

Procurement Transformation - so much more than just cost saving



The situation

Whether achieving competitive advantage or seeking better corporate health in challenging times, the Procurement function is ideally placed to drive value into any business while concurrently optimising cost.



The challenge

The Procurement function can often be seen as a bureaucratic speed bump that slows the pace at which business can move and transform. So how do you ensure Procurement is a match-fit, strategic enabler, driving innovation, reducing cost and owning cost management? As with many transformation endeavours there are challenges:

- Understanding our current capability;
- Agreeing the level of capability we want to achieve; and
- Proving the Return on Investment?



The key question

Why invest in Procurement Transformation?

What do the experts say?

Enterprise-wide value is the new agenda for Procurement. To drive success there is a need to take a multi-faceted approach founded on four key pillars:

- **Data** – and understanding spend. How much, with whom, when and for what reason? The last element can only be achieved with the previous three; understanding the reason for spend helps create an action plan to deliver benefits and embed supplier change
- **People** – we must build high performing teams with skills to engage across the business and with suppliers. Building teams from well trained and motivated people yields benefit far in excess of expectation
- **Process** – this is much more than a series of linked actions to achieve contract closure. We must take a holistic approach to address both enterprise and functional strategy, policy, governance and performance measurement
- **Technology** – across the enterprise. What data points drive spend, what activities add cost? Digitising Procurement not only speeds time to market, but improves efficiency and enables big data and financial empowerment. E-sourcing speeds and simplifies tactical approaches, linked to contract and spend data, providing actionable insights to optimise spend and overcome barriers to supplier innovation.

Case study



[Spend Matters](#) and [Supply Management](#) have recently focussed on the highly successful procurement transformation at a UK airport group:

Initially a small team focussed on transactional activities, there was the opportunity to take a transformational step-change in the Procurement function. The decision to transform was taken and led by the CEO and it was this senior-level championing that set the bedrock for its success.

Building and delivering the business case for procurement transformation was key, providing resources for distinct, prioritised and focussed milestones. Whilst the digitisation of procurement was an enabler it wasn't the key reasons for success.

Developing a capable team able to interpret and execute on meaningful data delivered financial success. Building a team capable of senior and pan-enterprise stakeholder engagement operating in the key areas of the enterprise ensured that procurement was at the heart of the enterprise.

Executing transformational change with a project management office with key deliverables underpinned by a strong methodology linking back to the core elements of the business were fundamental to delivering tangible benefits.



Key takeaways

- Procurement Transformation alone can drive value into any business while concurrently optimising cost.
- The presence of senior support greatly improves the likelihood of a successful outcome.
- Use a structured and applicable methodology to assess current capabilities and then use this same approach to assess the desired transformed state and progress during the transformation journey.
- Run Procurement Transformation as you would any transformation endeavour. Make it part of the enterprise change programme with structure, reporting, allocated resources and a business case.

For more information on this and our wider capabilities, please do not hesitate to contact us.



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