Cloning Your Very Best Buyer

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How to Utilize Procurement and Sourcing Software for Improved Performance

Chief procurement officers (CPOs) and their organizations are increasingly being pressed to deliver greater cost savings, ensuring that sourcing efforts positively impact the bottom line. But sourcing processes are typically slow. There is often little clarity or agreement on the savings because CPOs tend to be forced to defend hypothetical numbers with senior management. Many times there are no best practices or even templates to follow for each project. This causes a lack of control and accuracy across projects.

But what if…

- You could replicate and accelerate processes for sourcing?
- There was a way to allow greater control, clarity, and agreement on the realized savings from sourcing projects?
- You could have best practices, templates, and tools that all live in a cloud-based sourcing engine?
- Each and every project could be run with the same rigor, controls, and outcomes you expect from your very best buyer?

With the right procurement and sourcing software, these challenges are reduced and the idea of cloning your best buyer becomes attainable.

Sourcing Challenges

Challenge 1
Delivering Greater Savings and Cost Reductions

Challenge 2
Impacting the Bottom Line

Challenge 3
Managing the Talent Capabilities

1) Delivering Greater Savings and Cost Reductions

In their **2017 Global CPO Survey,** Deloitte confirmed that cost reduction continues to be a top priority for CPOs, with 79% of CPOS agreeing as they try to support growth in an uncertain market. The report goes on to cite 48% of CPOs also want to increase cash flow. This drive to continue to reduce costs has forced procurement organizations to not just clear out the low-hanging fruit but to go even deeper into category management strategies and strategic sourcing. This effort to

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dig deeper is made even more complex and time-consuming because of lack of visibility into total spend and challenges coordinating efforts across geographies, business units, and locations.

In general, the sourcing process at most companies don't have the discipline of more automated, or technology supported, processes – relying on commodity managers to provide their best effort on sourcing projects rather than a disciplined, repeatable process. In truth, a sourcing team with 15 different commodity managers will follow 15 different processes, all with differing results – leaving money on the table. **But what if you could create a sourcing team full of your absolute best buyer?**

2) Impacting the Bottom Line

Procurement saves money and operations doesn't see it. Sourcing managers drive strategic sourcing activities while strategic suppliers and finance don't acknowledge it. Sound familiar? With increased pressure to deliver cost savings, organizations are forced to execute multiple waves of sourcing projects against prioritized categories of MRO and indirect spend. But it shouldn't be that hard. **Procurement Leaders' Business Alignment** research indicates that "more than three-quarters (80%) of CPOs believe procurement is highly influential and plays a leading role in developing and executing business strategy." If procurement is so important in making a positive impact on the bottom line, what's the problem?

80%
of CPOs believe procurement is **highly influential**

Most organizations lack a closed loop process that connects the sourcing projects launched to a financial commitment from the budget holders. Even if there's a commitment, there's little way to manage it effectively other than ad hoc savings trackers which attempt to apply consistency and capture a number. This is always hotly debated when the "real" reports are generated from the financial system and the needle hasn't moved at all. Procurement Leaders' research attributes this disconnect to "a difference in opinion between CPOs and their teams when it comes to alignment." They go on to note that the structure of procurement is often noticeably different than other functions, further revealing the disconnect.

Think about an organization running hundreds of projects in all shapes and sizes trying to track the profit and loss (P&L) impact.

There are many factors you would want to know such as:

- ✓ Are you on or off target?
- ✓ What are the roadblocks to achieving savings?
- ✓ Where do you need management help?
- ✓ Who is performing and how well?

The best you can do is hope to view this through a rear-view mirror and even then tracking is problematic. **But what if you had a prospective view of the real savings and bottom line impact trajectory?**

3) Managing the Talent Capabilities

Many procurement organizations are faced with talent shortages, either of their own making through cost cutting or austerity measures. Sometimes the problem is merely an absence of staff with the right knowledge, training, and expertise to perform the increasingly complex mission of the procurement organization. According to **Deloitte's research**, 60% of CPOs surveyed believe "their teams lack sufficient capability to deliver the procurement strategy" with 87% agreeing that "talent is the single greatest factor in driving procurement performance."

When it comes to staff turnover, how do you replace the knowledge of exiting workers? Some organizations decide to hire expensive consultancies to conduct spend analysis and then initiate multiple waves of sourcing projects over a quarter or two. But projects completed by consultants

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> *Deloitte 2017 Global CPO Survey*

are typically one and done – not sustainable and with little transfer of knowledge to your organization. Others will decide that full outsourcing is the right approach and move all sourcing activities to a business process outsourcing (BPO) firm. With this option, you lose all internal capabilities and become reliant on a third party who, when push comes to shove, is there to make money for themselves, not you. Still, others attempt to grind through it themselves, trying to manually implement process changes and best practices. These internal solutions, especially the manual ones, simply lack the ability to scale.

Particularly challenging is how to take new team members and get them up to speed quickly on the processes you expect them to follow. Poor performing talent could potentially be remediated and salvaged if they just had a bit more help and instruction. The big problem though is that it is no longer enough to be a good negotiator, a relationship person, a numbers person, or a technical expert in one commodity or another. Procurement professionals must be all that and more. **And if you find that person, you wish you could clone them but you can't – or can you?**

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The Xeeva Way

Xeeva is a 100% cloud-based procurement and sourcing software that streamlines the sourcing process. Our **advanced technology** allows you to **automate the P2P** process within days with open communication for e-invoicing, procurement, and sourcing. We do the heavy lifting for you – handling requests, picking suppliers, monitoring real-time spending, and enabling best practices that are uniform and repeatable across projects. Our patented artificial intelligence has a human component built in to assist in identifying, tracking, and completing often complex and globally-dispersed **sourcing projects**.

Projects are assigned to individual buyers and each stage and milestone is tracked. Flexible workflows with every step including a detailed process are available for the team to leverage for consistency and quality. Project health is able to be monitored via various metrics such as investments, total spend, timelines, and project performance. Managers can track, review, and revise different sourcing project activities to ensure that deliverables are on time and match the project objectives provided to internal customers. Approval processes become systematic and sign-off from the budget owner is required for acknowledgment of the savings opportunity.

With our **procure-to-pay solution**, your best buyer is essentially cloned, allowing organizations to optimize their supply chain management by organizing data, increasing visibility, driving immediate results, and revealing significant savings.

REQUESTOR

BUYER

XEEVA'S
INTELLIGENT PLATFORM

THING YOU
REQUESTED

The Benefits

1) Standard Processes with Accelerated Insights

Sourcing projects can be complex. Enabling users with intelligent tools such as RFP templates and the ability to share market insights globally helps them to make faster, more informed decisions. Settling on one standardized process helps to not only accelerate sourcing projects – it also helps identify ones that might be at risk due to missed milestones. Management can monitor project progress and proactively intervene in any projects that appear to be at risk. Even organizations that are decentralized can still benefit from a common set of tools and best practices, while still enjoying the flexibility of local configuration.

2) Collaboration, New Ideas, and Cost Savings

Imagine if your CPO could leverage the entire organization to drive greater cost savings. Well, they can now. There's a strong element of collaboration encouraged by our solution – often overlooked

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in the procurement process. The platform is open to others to submit cost savings ideas. Finance, operations, and engineering staff can identify potential projects or suppliers where they think there is an opportunity and bring this to procurement's attention through the sourcing software itself. These ideas, like any sourcing opportunity, are fully vetted and either executed, modified, or rejected.

3) Assurance of Quality

Projects fail for many reasons. You typically see failure because someone didn't know the right way to do things, didn't follow the process, or didn't execute on time – all reasons you can control. At Xeeva, we solve for all three by **laying out a crisply defined process,** preventing skipping of critical steps without adherence to milestones, and then holding teams accountable by measuring their progress against committed dates and outcomes.

The 7 Benefits

1) Standard Processes with Accelerated Insights
2) Collaboration, New Ideas, and Cost Savings
3) Assurance of Quality
4) Flexibility and Security
5) Established Expectations to Manage Employee Performance
6) Increased Visibility for Improved Reporting
7) Immediate Results and Return on Investment

4) Flexibility and Security

As a cloud-based tool, users can securely access it from wherever they are. Highly configurable processes can be tweaked, milestones modified, templates replaced, workflows fine-tuned, and reports run at a click. This flexibility allows organizations to continue to evolve best practices.

5) Established Expectations to Manage Employee Performance

The solution clearly articulates what's expected from a sourcing exercise so it effectively provides a new member of the team with experience in a box. Employees learn from the system as they perform their tasks. Managers are able to measure their staff now that they have communicated a clear standard for performance with straightforward planning against initiatives.

6) Increased Visibility for Improved Reporting

Reporting helps identify top performers and because you have complete global visibility into projects and workload, you can rebalance staff where there are opportunities. In a decentralized purchasing environment, projects that are successful in other business units or geographies can also serve as the template to conduct similar activities in other areas – essentially allowing for peer review of activities across a dispersed organization.

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7) Immediate Results and Return on Investment

Breakeven can occur in as fast as three months. With a system up and running in days and sourcing teams using predefined best practices and templates, there's nothing preventing organizations from moving all sourcing activities, big or small, domestic or abroad, to the platform. You will start seeing results immediately upon implementation to help improve productivity, increase operational efficiency, and boost business performance.

Today, CPOs struggling to deliver on their cost reduction imperative, ensuring that their hard fought battles in the sourcing trenches impact the P&L, and suffering from talent management challenges can implement a machine learning technology that standardizes the way teams operate. An intelligent procurement and sourcing solution will force alignment, demand accountability, and **empower teams to execute consistently** at the level of your very best buyer.

To learn more about the impact of a procurement and sourcing solution on your bottom line, check out **Xeeva's ROI calculator** at **xeeva.com** and find out how much your organization could be saving.

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