

IN SIGHTS

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**6 ways to increase the efficiency of the
procurement department**





In one of our last blogs, we reported on what we found to be the main shortcomings and problems of procurement organisations. The efficiency of a procurement department is crucial for companies looking to streamline their processes and maximise their resources. We have therefore compiled a list of important and sometimes simple methods for increasing the efficiency of your procurement processes:

1. Centralisation of supplier management

Maintaining a centralised supplier database is essential for effective supplier management. Building strong relationships with key suppliers is critical. Research by AT Kearney shows that high-performing organisations that manage their supplier relationships effectively achieve up to 15% lower costs and significantly more innovation opportunities compared to their competitors. [Source: AT Kearney - Procurement Excellence Study] Therefore, manage a centralised database of suppliers and their information. This consolidation simplifies communication, negotiation and contract management, which leads to better conditions, significantly improved risk management and lower administrative costs.

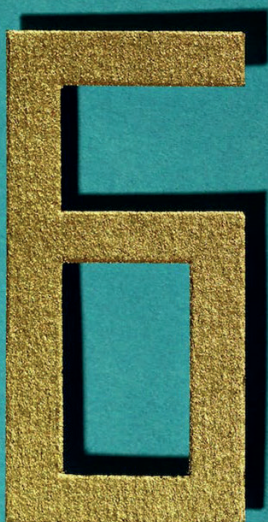


2. Standardisation of processes

The standardisation of procurement procedures ensures orientation, consistency and efficiency throughout the entire purchasing organisation. Develop standardised processes and documentation for procurement activities. Clear guidelines enable smoother processes, minimise errors and facilitate faster decision-making. Challenges can include resistance to change or difficulties in implementing standardised procedures. Overcoming these challenges requires clear communication, stakeholder involvement and gradual implementation. The long-term benefits are reduced errors, improved compliance and better scalability and data utilisation.

3. Implementation of robust technology

Advanced systems such as procurement platforms or eProcurement systems will improve transparency, automate routine tasks and speed up workflows. Implementing robust procurement software or tools (i.e. building on processes that work - not just the "old" processes) can significantly streamline processes. A study by The Hackett Group



found that organisations with best-in-class procurement technology achieve 22% lower cost per order than their competitors. [Source: *The Hackett Group - Procurement Key Issues*] Furthermore, a study by Deloitte found that organisations using advanced procurement technologies were able to achieve cost savings of up to 18%.

Once you have reviewed and optimised your processes as described in point 2: Integrate procurement software or tools that support and even partially automate repetitive tasks such as order processing and supplier management.

Appropriate platforms also help to bring previously unimagined transparency to procurement data. Utilising data analytics provides invaluable insights into spend patterns, supplier performance and market trends. Challenges can arise from data silos or the need for skilled data analysts. Overcoming these requires integrating data sharing systems and investing in analytics training. Adconia's Digital Value Navigator provides a market overview of the capabilities of over 150 market providers of eProcurement solutions.

4. Systematisation of approval processes

Streamlining approval processes is crucial to avoid unnecessary delays in the procurement process. Establishing clear approval processes ensures that decisions are made promptly, transparently and efficiently, avoiding costly "wrong decisions". Create clear and concise approval processes to minimise bottlenecks. Define levels of authority and empower employees to make decisions within their area of responsibility to reduce delays in procurement cycles.

5. Improving negotiation skills

Effective negotiation can lead to better deals, cost savings and improved supplier relationships. Improving the negotiation skills of procurement professionals is critical to securing better deals and building stronger supplier relationships. Therefore, invest in training programmes to improve the negotiation skills or other important competencies of procurement staff with external impulses and inputs. In this way, you can also counteract the shortage of skilled labour with your existing team.

6. Introduction of sustainable practices

Disregarding sustainability criteria in procurement decisions will become increasingly expensive in the future and can realistically lead to the loss of customers. The inclusion of relevant criteria will therefore become increasingly important and (super)vital. Look for suppliers with environmentally friendly practices that make a positive contribution to the company's CSR goals and often offer cost-effective, innovative solutions. Challenges may include higher costs for sustainable products or limited availability from suppliers. Overcoming these challenges requires joint initiatives with suppliers and investment in sustainable innovation and communication.

If you need sparring or support with the implementation - we are happy to help.

Adconia - consulting beyond the ordinary

As Adconia GmbH, we advise our customers with the experience gained from more than 250 projects over more than 20 years - in matters relating to purchasing, supply chain and the digitalisation of processes. Our goal is always to increase the profit contribution of purchasing through cost reduction, process automation or the qualification of the purchasing team. With a correspondingly broad wealth of experience, precise knowledge of day-to-day purchasing and a high level of professionalism, our consultants carry out training programmes on an equal footing. We do this - depending on requirements - both as a sparring partner for specialists and managers with many years of experience and as a trainer for seasoned purchasing professionals and young professionals.

Tim Rohweder



Author

Tim Rohweder
Partner

