

Art of Procurement, in partnership with Globality

Increasing Procurement's Impact During Turbulent Times



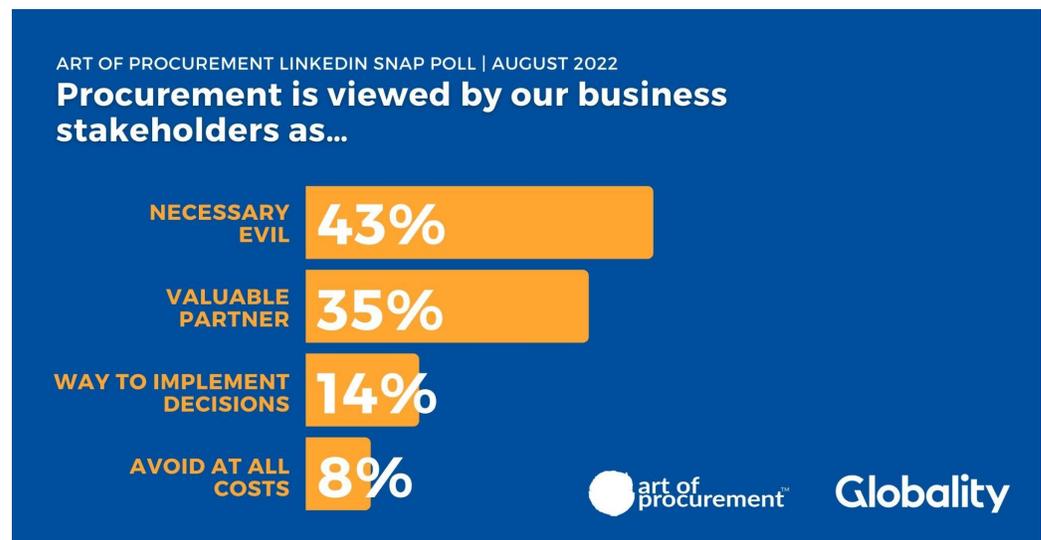


Procurement has long sought to establish themselves as a trusted partner to the business, but their processes and technology have (at times) proven to be obstacles. Rather than laying the groundwork for a consistently good internal customer experience, they have caused friction and frustration between procurement and the business. They have also limited the impact that procurement can have on the wider organization, an unfortunate situation that must be rectified as soon as possible for the sake of everyone involved.

With this concern in mind, Art of Procurement and Globality partnered to run a series of LinkedIn polls in advance of Mastermind LIVE 2022. Our common goal was to capture a snapshot of how procurement believes they are viewed by the business and then connect that perception to the quality of the experience procurement provides through processes and digital platforms.

This paper shares the results and summarizes the findings of the three polls and provides commentary about what they reveal when considered in combination.

How do stakeholders perceive procurement?



43 percent of respondents indicated that business stakeholders see procurement as a necessary evil. When we add this group to the 8 percent that believe the business avoids procurement at all costs, it paints a grim picture. More than 50 percent of poll participants recognize that the business is not particularly eager to work with procurement.

Keeping in mind that we did not ask other functions in the business how they see procurement; this self-reflection could be problematic - or it could signal the precise conditions required for lasting change.

While identifying as a necessary evil is nothing to brag about, it may actually indicate that procurement is being objective - and reflective - about the challenges at hand. This realization will hopefully position procurement to not only embrace transformational change, but also to lead it from within.



“Procurement must seize this opportunity to empower business partners to lead their own digital transformations with autonomous, consumer-like user experiences that exceed even today’s expectations.”

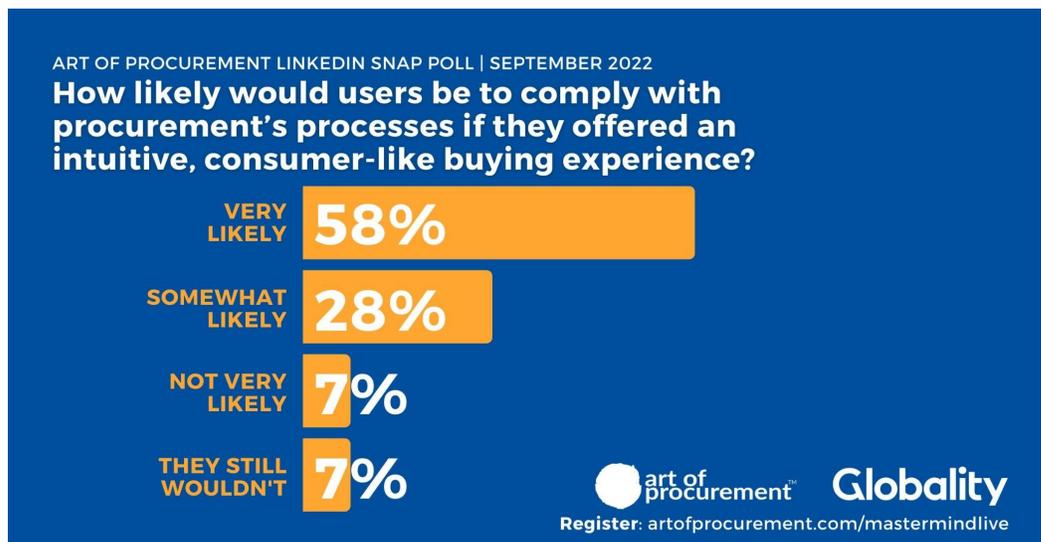
Keith Hausmann, Chief Revenue Officer at Globality

In addition to the poll participation, we received some interesting thoughts and questions via LinkedIn comments. For instance:

- Is procurement seen as a necessary evil by all levels of the organization, or just the individuals they work with directly? Is this perception one that starts in the C-suite or on the Board and then proliferates down through the management layers of the company?
- The KPIs that drive procurement's priorities and activities may play a role in this negative perception. If procurement is overly driven to deliver savings or enforce onerous processes or policies they didn't create, the performance measures themselves will have to change before perceptions of procurement can evolve.

- Each company – and each procurement organization – is different, meaning that there is no across-the-board standard for best in class. In fact, the best fit procurement organizations will be the ones who clearly understand what the business needs from them and align seamlessly to deliver it.

Could a consumer-like buying process increase the likelihood of stakeholder compliance?



Closely connected to the idea of being seen as a necessary evil, the experience procurement provides is often vastly different than even the most basic eCommerce customer experience. Add to that the fact that traditional efforts to increase compliance do little to improve the relationship between procurement and the business, and it is no surprise that approximating the online shopping experience is seen as a potential solution for experience as well as compliance, with 58 percent responding that it would 'very likely' lead to an improvement.

Rather than spending time on policy enforcement, procurement can encourage business stakeholders to comply with established processes by offering an intuitive, intelligent B2C-like buying experience.

Since an experience is more than user interface, procurement must also embrace the idea that buyers want self-service options. By putting the buying process into the hands of stakeholders - with appropriate guardrails of course - procurement can increase the agility of their sourcing models and empower stakeholders to meet future challenges and disruption head-on, without administrative red tape or delays.

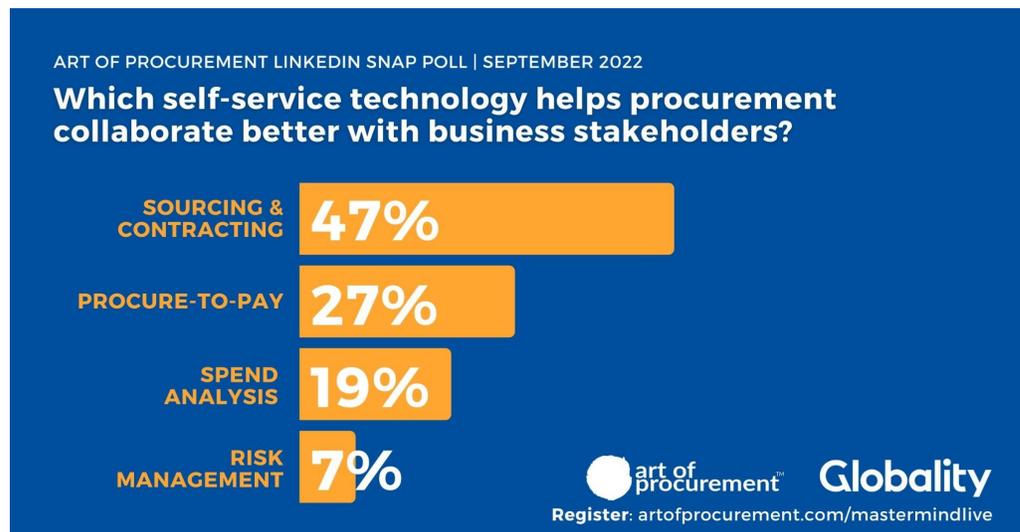
“Creating an intuitive user experience that delights business stakeholders will not only bring more spend under procurement’s control but also increase the function’s influence across the organization and will help to earn that long talked-about seat at the table,” said Hausmann.

One commonly observed procurement maturity curve starts with the centralization of everything spend, supplier, and contract-related before progressing to decentralization. This is not a backlash against centralized control, but rather a recognition that the business wants and needs to have agency in many situations. Service-oriented procurement organizations will recognize this and adjust their relationship with the business accordingly.

While it might seem easy to just give the business what they are asking for, one comment captured a wise word of caution: “Be careful what you wish for... Establish your function’s value [and] add to the business first before making it easy for them to avoid you... path of least resistance, always.”

Self-service is not about requiring procurement to write blank checks, but rather to provide the business with freedom that is directed using carefully placed guardrails.

Is digitally-enabled self-service the answer to improved collaboration with the business?



Even with a clear desire for self-service options, digital transformation should make it as easy for procurement to collaborate with the business as it does for the business to meet their own needs.

When asked which specific procurement technology would improve collaboration between procurement and the business, nearly half (47 percent) of respondents answered sourcing and contracting.

Many procurement teams might be more comfortable with the idea of allowing self-service spend analysis than sourcing and contracting, but they can also be honest in their recognition that stakeholders want to drive their own sourcing activities.

Procurement needs to change the way they engage with the business, taking active steps to empower self-service capabilities among stakeholders as a way of improving the buying experience and driving better business outcomes as well as enhancing their internal reputation.

Conclusion

Procurement leaders and teams know that what 'worked' in the past did not work as well as procurement thought it did. Compliance-heavy approaches are not well suited to today's business and sourcing challenges, and they do not foster the kind of relationship procurement wants to have with the business.

Being aware of prevailing perceptions is the first step. Once that has been digested, the path forward requires re-evaluation of procurement processes and technology, with an improved customer experience being the ultimate goal, and increased procurement results as the ultimate prize.

As Hausmann offered in conclusion: "This new intelligent and agile approach will enable procurement to deliver better business outcomes and help companies not only survive but also thrive during the current economic uncertainty we are living through."

About Globality

Globality is the leader in maximizing outcomes for indirect spend. Leveraging our state-of-the-art sourcing platform, leading companies around the world are able to source with more agility to drive better outcomes. We help our customers move more spend to self-service without sacrificing compliance so that teams can do more with less and move faster. Our intuitive, intelligent and efficient software delights business stakeholders while delivering more than 20x ROI. In January 2021, Globality raised \$138 million from Sienna Capital and the SoftBank Vision Fund, bringing the total investment it has raised since its founding six years ago to \$310 million. For more information, visit www.globality.com.

About Art of Procurement

Art of Procurement was founded in 2015 to empower professionals at all levels to align procurement performance with corporate objectives.

For more information, visit www.artofprocurement.com, follow the Art of Procurement company page on [LinkedIn](#) or follow us on [Twitter](#).