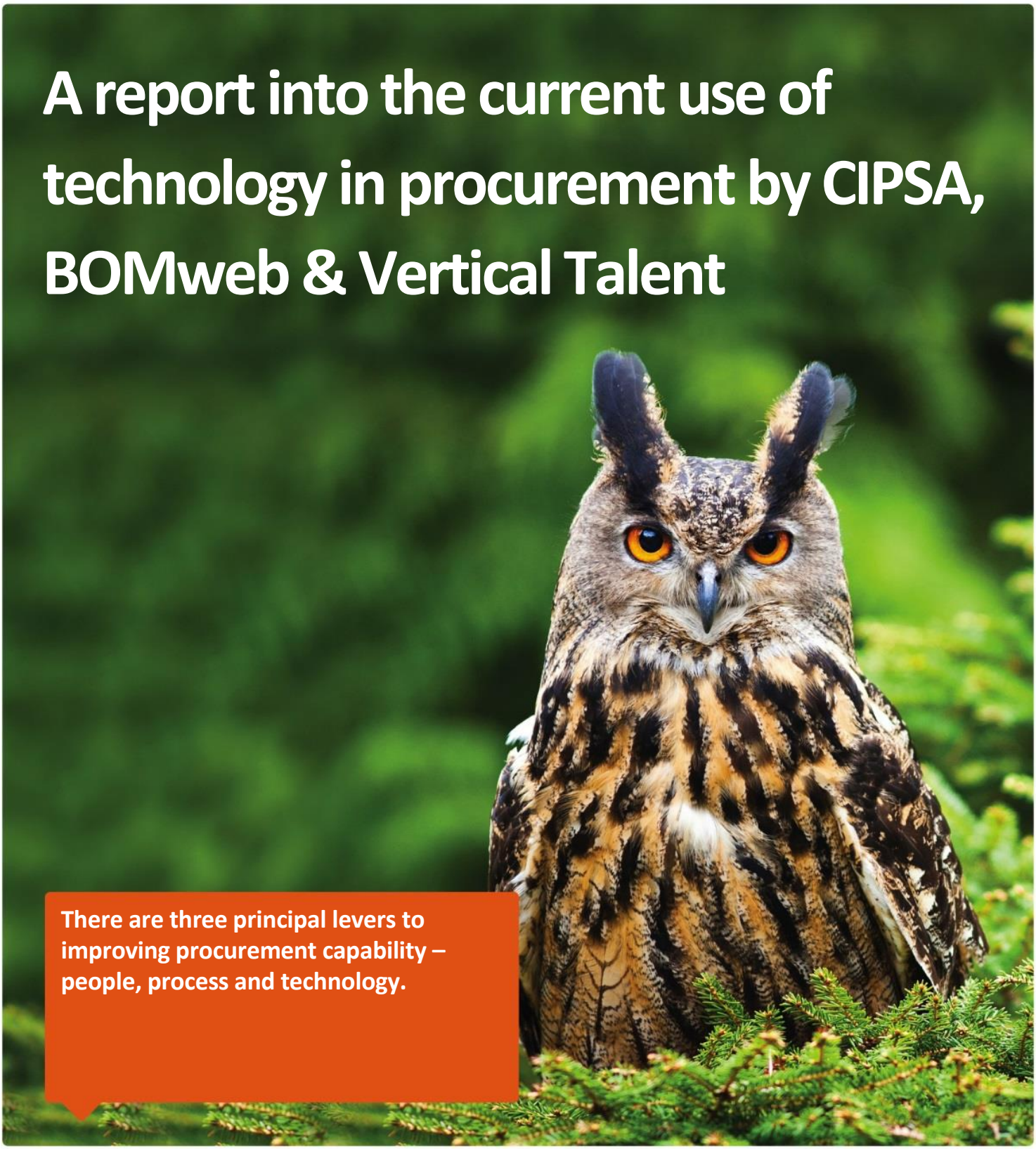
CIPS Australasia

A report into the current use of technology in procurement by CIPSA, BOMweb & Vertical Talent



There are three principal levers to improving procurement capability – people, process and technology.

CIPS members can record one CPD hour for reading a CIPS Knowledge download that displays a CIPS CPD icon.

Introduction

Introduction

There are three principal levers to improving procurement capability – people, process and technology. Until now, CIPSA have largely focused on the first two of these levers – people and process, in trying to help procurement professionals do a better job.

Technology has the potential to make all our jobs easier. But all too often it fails to live up to the hype. And the procurement profession is no exception to the norm. But, curiously, there seems to be a mixed experience with technology throughout the procurement profession? For example, some organisations have benefited enormously from major investment in IT with ERP and P2P systems. Others struggle on with old stock control systems or Excel to analysis bids.

Understanding what organisations are primarily using technology for, how they are using it, and what their future plans are was the aim of this joint CIPSA – BOMweb – Vertical Talent research programme.

Over 300 participants across Australia and New Zealand responded to this survey or attended a detailed interview. This research report is the first of its kind in this region and brings you the latest trends in technology use within our profession. It should prove an extremely useful benchmark against which procurement professionals in this region can assess their technology progress. It is also intended to provide a practical guide to those seeking guidance on how technology and the growing range of software tools in the profession might be better employed to advantage within their respective organisations.

BOMweb have long held a view that technology has been both a poorly understood and utilised resource within the procurement domain. Like many strategic business levers, technology represents a continuum along which different organisations perform well – and not so well. There are clear leaders and laggards – and the resultant performance (and profitability) impacts are significant. This research will enable you to start t o reassess where you are up to with the use of technology in procurement? Are you still on the start line? Are you playing catch-up? Or are you ahead of the pack?

The answer is, of course, “it depends”. It depends on the specific context in which your organisation operates. It depends on the internal and external forces that continually reshape your landscape. It depends on how you proactively cultivate new opportunities - and react to changes in your environment that are beyond your control. Above all else, it depends on the results you achieve from your IT investment in the light of the procurement objectives set at the outset. Our heartfelt thanks to those individuals and organisations across Australia and New Zealand for their time and effort in participating in this important research initiative. On behalf of the CIPSA - BOMweb - Vertical Talent team for this project we wish you all the very best on your technology journey!

Jonathan Dutton MCIPS
Managing Director
CIPS Australia & New Zealand

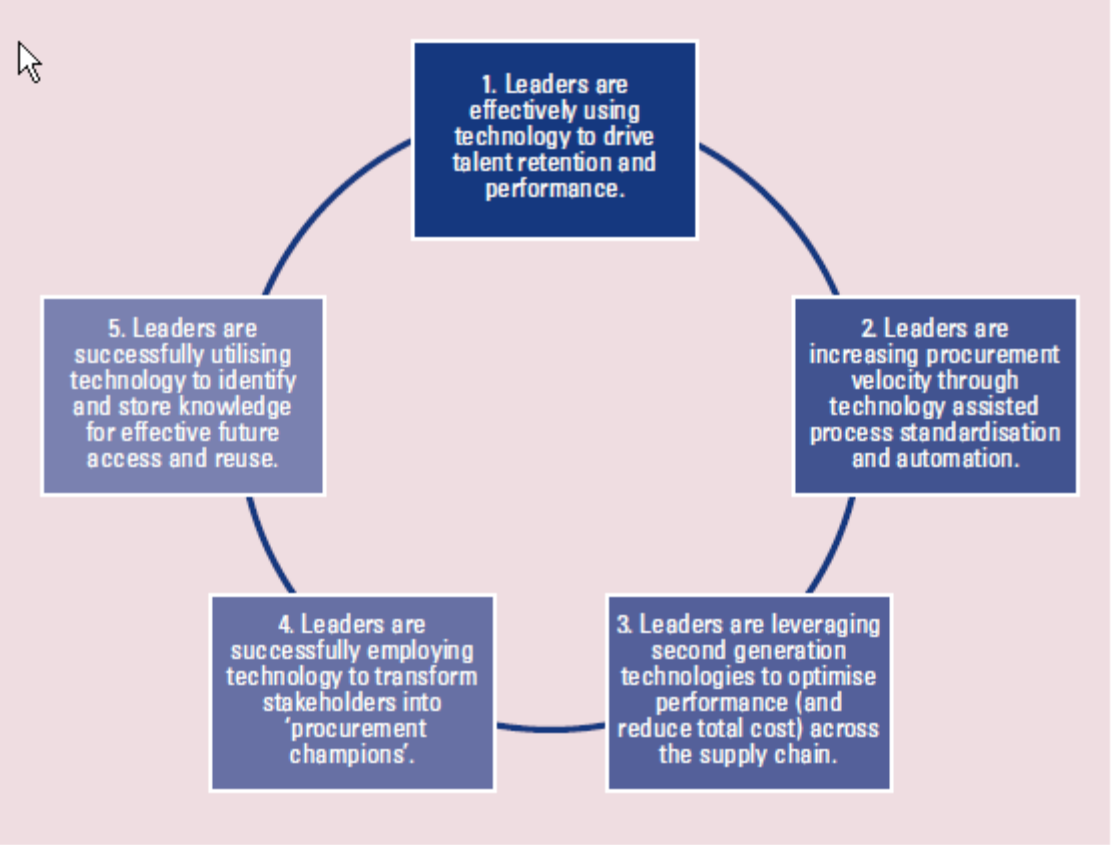
1. Executive Summary

1.1 Eight Key Observations

1. Strong polarisation exists between technology leaders and laggards.
2. Most organisations have not cognitively linked talent management and retention.
3. Process visibility is suffering through a lack of standardisation and automation.
4. Technology automation is not delivering operational efficiency expectations.
5. Technology selection does not necessarily correlate with optimal ROI outcomes.
6. Most organisations are under-resourced in terms of technology tools.
7. Procurement continues to wage a perception battle amongst stakeholders.
8. Knowledge management is proving a major hurdle to most organisations.

1.2 Five Key Insights

Leaders & Laggards - 5 Key Research Insights



N.B. Summary recommendations are provided in Section 5, for organisations at all stages of technology adoption.

2. The Research Approach

2.1 Background

Like many strategic business levers, technology represents a continuum along which different organisations perform well - and not so well. There are clear leaders and laggards - and the resultant performance (and profitability) impacts are significant.

The research is aimed at providing a rigorous and academically validated basis for organisations to assess their relative progress regarding the use of technology in procurement against industry peers. The research intends to provide a usable framework for organisations to address the issue of technology with substance - such that their procurement capability can be enhanced as a result.

2.2 Research Process

308 individual respondents participated in the online research initiative during April 2008 – the first of its kind in Australia and New Zealand. Invitations and registration for the research were conducted via a dedicated email campaign - and the research itself was facilitated through an internet based survey tool. All research was conducted in accordance with Market Research Society of Australia guidelines.

Aggregate data was collated and shared with all research participants during May 2008. To bring further richness to the quantitative data - a series of anonymous qualitative interviews were conducted with a cross-section of respondents in June 2008. These qualitative interviews provide the basis for the respondent quotes detailed in Section 4 of this report.

2.3 Respondent Profile

308 individual respondents participated in the research - representing 245 organisations across Australia and New Zealand. The respondent population was overwhelmingly Private Sector based - with just 13% of respondents representing Public Sector organisations. An even spread of the Financial Services, Manufacturing, Consumer Goods, and Energy sectors was evidenced – with Mining, Education, Health, Retail and Professional Services represented to a lesser extent.

On average, individual respondents had almost 14 years of procurement related experience.

An even spread of procurement professionals were represented in the research across, 'Head of' (35%), Team Leader (33%) and Team Member (32%) roles. On average, the procurement functions represented had been in operation for 11 years - with 41 personnel working within the function.

2.4 Research Design

Specifically, the research sought to understand how technology was being used to assist procurement performance across five foundations of procurement success - talent management, process excellence, operational efficiency, structural integration and knowledge management. The research was focused at identifying trends and developing insights regarding the application of technology within the Australian and New Zealand procurement context. Identification of particular technology solutions and/or vendors was intentionally avoided.

3. Technology - Obstacle or Enabler?

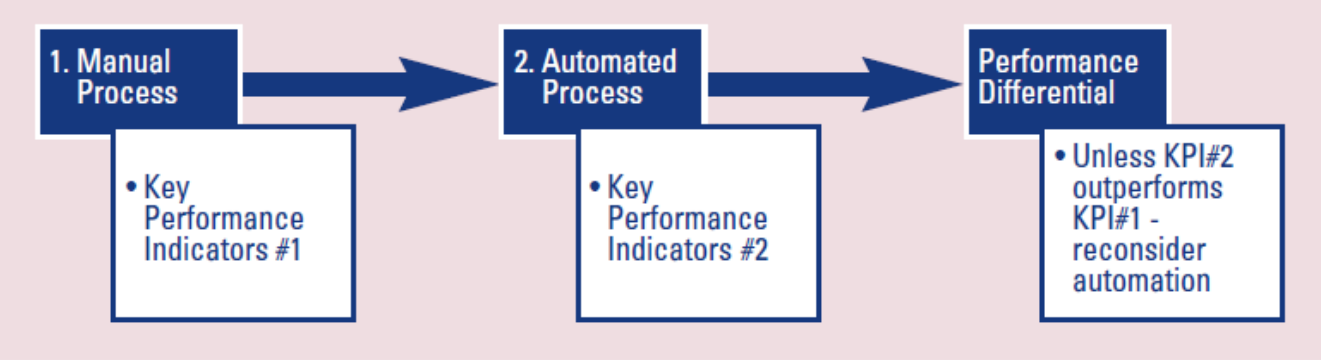
3.1 Analytical Framework

The framework applied in development of this report was to utilise the quantitative and qualitative research findings as inputs to analysis and presentation of observations, insights and recommendations.
The research data indicates the existence of strong polarisation between the 'haves' and the 'have nots' in terms of technology adoption in the procurement domain. Recommendations are therefore presented for organisations at all stages of technology adoption.

For simplicity, a framework has been adopted that provides guidance across three notional groups of technology adoption - 'Leaders', 'Industry Average' and 'Laggards'. As a rough guide, the research data indicates that Leaders account for around 20% of respondents, Industry Average around 50% and Laggards around 30% - although this differs markedly depending on the nature of the technology being analysed.

3.2 Procurement Performance & Process Automation

It is commonly held that unless the performance outcomes derived from technology automation outweigh those achievable from existing manual processes - technology should be avoided. This concept is depicted below - but the take away for procurement organisations (irrespective of where they may be on the technology adoption curve) is that not all investments in technology are equal.

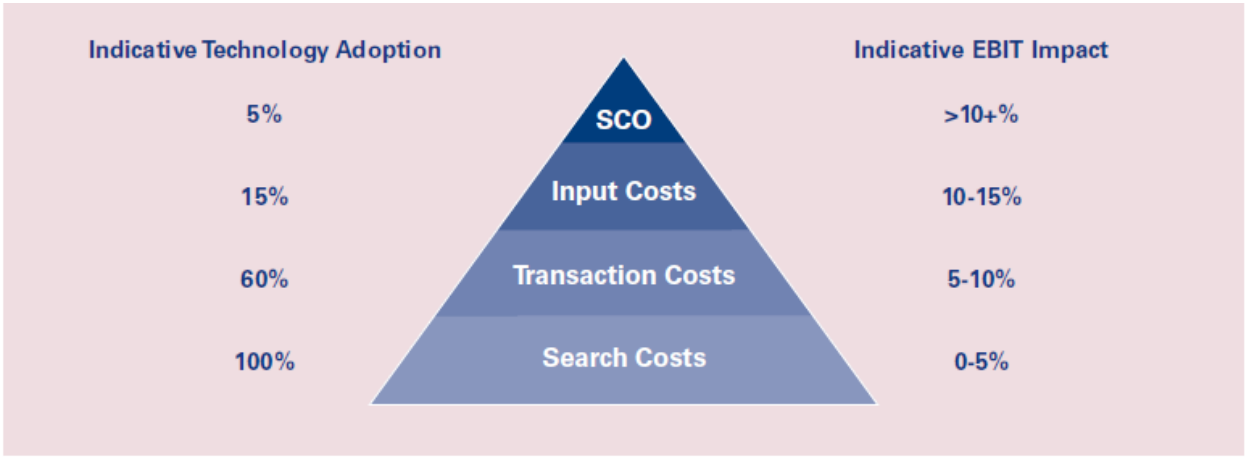


3.3 Technology Adoption & EBIT Impact

Strong polarity in technology adoption can be seen across many elements of the research findings. A helpful perspective is to look at technology adoption from the viewpoint of its potential earnings impact across the organisation.
It appears that almost 100% of organisations have adopted technology to achieve search cost efficiency (eg. email, internet, intranet, web/phone/video conferencing). Adoption of technology for transactional cost efficiency is also widespread - with up to 60% of respondent organisations implementing such tools as ERP, online catalogues, EDI and P2P solutions.

Fewer organisations have adopted technology aimed at input cost efficiency and supply chain optimisation. Between 5 - 20% of respondent organisations have employed dedicated technology tools - including 'on demand' procurement technology, online RFX, eAuctions, decision analysis, bid management and optimisation software.

It is interesting to observe technology adoption in the context of potential earnings impact. Anecdotal evidence suggests that the EBIT impact of search and transactional cost efficiency is relatively lower than that achievable through a focus upon input cost efficiency and supply chain optimisation. This concept is depicted below and implies that a focus upon transactional cost efficiency may overlook a larger opportunity to impact organisational 'bottom line' in the form of reduced total cost of inputs and optimal supply chain configuration.



Note: SCO refers to supply chain optimisation

4. Research Results, Observations & Key Insights

4.1 Summary Observations

- Respondent performance differs markedly across the five focus areas of procurement Perfomance examined in the research.
- Leaders, Industry Average and Laggards exhibit the following summary characteristics:

	Leaders	Industry Average	Laggards
Talent Management	• Searchable capability repository • 360 degree assessment tools • Gap analysis tools • Structured capability development • Formal advancement programs • Employer of choice standing	• Limited understanding of capability • Infrequent capability assessment • Tenuous link to talent development • Limited formal advancement programs	• Lack understanding of capability • Lack regular capability assessment • Lack talent development practices • No formal advancement programs • Poor employer standing
Process Excellence	• Standardised/automated processes • Strong process compliance • Strong process visibility • Strong stakeholder engagement • Consistent category management • Strong SPM outcomes	• Manual high level processes • Some manual work instruction process • Limited process compliance • Limited process visibility • Limited stakeholder engagement • Inconsistent category management • Inconsistent SPM outcomes	• Lack formal processes • Lack process compliance • Lack process visibility • Poor stakeholder engagement • Lack formal category management • Poor SPM outcomes
Operational Efficiency	• Spend analytics software • ERP, P2P, online catalogues, EDI • Project management technology • eRFX, eAuctions, optimisation • Contract management technology • Benefit measurement technology	• Limited spend analysis and visibility • ERP, P2P, online catalogues, EDI • Basic project management tools • Formal tender management practices • Formal contract management practices • Manual benefit measurement practices	• Poor spend analysis and visibility • Lack dedicated technology tools • Lack formal project management • Lack formal tender management • Lack formal contract management • Lack benefit measurement
Structural Integration	• Centralised/centre-led structure • Strong organisational mandate • High % spend under management • High % contract coverage • Cross-functional team involvement • Strong stakeholder engagement • Excellent stakeholder perception • Dedicated technology tools	• Centralised/centre-led structure • Partial organisational mandate • Average % spend under management • Average % contract coverage • Cross-functional team involvement • Average stakeholder engagement • Average stakeholder perception • Limited technology tools	• No formal procurement structure • No organisational mandate • Low % spend under management • Low % formal contract coverage • Low stakeholder engagement • Poor stakeholder perception • No dedicated technology tools
Knowledge Management	• Clear distinction between information and knowledge • Dedicated repository for contextual storage of knowledge • Entrenched KM practices • Effective knowledge access/reuse	• Limited formal distinction between information and knowledge • Shared directory knowledge repository • Limited application of KM practices • No dedicated KM technology • Limited knowledge access and reuse	• No formal distinction between information and knowledge • No dedicated knowledge repository • No formal KM practices • No dedicated KM technology • Poor knowledge access and reuse

4.2 Key Insights & Observations

Selected results and related observations emanating from the research are presented below. To provide additional richness to the research data, verbatim quotes derived from the qualitative interview process have also been included.

4.2.1 Talent Management - Key Insight

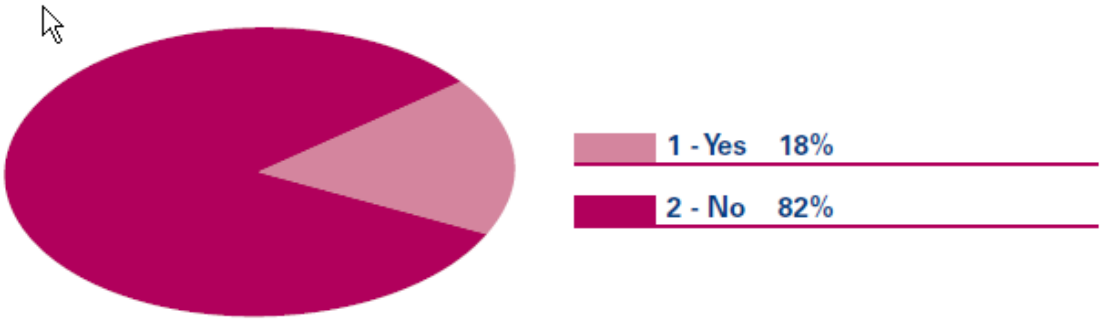
"Leaders are effectively using technology to drive talent performance and retention."

4.2.2 Talent Management - Research Results & Observations

It may seem strange to start here - but the simple fact is that process and technology don't do procurement - people do! It is critical that process and technology are seen as enablers that can assist people to achieve performance outcomes within the procurement context. The research suggests that 82% of respondent organisations have no formal basis for recording the skills, knowledge and competencies of their procurement team. This raises the question…if we lack the tools to identify the full capability sets of the procurement resources we have at our

disposal - how can we allocate them effectively? Perhaps more importantly - how can we seek to advance (and retain) our talent if we are unclear regarding their strengths and development needs?

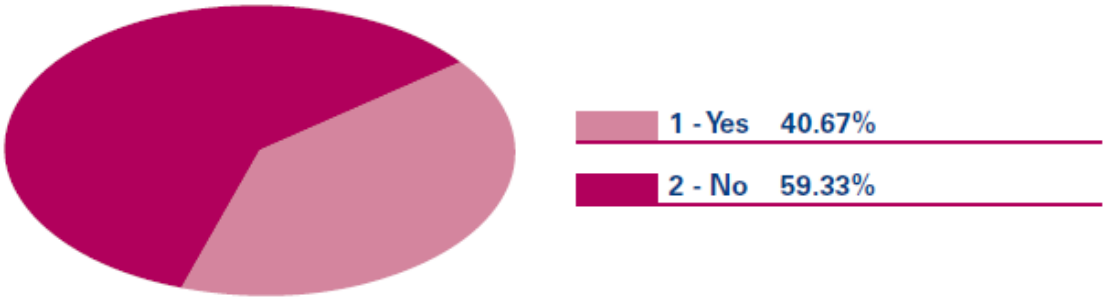
Has your organisation used dedicated technology to provide a searchable repository of team members' résumés and capabilities?



"We have no knowledge of people's capability sets…no searchable database. As a result - we go to the market instead of developing our own people. In doing so we use consultants to the detriment of the development of our own people."

The research indicated that just 19% of respondent organisations were utilising any form of dedicated technology to assist the identification and analysis of team skills gaps. Leading organisations are also adopting searchable repositories of team résumés, and conducting both self-assessment and 360-degree assessments of team capability. These activities not only improve resource allocation decisions but provide a powerful context for the 'gap analysis' required for meaningful talent development. Perhaps most importantly - they offer procurement leaders a genuine lever for talent retention in a candidate short market.

Does your organisation utilise 'multi-rating' or '360° assessment' tools to assess on-going capability across the procurement team?



"I think most organisations are nervous about getting it wrong…so they never explore the opportunity. If they bother to persevere they usually learn that (if used properly) 360° assessment tools can make procurement teams a hell of a lot more effective."

A clear finding from the research is that career management amongst individuals has moved emphatically online. More than half of all respondents have advertised or attained a position via a direct online advertisement. Almost two-thirds of respondents state they are more likely

to advertise or apply for a role via online job boards as against printed media and other alternatives.

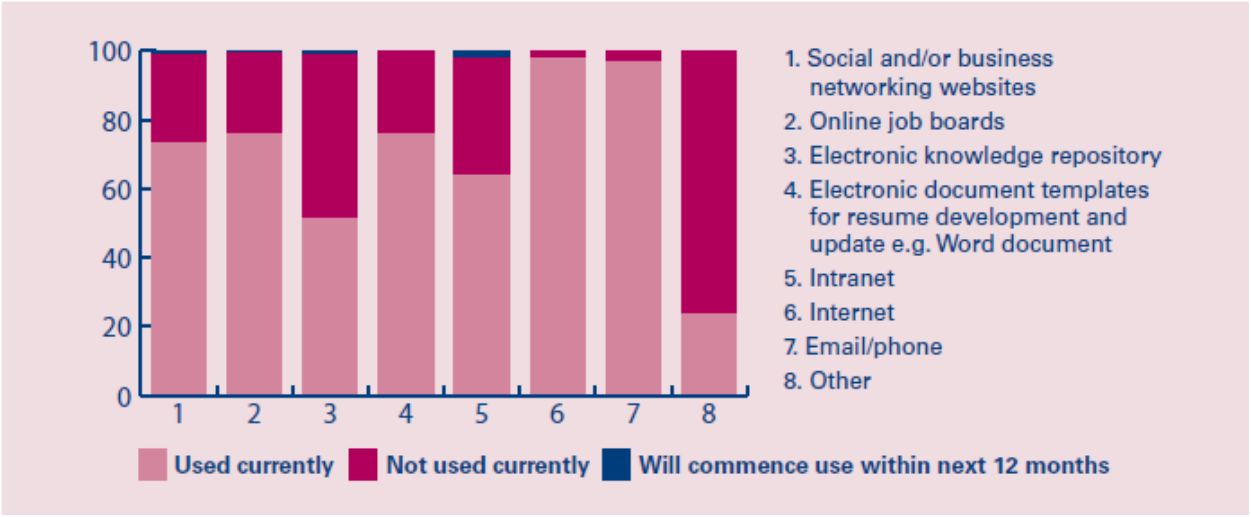
It is equally clear that adoption of technology tools for internal talent development and advancement lags well behind. In candidate short markets the implication is that organisations that are further advanced in terms of talent management leadership are likely to outperform in terms of talent retention.

“In no way have we made a cognitive link between talent advancement and retention…we are unsure of how to invest in talent management…but I assume it is related to the need for generational change.”

“We have suffered from in excess of 30% turnover per annum. For what it has cost us in recruitment fees we could have implemented a robust talent management system. It’s a shame because the constant turnover means our ‘tools of the trade’ are just not there.”

“Talent management is just not keeping pace with career management practices… it manifests in a virtuous loop of ‘brain drain’ and poor retention.”

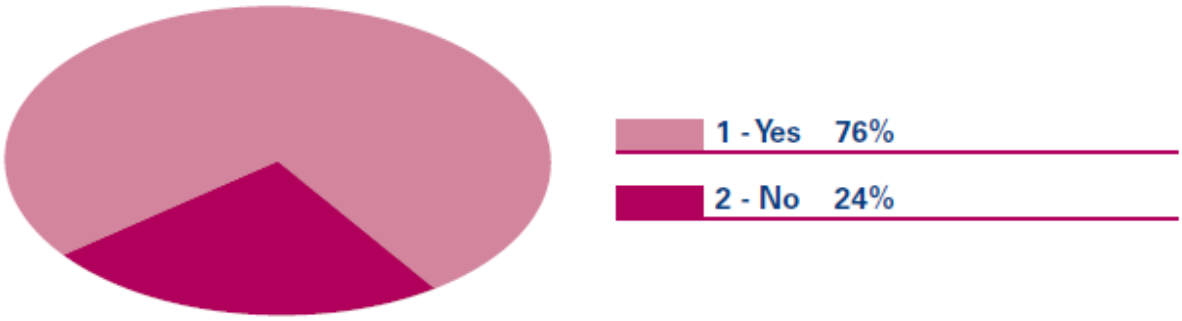
Which of the following technologies have you used to actively manage your own career?



“I am not sure why talent management has been slow to adopt technology. Perhaps because it is not the first place people think to spend money. I realise that makes very little sense…but probably the ROI is too sketchy for the money to be spent.”

The other clear observation from the research data is that educational preferences are also moving online. This finding will provide an interesting message for both education service providers to the procurement profession and organisations wishing to position themselves as ‘employers of choice’ from a talent advancement perspective.

Would you consider completing a procurement qualification through an online correspondence medium?



4.2.3 Process Excellence - Key Insight

"Leaders are increasing procurement velocity through technology assisted process standardisation and automation."

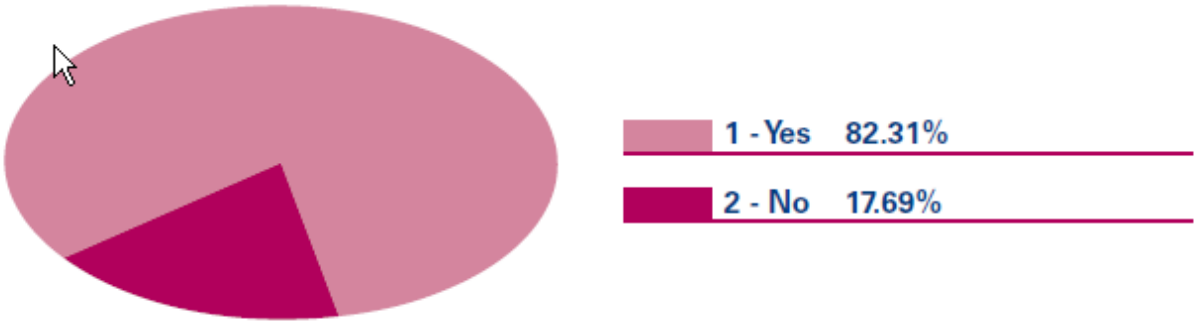
4.2.4 Process Excellence - Research Results & Observations

The research findings indicate that while 82% of respondent organisations claim to have clearly defined procurement processes - they are only applied to 69% of procurement projects. The inference is that standardised procurement processes are not being followed almost half the time!

While there may be sound reasons not to apply standard processes in all instances - there are two important implications of this finding. The first is that without standardised processes we run the risk of suffering a crisis of confidence amongst procurement stakeholders. The second is that without process standardisation there is precious little value in process automation.

"It's all about getting the job done. The only way around is to cut corners. There's more emphasis on 'getting the job done' than there is on following process. Stakeholders don't necessarily understand why things take so long and why the goal posts keep shifting."

Does the procurement function have a standardised and commonly understood pro-*curement process that clearly details the end-to-end process for all team members* and stakeholders?

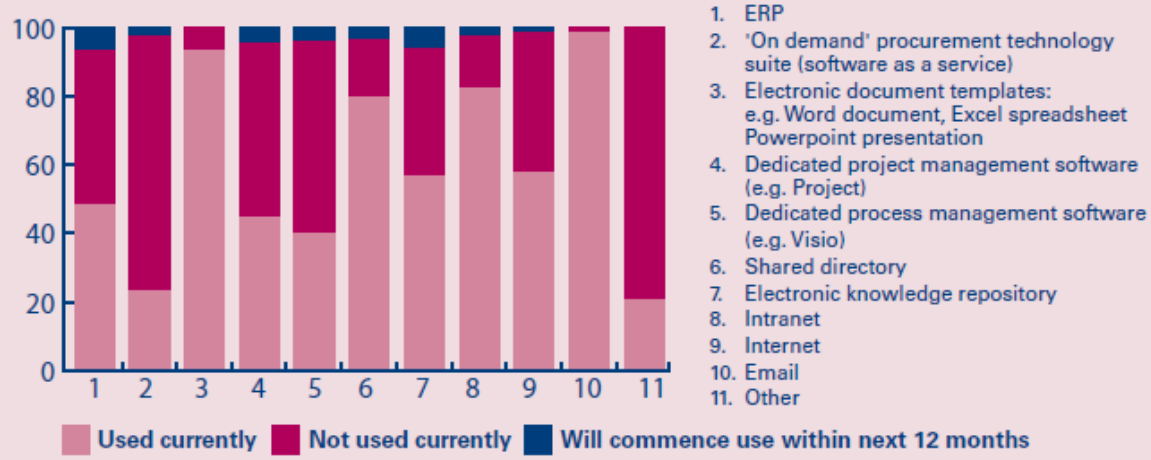


Again, the leaders are benefiting from technology. By standardising and automating procurement processes - leading organisations are ensuring consistency in approach and stakeholder experience.

"Technology can absolutely help you save time. We find that technology can assist us to apply a gated process that helps us to manage [procurement related] risk."

"Certainly end user visibility suffers without standardisation of processes. For stakeholders it must often be like….why is there a different way home every time I work with these guys?"

Which of the following technologies are employed to ensure the standard procurement process is visible across both the procurement and stakeholder teams?



Importantly, automated processes are also being effectively utilised to provide a meaningful basis for knowledge management. By attaching procurement knowledge to the standardised process for any given category - access and retrieval of knowledge is greatly simplified - and procurement velocity can be significantly increased.

"Our lack of systems and processes are detrimental to our cause. The impact on time-to-market is absolutely real. We are always playing catch-up…and we lose credibility each day we offer lame excuses to our stakeholders and suppliers."

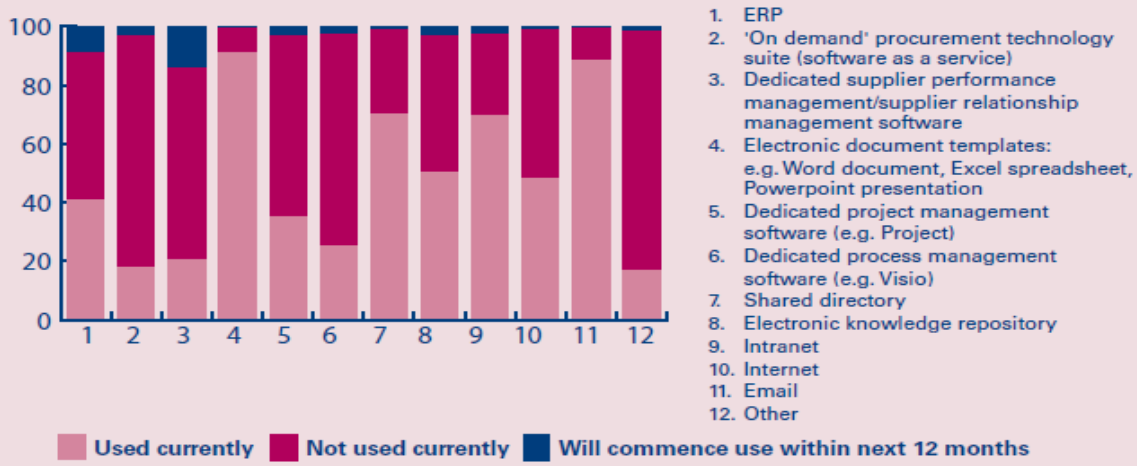
It seems that process compliance is largely being addressed through standard electronic documentation (79%), intranet (72%), email (86%), shared directories (68%) and ERP (50%). Fewer respondents utilise dedicated project management software (36%), dedicated procurement technology suite (19%), or dedicated process management software (27%).

"Half of it's a science and half of it's an art. You can't process map the art. We find that very few projects fit a standard process. The bigger question is what incentive is there to follow a standard process…because the incentives often drive behaviour."

The research indicates that these same technologies (electronic documentation, email, shared directories, and ERP) are being relied upon by the vast majority of respondent organisations for both category management and supplier performance management processes.

It does however appear a growing number of organisations (21%) are utilising dedicated SPM or SRM tools - with around 14% of respondents indicating they will commence use of such tools within the next 12 months. Anecdotally, the increased popularity of this approach may well be driven by the valuable fact base of information it provides - and the inclusive stakeholder engagement practices it promotes.
"Yes - there's definitely a role for technology…but the key is to overlay the knowledge that is not industrialised."

Which of the following technologies are employed to assist the procurement category management lifecycle (contract award through to supplier exit)?



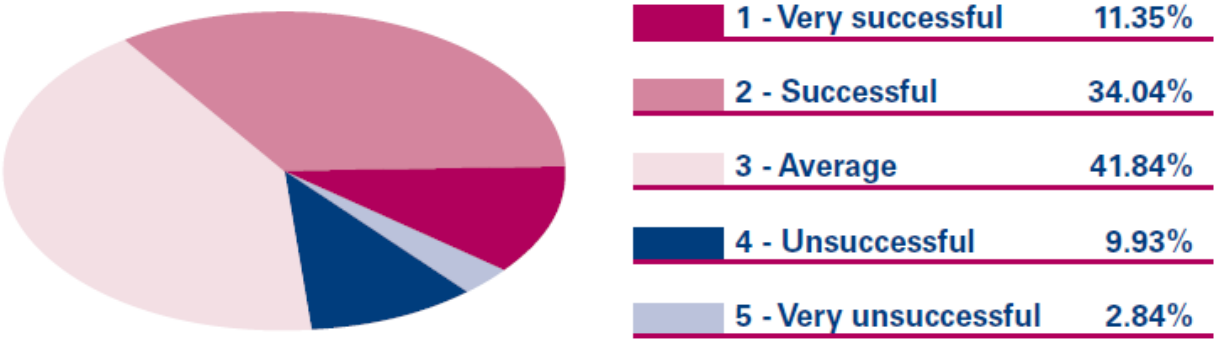
4.2.5 Operational Efficiency - Key Insight

"Leaders are leveraging second generation technologies to optimise performance (and reduce total cost) across the supply chain."

4.2.6 Operational Efficiency - Research Results & Observations

At its most fundamental level - technology is an enabler to help us achieve operational efficiency through automation of previously manual processes. It is therefore concerning that the research indicates 55% of respondents rate the success of technology in assisting their operational efficiency objectives as being average or below. Perhaps even more concerning is the fact that these same respondents believe perceptions of technology success amongst procurement stakeholders to be even lower.

How successful do you believe technology has been in assisting the operational efficiency objectives of the procurement organisation?



These results raise some questions. Have we lost our way with technology? Are we selecting the wrong technologies to get the job done? Or are we failing to implement the right technologies effectively?

“In the end it comes down to the level of belief the organisation has and the extent to which it is prepared to invest in technology. We do not have the belief…and regrettably in 10 years nothing has changed.”

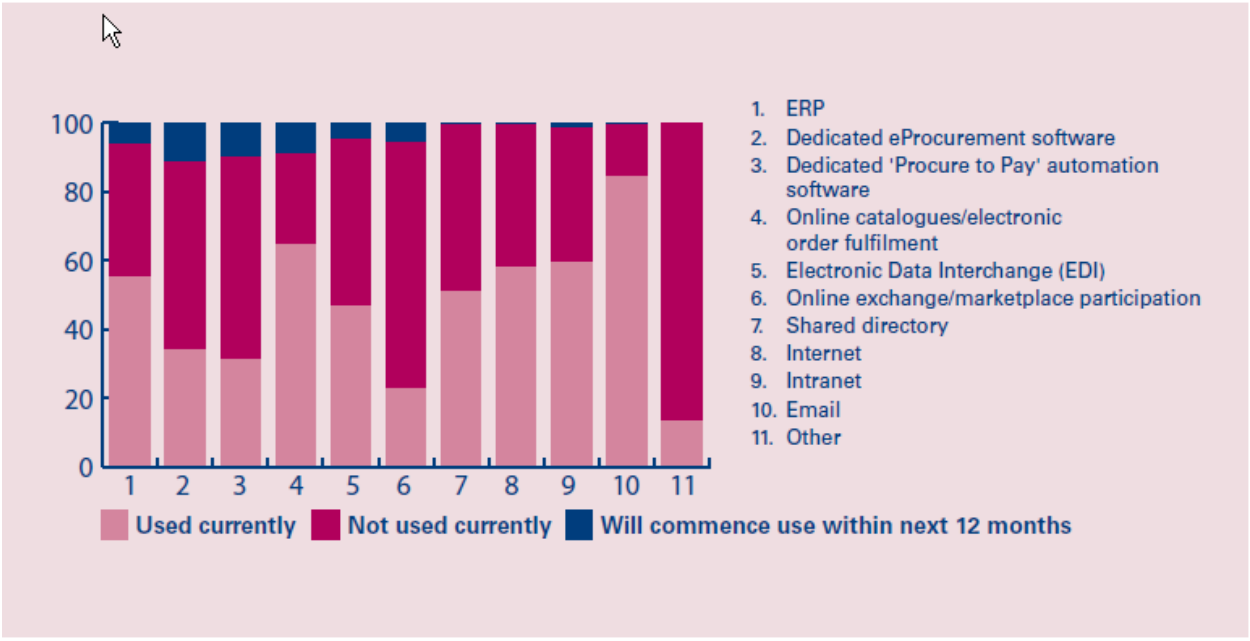
“We have forgotten the steps needed to educate stakeholders. We often worry about the solution…but lose the front-end stakeholders on the journey.”

The research findings also suggest there is strong polarisation between leaders and laggards in terms of the path to operational efficiency. While the majority of organisations are focusing on transactional cost efficiency - leaders are leveraging second generation technology to optimise performance (and lower total cost) across the supply chain.

“Operational efficiency is in the eye of the beholder…and it is necessarily related to what else is going on in the organisation.”

“It’s a case of the ‘haves’ and ‘have nots’…the ‘haves’ get better and the ‘have nots’ fall further behind. This drives the polarisation between leaders and laggards.”

Which of the following technologies has your organisation employed to assist transactional efficiency across the procurement function?



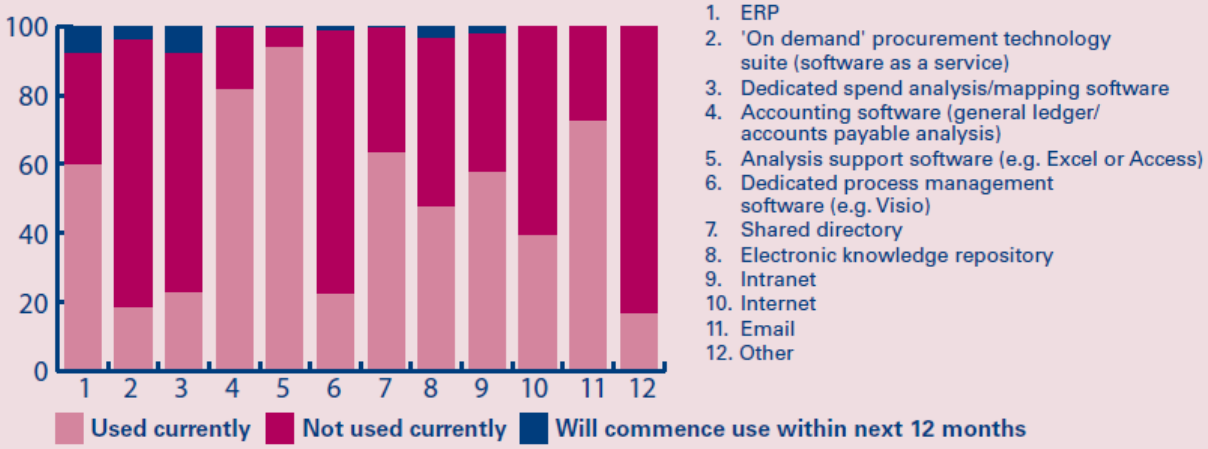
The implication is that the opportunity costs associated with technology investment can be significant. It’s therefore critical that technology strategy be carefully planned and executed. It’s perhaps even more important not to be so swept away with the ‘bells and whistles’ that we forget to assess the relative value of each technology investment alternative available.

Some respondent organisations (23%) have realised that spend visibility is a necessary precursor to effective category prioritisation and resource allocation. These organisations have

invested in spend analysis and/or mapping software and are not only seeing the benefits of greater spend visibility - but also enhanced stakeholder engagement.

“Our spend mapping tools have been a fantastic experience. We can now aggregate spend accurately…slice and dice the numbers….and for the first time we have more information than our suppliers. Our credibility amongst stakeholders is unparalleled and I now can’t imagine life without it.”

Which of the following technologies are employed to assist procurement spend analysis and visibility?



While the vast majority of organisations continue to leverage electronic document templates (91%) and email (86%) to assist the management and analysis of competitive negotiations with third party suppliers - almost one-third of respondent organisations have utilised online RFX (eRFI, eRFP, eRFQ and eRFT) tools. A further 10% of organisations indicate they will commence use of such tools within the next 12 months.

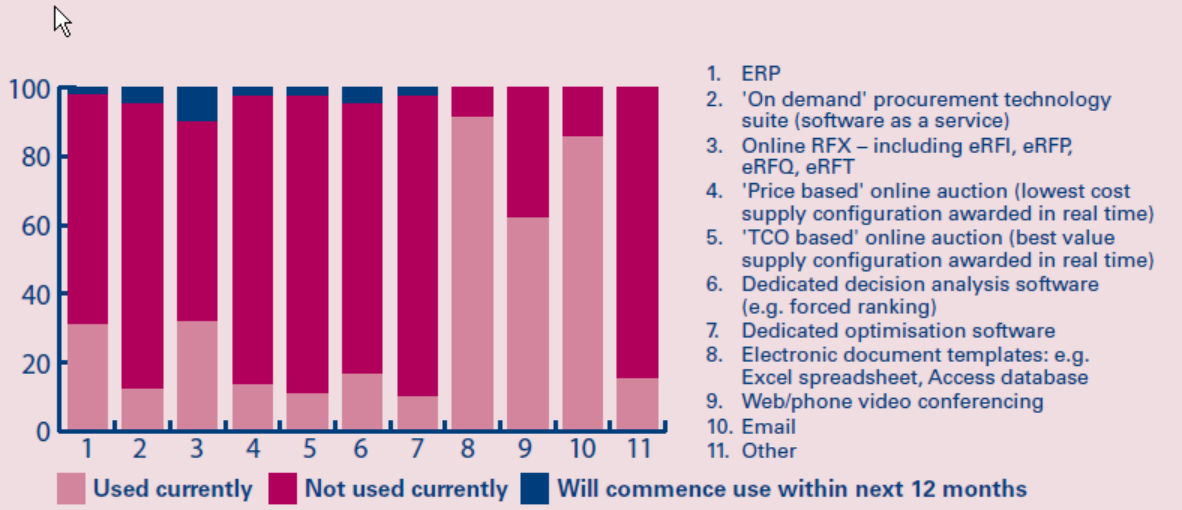
A smaller representation of organisations have utilised dedicated decision analysis (17%), ‘price only’ online auctions (14%), total cost auctions (11%), and dedicated optimisation software (10%).

At least some of these organisations are leveraging available efficiencies within the supply chain to achieve optimal supply chain configuration for both themselves and their third party suppliers.

“Lots of it comes down to perceptions of value add. People do not necessarily understand that there are significant opportunities to leverage synergies in the supply chain.”

“These technologies work without a doubt. We have seen some “oh my god” achievements. But technology affordability has been a big issue. <Name omitted> would never have gotten into this had it not been for our international parent.”

Which of the following technologies has your organisation employed to assist the management of competitive procurement negotiations with third party suppliers?



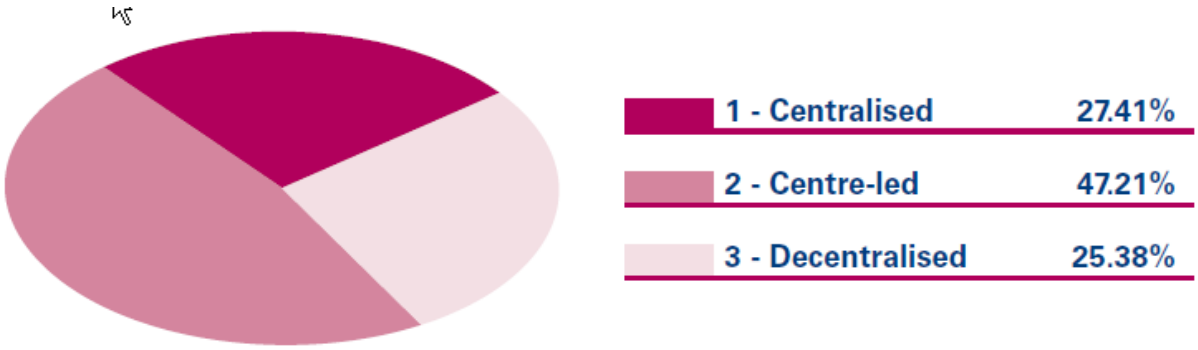
4.2.7 Structural Integration - Key Insight

"Leaders are successfully employing technology to transform stakeholders into procurement champions."

4.2.8 Structural Integration - Research Results & Observations

The research indicates that only 27% of respondent organisations operate centralised procurement operations. The inference is that almost three-quarters of respondent procurement functions operate in distributed environments - many across national and international borders.

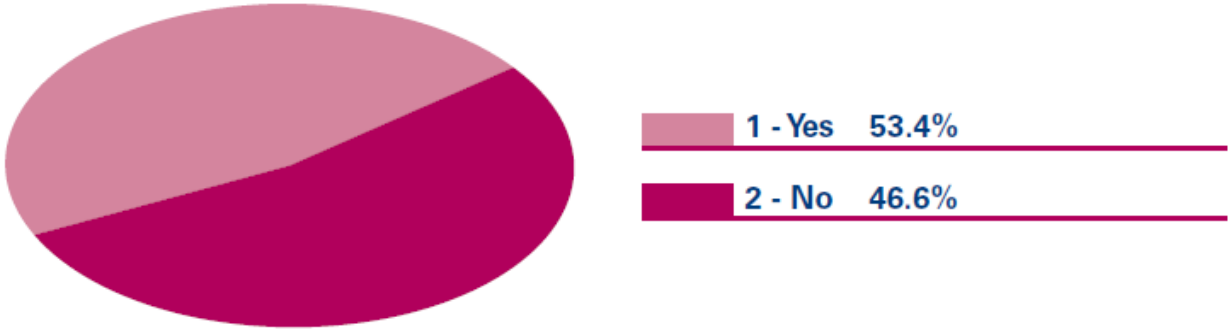
Is organisational expenditure managed by a centralised, centre-led or decentralised procurement function?



In such environments, procurement professionals may be limited to infrequent contact with their internal stakeholders. This may contribute to the fact that just 53% of respondent organisations claim to have a clear mandate to control organisational expenditure.

"Technology absolutely can address negative stakeholder perception. By using appropriate technology to show financial benefit to the business we go a long way to driving buy-in."

Does the function have a clear mandate to control organisational expenditure?

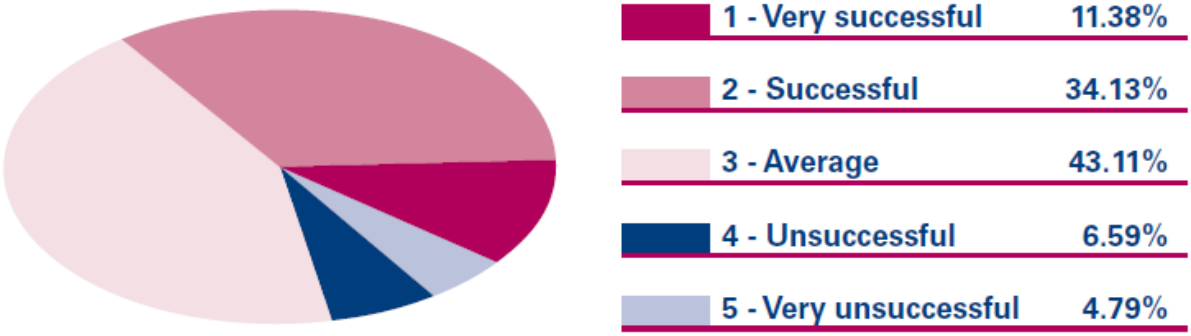


Just 53% of respondent organisations believe the procurement function is perceived to be a key influencer of EBIT, and only 45% of respondent organisations believe their internal stakeholders would rate them as being above average in terms of procurement success. The disturbing observation is that these negative perceptions of the procurement function amongst stakeholder communities have remained largely unchanged over a significant period of time.

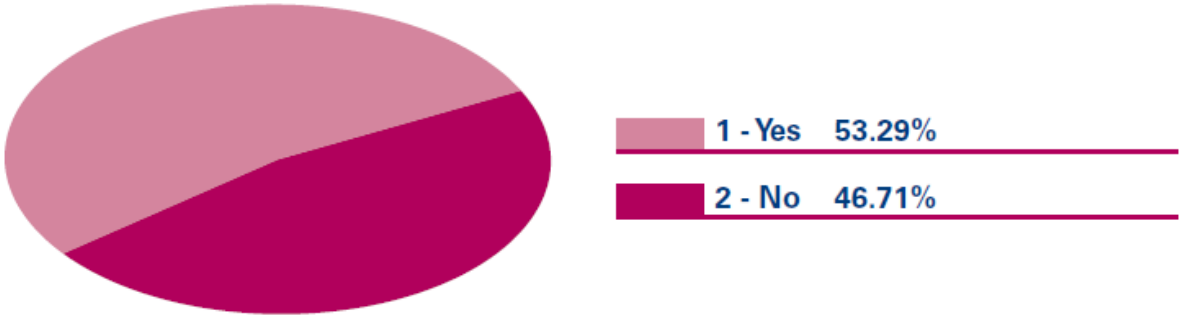
"We are not perceived as well as we would hope. We are seen more as a service provider."
"Procurement is perceived as something you have got to have. People think they can do it better themselves. It's not based on fact…it's based on being tribal…and there are lots of politics."

'"Stakeholders look at procurement as a tactical function. Procurement sees itself as a strategic function."

On average - how successful do you believe the procurement function is perceived to be across the wider organisation?



Is the procurement function perceived to be a key influencer of organisational EBIT?



It is therefore interesting to note that leading organisations are employing new approaches to address the stakeholder perception challenge. These organisations are utilising technology tools to access and leverage expertise within the stakeholder community.

“We are structured along portfolio lines so the focus tends to be on the category. The real key is to link benefit realisation to knowledge. Once you do that knowledge becomes a much more significant issue for stakeholders.”

“Technology can provide a real focus for performance improvement. IT makes procurement more proactive within the business. Money talks for stakeholders… and performance improvement drives confidence and profile improvement.”

“We are moving to a business centric approach. We realise this is the opportunity.”

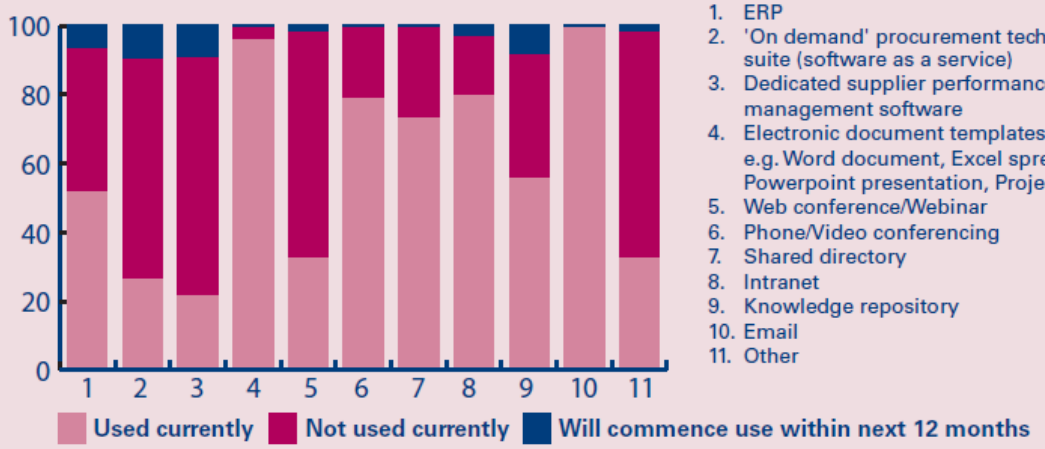
While the vast majority (87%) of respondents utilise cross-functional teams in the delivery of the procurement process - email (98%) electronic document templates (95%), intranet (81%), shared directory (77%) and ERP (55%) dominate in terms of reporting procurement performance. On demand procurement technology suites (software as a service) are being employed by 27% of respondents - with in excess of 10% of respondents intending to commence use of these same tools within the next 12 months.

These results are largely mirrored in terms of technology utilised in working together with procurement stakeholders - with the notable exception being the use of supplier performance management tools. 21% of respondents are currently using dedicated supplier performance management software - with a further 9% intending to commence use within the next 12 months.

By recognising their expertise and assigning accountability to stakeholders to provide fact based data during the category management lifecycle - some organisations are using supplier performance management technology to win the ‘hearts and minds’ battle - and transform stakeholders into ‘procurement champions’ in the process.

“Stakeholders are the essential part of the solution. If they are not on-board the battle can only be half won. Stakeholder knowledge determines procurement success.”

Which of the following technologies are utilised in working together with procurement stakeholders?



4.2.9 Knowledge Management - Key Insights

"Leaders are successfully utilising technology to identify and store knowledge for effective future access and reuse."

4.2.10 Knowledge Management - Research Results & Observations

If people represent the procurement engine room - knowledge is the fuel with which they operate. Yet the profession's track record at capturing knowledge for effective future access and reuse is overwhelmingly poor. It seems knowledge management is in theory easy to do - but in practice perhaps easier to overlook.

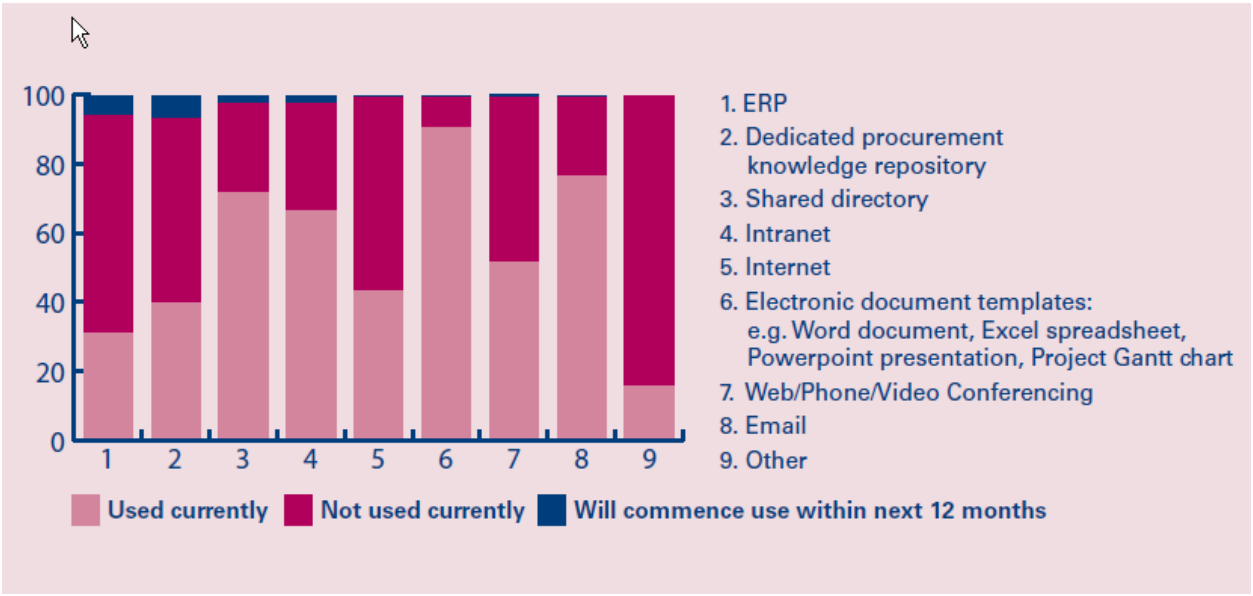
The recent research suggests that only 40% of respondent organisations employ a dedicated procurement knowledge repository to assist the effective capture, management and re-use of procurement related knowledge.

By far the majority of respondent organisations list electronic document templates (91%), email (77%), shared directories (72%) and intranet (67%). The implication is that the at least some of the remaining 60% of respondents continue to 'reinvent the procurement wheel'.

"It takes time…we now understand the difference between information and knowledge. We have pretty good information management...but not all the knowledge 'gold' is captured. <Name withheld> is far from there on knowledge management."

"We are in the process of building a shared drive which will assist information retrieval. I'll believe it when I see it…there's no common approach to labelling information or knowledge…it either takes forever to find or you just give up."

Which of the following technologies has your organisation employed to assist the effective capture, management and re-use of procurement related knowledge?



Just under two-thirds of respondent organisations rated their track record in effectively accessing knowledge for future reference and reuse as average or below. These results were mirrored in terms of respondents' beliefs regarding how key business stakeholders would rate the procurement functions knowledge management track record.

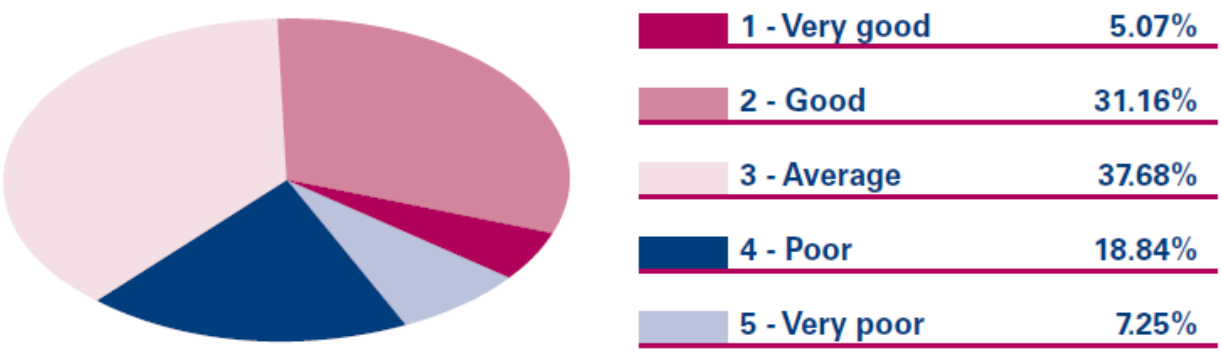
"We are not ambitious enough to invest the time to build knowledge internally. We can't find information and we don't store knowledge. It's like we have a hammer but no nails."

"Everyone has all the best intentions…but it's not part of the project to ensure the knowledge has been stored for effective reuse…you just move on due to the pressures of the day to day."

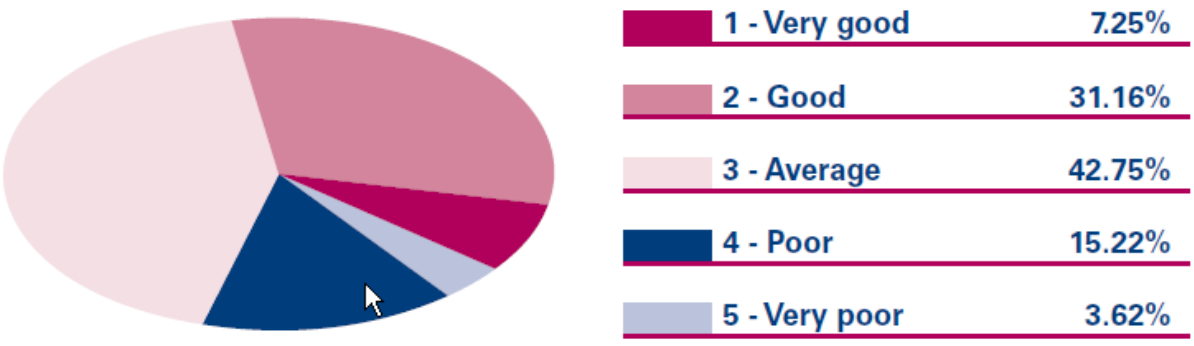
"Undoubtedly there's a pain point beyond which you need to stop re-inventing the wheel…but without investment we continue to do more with less and we simply maintain the status quo."

"There's some truth to the stakeholder allegations that we fall from project to project in line with a 'set and forget' mentality."

How would you rate the procurement function's track record in effectively accessing knowledge for future reference and re-use?



On average, how do you believe key business stakeholders would rate the procurement function's ability to effectively access knowledge for future reference and re-use?



Leading organisations understand the difference between information and knowledge as it flows through the supply chain. They store information and knowledge differently, and they provide strong incentive for adding to the 'knowledge bank'. The effect is that these organisations enjoy greater procurement agility as a result - and are far less exposed when knowledge 'walks out the door'.

"We have begun to embrace knowledge management using a simple set of rules. Simple works best…there can be no deliberation as to where the knowledge might be. It needs to be instinctive or people won't use it."

"None of us professes to be 'the' domain expert…so knowledge management is critical. The key is to see knowledge management as an additional objective above and beyond the procurement process."

5. Summary Recommendations

5.1 Where To For Leaders & Laggards?

	Leaders	Industry Average	Laggards
Talent Management	1. Develop a searchable repository of team capability. 2. Integrate capability map within procurement resource planning. 3. Employ regular 360 degree assessment as standard practice. 4. Promote talent attraction and retention by positioning as an employer of choice. 5. Support online education alternatives to promote learning flexibility. 6. Fully integrate reward and recognition with HR policy.	1. Consider technology led capability assessment to better understand your talent inventory. 2. Conduct regular assessment of team capability. 3. Make a cognitive link between talent advancement and retention. 4. Improve retention by promoting talent management tools internally. 5. Develop formal advancement programs using internal/external resources. 6. Link reward & recognition with HR policy. 7. Establish mentoring relationships with Leaders.	1. Conduct a basic audit of your talent inventory. 2. Plan regular assessment of team capability. 3. Conduct basic gap analysis of capability against current roles. 4. Identify internal/external training resources to promote learning velocity. 5. Commence reward and recognition of achievement. 6. Establish mentoring relationships with Leaders.
Process Excellence	1. Integrate process excellence in employee induction and development activities. 2. Apply automated processes as standard business practice. 3. Evangelise procurement process across the organisation. 4. Integrate knowledge management practices within standard process. 5. Ensure process excellence is being applied to the 'categories that matter'. 6. Develop reference case studies to promote process excellence internally and externally.	1. Develop commonly understood standard process at both high-level and work instruction level. 2. Consider dedicated technology to enable procurement process, visibility and compliance. 3. Promote procurement process across the procurement function. 4. Promote process visibility amongst stakeholders. 5. Bang the drum and celebrate process excellence success. 6. Establish mentoring relationships with Leaders.	1. Commence development of high-level standardised procurement processes. 2. Devote resources to ensuring common understanding of high-level processes. 3. Commence measurement of process compliance. 4. Enable visibility of process amongst stakeholders. 5. Reward and promote process compliance. 6. Establish mentoring relationships with Leaders.
Operational Efficiency	1. Apply dedicated spend analytics tools to drive aggregation and spend visibility. 2. Check technology has delivered foundations before proceeding. 3. Apply second generation tools for supply chain optimisation. 4. Leverage dedicated procurement technology suite to increase performance velocity. 5. Integrate benefit measurement with organisational budgeting and financial reporting.	1. Formalise spend analysis practices. 2. Check technology has delivered the foundations before proceeding. 3. Consider dedicated technology alternatives for influencing input costs and transaction costs. 4. Formalise sourcing and category management operations as standard business practice. 5. Promote benefit measurement outcomes across organisation. 6. Establish mentoring relationships with Leaders.	1. Commence manual audit of spend portfolio. 2. Understand all technology – led alternatives are not equal. 3. Consider technology options for transactional costs efficiency. 4. Establish standardised approaches to sourcing and category management. 5. Commence initial benefit measurement. 6. Establish mentoring relationships with Leaders.

	Leaders	Industry Average	Laggards
Structural Integration	1. Command broad mandate across centralised/centre-led function. 2. Utilise technology that leverages stakeholder expertise and promotes their engagement. 3. Integrate stakeholder involvement in SPM as standard procurement practice. 4. Expand stakeholder contact to include 360 degree feedback. 5. Bang the drum – celebrate success!	1. Drive towards centralised or centre-led procurement organisation. 2. Increase stakeholder visibility of procurement activity through technology access. 3. Measure and report on procurement spend under management and contract coverage. 4. Conduct regular formal (survey) and informal (newsletter) stakeholder contact. 5. Bang the drum – celebrate success! 6. Establish mentoring relationships with Leaders.	1. Formalise procurement structure. 2. Promote cross-functional procurement activities. 3. Commence stakeholder education and visibility of procurement activities. 4. Commence regular stakeholder contact and relationship development. 5. Celebrate procurement success across the organisation. 6. Establish mentoring relationships with Leaders.
Knowledge Management	1. Leverage dedicated knowledge management technology to store knowledge contextually. 2. Entrench knowledge management within standard business practice. 3. Extend knowledge management reach to stakeholder community. 4. Integrate knowledge management with induction and development programs. 5. Provide incentive and reward for knowledge management excellence.	1. Develop shared knowledge repositories for ease of knowledge identification, storage and reuse. 2. Consider intranet/internet based access to improve knowledge management practices. 3. Formalise knowledge management practices. 4. Develop knowledge management case studies to promote excellence. 5. Establish mentoring relationships with Leaders.	1. Understand the difference b/w information and knowledge. 2. Develop a knowledge management plan. 3. Initial capture of procurement related knowledge. 4. Develop basic process for knowledge access and reuse. 5. Establish mentoring relationships with Leaders.

About the Authors

Jason Ellenport is a Founder and the Managing Director of BOMweb Pty Ltd (www.bomweb.com) - an Australian based solution provider to the Procurement Industry. BOMweb has recently launched Equinox (www.equinoxprocurement.com) - a web-based technology solution developed for the Procurement market.

Antonia Macrides is a Founder and Director of Vertical Talent Pty Ltd (www.verticaltalent.com) - Australia's leading recruitment specialists to the Procurement and Supply Industries. Vertical Talent has recently launched the Talent Advancement Platform - a web-based technology solution developed for the Procurement and Supply markets.

CIPS Group Easton House, Easton on the Hill, Stamford, Lincolnshire, PE9 3NZ, United Kingdom
T +44 (0)1780 756777 F +44 (0)1780 751610 E info@cips.org

CIPS Africa Ground Floor, Building B, 48 Sovereign Drive, Route 21 Corporate Park, Irene X30, Centurion, Pretoria, South Africa
T +27 (0)12 345 6177 F +27 (0)12 345 3309 E infosa@cips.org.za

CIPS Australasia Level 8, 520 Collins Street, Melbourne, Victoria 3000, Australia
T 1300 765 142/+61 (0)3 9629 6000 F 1300 765 143/+61 (0)3 9620 5488 E info@cipsa.com.au

CIPS Middle East & North Africa Office 1703, The Fairmont Hotel, Sheikh Zayed Road, PO Box 49042, Dubai, United Arab Emirates
T +971 (0)4 327 7348 F +971 (0)4 332 5541 E mena.enquiries@cips.org

www.cips.org