WAYS TO IMPROVE PROCUREMENT

Where do you feel the PINCH?
Where do you feel the procurement pinch? Whether you are an organization that does its procurement manually, or you are partially or fully automated, there are always those pain points that could be improved upon. We have pinpointed the areas that are most often a problem for companies and have listed a few suggestions on how to improve procurement in these areas.

1. **Spend Visibility.**

How visible is your procurement spend? Seeing exactly who in your organization buys what and from whom can provide valuable insight to your organization. Detailed, categorized views of company expenditures can help you analyze data to identify both immediate and long-term savings opportunities.

- Do you know how much is being spent and on what in each department?
- Can you track your services spend; temporary labor, phone, outsourced services, consulting, etc.?
- Are you getting the most out of your suppliers; available discounts, shipping rates, best quality?
- Do you have the means to ensure contract compliance, making sure negotiated pricing is being maintained?

If you have answered no to any of these questions, you can improve your spend visibility. Once opportunities are identified and prioritized, you can determine the most effective sourcing and savings strategies for each purchasing category.

2. **Cost control and accountability.**

How well are your costs controlled and how much accountability does each department have with what they are purchasing? Do you have well thought out and agreed upon strategies to control costs throughout the organization? Communication with other departments and managers is key to maintain cost control and identify the best cost cutting strategies for your organization. Once cost cuts are defined and identified, put the appropriate spend and visibility controls in place. Spend management controls can dramatically reduce maverick spend and eliminate contract price leakage. In addition, increased visibility opens opportunities for savings for clients with strategic sourcing initiatives.

3. **Contract compliance.**

Are your contracts in compliance and are you getting the most out of your contract negotiations? Identify contracts and ensure that contract pricing is maintained. If you have contract management software, utilize it, or manually keep on top of contract pricing. Solutions that define catalogs with contracted pricing can automatically ensure that contract pricing is used and keeps the supplier compliant, while improving supplier collaboration, reducing supply chain risks.

Contract compliance can also be increased through maintaining good communications with your suppliers. During tough economic times, suppliers may be experiencing financial difficulties. Stay connected and re-negotiate existing contracts to obtain more favorable pricing or discounts. Working together with suppliers improves communication and collaboration and mitigates risk.
4. AP operating costs.

How are the bills being paid? Is your AP integrated with your procurement process? An integrated accounts payable system that incorporates an end-to-end solution for managing receipts, processing and payment of your invoices can further streamline the procure-to-pay process.

5. Supplier self-service enablement.

How do you communicate with your suppliers? Suppliers are now, more than ever, connected to organizations through electronic catalogs. Enabling self-service tools for suppliers to communicate with your organization allows a better ability for your procurement department to get the best prices and quality products and services.

Take a look at your procurement process. Where do you feel the pinch? As a full-service, modular designed procurement solution, Puridiom can help your organization improve its procurement process. Whether you are looking for advice, strategies, or a software solution, we know our 29 years of experience can be of assistance to you. For more information about effective procurement strategies and solutions, contact us at info@puridiom.com or visit www.puridiom.com.