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# How to Prepare Procurement to Scale Up Smoothly

When a company grows quickly, so will its purchasing requirements. These five elements ensure that procurement is ready to scale up and meet the challenges.



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procurement for high-growth  
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“Procurement needs to be connected and responsive to the needs of the organization.”

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When a company grows quickly—a revenue increase of 20 percent or more—procurement needs to rethink the process from the ground up, including the way it hires, collaborates, and engages with the organization.

Focusing on these five key elements will help you get ready to scale up smoothly.

## **1. SPEND ANALYSIS**

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As the company grows, revenues can increase dramatically, and expenses increase right along with them. Suddenly, minor spend issues, including “dark spend” (indirect spend that falls outside of procurement’s direct control) can become major problems.

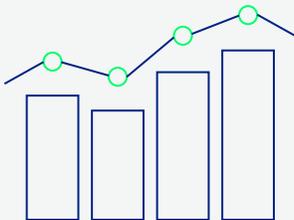
Conducting a thorough analysis of your spend should be the first step in preparing for growth. Identify the areas of your business that account for the greatest spend and focus your efforts on those areas. This will maximize the impact of the remedial actions you undertake so that you can allocate time, effort, and budget wisely.



Eliminating dark spend can save up to 25%.



Annually, lack of control over procurement will cost a billion-dollar company about \$15 million.



76% of organizations consider measuring and managing procurement performance and business value to be of high/critical importance.

## 2. TALENT ANALYSIS

With your high-spend areas identified, it's time to examine the talent on your team. Do their specialties match those areas? For example, if IT spending accounts for a significant portion of your spend, do you have a specialist on staff who can oversee and optimize that spend?

Take a hard look at your team's qualifications—and your own—and be honest about the gaps in the current lineup. Having people with the right expertise as well as strong analytical and negotiation skills will make a big impact on the overall spend and the value the organization sees for it.

## 3. STAKEHOLDER ENGAGEMENT

Procurement needs to be connected and responsive to the needs of the entire organization; it can't operate in a vacuum. And as the organization increases in size, cross-functional collaboration with stakeholders who represent high-spend areas becomes even more important. When you start negotiating multi-year, multi-million-dollar agreements, those decisions have a profound effect on the company's long-term future, and they need to be made with the input of people who understand those business areas best. Make it a priority to improve your stakeholder engagement processes in order to facilitate organizational buy-in and improve spending outcomes.

## 4. PROCUREMENT POLICY

According to Supply Chain Quarterly, eliminating dark spend can lead to savings of up to 25 percent. As the number of employees rises, so does the value of those savings, which is why putting a procurement policy in place should be a priority for fast-growing companies. A procurement policy provides employees with a list of pre-approved, vetted vendors that they can purchase from and establishes the limits of authority for each employee role based on a specific dollar amount. Putting these guidelines in place keeps spending under control while providing flexibility and autonomy for smaller purchases.

Get more insight into the impact of dark purchasing.

Read the latest eBook:

## Defeating Dark Purchasing: Take Back Control with a Strategic, Digital Approach to Procurement.

Download the eBook

Even if employee spending hasn't historically been an issue, a company in growth mode needs to put these controls in place preemptively. Smaller companies tend to be more tightly knit and easier to oversee, but as they expand, informal processes need to be replaced by formal policies.

## 5. SOURCING PROCESS

An effective sourcing process involves extensive research and vetting to ensure that every supplier delivers optimal value—not just the lowest cost. Conducting market, competitive, and industry research and building a rigorous screening process for suppliers enables you to reduce purchasing costs and strengthen the supply chain—both key requirements for a company undergoing rapid expansion.

Not every procurement department has the internal resources to take on the intensive research and analysis required to source the best suppliers. In those cases, you may want to look at outsourcing the process by participating in a pre-negotiated procurement program, which enables you to access a pre-vetted list of suppliers as well as benefit from group purchasing power.



Procurement and Finance Solutions

## ABOUT CORCENTRIC

Corcentric is a leading provider of source-to-pay services and solutions for businesses in the United States and Europe that optimize how they purchase, pay, and get paid. Corcentric's procurement, accounts payable, and accounts receivable solutions empower companies to spend smarter, optimize cash flow, and drive profitability. Since 1996, more than 6,000 customers from the middle market to the Fortune 1000 have used Corcentric to reduce costs and improve working capital. Learn more at [corcentric.com](https://www.corcentric.com).

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