

Monthly reflections on the journey towards excellence in Procurement and Supply Management

Key success factors in functional transformation

Transformation is an investment to accelerate moving towards functional excellence. It therefore requires the same discipline as capital investment in a major project, e.g.: clear design, robust business case and implementation plan, strong governance and project management, and close cross-functional collaboration.

Ambition

A stretch vision/ goal should be set for the function to reach within 5 years, informed by international benchmarking against leading organisations. As well as a step-change in the financial outcome from better management of third party spend, it should also identify the key enablers for reaching such goal.

Scope

The scope should cover leadership, organisation, people (roles, locations, numbers, skills, etc), policy, processes, systems, controls and ethics, strategy and planning, risk and performance management, etc. Clear “as-is” and “to-be” descriptions by each scope area should be clearly stated, potentially verified by independent assessment.

Sequencing

In designing the programme plan, careful thought needs to be given to inter-dependencies and the optimum sequencing of activities. For example, if stakeholders do not believe the value reported by Procurement on its activity, then this needs to be addressed up-front through establishing performance management processes endorsed by Finance.

Governance

Given the commercial significance of supply improvements, governance representation should be from the senior management team and comprise both business and functional leaders to ensure that the programme complements wider goals. A robust, quarterly governance process should be established from the outset and throughout implementation.

Engagement

Stakeholder mapping and engagement are vital from Day 1 to ensure both valuable input and effective buy-in to the programme. This will ensure that there is alignment with business priorities, and that implementation is as smooth as possible and inevitable issues are more easily resolved.

Business Case

Transformation will require an investment in recruitment, training, process improvement, systems enablement, etc. It is therefore essential that a robust business case is established up-front with appropriate sensitivity analysis and risk identification/mitigations. This would of course be taken through the governance process for subsequent approval.



Activity	Who	Timeline				
XXXXXXXXXX	XX					
XXXXXXXXXX	XX					
XXXXXXXXXX	XX					
XXXXXXXXXX	XX					
XXXXXXXXXX	XX					

Programme Management

A programme office led by an experienced programme manager needs to be established to ensure that a comprehensive programme plan is effectively established, monitored, and maintained. In addition, Workstream leads with relevant skills and experience should be appointed to drive implementation of their respective activities.

Quick Wins

“Success breeds success”. In order to continually reinforce buy-in to the programme, it is critical that quick wins are identified, implemented, measured, and communicated. For example, this could include better spend transparency enabling sourcing projects or spend avoidance, or deeper market intelligence identifying new suppliers.

The key success factors above are vital to distinguish the approach taken on the journey towards procurement excellence from “continuous improvement” to “accelerated transformation”. This is, of course, subject to leadership support and availability of funds.

If this article triggers an “aha moment” that you wish to discuss further, please contact:

Keith Crichton Email: keith.crichton@chainge.co.uk Tel: +44 (0) 20 7078 4120 Mobile: +44 (0) 7836 675589