



PM Society Procurement Meeting

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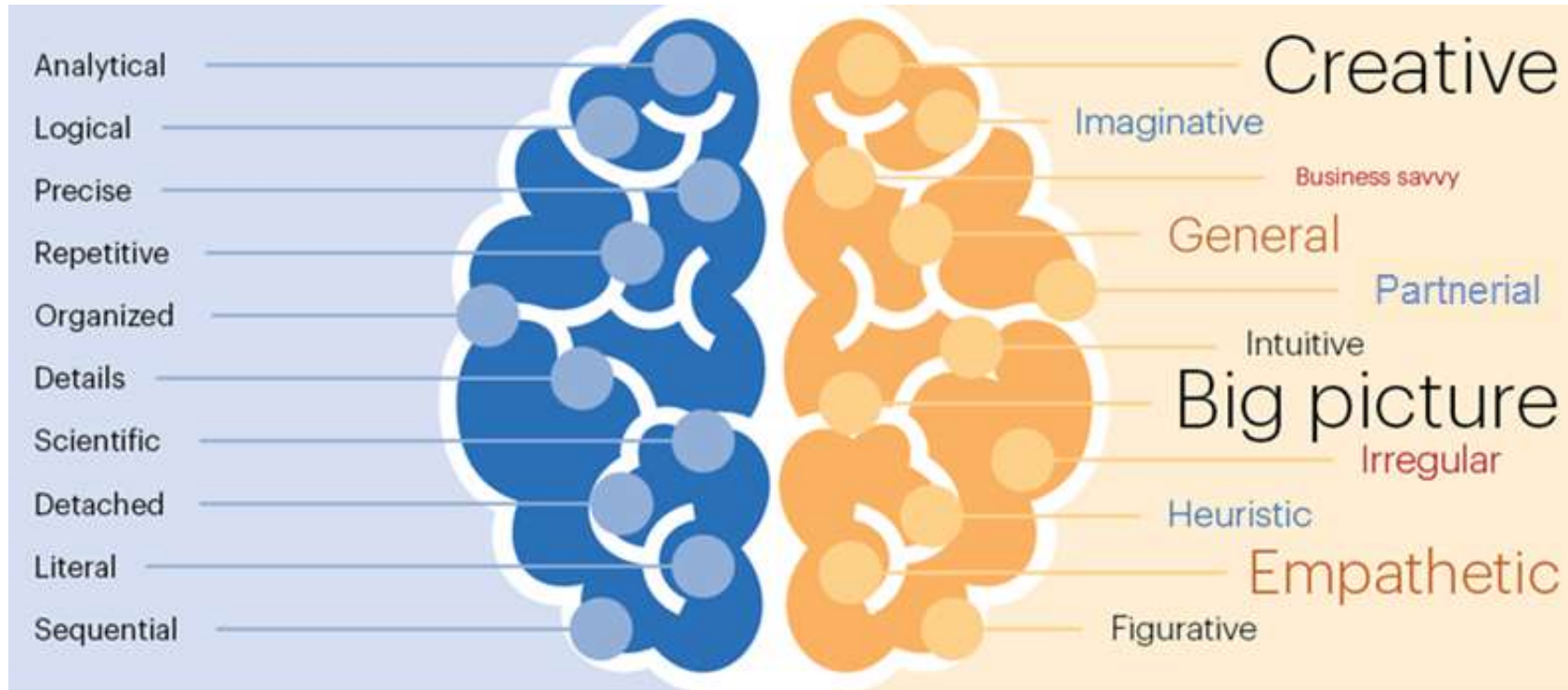


Who are Procurement?

## Typical Procurement Skills

&

## Strategic Procurement



**The Science**

&

**The Art**



## How is Procurement Measured?

### **Drive Business Performance - 40%**

- Ensure supply chain reliability required to support the global business plan
- Demonstrate strategic partnership with business as a 'trusted advisor'
- Influence strategic business initiatives using external insights
- Maximise the portfolio of brand/assets and accelerate key business growth & support the commercialisation of all key brands
- Achieve financial targets, including cost reduction and value beyond savings

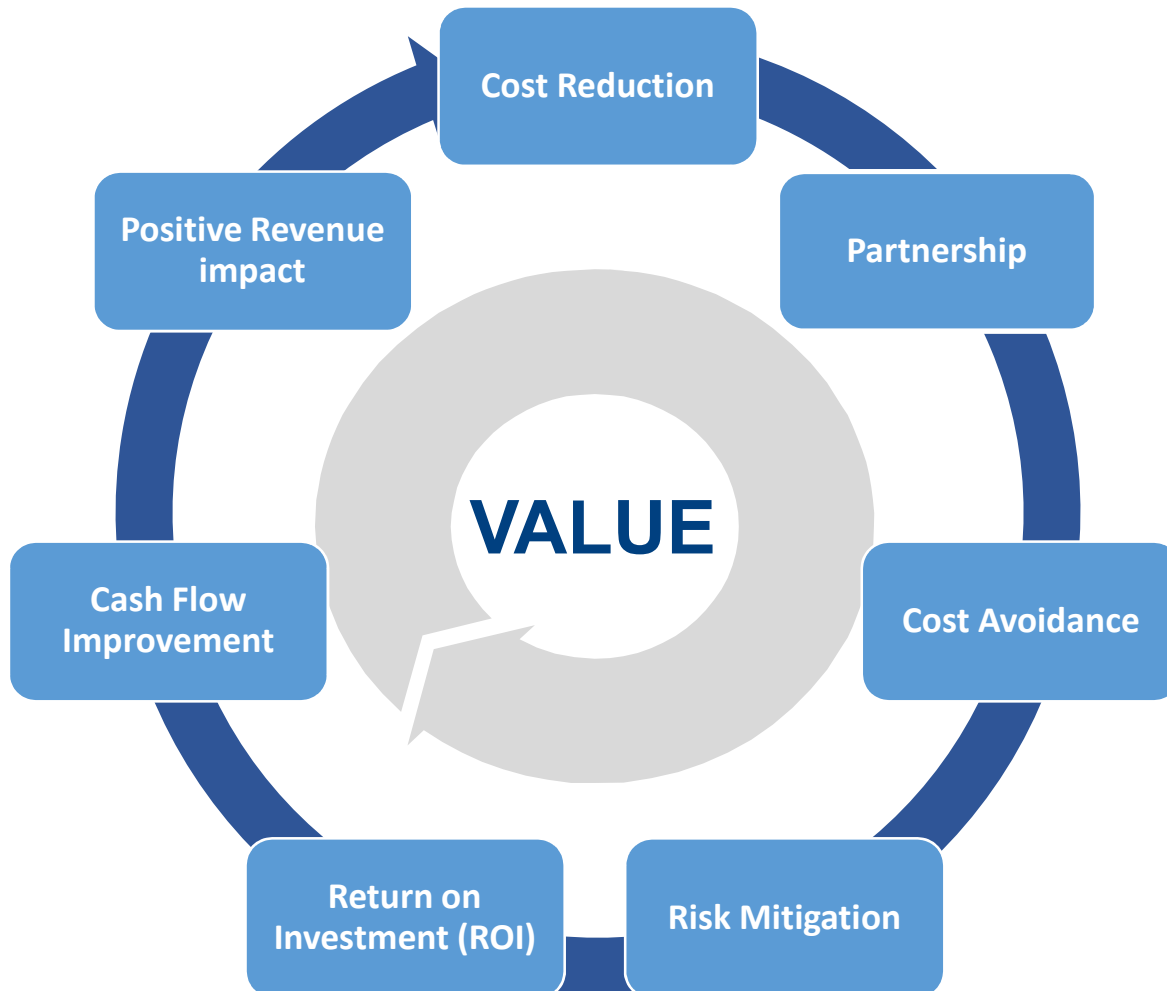
### **Supplier Relationship Management (SRM) - 20%**

- Implement a 360 SRM programme
  - Identify potential areas of improvement, report findings internally & externally
  - Develop and manage supplier / Stakeholder performance improvement plan
  - Partner with agencies to create and deliver innovation
- **Diversify for Long Term Growth – 20%**
- External focus to explore other opportunities for differentiation
  - Achieve Supplier Diversity targets & maintain a value driven supplier diversity programme

# What value can Procurement bring?



## What is Value?



Procurement has a holistic view of an organisation which can lead to the breaking down of internal silos and reduction of duplication across the business

For agencies that are delivering “value”, this holistic view will enable procurement to identify additional opportunities which will benefit the agency and the business

## Understand how they procure



Cost Reduction



Cost Reduction

Cost Avoidance

Risk Mitigation



Cost Reduction

Cost Avoidance

Risk Mitigation

ROI

Partner

Cash Flow

Revenue Increase

## Value Creation & Cost Reduction

**Value Creation – An activity which provides a sustainable competitive advantage  
(Value beyond savings)**

There are many ways of generating value which are dependant on the individual situation, however Procurement are typically measured using these metric.

Positive Revenue  
impact

Cash Flow  
Improvement

Return on  
Investment (ROI)

Risk Mitigation

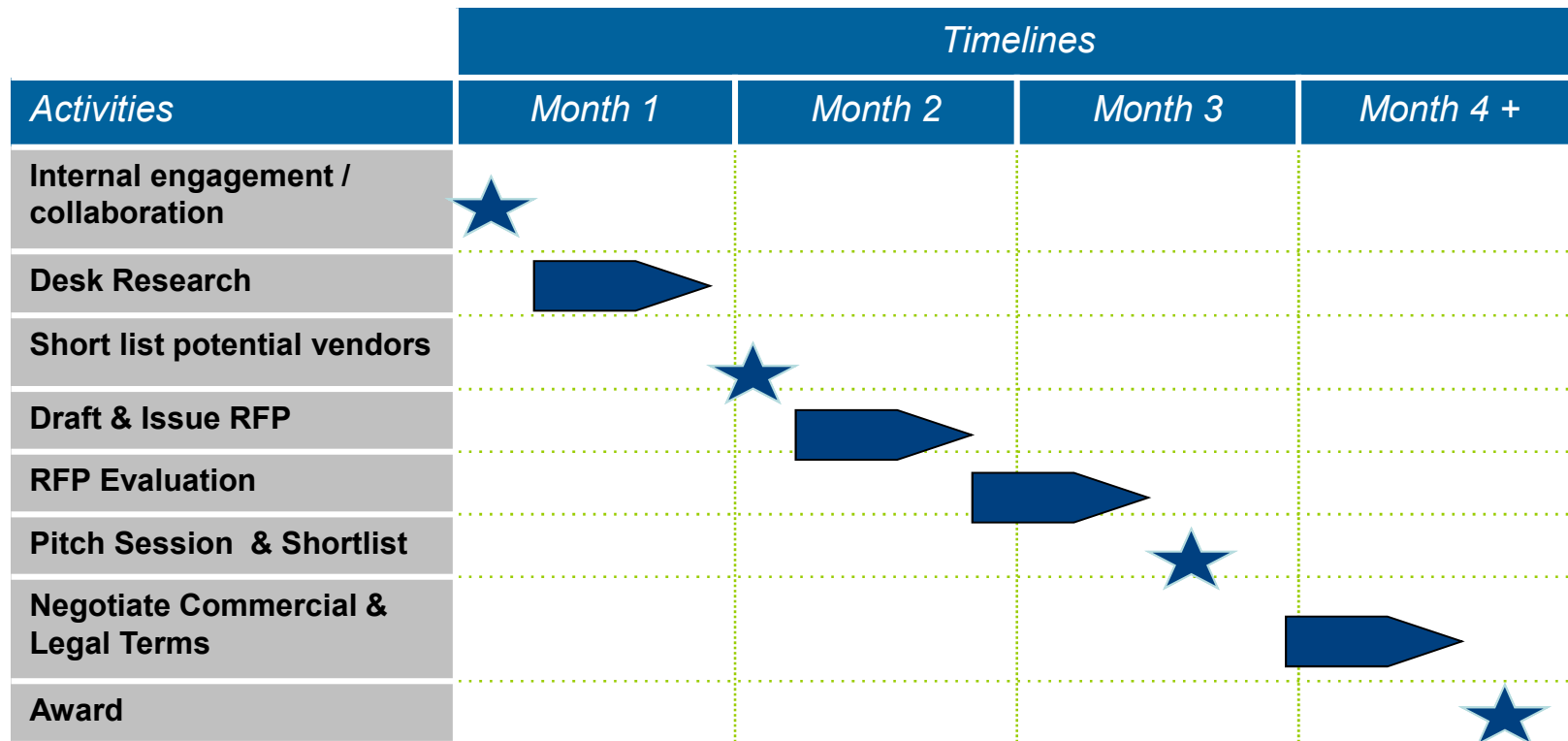
Cost Avoidance

**Cost Reduction – The process of looking for, finding and removing unwarranted expenses**

There are times when it is appropriate to remove cost, however in complex situations a full impact analysis should be completed, which agencies can support with

# The Tactical RFP Process – Why and How

- Complex Purchase
- Complete required due-diligence – SoX compliance
- Need more information about the product and/or service and how it works
- Obtain market insights
- Protection from over-promising and under-delivering
- Leverage not only with the incumbent vendor, but with also with the other bidders



# Supplier Selection Strategy



- Project/Macro Plan
- Communication Plan
- Business Requirements
- Spend Analysis & Segmentation
- Market Research
- Current Position
- Supplier Perspective
- Business Cases
- Market Differentiation Analysis
- Value Analysis
- Return-on-Investment (ROI) Analysis and Work Stream Prioritisation

- Team Charter
- Team Formation
- Brainstorming
- Breakthrough Thinking
- Stakeholder Mapping
- Relationship Mapping
- Roles and Responsibilities
- Communication Plan
- Action Planning
- Governance Implementation
- Quick Wins Brainstorming

- Internal:**
- Business Requirements and Prioritisation/Weighting
  - Business Requirements Complexity
  - Spend Profile Analysis
  - Supplier Diversity
- External:**
- Supplier & Supply Market Research/Analysis
  - Supplier Segmentation
  - Market Positioning
  - Supplier Profiles
  - Request for Information (RFI)
  - Geographic Relevance

- Current Position
- Price Model
- Portfolio Analysis
- Purchase Price Cost
- Total Cost of Ownership
- Supply & Value Chain
- Supplier Segmentation
- Porter's Five Forces
- PESTLE
- Make vs Buy Analysis
- SWOT
- Options Generation
- Risk & Mitigation Plan
- Request for Proposal
- Strategy Recommendations
- Final Supplier Diversity Strategy
- Source Plan

- Implementation Work Plan
- RFP
- Negotiation
- Supplier Measurement – Key Performance Indicator (KPI) Review and Management
- Supplier Selection Analysis
- Process Mapping
- Tendering Approaches
- Contract / Service Level Agreement
- Agreement Summary Forms

Can agencies be more involved?



Finally.....



Make it easy for Procurement to sell you internally

