How to Nail Procurement Efficiency

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MOUSER ELECTRONICS

Three ways to achieve greater efficiency

There are levels to efficiency, but achieving greater efficiency requires identifying any inefficiencies, with the understanding that things won't be fixed overnight. Efficiency requires process streamlining, documentation, optimization, and, naturally, automation. However, the first step to becoming efficient is simply getting a full grasp on your current status.

The journey to efficiency begins with identifying places for improvement, understanding what all of your business units require, having ways to identify suppliers that can meet your top requirements, a look at how you negotiate contacts for ultimate value, and a way to evaluate what you're doing on an ongoing basis.

1. Jump on the digitization bandwagon

The pandemic has accelerated digitization for many companies. Digitizing processes enables faster insight – providing the opportunity to increase output or eliminate a process quickly when it's not working.

In today's world, there's no excuse not to move to digital. Doing so means eliminating manual transactional processes, providing easier access to procurement services. For example, enabling vendor self-service capabilities for invoice entry and providing guided buying ,PunchOut, mobile requisition, approvals reduces the cost of purchase orders. In addition, digital transaction processes allow you to easily monitor open orders. The use of e-procurement software can slash cycle times by as much as two-thirds.

2. Harness the cloud

Cloud-based sourcing and supplier management tools can enhance collaboration, streamline processes, and provide accessibility anytime; aggregating information quickly and increasing efficiency. More agile spending and supplier management can improve your organization's cash flow, minimize risk, and ensure business continuity—all critical capabilities, particularly in a downturn.

Using a cloud-based platform, your procurement practice can provide internal stakeholders and partners with timely, forward-looking analysis that empowers them to make better decisions, explore more scenarios, and support a continuous, agile planning model.

3. Cut your budget or cut your waste

Cutting expenses is a part of smart business. But realistically, cutting isn't enough and can even become a self-defeating exercise. Properly managing expenses involves such things as:

- Sufficiently monitoring vendors--a necessity to boost efficiency and profits while reducing inventory costs.

- Make routine purchases with vendors where there are pricing agreements, which usually translates into lower prices and fewer errors.

- Decentralize the requisition process

- Empower the procurement department

- Identify where spending is under managed or improperly managed in your organization.

Sometimes what's needed is a change in mindset. In moments like these, leaders should avoid being reactionary in favor of a more proactive approach. For example, if you were putting your organization together today—what would that look like? What would you streamline? What would you emphasize? Where would you automate first? How can you take advantage of the cloud? Even the smallest step is still a step forward toward a more efficient business.

Move data in a continuous and logical flow between your departments, including finance and planning.   Collaborate where you can, empower the people around you, and implement steps to increase accuracy and flexibility—all of these are aspects of efficiency.

Lastly, remember that achieving greater efficiency isn't a one-time process. Always stay in position to be nimble, in order to make changes quickly, so you can maintain that greater efficiency once you've harnessed it.