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Best Strategic Practices for Small and Medium-Sized Procurement Organizations

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Best Strategic Practices for Small and Medium-Sized Procurement Organizations

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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???

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