

Procurement Transformation on the Fast Track: Doing More With Less

*PART THREE: Procurement Transformation:
Creating Sustainability*



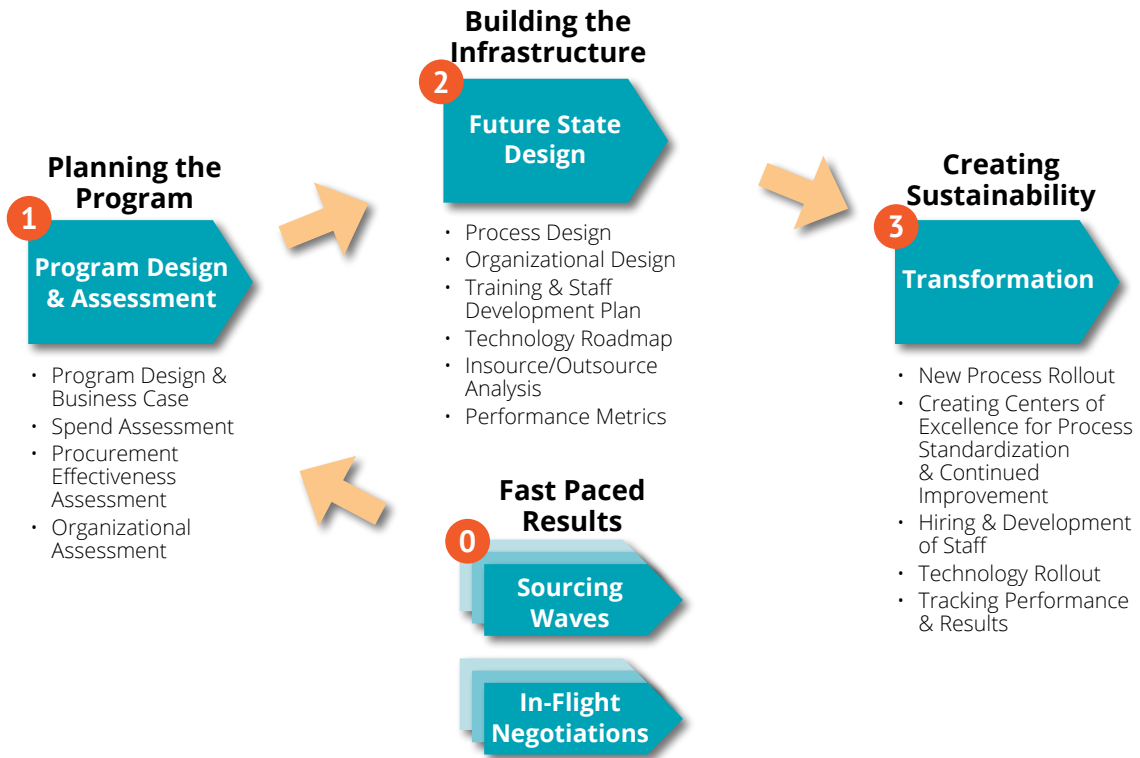
ProcureAbility
ADVISORY + TALENT YOUR WAY

1. Introduction

Parts I and II of this series discussed ProcureAbility's Fast Track Procurement Transformation Process, including the process' key enablers, innovative approaches, and infrastructure.

This paper addresses step three in the illustrated process below – creating sustainability, or transforming your Procurement organization into one with processes, people, and technology that lasts.

The Fast Track Procurement Transformation Process



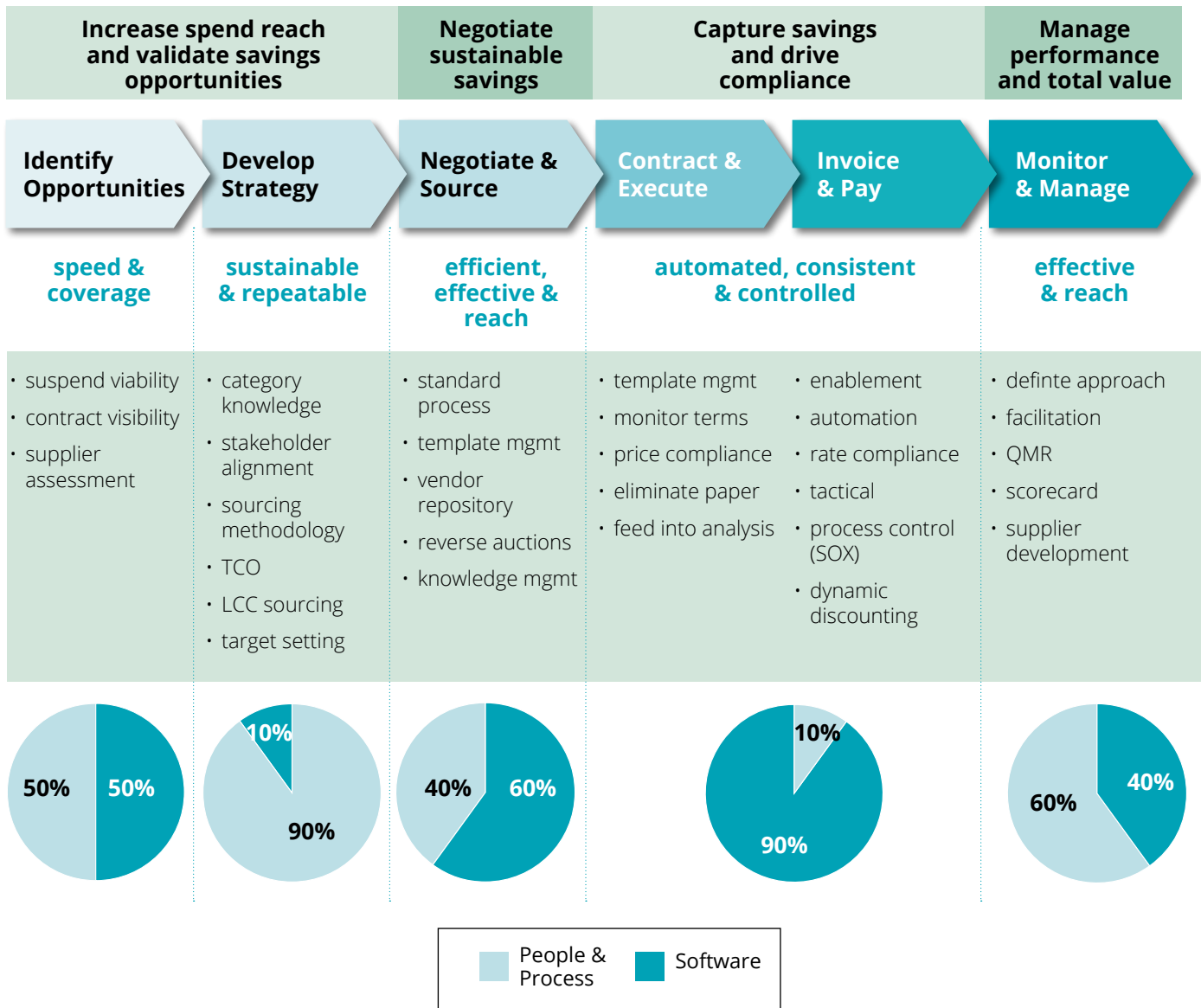
2. New Process Rollout

Creation of a holistic blueprint and rolling it out effectively across the organization will impact both initial program acceptance and sustainable procurement excellence.

The following chart illustrates phases, steps, characteristics, functional inputs and drivers of the

blueprint rollout. The phase descriptions above the chevrons can be used to focus your efforts. Note also that the influence of key drivers – people, process, and software – shifts depending on the phase of the blueprint rollout.

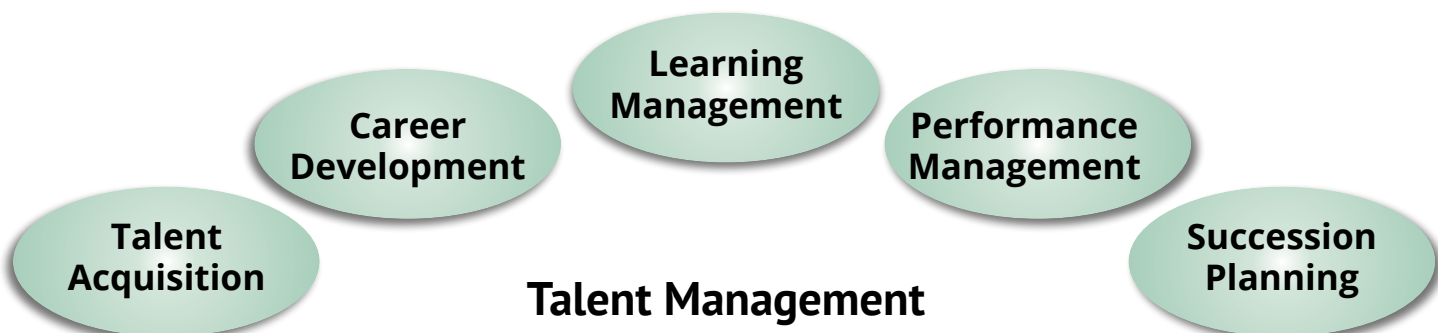
Rolling Out the Blueprint



3. Hiring and Development of Staff

While the current market offers opportunities to recruit outstanding talent, it is imperative to grow the talent you have. This is where career development, learning management, performance management, and succession planning come into play.

Managing Talent in the Procurement Organization



Talent management practices to focus on include:

Understand your talent landscape

- Understand your internal talent landscape. What are the current organizational and individual skills and strengths?
- What requirements do you expect to have five years down the road? What are the gaps, and what's the strategy to fill those gaps? How much of the new organization is going to be built through "development" activities, and how much will be obtained by making strategic hires?

Align individual and organizational goals and effectively track progress

- This goes without saying, but procurement organizations need to ensure employees are being effective.

Emphasize employee performance more than ever

- It is critical to give employees regular feedback on areas for improvement, skills gaps, and career aspirations.

Keep good employees engaged and motivated. A well-documented performance history also makes your talent strategy easier to manage.

Invest in performance-based development

- Mentoring, training, and other targeted learning activities help fill skill gaps for critical competencies.

Identify and reward high-performing employees

- Know your high-performers and reward and recognize their contributions and organizational commitment.

Have a succession plan

- High-performers need to be groomed for the leadership roles of tomorrow. When the hiring gridlock ceases, you want your top performers to stay put.

Remember, don't lose focus on retaining your best talent – understand what motivates them.

For more on this topic, see our whitepaper *Managing Talent in a Recession: Attracting & Developing the Right Staff*.

4. Creating Centers of Excellence

Centers of Excellence (COEs) are an ongoing and critical element of transformation, as they inject new knowledge throughout the organization. When team members get stuck or have questions, they can leverage the COE group to increase their skills and capabilities. Encouraging growth and learning, COEs are a part of sustainable Procurement Transformation.

The following four Sourcing COE elements are essential to delivering strong sourcing capabilities: Process Knowledge, Technology Knowledge, Training & Knowledge Management, and Category Knowledge.

Essential Procurement COEs



5. Technology Rollout

Keys to streamlining a Procurement technology rollout are:

- 1) Staying focused on Procurement's business requirements
- 2) Selecting best-in-class solutions that are available
- 3) Rolling out the technology with program management, around clear a business initiative

Following are tips on how to accelerate the evaluation, selection, and implementation of procurement technology.

- Collaboratively lead the project with IT to ensure focus on business requirements, while addressing IT infrastructure concerns
- Don't try to achieve a full consensus across all stakeholders, as this can bog down the process
- Utilize and select from available best-in-class functional capabilities rather than writing business requirements from scratch
- Focus on usability before functionality
- Put functionality before integration issues
- Place adequate emphasis on the amount of change management needed
- Rollout the technology with program management, around a business initiative
- Provide the proper support infrastructure to assist users with adoption and migration

6. Tracking Performance and Results

Tracking Procurement's performance and results not only helps you adjust and improve your team's impact, but also helps communicate to a broader contingency the benefits of a smart, sophisticated, and transformed Procurement organization.

Before you identify performance metrics, focus on your end goal. Design measurements around those end goals and tie them to corporate initiatives. Remember the goal is to demonstrate an impact beyond the Procurement function. Metrics might include addressed spend by category, number of categories sourced, number of business units or stakeholders served, booked savings, project cycle time and throughput, and supplier performance scorecards.

Following are a few guidelines for tracking performance and results.

- Ensure that the Procurement organization is focused on a set of particular performance metrics
- Link corporate objectives to category-specific savings targets

- Make visible key cost, quality, and service performance metrics at various levels
- Provide a practical tool to consistently track total Procurement results
- Create a foundation for a formal continuous improvement approach to Strategic Sourcing

7. Conclusion

A successful Procurement Transformation has long-term, sustainable benefits. Achieving sustainability requires planning your blueprint's rollout, hiring the right staff and developing talent, instituting resources like COEs, selecting and rolling out technology that meets your business needs, and tracking performance and results for organizational communication and continuous improvement.

Procurement Transformation need not be a complicated and arduous task, it can be simplified and accelerated through focused and collaborative efforts, smart upfront planning, and the use of innovative approaches.

About ProcureAbility

ProcureAbility™ transforms traditional, outdated consulting and staffing models by offering our clients advisory and resource support on their terms.

Our delivery model is unique. We give clients access to unbundled resources, plus the ability to selectively add value through leading-edge methodologies, the latest best practices, and specialized insight and advice—an approach unheard of in traditional consulting and staffing firms.

ProcureAbility's customer-focused delivery model allows for a wide range of flexibility:

- **Working with strategic or tactical experts** who can deliver a wide range of solutions, from consulting to staffing
- **Scaling a team your way**, from individual resources to complete project teams
- **Adding value as needed** from a deep and broad library of procurement insights
- **Choosing remote or on-site support options** — or both

Since 1996 we've focused only on procurement's success. **It's all we do.**

For more information on ProcureAbility services, visit ProcureAbility.com or call **(888) 824-8866**.