

# The Self-Disruptive Effect of Adoption Through Intake on Procurement Transformation

# The Self-Disruptive Effect of Adoption Through Intake on Procurement Transformation

**PROCUREMENT ORGANIZATIONS ARE CONSTANTLY EVOLVING, BUT THE PACE OF THAT CHANGE SEEMS TO HAVE ACCELERATED OVER THE LAST FEW YEARS – NO DOUBT IN RESPONSE TO A MYRIAD OF EXTERNAL FACTORS.**

Business models have changed, the global economy has changed, and stakeholder and user expectations have changed. For many procurement teams, the cumulative adjustments will require a reboot in order to maintain alignment. Procurement's organizational structure, digital capabilities, in-house talent, philosophy, frameworks, and workflows are all on the table.

Said another way, in order for procurement to adapt, it must disrupt itself.

The reality, however, is that procurement transformation can't be considered disruptive unless it is also comprehensive. To be comprehensive, processes and technology must be adopted by everyone in the organization – not just the procurement team deploying them.

When approached in this way, procurement can set a chain of events in motion, leading to better-fitting processes that ensure all stakeholders and suppliers are empowered to pursue the most rewarding opportunities.

Procurement needs to provide... and even BE... the catalyst that inspires everyone in the organization to imagine the art of the possible. Change management challenges are to be expected, but initiating the change journey is often the biggest hurdle of all.

Art of Procurement partnered with the team at Zip to explore how procurement can lead to positively disruptive change from within. In the coming pages, we will discuss:

- The significant role that adoption plays in unleashing procurement impact and the ROI of digital investments like intake management
- What spend collaboration truly means and how procurement can foster it at scale
- Why full spend visibility requires procurement to change how they define their role and update or extend traditional measures of success.

## Digital Adoption As a Matter of Perspective

Standard procure-to-pay and source-to-pay deployments typically only cover a portion of addressable spend. For the spend that remains – in some cases as much as 50 percent of corporate spend – some will always be outside of procurement's scope. For a significant subset of transactions, however, poor adoption creates a barrier to addressability.

Just as procurement has come to understand 'maverick' or 'rogue' spending as an indication that processes need to be adjusted and communicated better to the business, adoption can be improved by ensuring that a larger percentage of spending is frictionlessly accommodated in digital platforms.

The challenge starts at this point in the process: routing spending activity through established intake processes and systems so that it can be 'seen' and analyzed.

Many of the companies that struggle with adoption and all of its downstream effects have hit a ceiling. They need to break through that ceiling by changing procurement's processes and interactions with the business, often by first reconsidering where and how the process starts for stakeholders. Alignment with the business is the only way to achieve the desired ROI from procurement systems, a benefit that should grow year over year.

Making these adjustments is a critical self-disruption opportunity for procurement. They can see evidence of friction and miscommunication, and if they are able to improve the user experience associated with the procurement process, the added value will be measurable from the point of intake through the terms of final supply agreements.

One additional challenge for procurement is that the adoption ceiling is cyclical. They can address it today, only to see it re-emerge in the future. This is a natural byproduct of the constantly changing nature of business and procurement's role within it. Not all of the solutions employed need to be cutting-edge in order to deliver ROI. Even well-known technologies like supplier discovery, tail spend management, and intake management can deliver substantial and sustainable returns.

Many procurement systems are effective for the first year or two, and then the value begins to drop off. The 'low hanging fruit,' or early wave sourcing opportunities will have been addressed and procurement may begin to struggle. In order to oversee other categories of spend, procurement needs to self-disrupt once again.

## A Vision for Self-Disruption

While systems can facilitate transactions and open the door to increased procurement involvement in spend, the team needs to actively pursue and commit to collaborations with the business. Procurement must consider what successful collaboration looks like.

First - a note - collaboration with the business does not directly correlate to an increased number of meetings. No one has time for more meetings, and they may even contribute to lingering sentiments about procurement being overly administrative or slow to take action.

Collaboration is not so much about time as it is about space. As with adoption, procurement must self-disrupt how they engage with the business. Collaboration is the result of a space created for the open exchange of ideas, where anyone can bring a suggestion forward and the rest of the group has an opportunity to react and iterate.

Once procurement has fostered a spirit of collaboration, business partners are likely to want increased visibility and empowerment. Procurement should be willing to facilitate these requests as a way of keeping the business engaged. Opening up channels for self-service, incorporating time management and productivity aspects into procurement workflows, and enabling upfront collaboration to incentivize early involvement all benefit procurement as much as they do distributed buyers.

There is a difference between owning spend and owning a process designed to lead the business toward desired outcomes easily and efficiently.

If marketing is using a process designed by procurement, but they own the spend themselves, that is still a victory. Procurement should be focused on putting guardrails in place so that everyone can be involved in and collaborate on buying without the process being walked from point to point by procurement.

Procurement has always been willing to accept that some spend was never going to fit well through their general process. Today, this perspective is being actively flipped. Leading procurement teams are telling stakeholders they should be able to act on their own.

This may still be a new concept, but it takes an assumption that already had foundational cracks (the idea that procurement could ever manage all spend), and acknowledges that there are many different kinds of buying going on that procurement doesn't need or want to be involved in.

Procurement should aspire to be a gate opener instead of a gatekeeper. There is a whole world of opportunity and innovation taking place outside the company and procurement should be opening the gates for the business to leverage their spend opportunistically.

## Expanding the Definition of Full Spend Visibility

We won't take time and space here to make the case for spend visibility. That argument has been made and won many times over. What we will do is explore what full spend visibility means and what actions it can enable.

Full spend visibility is more than being able to track every dollar the way many teams did in the past. 'Spend cubes' provided some context around spending activity and supplier relationships, but nothing like the comprehensive understanding and analytics procurement needs today.

Spend is an asset in motion. Everyone in the business needs to be able to see supplier relationships, contracts, and purchase requests as they move through the procurement process. In fact, sometimes the business needs to understand how spend moves through the process before they can experience full visibility.

Stakeholders often feel that they don't have as much skin in the game once procurement gets involved. They make a request, but – once submitted – it goes into a 'black box.' Efforts by procurement to partner or provide a 'white glove' level of service may be received as distancing requisitioners from their own business needs.

Procurement's stakeholders need to feel that the request and the associated spend and supplier relationship continue to be theirs and that the process has been designed to make them successful.

We can use tail spend as an example. Tail spend has often been seen as something to be eradicated at all costs. Now, procurement is being more thoughtful about their approach to this spend, recognizing the importance of understanding the activity that makes up the long tail. Does it contain risk? Waste? Pricing or process errors? Tail spend is always going to exist to some degree, and so transparency – not destruction – should be procurement's priority.

If procurement were measured on how much visibility they have and create for the business, that would serve as the ultimate disruptive change. This would also align with the **10X objective of influencing spend** rather than bringing it 'under management.'

## Accepting the Procurement Redesign Challenge

Procurement's workflows and platforms are a reflection of the team's mindset and how they view the role they play in the organization. If procurement has the wrong frame of mind about their intended role, policies, and processes will follow them down a suboptimal path.

Procurement systems that are too cumbersome for people to figure out may discourage the business from trying to interact with the team directly, but the current obsession with all things digital has overshadowed the opportunity associated with process change.

Procurement processes and programs are often designed and implemented by third parties such as management consultants. Now procurement has to design a new process or substantially redesign current processes to meet the business' evolved needs.

### Procurement must self-disrupt.

Change management has always been a challenge, and always will be, even within the scope of more comfortably established processes. This makes procurement redesign a real challenge.

Procurement may have been handed adoption, collaboration, and visibility-related challenges, but if they can figure out how to stay aligned with what the business wants and what external conditions demand, they can create the opportunity to serve as a competitive differentiator.

Some companies put all of their effort and investment into digital platforms, taking a 'build it and they will come' approach to spend management. Other companies resist making investments in technology because they believe only their people and processes need to change.

Technology is meant to be an enabler of highly capable people and effective processes, but when procurement leverages it as a catalyst for change and emphasizes widespread adoption, the disruptive potential will be clear to the whole business.

## About Zip

Zip is the world's only intake-to-pay platform. Providing a single platform for any employee to initiate and complete a purchase or vendor request, Zip helps businesses gain clear and timely visibility across all business spend, while dramatically improving the employee experience. The platform's no-code configuration and intelligent workflows integrated across disparate systems enable businesses to automatically route requests for faster approval across finance, legal, procurement, IT, security and other teams. Zip consolidates all the steps and tools used across the purchasing lifecycle in one platform. Leading enterprises and high-growth startups like Northwestern Mutual, Snowflake, Canva, Airtable, Webflow, Databricks and over 250 others use Zip to streamline their procurement processes while delighting their business users.

For more information, visit [ziphq.com](https://ziphq.com)