready to quit playing defense, and fight back this year?



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We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

