From Adversaries, To Advocates

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As more companies see how bottom line savings can support their top line profits, today’s best-in-class procurement teams have become an internal resource for their organizations. And, the earlier procurement gets involved in a sourcing event the better. Early-stage procurement involvement results in an average of 9% in sourcing savings, 2% higher than late-stage involvement\(^1\). Armed with negotiation expertise and spend analytics, procurement teams are now equipped to form strategic business partnerships and data-driven business decisions to support other functional teams.

However, this transition is not always a smooth one. Many organizations struggle to shake off a culture of tactical procurement, with teams calling in procurement at the end of the process to “negotiate” a deal with very little buying power or strategic advantage. Sourcing technology can play an important role in positioning procurement a strategic partner within an organization. This report highlights six ways procurement managers can turn their stakeholders into advocates--and how new tech can help them do it.

\(^1\) Institute for Supply Management, 2015
1. Frame The Opportunity

A little salesmanship goes a long way in winning over uninterested or uncooperative stakeholders. It’s important to frame strategic procurement as an opportunity rather than an obligation. Just as a consulting firm would do for a client, give concrete examples or case studies of how procurement has helped other internal clients (in this case departments) negotiate successful business partnerships and stretch their budget further.

Showcasing the tools in a team’s arsenal is one way to prove that there is added value—not bureaucracy—in using procurement as a liaison between stakeholders and suppliers. Having specialized tech like an eSourcing tool is an excellent opportunity to show off the “gadgets” at a procurement manager’s disposal, which stakeholders would otherwise not have access to. After all, where would James Bond be without Q? Batman without Lucius Fox? Positioning the procurement team as innovative in its field can entice stakeholders to join the cutting-edge.

Better stakeholder engagement creates $10M in savings per $1B spend.¹
2. Come Bearing Gifts

Many stakeholders simply feel that procurement does not understand the needs of their team. The complaint is a valid one; working with many functional teams requires procurement managers to be “jacks-of-all-trades,” but without being in the trenches day-to-day with every department, they still need to get brought up to speed with specific requirements for a new product or service. However, this transaction doesn’t need to be one-sided.

Don’t show up to the dinner party empty-handed. Coming to the table with spend data and insight creates a give-and-take of information and establishes a mutually beneficial relationship with stakeholders. Spend analytics tools and event tracking systems give procurement a unique value proposition. Having a bird’s-eye view of a department’s historical spend and sourcing projects helps procurement leverage strategic advantages that stakeholders might not even know they had.

For example, if one marketing branch is sourcing printing services, searching for similar historical events run in a centralized tool could reveal that three marketing branches each have individual contracts with the same vendor. Rather than negotiating an individual deal for $250,000 worth of services, procurement might re-negotiate a contract encompassing the needs of all three branches, now with the buying power of a $1M deal.
3. Identify Strengths & Styles

Not only do differences in objectives lead to friction between procurement and other business units, differing personalities and working styles factor in as well. Managers must identify stakeholders’ unique strengths and preferred methods of communication to understand how to involve them in the procurement process.

While the members of a procurement teams may all be similarly organized and process-driven, marketing team members may be more creative and innovative, IT more logical and analytical. Identifying these personality strengths up front can illuminate where different stakeholders may excel in each part of the process. For example, stakeholders who are highly innovative can be especially valuable when brainstorming requirements for a new product or service. On the other hand, more analytical stakeholders may excel in the evaluation stage when scoring vendors.

Stakeholder working styles and the way they communicate can be vastly different as well. Marketing might prefer calls or in-person communication, IT might prefer emails, and executives may just need simple summaries of milestones in the process. Sourcing technology with built-in collaboration tools can help centralize stakeholder communication with email updates, or event progress summaries.
70% of organizations place importance on procurement as a strategic partner to other business units...

No one likes to be surprised with extra work. Setting expectations for each business unit’s involvement (including procurement) is important in forming a healthy business partnership. Establishing roles and responsibilities ahead of time allows stakeholders to manage their responsibilities and be held accountable for fielding technical questions or evaluating suppliers while your event is in progress. Identifying and categorizing stakeholders also helps procurement managers control the flow of event information and avoid inundating less involved stakeholders with unnecessary information.

One way to categorize stakeholders is by the type of event information they can access. Some sourcing tools allow administrators to control stakeholders’ access and contribute to specific parts of the event. Some examples of stakeholder roles and involvement include:

But, only 46% say it is happening effectively in their organization²
4. Establish Roles & Responsibilities (Cont.)

Sometimes it’s best to call in the expert...the Subject-matter expert, that is.

**Project Manager:** The project manager is a main point of contact during the RFP drafting and evaluation phase. They may contribute directly to the RFP questionnaire and should be looped in on major event deadlines.

**Functional Team Member:** This person has a vested interest in the outcome of the event, but may not need direct access to the RFP and requires less frequent communication.

**Subject-matter Expert (SME):** As a product or industry expert, this person is responsible for fielding technical or industry-related supplier questions. The buyer may still act as a buffer to relay information between the SME and suppliers.

**Director or Executive:** Though not directly involved in the event, they have a vested interest in the outcome of the event and should receive an executive event summary when a bid is awarded.

**Evaluator:** Evaluators include the group of stakeholders directly affected by the sourced product or service. Evaluators from different functional teams may weigh-in on different aspects of the bid.
5. Be Transparent

Procurement is notorious for being the “black box” of an organization. Communicating early and often keeps stakeholders engaged in the process. Establishing clear timelines for closing an event, evaluating responses, and awarding a contract also help to establish expectations and accountability for each step in the process. That said, managing communications for a large group of cross-functional stakeholders during an event is often easier said than done.

Tech that automates stakeholder communication with scheduled messaging and deadline reminders works to maintain a steady flow of event information from a central location. Some user-friendly eSourcing platforms even allow non-procurement partners to view certain event information directly within the tool, providing a window into the procurement process and encouraging active stakeholder participation.

“Efficient, results-driven dialogue is good business.”

3 Supply Business, 2011
Stakeholder communication shouldn’t end when the event closes. Reporting out after a contract is awarded reassures stakeholders of the benefit of working with procurement and gives buyers a chance to tout their successes. Sourcing tools with automated report generators can save valuable time and effort when it comes to presenting event data that is clear and visually appealing. Nevertheless, it is up to procurement to translate this information in a way that is meaningful to executives and non-procurement stakeholders.

Here are four things to keep in mind when creating an executive event summary:

1. **Use relevant metrics**: Keep it high-level with basics like who won the contract and why, final cost, savings, and event milestones

2. **Avoid jargon**: Stick to universal business terms in your descriptions. When referring to things like cost or risk avoidance, explain how they impact stakeholders.

3. **Put numbers in context**: Show savings and final cost as a percentage of the total project budget and against historical projects.

4. **Include visuals**: Draw attention to impressive stats with easy-to-digest charts or graphics.
Being A Better Business Partner

In the last several years, procurement has gotten a major facelift, shifting from an end-of-deal contract executor, to a strategic negotiator in new business partnerships. Still, reigning in unmanaged spend remains a huge obstacle for procurement regardless of whether an organization has established strategic sourcing policies. In order to build trust with other functional teams, procurement must establish themselves an internal resource and work to maintain lines of communication with stakeholders throughout the procurement process.

Luckily, new breakthroughs in sourcing technology can help procurement teams prove their value and gain new champions within their organizations. eSourcing tools now facilitate stakeholder collaboration throughout the procurement process and assist in identifying strategic opportunities, managing data and communications, categorizing stakeholders, and reporting milestones. Armed with new tools, procurement is equipped to turn adversaries into advocates.

About Scout

At Scout, we’re building innovative software to redefine procurement. We strive to rid the world of manual RFPs with a clean, intuitive sourcing solution that empowers buyers and suppliers to do business better. Today, our e-procurement software does just that. We help small and large organizations streamline their buying events and make big purchasing decisions every day, with fewer headaches.

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