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How to Implement Best Strategic Practices in Small and Medium-sized Procurement Organizations During Difficult Economic Times

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How to Implement Best Strategic Practices in Small and Medium-sized Procurement Organizations During Difficult Economic Times

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What are the Objectives of this Session?

What are Small-sized and Medium-sized Sourcing Departments?

What is a Strategic Best Practice and Why is it Important to a Sourcing Department?

Barriers to Strategic Best Practices

- **Lack of Resources**
- **Lack of Management Support**
- **Stuck in the Middle Mentality**
- **Misconceptions**
- **Fear of Change**
- **Lack of Vision**

Strategic Initiatives

- **Plan for the Future**
- **Perform Spend Analysis- Identify A-B-C**
- **Review High Value Contracts**
- **Realign Priorities**
- **Enhance Participation Level of Stakeholders**

Perform Spend Analysis

- **Bring in Finance Personnel**
- **Review spend on Category A-B-C Suppliers**
- **“A”- You are currently sourcing.**
- **“B”- You want to source.**
- **“C”- Hold for a future date.**
- **Use this as a report card or benchmark point.**
- **Develop plan on how you become involved with “B” suppliers and your internal customers.**
- **Time Table- 3 Months**
- **Cost- Real Dollars- \$0**
- **Savings- Very High Potential**

Review Contracts

- **Identify:**
 - **Contracts expiring within two years.**
 - **High value strategic contracts.**
- **Use the Poor Economic Times as an Opportunity for Financial Gains.**
- **Potential “Win-Win” Situation with Strategic Suppliers.**
- **Have a Negotiations Plan in Mind.**
- **Involve the Proper Level of Supplier Representative.**
- **Time Table- 3 Months**
- **Cost- Real Dollars- \$0**
- **Savings- Average to High Potential**

Realign Priorities

- **What is your strategic plan for your organization?**
- **Where would you like to take your organization in the future?**
- **Perform a SWOT Analysis.**
- **What products and services should you drop or reduce resource allocation on?**
- **What “new” resources do you need?**
- **Time Table- One Month**
- **Cost- Real Dollars- \$ Some**
- **Savings- \$ Some to High**

Enhance Participation Level of Key Strategic Stakeholders

- **Who are your Strategic Stakeholders?**
- **Why are they strategic?**
- **How can you increase their involvement in your firm's sourcing function?**
- **Examples of strategic benefits.**
- **Time Table- 6 Months**
- **Cost- Real Dollars- \$0**
- **Savings- High Potential**

Examples of Increased Stakeholder Involvement

- **Higher Supplier Representatives**
- **Supplier Councils/ Supplier Scorecards**
- **Customer Councils**
- **Senior Management/ CFO/CEO**

Lessons Learned

- **Poor Economic Times bring Large Business Opportunities.**
- **Doors are open, so walk through them.**
- **The size of your sourcing organization should not be used as an excuse to move strategically forward.**
- **Folks like working for and with proactive organization.**
- **Find the time to be bold.**