



YOUR PATH TO PROCUREMENT TRANSFORMATION

Procurement is not just about savings anymore.

IT'S TIME FOR A
PROCUREMENT
TRANSFORMATION



INTRODUCTION

In today's global economy, procurement can no longer be the business function relegated to the back office where the focus is only on cutting costs and pushing papers through the process.

These days, procurement plays a vital role in an organization's overall strategy. Indeed, its transformation is critical in a fast-paced world where institutions face tightening budgets, growing mandates, increasing scrutiny, new risks and complex needs.

With online, digital and mobile shopping options at their fingertips, an organization's buyers have more opportunities to go rogue, increasing the potential for waste and fraud. As calls for collaboration with local businesses grow, there are always new and changing requirements to check off. And, with the need for creative ways to save time and money, there are ever more options to contemplate.

Paper-based manual processes that leave binders stuffed with contracts, filing cabinets overflowing with purchase orders and bids lost in piles on cluttered desks just aren't effective anymore.

A change is required - and there is opportunity for improvement regardless of the role procurement plays in a particular organization. Some procurement teams have the benefit of leaders who support innovation. Others play a less prominent part, but that doesn't mean they can't make a difference.

Wherever procurement is in your organization, to remain effective, teams must rethink their purpose. Saving money is still critical, of course, but there's more to the job.

It's time for a procurement transformation.

WHAT IS PROCUREMENT TRANSFORMATION?

Procurement, spend management and any number of other terms get tossed around interchangeably these days. Software vendors, service providers and consultants try to sound more sophisticated by using words that imply they do more than they actually do.

The function of procurement, broadly speaking, is to help your organization spend money in the most efficient and effective way possible.

The term encompasses processes that include sourcing, vendor solicitation, bid and quote management, eProcurement, contract management, invoicing, supplier management and payables. It also includes an institution's strategic priorities, such as securing goods and services that are sustainable or created by local businesses.

Where does procurement fit in your organization?

PROCUREMENT WITH POWER

In many organizations, those leading this

effort often reside in the procurement department. Because these processes can have such a significant impact on the financial well being of an organization, it often makes sense for procurement to hold a position of authority - Procure with Power, so to speak. A vice president of finance or chief procurement officer can often bring change to the organization with all of the formal authority that is required.

PROCUREMENT WITH INFLUENCE

But that Procure with Power scenario isn't always possible. Sometimes the procurement function plays more of a support role or is viewed as a service provider within an organization. Or, perhaps, the procurement function is distributed across an organization with no central point of control. In either case, a grassroots or bottom-up approach is the way to affect change.

CLEARING THE PATH TO PROCUREMENT TRANSFORMATION

Whether procurement leaders in your organization have the formal authority to drive change holistically or need to work more organically, from the bottom-up, there is a road map to build success that's aligned with the strategic initiatives of your organization.

Whatever your procurement profile - centralized, decentralized, authoritarian or more departmental - there is a path forward to transformation.

PROCURE WITH POWER: A HOLISTIC APPROACH

With the right level of authority and broad organizational support, it is possible to take a holistic approach from the very beginning. In this scenario, you have the opportunity to make significant changes quickly - as long as leadership is steering the ship toward the most effective procurement strategies. You decide whether your buyers can shop external e-commerce platforms, how workflows are designed and who can use P-cards, for instance.

An array of spend management solutions, spanning the procure-to-pay cycle, make it possible for procurement teams to eschew paper processes that only slow down requisitions, approvals and purchase orders. But be careful! It's all too easy to digitize bad systems and processes, reinforcing undesired behaviors that lead to maverick spend, fraud and higher risks because there are no controls in place.

Automated procurement certainly is a step forward to procurement transformation, but organizations miss out if they simply recreate inefficient workflows that contribute to more underlying problems than they solve.

If your institution has a centralized procurement function and the organizational authority to affect change, you have the opportunity to set a destination - a desired future state - towards which to guide your organization.

DID YOU KNOW?

ESM's Procurement Transformation Assessment is a consultative service to help organizations develop their transformation strategy and map out the steps to achieve it. Benefit from the knowledge we've acquired working with hundreds of institutions around the world.

[LEARN MORE](#)

IS PROCUREMENT TRANSFORMATION POSSIBLE? **OF COURSE!**

Procurement Transformation is possible - even at small institutions. At Gonzaga University, users have flocked to its eProcurement system even though they aren't required to use it. It's working because procurement leaders provided a solution that was easy to use and included all of the right vendor catalogs. Today, they are enjoying an average savings of 14 percent on products and services.

PROCURE WITH INFLUENCE: AN INCREMENTAL APPROACH

In this scenario, the procurement function does not have the formal organizational authority to enforce dramatic changes to the way the organization handles procurement. But that doesn't mean change isn't possible.

When an immediate, full-on transformation by mandate isn't realistic, take incremental steps toward spend management automation by streamlining individual functions. Departmental solutions bring incremental improvements and can capture early victories to celebrate and increase momentum. Over time, those smaller victories will add up to big efficiencies and measurable cost savings.

Sure, you may relish the thought of mandating that buyers shop from only your negotiated contracts, for instance, but you may not have the authority to lay down the law.

Instead, think about what really is possible. Who are the stakeholders who will be on board to make changes? Where can you realistically start? In this version of the procurement transformation journey, big wins often aren't immediately apparent. But, if you stay on course, you'll find them.

RELATED RESOURCES:

[OVERCOME COMMON OBJECTIONS](#)
[CONSUMER SHOPPING EXPERIENCE](#)

THE RIGHT CHOICE

We steer customers and help them make the right choices when they make a purchase. As long as they are going through the ESM shopping portal, we know they are getting the right contract."

~ Steve Lunden
Gonzaga's purchasing director

HOW DO YOU GET THERE FROM HERE? **FOLLOW THIS FOUR-STEP PROCESS:**

No matter where your procurement function sits in the organizational power structure, you can implement or affect change. With more formal authority and executive support, changes can be mandated and enforced. With informal authority, you can still accomplish great things, but do it by biting off smaller chunks at a time.

In either scenario, you'll want to start with a simple four-step process.

1. ASSESS THE CURRENT STATE

You can't get to where you want to be if you don't know where you are. Organizations need to assess the current state of affairs. Document present processes; collect relevant data, including activities, technology, approval mechanisms and time and cost; map each process; and benchmark KPIs against best practices. While you're at it, evaluate your current tools and identify opportunities for improvement.

In a nutshell, you want to identify what's working and what's not. What are the key processes you want to keep in tact? Which ones can be streamlined? And can any be eliminated entirely?

EXAMPLES:

- » Are staff members skipping procurement because it is easier to buy on their own and expense it later?
- » How long does it take to go through a typical RFP process, and what steps consume the most time or human resources?
- » How long and how much does it cost your organization to process a manual purchase order?
- » How long does it take to get through your contracting processes? Where are the bottlenecks?
- » Is off-contract spending a major issue in your organization?

With a list of these issues in hand, you can start to prioritize them based on their impact on the organization and the ease with which they can be addressed.



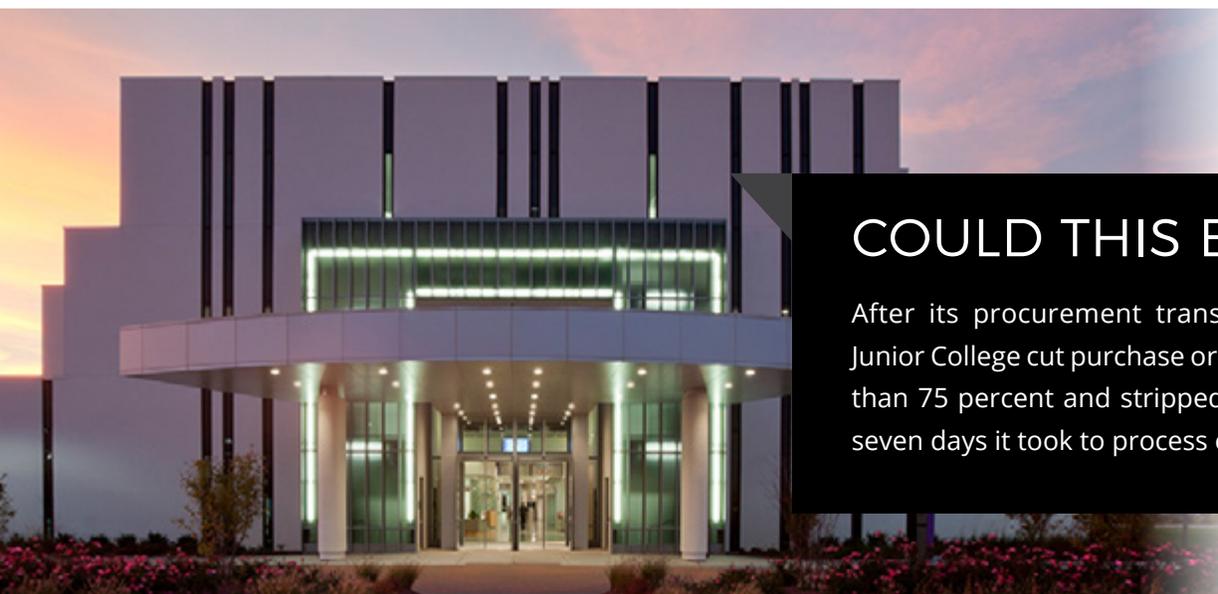
2. DEFINE THE DESIRED FUTURE STATE

This is where you define how you want things to work in the future. If there was nothing to hold you back, what kind of operating procedures, workflows and reporting capabilities would you create? What behaviors do you want to change? What questions must you be able to answer?

As you flesh out your organization's future state, you may find there are implications for technology, processes, reporting and even personnel. Whatever the desired future state looks like for your organization, quantify the projected benefits and costs so you have a compelling business case for change.

“This has
been a
savior for
us”

- Roxanne Venegas
Joliet Junior College's
purchasing manager



COULD THIS BE YOU?

After its procurement transformation, Joliet Junior College cut purchase order costs by more than 75 percent and stripped away the nearly seven days it took to process each one.

3. DETERMINE YOUR STRATEGY

Rome was not built in a day, so don't expect to land on your ideal procurement future-state in a short period of time. Changing the wheels on a moving car, painting the plane in mid-flight ... you can pick your analogy. The reality is that normal operations need to continue in your organization, and people can only accept so much change at any one time.

Lay out a road map. A path. A sequence of incremental steps. You can use them to systematically knock off the most pressing issues and challenges in your organization. You'll get some early wins to celebrate and build organizational momentum as you work toward your final goals.

4. GET STARTED

Now that you've assessed your current state, figured out who you want to be and set out your strategy, it's time to hit the road and start rolling out the changes that will lead to procurement transformation.

At this stage of the game, it's critical to document and prepare standard operating procedures for all key tasks and develop the tools and templates required for new ones. Also, build a robust communication plan. People will want to do the right thing, but they will need to understand why you are asking them to change.

And just telling them about their new world isn't enough. You'll also need to make sure you provide ample training resources so they can implement the changes.

A GUIDE FOR YOUR PROCUREMENT TRANSFORMATION JOURNEY

To learn more about ESM's Procurement Transformation Assessment and solution capabilities, schedule a consultation call with one of our senior procurement specialists.



STRONG SUPPORT

With amazing support from ESM, this project has helped us to show real savings along with improved efficiencies. We were able to move quickly and this resulted in better benefits than we had even expected.

~ Kathleen Prunty
Director of Procurement and Support Services,
California State University system

STEPS ON YOUR PATH

You're going to have to start somewhere. As suggested above, you should have a list of known problems, inefficiencies and headaches that you'd like to resolve. We will work with you to help set priorities and sequence their adoption. In the meantime, here are some example scenarios for you to consider. If they sound familiar, they may help you prioritize what to fix first.

CONTRACT MANAGEMENT

Tracking contracts in a spreadsheet? Getting hit with unexpected renewals or expirations? Need more lead time to prepare to negotiate the next term? You could start with contract management to bolster that part of your organization, freeing up time and, potentially, money to tackle the next issue.

RELATED RESOURCES

- » [Solution Information](#)
- » [Control Your Contracts](#)
- » [U of Tennessee Case Study](#)

SUPPLIER MANAGEMENT

Strong supplier relationships mean much more than just favorable pricing. Both you and your suppliers need a central place for visibility, control and efficiency. You'll benefit from standardized supplier management practices, better data, improved compliance with contract terms, reduced inventories, lower supplier risk and streamlined communication. Your suppliers will be self sufficient, able to provide current product information, banking details and other communications through the automated solution.

RELATED RESOURCES

- » [Supplier Management \[Link TBD in January\]](#)
- » [Negotiate Better Contracts \(9 tips\)](#)
- » [Control Your Contracts](#)

SOLUTIONS BUILT FOR YOUR SPECIFIC NEEDS

ESM has developed the only suite of spend management solutions specifically for Education, Regional Government, and Nonprofit organizations. With our affordable and flexible software, you can get more out of every dollar you spend on behalf of taxpayers, grantors, and students, with full visibility and accountability.



SOURCING

Depending on how many sourcing events you have in a year and the requirements to go to bid, sourcing automation, from the very beginning, can free up time, improve savings and help an organization meet its strategic initiatives, such as purchasing green products or from locally-owned businesses. With a sourcing solution, users can invite more vendors, streamline the process and enable online collaboration with stakeholders. These tools allow users to even weight, score and rank vendors more quickly.

RELATED RESOURCES

- » [Solution Page](#)
- » [U of Tennessee Case Study](#)
- » [Sustainable Procurement eBook](#)

EPROCUREMENT

Maybe your biggest issues are around visibility and control. By making your preferred vendors' goods available in a central shopping environment, your employee base will have an easy way to do the right thing – for their departments, their budgets and the organization as a whole.

RELATED RESOURCES

- » [Solution Page](#)
- » [Consumer Shopping Experience](#)
- » [Cal State Case Study](#)
- » [Utilization ebook](#)



Great support

ESM took care of us and make it happen and their support line was great. ... They are just a really good company to work with and I would definitely recommend them to anybody."

Wendy Burchard, Strategic Sourcing Manager
University of Richmond

INVOICING

Do your Accounts Payable people spend most of their time chasing paper through the organization? Finding, reconciling and matching invoices to waybills and purchase orders and then calculating appropriate payments can be a huge source of inefficiency. Accelerate invoice approvals, lower processing costs and increase compliance with Invoicing within ESM Purchase. It automates the time-consuming processes of collecting, submitting, matching, approving and paying supplier invoices. It also integrates with your ERP finance system for a single database of record and to help manage within budgets.

SUNGARD®

kuali

ellucian™

PeopleSoft

ORACLE®

ANALYTICS

Analytics from ESM provides a pragmatic approach to Spend Analytics for today's procurement professionals. You have questions, and you know the answers are in your data somewhere, but it's often too hard to get them.

We make it easy by offering Analytics as a service.

Work with our procurement experts to ask questions that are best suited for your organization's situation. Who is buying, what are they buying and from whom are they buying? Our experts have the tools and the knowledge needed to mine your data to find actionable answers.

ESM'S EXPERTS WILL WORK WITH YOUR TEAM TO:

- » Help you articulate the most important performance metrics for the situation at your organization.
- » Extract the information from disparate data sources.
- » Model the data and query for answers.
- » Iterate and refine the model until it meets your requirements.

ESM IS YOUR GUIDE ON THE JOURNEY

So you're thinking about new solutions and evaluating new vendors to help you manage your organization's spend more effectively. Regardless of what you're looking for - bids and quotes, eProcurement, contract management, or supplier management - it is a decision you'll have to live with for quite some time.

And, in many ways, we software vendors all sound the same. So what's different about ESM? Why should you choose to work with us over other available options?

WHY ESM?

What really sets ESM apart from other vendors on the market is our people, our service, our results and the many customers who will confirm what we say.

When you partner with ESM, you get:

“ESM has been a great partner with us, customizing their portal to fit our workflow with minimal time and effort from purchasing staff.”

~ Marge Duneheuw
Director of Procurement
and Auxiliary Services
Hampshire College

RAPID DEPLOYMENT

Most of our customers are up and running in a few short months. Highly configurable software with flexible workflows hosted in the cloud means we can get your new solutions deployed quickly.

RAPID ADOPTION

Our solutions are intuitively easy to use. People, in many cases, do not need formal training. On-demand training videos for users and well-trained administrators make rapid rollouts our normal way of doing business.

RAPID RETURNS

By getting the software set up quickly and making it easy to use, there is, very often, broad acceptance among users. People use it because it is good for the organization and is easier than the way they used to do things. Widespread adoption means major savings and an accelerated time to positive ROI. In many cases, our customers see the solutions pay for themselves in less than a year.

SUMMARY & CONCLUSION

Change is never easy, but, for procurement to remain effective, efficient and competitive, it's necessary. It does take work to move away from old fashioned paper processes to full spend management automation. But it's possible.

It's possible to build an online marketplace with only your preferred vendors. It's possible to streamline the bid process in an online system that makes collaboration with suppliers easy. It's even possible to turn procurement into a revenue stream.

Are you ready for a procurement transformation? We're here to help.

Learn more about Procurement Transformation from ESM

RELATED RESOURCES

- » [Why ESM](#)
- » [Why are so many organizations flocking to ESM?](#)

HAVE QUESTIONS?

Contact us to set up a demo

Contact ESM to learn more about how our suite of spend management solutions can help your organization now.

Phone: 1-877-969-7246
Email: info@esmsolutions.com
Online: www.esmsolutions.com