



corcentric™

8 Ways Procurement Can Lead Business Resilience

Fostering agility, proactivity,
and influence to better
navigate disruption

8 Ways Procurement Can Lead Business Resilience

The globalization of economies and commerce has created a massive interdependent supply chain that inextricably links companies – and to a large degree their fates – around the world. Nothing illustrates this reality better than 2020.

But business disruption happens every single day; It doesn't have to be a major pandemic or other global catastrophe to qualify – a local weather event, transportation mishap, or other daily occurrence is enough to break more than a few supply chain links. But how resilient a business is determines the extent of the impact. As keepers of the supply chain, Procurement is right there on the front lines, managing business impacts as much as it manages spend.

According to Ardent Partners, a majority of procurement departments continue to make a game-changing or significant impact on enterprise operations and performance.

Since Procurement teams are used to operating under extremes, strategizing and implementing business continuity plans to meet a wide range of contingent scenarios, they are ideally positioned to lead businesses in becoming more resilient. **Here's how:**

01

Business Resilience Through Risk Management

Since 2000, supply chains have become infinitely more complex, layered, and extensive. As the commercial lifeblood of organizations, Procurement needs to have a solid grasp and full visibility of all steps – and participants – in the chain to mitigate the wide-ranging risks and disruption potential inherent in such diverse networks. **Procurement must:**

- + Implement or reinforce a strategic supply risk program, or be part of a dedicated enterprise risk-management team
- + Constantly review economic, political, environmental, and of course, health research to understand the potential impact on business and supply chains
- + Leverage data and analytics as advanced-warning risk management tools
- + Achieve 360-degree supply chain visibility, especially identifying the most strategic suppliers
- + Get 4th-party risk in hand – the risks posed to your company by suppliers' suppliers

02

Business Resilience Through Innovation

Procurement organizations advance up the maturity curve in part because they are constantly improving the way they function. Innovating processes, procedures, and scope of purview is how Procurement not only pushes and expands its KPIs, but adds layers of resiliency. Innovation is also the key to business growth. **Procurement must:**

- + Focus more on value chain optimization and interaction
- + Expand the role of supply partners in the innovation process
- + Be more fully involved, and at an earlier stage, in communicating, collaborating, and innovating with other business functions
- + Leverage IT as an enabler to systematically share knowledge across the value chain
- + Develop a process of continuous improvement to foster new ideas and opportunities for further value creation

03

Business Resilience by Getting Spend Under Management

Optimizing the percentage of all direct and indirect enterprise spend under management has to be a goal of Procurement in order to maximize savings. According to Ardent Partners, organizations realize a savings of between 6-12% on every new dollar of spend put under Procurement control. Spend control is also a component of risk mitigation and is a major factor in both helping maintain cash flow during periods of disruption, and aiding resiliency in normalizing business. **Procurement must:**

- + Achieve full spend visibility through procure-to-pay process digital transformation
- + Leverage advanced spend analysis technology integrated with an ERP
- + Coordinate with AP to track invoices being routed directly to accounts payable
- + Integrate supplier management within e-procurement via a supplier portal or other tool
- + Simplify purchasing for users to eliminate maverick spend

04

Business Resilience by Maximizing Savings

Savings has always been the bread and butter of Procurement, to lesser or greater degrees depending on internal business factors and external business conditions in general. Major business disruption spikes the savings targets set by CPOs, supplanting other (maybe more strategic) initiatives. But savings, like spend under management, has positive cash-flow impacts that help business maintain operations as well as be in a stronger, more resilient position once disruption recedes. **Procurement must:**

- + Optimize strategic sourcing capabilities to identify savings opportunities not previously recognized
- + Leverage strategic third-party relationships creatively to optimize pricing without sacrificing quality
- + Maximize technology for procurement process efficiency and effectiveness
- + Better track supplier performance against contracts and obligations

05

Business Resilience Through Supplier Relationships

Suppliers can make or break a company and its viability, and best-in-class Procurement organizations foster supplier relationships to minimize risk and supply chain uncertainty, and build a network of resiliency. Like spend and risk, leveraging 3rd-party relationships to optimize the supply chain requires full visibility and the advantages of supplier relationship management technology. **Procurement must:**

- + Identify which suppliers are mission critical, and establish collaborative processes in appropriate phases of the supplier lifecycle
- + Implement a single, 360-degree view of the entire supply base for situational awareness and risk management
- + Leverage suppliers for product and development innovation and to help drive consistent processes
- + Work to become a “preferred customer” organization that fosters shared success (and competitive advantage)

06

Business Resilience by Leveraging Technology

Business leaders are technology leaders, and as global disruption during the Covid-19 pandemic showed, technology leaders are also the most resilient businesses. Organizations that leverage e-procurement or procure-to-pay (P2P) solutions have a distinct advantage in maintaining business flow during disruption, especially when it forces remote working. **Procurement must:**

- + Automate workflow and approval processes to streamline and accelerate procurement and maximize autonomy
- + Implement analytics solutions that improve data visibility and the intelligence that can be gained from it
- + Identify technology that integrates across business functions – Procurement, Legal, Finance, Sales – to improve collaboration, communication, and data sharing
- + Foster a technology-forward organization in order to attract the best, brightest, and most qualified talent to ensure future HR needs

07

Business Resilience Means Data Management

The ability to extract, analyze, and leverage data is mandatory in this age of too-much-information. Enhancing business resilience means developing ever more sophisticated capabilities around data management in order to identify high-value information and extract intelligence from it. **Procurement must:**

- + Think more “data science,” and look to the academic and research worlds for guidance and expertise development
- + Maximize technology capabilities around analytics – spend, risk, pricing, categories, contracts, etc.
- + Develop an active data management plan to support smarter decision making and drive better results
- + Align with executive leadership and enterprise goals to establish a more holistic strategy around data and processes

08

Business Resilience Through Enterprise Alignment

With the rise of Procurement up the maturity curve comes an increase in effectiveness, visibility, influence, and value. The reason that CPOs and Procurement teams have been so heavily relied upon during periods of business disruption is a combination of strong, visionary leadership and pragmatic processes designed to weather any contingency. This resilience-under-management practice holds valuable lessons for enhancing enterprise resiliency, too. **Procurement must:**

- + Consistently review and realign functional goals with wider corporate vision and other business groups
- + Focus resources and efforts on the most important enterprise initiatives
- + Establish a culture of communication and collaboration that enables earlier input and value add
- + Align third-party relationships according to how best to support the enterprise as a whole

How Corcentric Helps Procurement Lead Business Resilience

According to Ardent Partners' *Procurement Metrics that Matter in 2020*, two of the top challenges holding Procurement back are gaps in technology capabilities and issues with aligning processes and systems. While these are not new, they are challenges that Corcentric helps companies solve every day.

Our Corcentric Platform-based Procure-to-Pay software solutions seamlessly integrate data across procurement, accounts payable, contracts, finance, accounting, ERP, and other systems. This creates a frictionless workflow process starting with supplier information to purchase requisition, purchase order, order receiving/fulfillment, invoicing, and payment/settlement. Corcentric optimizes how organizations purchase, pay, and get paid so they can maximize business resilience and bottom-line impact.

Spend smarter,
optimize cash flow,
and drive profitability.

Corcentric is a leading provider of procurement and finance solutions. We help companies reduce costs and improve working capital by optimizing the way they purchase, pay, and get paid.



CONTACT:
E-Mail: info@corcentric.com
Phone: 833.201.7120

corcentric.com
Copyright © 2021 Corcentric, LLC.