



10 Critical Questions to Ensure Procurement Becomes a Source of Competitive Advantage

Martin Denham, operations director at procurement advisors Xoomworks, said: “Procurement is too often seen – within companies and sometimes within its own function – as a department that defines process, negotiates contracts, drafts regulations and polices them. In the eyes of other stakeholders, it is the department that says ‘No’. Yet in reality, procurement could be, should be – and increasingly is – a powerful source of competitive advantage.”

The global business world is moving at lightning speed. Artificial intelligence, advanced analytics, machine learning and agile methodologies are

supporting the digital transformation of virtually all business functions.

This rise of new technologies – and the decline of old business models – gives procurement the opportunity to reinvent itself. The critical question is: are you ready to take the opportunity?

If you answered yes, you’re in the right place.

However, to elevate procurement and become a visible source of competitive advantage for the business, leaders need to ask the right questions.

Every organization will have its own mix, but here are ten to get the ball rolling. Once you have an answer to these it will create a framework to guide your procurement function into a true value-adding and strategic role.

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1. Where does procurement generate the most value for the business?
2. How can procurement simplify its operations so it can focus on generating more value?
3. What is procurement doing that it should not be doing?
4. What is procurement not doing that it should be doing?
5. What does procurement need to do differently to improve the company's performance?
6. What does the company need to do differently to improve procurement's performance?
7. How can procurement drive innovation by collaborating more effectively with suppliers?
8. How can procurement eliminate and/or mitigate supply chain risks?
9. Do senior stakeholders understand that procurement has a key role to play in achieving non-financial strategic objectives, such as environmental, social and corporate governance (ESG) targets?
10. If not, what steps does procurement need to take to convince other stakeholders it adds strategic value across multiple KPIs?

By asking these ten critical questions you'll start a larger dialogue that will lead to procurement making a significant contribution to your organization's competitive advantage and greater perception that procurement is well placed to contribute significantly to its future success.

This is a crossroads for the procurement function, the choice is ours to make, but it's up to all of us to make it happen.

Notes



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