



Global  
Digest

# Procurement Organisation and Infrastructure

## Background

CASME held Procurement Organisation and Infrastructure RoundTable meetings in Asia, Australasia, EMEA, Latin America and North America. The following main topics were discussed:

- Current structure
- Developing a new procurement structure
- Procurement support and outsourcing
- Talent management
- Measuring Procurement's performance.

This Digest provides the key points, good practices and insights into future trends identified by CASME members at the RoundTable meetings held around the world.

## Current Structure

- The structure of Procurement is defined at the global level to align with and adapt to global business operations, and may be comprised of:
  - Direct and indirect procurement functions that operate as a single group or separate teams
  - Global centralised category management teams based at the company's headquarters or in different regions, that manage global sourcing and contracting
  - Category-led teams with global leaders for different categories
  - Regional category management teams that conduct regional and/or local sourcing and contracting
  - Regional and local teams that support the business and implement global strategies at the local level
  - Global strategic sourcing teams that perform high-level strategic sourcing activities across various categories
  - Teams of cross-category procurement generalists that work in alignment with the relevant senior executives for different categories
  - Internal or outsourced services centres that perform tactical sourcing and transactional/operational procure-to-pay (P2P) activities on behalf of the category management teams.
- The criteria that is used to determine how Procurement and category teams are structured includes the:
  - The locations of the stakeholders and business partners
  - Volume of requirements and spend for each business function, procurement category and geographic area
  - Extent of Procurement's involvement in purchasing projects based on spend thresholds and strategic value
  - Availability of talent and cost of labour in particular areas.

## Developing a Procurement Structure

- The factors influencing the transformation of Procurement include:
  - Mandates to reduce operational costs
  - Value creation objectives, such as improving supplier relationship management (SRM)
  - The need to standardise processes to efficiently manage the supply base
  - The objective of standardising the quality of negotiations and contracting
  - Procurement becoming a strategic business partner.
- The most effective model for achieving optimum strategic category and supplier management, and alignment with the stakeholders, is the end-to-end integration of strategic and operational sourcing activities with analytics and supplier management. This model enables Procurement to provide effective solutions and enhanced insights, while improving risk management and ensuring alignment with the company's objectives.
- Effective organisational models to support the organisation's business strategy and objectives include:
  - Separating the execution of operational and strategic procurement activities to improve alignment with global procurement strategies across the organisation
  - Consolidating low-value transactional processes to be performed by a shared services centre or outsourced service provider
  - Establishing regional centres of excellence (COEs) to accommodate regional differences and complexities
  - Structuring Procurement as an internal business advisory and centralised purchasing service

- Reorganising Procurement's structure, with global category managers focusing on developing category strategies, and regional and local category and sourcing managers executing the strategies and performing tactical activities
- Redesigning category management to align Procurement's support with the objectives and expectations of the business.

## Procurement Support and Outsourcing

- Procurement COEs are usually small teams that are established to provide expertise and support to procurement teams and category managers by:
  - Improving procurement systems and processes
  - Enhancing data quality
  - Improving governance
  - Conducting market research and managing the associated subscriptions
  - Performing data analytics and providing insights
  - Creating dashboards and hubs for reporting purposes
  - Selecting and implementing new procurement systems and tools, as well as providing the necessary training and increasing adoption rates
  - Developing and monitoring Procurement's key performance indicators (KPIs)
  - Implementing and reporting on sustainability initiatives.
- In-house or outsourced shared services centres provide support to category managers and improve Procurement's performance by:
  - Performing low-risk, low-value tactical, operational or transactional purchasing processes, to enable procurement teams to focus on strategic activities
  - Constructing, issuing, and processing RFxs, then providing the results to Procurement for analysis
  - Onboarding new suppliers based on the company's policies
  - Managing purchase orders (POs) and ensuring compliance
  - Creating dashboards regarding spend, contracts and orders for the stakeholders to access
  - Filling gaps in Procurement's resources and capabilities
  - Monitoring the correct delivery of goods or services and ensuring accurate invoicing.

## Talent Management

- Approaches for attracting and retaining procurement talent include:
  - Recruiting talent based on their compatibility with the culture of Procurement and the company, as well as their industry and category expertise, capabilities such as collaboration, relationship management and influencing, and attributes such as a strategic outlook, flexibility and adaptability
  - Reorganising Procurement's structure to develop a cross-disciplinary team-working environment and provide job rotation opportunities
  - Adjusting the key performance criteria for procurement personnel to ensure that they achieve both job satisfaction and business targets
  - Establishing intern and management trainee programmes to attract graduates
  - Providing opportunities that appeal to individuals' personnel preferences, such as roles focused on environmental sustainability
  - Exploring the recruitment options to accommodate remote working arrangements in geographic areas where the company does not traditionally recruit personnel
  - Developing a pipeline of offshore talent by establishing career development paths for tactical roles and assessing the viability of the locations for higher-value positions
  - Coaching and mentoring individuals to attain their career objectives; encouraging senior managers to mentor middle and junior managers on a one-to-one basis through face-to-face or online meetings
  - Customising career progression paths to the aspirations of individuals; which involves monitoring their job satisfaction levels and progression through training and developing skills to improve Procurement's proficiency and standards.
- Procurement excellence is being developed and managed by:
  - Identifying talent within different teams and departments within the business, and establishing programmes to support their professional development and career advancement
  - Creating personal development plans that are linked to the capabilities required for specific roles
  - Ensuring that opportunities for training and development are available and communicated to all procurement personnel, including the management and soft skills required for leadership positions

- Developing a formal personal development programme that aligns with the company's development
- Providing employees with the tools to evaluate their own capabilities against those required for their current and future roles
- Offering internal or external training from sources such as LinkedIn Learning to individuals or groups of employees
- Supporting employees in acquiring role-specific core competencies and certifications, such as those obtained through CIPS or ISM, as well as general capabilities such as communication, stakeholder management, data analysis and business acumen
- Establishing a job rotation programme for new junior personnel to develop their knowledge and capabilities for future career advancement within the company
- Applying a flexible resourcing approach in which procurement personnel are allocated to projects according to their expertise
- Providing mentoring to junior personnel who have been entrusted with projects to gain experience.

## Measuring Procurement's Performance

- Procurement's performance is evaluated using both qualitative and quantitative measurements. In addition to operational KPIs to measure process timescales, efficiency, improvement and compliance, quantitative metrics are used to measure Procurement's financial performance in terms of:
  - Achieving cost savings and cost avoidance
  - The amount of spend under Procurement's management
  - Procurement's impact on the company's cash flow and bottom line
  - Spend versus budgets by business unit and category
  - The return on investment (ROI) for Procurement.
- Procurement's delivery of added value and contribution to the company achieving its business objectives is measured using metrics regarding criteria such as:
  - Improved risk management
  - Increased sustainability and diversity in the supply chain
  - Value delivered through SRM, including reduced risk, improved supplier performance, increased collaboration and innovation, and the company being a customer of choice for suppliers.
- Qualitative measurements include stakeholder satisfaction, for which feedback regarding the services and value Procurement provides is gathered by:
  - Conducting annual surveys
  - Requesting net promoter scores (NPSs) from the stakeholders
  - Performing reviews with the stakeholders during and after projects
  - Conducting 360° reviews, which also include feedback from suppliers.
- Procurement's performance during the pandemic situation has improved collaboration and communication between Procurement and the stakeholders, increased recognition of Procurement's value and support for its initiatives, and highlighted to the business the importance of managing risk and supplier relationships and conducting forward planning to ensure business continuity.
- The methods that are being used to benchmark the annual costs of the procurement department include:
  - Calculating the total annual operating costs of Procurement versus the amount of spend under management and the amount of cost savings achieved
  - Obtaining benchmarking data from providers such as [The Hackett Group](#); although analysis should take into account the variations between the procurement departments in different companies
  - Engaging professional services providers such as [Deloitte](#), [EY](#) and [Kearney](#) to optimise their capabilities to review procurement's structure against similar organisations.

## Future Trends and Technology

- Working remotely has generally been accepted as an ongoing arrangement; although many employees may prefer to return to working in the office once COVID-19 is no longer a significant risk factor. To accommodate the ongoing working from home strategy, Procurement will need to:
  - Define demand and redesign office space accordingly
  - Adjust the organisational structure
  - Establish HR policies relevant to working from home
  - Ensure compliance with country-specific legal requirements
  - Provide business and personal support to employees
  - Ensure employee health and safety.
- The technological advancements that will impact the procurement profession include:
  - Artificial intelligence (AI) applications for classifying and tracking spend and performing data analytics, enabling Procurement to quickly deliver enhanced data and insights to facilitate decision-making
  - Robotic process automation (RPA) for routine transactional and tactical tasks, to improve efficiency and enable procurement teams to focus on strategic activities
  - Integrated digital platforms within Procurement and the business for increasing the accuracy and visibility of data, as well as for improving contract, supplier and risk management
  - Sourcing platforms with interfaces and chatbots that improve processes and the user experience, while increasing visibility of spend, suppliers and contracts
  - Predictive analysis technology that identifies opportunities based on market trends and users' input during previous projects
  - Mobile apps that enable stakeholders to place requests, and for Procurement to approve orders and contracts.

## Resource Centre Links

The following are links to the full meeting reports for each region:

- [Asia](#)
- [Australasia](#)
- [EMEA 1](#)
- [EMEA 2](#)
- [Latin America](#)
- [North America](#)

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### Important

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Global Digests provide valuable category and strategic insights to CASME members, as part of a much wider subscription service that is delivered to hundreds of corporate indirect procurement teams worldwide.

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