

The Value of the Procurement Function: How We Make A Real Impact

Overview

A successful and proactive procurement function is instrumental in contributing to business success. As procurement professionals we are responsible for delivering a host of benefits that add tremendous organisational value. We've summarised the key points below:

Delivering Significant Savings: Managing procurement in the right way can allow organisations to deliver significant cost savings. Public sector Frameworks can support with maximising value for money and delivering savings by leveraging collective buying power and economies of scale that organisations cannot achieve alone. Furthermore, having visibility of company spend and budgets allows organisations to better negotiate contracts with suppliers and make the best route to market decisions.

Greater Efficiency through Planning: Careful planning and being prepared for procurement activity will assist organisations in managing supply chain risk, in addition to better understanding economic volatility and mitigating financial issues. A well planned procurement process enables organisations to select the best quality suppliers to deliver against their needs - which supports supply chain delivery overall. Frameworks can assist organisations by undertaking a rigorous assessment of a supplier's capacity, capability, performance and cost models. This approach gives organisations that call-off the framework confidence in the level of performance and commercial outcomes that can be delivered.

Delivering Innovation: An effective procurement function can support organisations to deliver innovation. This involves engaging with the market place at the right time, understanding what customers want and the innovation that suppliers can deliver - all resulting in better technical and commercial outcomes.

Contract Management and Supplier Relationship Management: Effectively managing contractual arrangements ensures two-way communication with your supply chain, managing risk and mitigating occurrences of poor performance. This approach ensures that suppliers are delivering in accordance with the KPI's set within the contract and creating value for money. Strong levels of engagement can also allow organisations to benefit from supplier's knowledge and capability to ensure continuous improvement across the value chain.

Delivering Sustainability: In today's challenging business environment there is an increasing focus on the need to deliver sustainability, allowing organisations to meet their CSR policy requirements. Through third party spend, procurement departments play a key role in ensuring sustainability is delivered through the supply chain, creating opportunities for SME's and affecting the performance of the organisation in addition to its relationships with key stakeholders. Procurement professionals have the ability to support sustainability through spend activity, delivering social value and wider community benefits to improve the economy and local communities.



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