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5 Steps for Procurement Success in Times of Uncertainty

A guide to ensuring that procurement
is ready to face global challenges

INTRODUCTION

When the economy began opening up again as the pandemic subsided, many were optimistic that the economy would fully recover. However, the disruptions have only grown since then. Inflation is rising, the 'Great Resignation' is taking place, the supply chain is in crisis, and who knows what might come next?

Procurement plays a vital role in a business' continuity and its ability

to drive value. It needs to rethink the process from the ground up, including how it hires, collaborates, and engages with the organization.

To fit today's uncertain landscape, companies must adjust their purchasing requirements.

These five elements ensure that Procurement is ready to scale up and meet the challenges.

01

SPEND ANALYSIS

Why does it matter?

As the company rebounds from a setback, revenue ideally starts to increase, and expenses increase along with them. Suddenly, minor spend issues, including "dark spend" (indirect spend that falls outside of procurement's direct control) can become major problems. To add to this, with inflation and supply chain disruptions, prices are no longer what they used to be.

How do I do this?

Conducting a thorough analysis of your spend should be the first step in preparing your company against disruption. 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.

By having the proper tools in place to periodically amass crucial data related to your company's spend, you gain the visibility needed to manage cash and unlock value.

02

TALENT ANALYSIS

Why does it matter?

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?

How do I do this?

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.

03

STAKEHOLDER ENGAGEMENT

Why does it matter?

Procurement needs to be connected and responsive to the entire organization's needs; it can't operate in a vacuum. Procurement leaders must engage with stakeholders who represent high spend areas or risk affecting the company's bottom line.

How do I do this?

Build cross-functional collaboration with the highest spending stakeholders. When negotiating big dollar agreements, those decisions profoundly affect 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.

04

PROCUREMENT POLICY

Why does it matter?

According to Supply Chain Quarterly, eliminating dark spend can lead to savings of up to 25 percent.¹ If your company starts to see growth and the number of employees rises, so does the value of those savings. This is why putting a procurement policy in place should prioritize companies paving a path towards recovery and expansion.

How do I do this?

Provide a procurement policy to employees with a list of pre-approved, vetted vendors that they can purchase from and establish the authority limits 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.

Key decision-makers within the company must have full visibility into spend and budgets to mitigate risk, which is achievable through a digital procurement tool and efficient communication. Establishing a procurement workflow and method of communication that's conducive to remote employment allows you to manage your team and your spend, which in turn minimizes the chances of costly mistakes.

¹ CSCMP's Supply Chain Quarterly, September 16, 2016.



05

SOURCING PROCESS

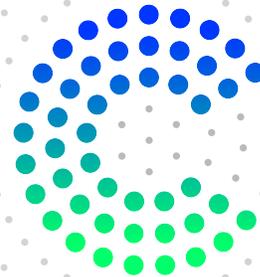
Why does it matter?

An effective sourcing process involves extensive research and vetting to ensure that every supplier delivers optimal value — not just the lowest cost. As supply chains become highly vulnerable to disruption, companies need to have full transparency regarding who they are buying from and even who those suppliers are buying from.

How do I do this?

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 a transformation.

Not every procurement department has the internal resources to conduct 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.



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.



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