

Strategic Sourcing Whitepaper



Savings

Obtaining savings within an organization is sometimes difficult. If the communication and mindset of saving money is not imbedded in your process for procurement activities, your company is missing the boat.

Your company may not be optimizing total cost of ownership and implementing solutions for cost savings.

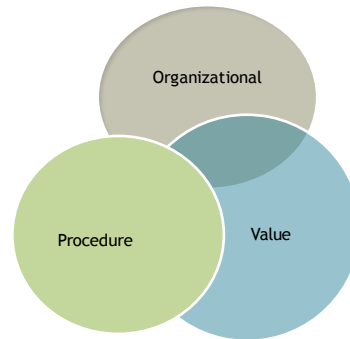
Adopting “best practices” for continuously improving procurement activities is essential in effective cost savings to your companies’ strategic sourcing.

Procurement Categories

Your organization should look at identifying procurement categories such as expense, capital, production, non-production materials, and services and summarize levels for each group.

What is the level of criteria for each category? Do you have a large number of suppliers and contracts, many divisions procuring these categories and having difficulty reporting savings from negotiations?

Your company may be missing out on potential cost savings and a competitive environment.



Transaction

Developing a good strategic sourcing method will assist in reducing your total cost and increase cost savings.

Operational processes will be important to procurement activities, accounts payable, human systems and operational system needs.

Consider your internal procedures:

- Planning and strategy
- Implementation (designs, specs, policy)
- Efficiency

Weigh the value in price, supplier cost factors and profits, and engineering.

Teams

Continuously improving your procurement activities means working together with your functional subject matter experts or cross-functional team members.

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