

5-2015

## Best Strategic Practices for Small and Medium-Sized Procurement Organizations

Peter O'Reilly

*Embry-Riddle Aeronautical University, oreillyp@erau.edu*

Follow this and additional works at: <https://commons.erau.edu/publication>



Part of the [Operations and Supply Chain Management Commons](#)

---

### Scholarly Commons Citation

O'Reilly, P. (2015). Best Strategic Practices for Small and Medium-Sized Procurement Organizations. , (). Retrieved from <https://commons.erau.edu/publication/1344>

This Presentation without Video is brought to you for free and open access by Scholarly Commons. It has been accepted for inclusion in Publications by an authorized administrator of Scholarly Commons. For more information, please contact [commons@erau.edu](mailto:commons@erau.edu).

# Best Strategic Practices for Small and Medium-Sized Procurement Organizations

Dr. Peter O'Reilly  
College of Business  
Embry-Riddle University

# WELCOME TO SUNNY ARIZONA



**RIDDLE**  
al University

WORLDWIDE  
COLLEGE OF BUSINESS

# Definition of Small and Medium-Sized Procurement Organizations

- Procurement Dollars
- Staff Size
- Number of Best Practices in Place
- Level of Supplier Representations
- Type of Strategic Planning Underway



# Does One Staff Person Qualify As A Small Purchasing Organization?



# What Are Your Goals and Objectives?



Think Strategically!!!



Think Like a Large Procurement  
Organization!





# Do Not Place Artificial Restrictions on Your Procurement Organization!



What is your Savings to Cost Ratio?

# SWOT Analysis

- What are your Strengths?
- What are your Weaknesses?
- What are your Opportunities?
- What are your Threats?
- Take stock!
- Review How Much Spend is being Processed through the Procurement Organization!
- Check on Best Practices!
- Focus on Supplier Relations!

# Best Practices

- Which Best Practices can you employ that:
  - Will not cost too much money.
  - Will not tax the current resources, namely your Staff.
  - Can be employed quickly.
  - Will make a positive impact on your PO.

# Best Practices, Rationale, and Expected Benefits

- Customer Councils- Create Team Atmosphere- Future Commitments.
- Supplier Councils- Build on Relationships- Cost Savings down the Road.
- Focus Groups- Build Stakeholders- Identify Opportunities for increased Growth and Savings.
- Supplier Scorecards- Justifying Supplier Selections- Involving Customers.
- Supplier of the Year Awards- End of Year Performance. Scorecard- Recognizing Strategic Suppliers- Stepping Stone for Savings.

# Supplier Relations

- Best Practices- Supplier Councils, Supplier Scorecards, and Supplier of the Year.
- These are all building up to contract negotiations.
- The Negotiating Process Major Error- Not having the right level of supplier representative.
- You need a senior officer from the supplier, not the account person.
- Have this senior person come in for the annual supplier report card meeting. Make sure they see the Supplier of the Year Awards.

# Strategic Supplier Question

- How can we collectively bring down the cost of your (supplier) product or service?
- We are not talking Price, but Cost.
- That is a big difference.
- Ask the suppliers what you are doing to drive the cost of the products and services up.
- Ask, “How can we get the best price?”
- Remember, they need you, probably more than you need them.

# Conclusion

- Always think Strategically!
- Spend some time away from being transactional (the daily grind).
- Use all of your stakeholders to help you help your firm be more competitive.
- Questions???



Questions???

Dr. Peter O'Reilly  
Assistant Professor  
Program Chair- BSTM  
College of Business  
Embry-Riddle University  
480-471-2388  
oreillyp@erau.edu