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procurement playbook

Publicis Sapient Procurement Playbook

Procurement in Today's Enterprise



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Procurement in today's enterprise

Face it: Procurement is part of your sales process. The department leader's seat at the exec table is secure. And, the function is solidly recognized as a business contributor. In fact, Procurement represents a separate and distinct buying track within most enterprises—and one with its own set of organizational influences and efforts.

So, what's your plan for building and maintaining necessary Procurement relationships? And how are you leveraging your existing business contacts to get there?

This playbook contains recommended practices, information and resources to help you:

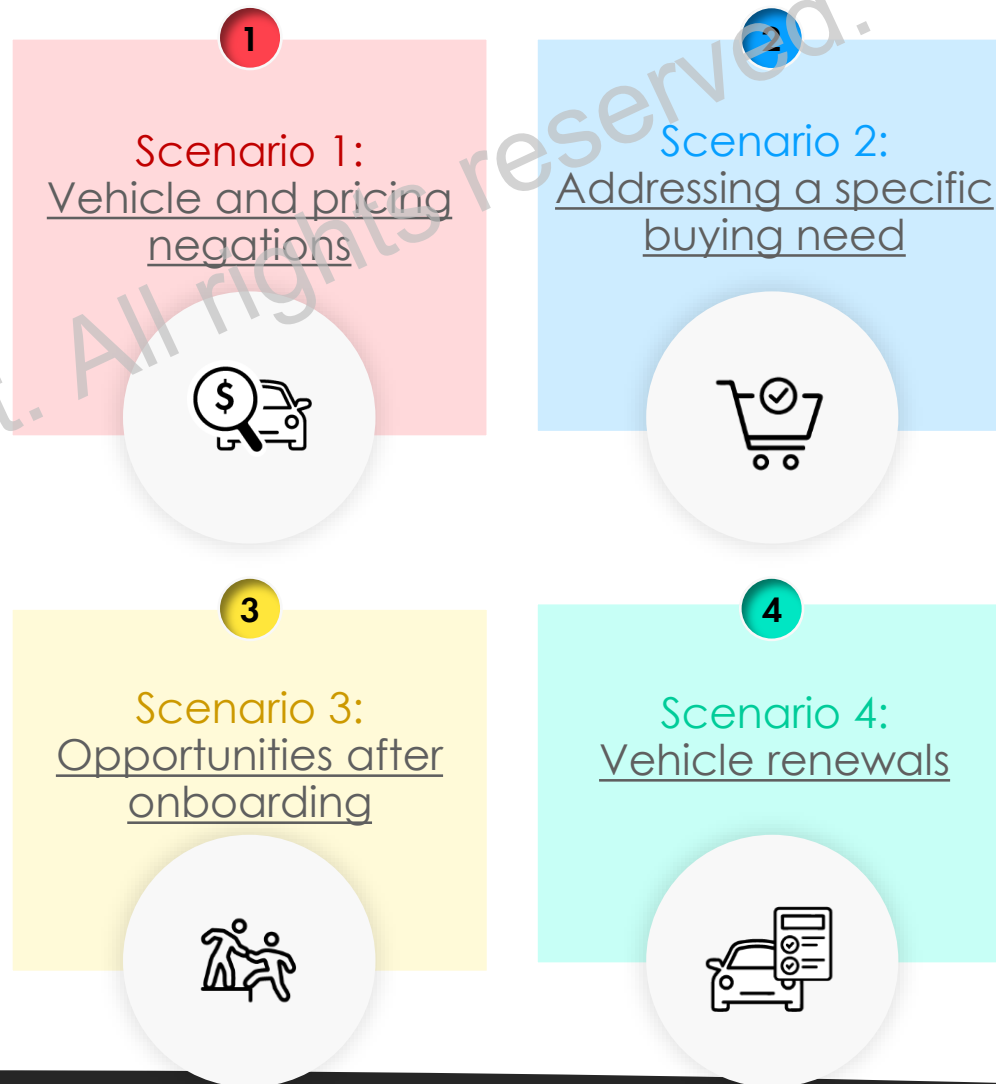
- Establish, grow and preserve Procurement relationships
- Influence Procurement to get at-bats, win deals and close business

Top 2024 Procurement trends

- ✓ *Increased use of technology*—Procurement professionals are leveraging a range of new technologies, including AI and ML, to automate routine tasks and make more informed decisions.
- ✓ *Greater emphasis on sustainability*—As sustainability becomes a more important issue for businesses and consumers alike, Procurement teams are more focused on sourcing goods and services from suppliers that align with these goals and policies.
- ✓ *Rise of strategic sourcing*—Procurement teams are increasingly looking to build long-term relationships with suppliers and examining such supplier attributes as quality, risk posture, innovation and compliance.
- ✓ *Increased collaboration*—Procurement teams are working more closely with their internal stakeholders to ensure consistent value delivery and their external stakeholders to drive better outcomes.

Procurement scenarios

There are 4 types of situations that you will experience with every Procurement org over time. These are distinct milestones within your journey and relationship with a Procurement department—and your understanding of, preparation for and management of each will have enormous impact on your long-term success.



Scenario 1: Vehicle and pricing negotiations

It's a classic chicken and egg... You need to have a vehicle, such as an MSA, in place for Procurement to be able to contract with you on a project. But, Procurement must be motivated to work with you to take the considerable time and effort to negotiate a vehicle with you.

>>Consult steps 1, 2, and 3 in our Procurement Success process for help in getting a vehicle executed.

TIP: Bring in Finance to discuss and negotiate pricing and rates because:

- They're best equipped to have these conversations in the first place
- Doing it yourself may erode your Procurement relationships

Scenario 2:

Addressing a specific buying need

How you enter a Procurement conversation will dictate Procurement's attitude and the tactics that you're going to have to use to move the needle. So, how did you get here?

- An RFP process?
- Ongoing conversations about a specific business challenge?
- A referral from the business?

>> *Consult step 4 in our Procurement Success process for help in booking a project.*

TIP: You are breaking a process when you're pushed into Procurement by the business. At a minimum, they will probably look at you as yet another "To Do" item. But, they may react more negatively—even with some hostility.

Scenario 3: Opportunities after Onboarding

When you are the new kid on the block, you need to ask Procurement for help in leveling the playing field. A fair playing field is about equal access and knowledge. And without it, you don't have a legitimate chance at uncovering or winning deals. But with it, you will get at bats and know how to best handle them.

>>Consult step 4 in our Procurement Success process for help in booking a project and step 5 for help in nurturing your Procurement relationships.

TIP: It's time consuming to onboard suppliers—not to mention a significant investment on both sides. So, Procurement should *want* to help you as a new vendor succeed. Use that to your advantage.

Moreover, if you can demonstrate differentiation by providing an alternate to existing ways of working and help Procurement become the challenger to the status quo in their org, you can further elevate your status.

Scenario 4: Vehicle renewals

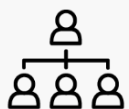
It's easier to retain or grow an account than it is to sign a new one. So, you need to do everything you can during the terms of your first vehicle to ease your renewal process. Ask yourself these questions early and often:

- What is the mood music I want for this renewal, and do I currently have it?
- Have we set ourselves up for an easy and pleasant process—especially when we are going to communicate a rate increase?
- Have I ensured honest, consistent, and sustained communication with Procurement during my current term such that they will be in my corner for this renewal and process?

>>Consult step 5 for help in nurturing your Procurement relationships.

TIP: Treat renewals with the same gravitas as an RFP response—maybe even more. Leverage your internal resources and consider standing up a team to ensure that you make the best possible case for another contract.

5 steps to Procurement success



Step 1: Map the organization



Step 2: Get an introduction



Step 3: Attain supplier status



Step 4: Book a project



Step 5: Establish consistent communication

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Step 1: Map the organization

Create a Procurement department visual with titles—and be sure that you know who is responsible for what relationships and buying centers. Don't make assumptions because spheres of responsibility and influence aren't always natural or obvious.

>> Ask questions to understand Procurement's needs and requirements.

TIP: Attempt to forge relationships up and down Procurement—aiming for the top—just like you do with the business. It might be true that you have the inside track on a project because a budget holder prefers you, but you need to maintain openness and dialogue with Procurement no matter how much the business likes you.

Step 2: Get an introduction

Cultivate a champion on the business side who will advocate for you and introduce you to Procurement, so you can begin a dialogue and communicate your value.

>>Be sure to keep the business plugged in regarding your communications and agreements with Procurement.

TIP: Procurement wants to know:

- What exactly you do
- How you are different
- How to best categorize you
- How much you cost

Step 3: Attain supplier status

Get supplier status as quickly as you can. The goal is to be a preferred supplier, but you may have to settle for less to start. Once you are approved, however, the opportunities will come—as challenges are identified and projects go out to bid.

>>You can only get at-bats if you are an approved vendor. Likewise, you need to be an approved vendor to quickly close a deal and initiate a project.

TIP: Your goal is to get an MSA and rate card in their system. Try to avoid attaching rates to your MSA but accept that it may be required.

Step 4: Book a project

Get a signed contract, and make sure that we execute at the highest levels on the subsequent project. You usually only get one shot, so you must make sure we overdeliver. Once you prove your worth, Procurement will be more open to alternative revenue models like joint ventures.

>>Toe-dip projects work well for both sides. (We have 5 high-value offerings under \$300k!)

TIP: In most instances, your rates are your rates once they are in the Procurement system. You may suggest that they can be revisited depending on the project, but Procurement will often say that negotiation is a nonstarter. So, be creative. Maybe they end up giving you the budget number and you make the project work at the preferred price. Or, maybe you can help them avoid putting a project out to RFP.

Step 5: Establish consistent communication

Maintain open lines of communication with all your Procurement contacts. There should be varying levels of communication and cadences by responsibility level (your visual map will help you here.) At minimum for your most senior / main contact(s), you want to have recurring QBRs to review your shared accomplishments and customer satisfaction ratings, as well as their PS ROI and cost savings.

>>Procurement staff are usually very busy, so don't get discouraged if you are struggling to have regular interactions and conversations. Just keep at it!

TIP: Transparency is the name of the game with Procurement. Establish the relationship and then nurture it with openness and honesty. Different tiers of Procurement will get you different perspectives—and the visibility you need to help them solve their problems. Treat it like a true partnership and be amenable to an exchange of ideas and engagement models.

Insight from the inside

A former enterprise Procurement Officer gave us the inside scoop on the departmental practices, policies and realities that will make or break your efforts.

Problems need solutions

Avoid going around Procurement

Cost drivers vary

Familiarity is the key to success

Handle rate increases with care

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Insight: Problems need solutions

Procurement is charged with addressing their stakeholders' needs and challenges, and they often have many stakeholders, needs and challenges all at once. So, generic content will rarely get you noticed.

Recommendation: Do your homework, and tailor your messaging and offers to Procurement to show how you would solve the problems that your research has led you to deduce that your Procurement contact has.

Direct quote from a Procurement analyst:

“So what I don't want, when I'm meeting with or hearing from vendors, is for them to tell me what kind of problem I may have and why and how they can generally solve it. Generic offers—when salespeople tell me what they want to sell me without knowing who I am—that just shows me that the salesperson did not spend the time and effort to understand the problems I have and be very pointed with what they're offering to solve them.”

Insight: Avoid going around Procurement

Procurement understands that you will reach out directly to the business to cultivate those relationships. But, Procurement cannot be the advocate and facilitator it is supposed to be if you bring them into a deal too late.

Recommendation: Work with your business contacts to involve Procurement in any sales conversations and invite Procurement to attend all meetings.

Direct quote from a Procurement analyst:

“Sometimes, the business gets far along in the process to the point where the contract is almost signed, assumptions have been made and pricing is almost negotiated. And then there is this pesky Procurement team that needs to sign off on that deal. So, that's certainly a pet peeve for many Procurement professionals because they do not like to get into that kind of 11th-hour situation where they need to drop all their priorities and go and ensure that that contract gets done. Because most of the time, it's too late to have any influence on outcomes. So that doesn't get a seller on the right side of the Procurement.”

Insight: Cost drivers vary

Cost is always a consideration for Procurement. But, it's only the main or only driver in some organizations. Purchasing drivers instead of cost—or in addition to it — include vendor consolidation, capability enhancement and vendor expansion.

Recommendation: Pay close attention to Procurement departments organized to include sourcing managers, who are, by definition, primarily focused on price and costs.

Direct quote from a Procurement analyst:

"I'm responsible for the category strategy, vendor management, and sourcing. So based on those three main areas of responsibility, what I care about is a long-term result. That means that the vendor I select may not be the cheapest one. That's if I see a vendor as more capable, and a better match for my company versus an alternative. If the organization is structured where there are sourcing managers with the sole focus on lowering the price, that's when I think price becomes the major component in a decision."

Insight: Familiarity is the key to success

Your Procurement contacts are very busy, which often makes them slow to respond. But, they still appreciate—and notice—your consistent attempts to connect.

Recommendation: You should regularly provide opportunities for Procurement's feedback regarding what's going well and what's not, in addition to business updates. And, you should proactively offer information on product and service innovations.

Direct quote from a Procurement analyst:

"It is absolutely important to be in front of your Procurement customer within some kind of consistent intervals to differentiate yourself from other companies. You want to understand their use cases and what the drivers are. And, you want to communicate what kind of improvements you're introducing and how your offerings are changing."

Insight: Handle rate increases with care

Procurement knows that rate changes are inevitable, but they don't want to be blindsided by increases.

Recommendation: Make sure that your relationship management and maintenance include a free exchange regarding uncomfortable topics like pricing and performance. Push yourself to be open and honest—and always communicate a willingness to innovate.

Direct quote from a Procurement analyst:

“Be proactive and work to avoid being stuck in a cycle where you're just churning on purchase orders and invoicing. You also need to find the time to talk with your Procurement team. You need to be able to say, ‘Hey, the business circumstances changed. We cannot sustain our current rates any longer. But here's what I can do to solve that problem. If you were to change certain processes, maybe I could drop the cost on my side. And, I can be more efficient in offering you my services. And therefore, we may not see the price increase. In fact, we may even see the price decrease if you guys do a few things better.”

This advice also applies to scope changes.

Helping Procurement understand you

It may seem counterintuitive, but you need to work just as hard at helping a Procurement department understand you as you work to understand them. They need to know how you can help them do their jobs and realize their individual and organizational goals. So, make sure they know what categories you support.

To that aim, it's critical that you establish **2 things**:

1. That we have a range of services
2. Which ones your target department cares about

Our services usually fall into 4 main Procurement buckets:

1. Strategy and management consulting
2. Experience
3. Implementation
4. Support (like our new Sustain offering)

Establishing and maintaining communication with Procurement

Once you have established your lines of communication, work hard to keep them open. Different titles within the org will have different expected outcomes, so you need to understand what they need from you and why.

Invest time to educate. >>Instill their confidence in you with Gartner's Sense Making model.

Learn how you can make them look good with their stakeholders.>>You need to know how they are measured and compensated—and what their success looks like—for them to do that.

Rethink your relationship with your Procurement contacts and focus on making them advocates.>>Think about Procurement as more than a gatekeeper, and then evolve your approach accordingly.

Keep them abreast of your accomplishments.>>Don't wait until you are looking for a contract renewal. Stay consistent and casual—even a brief stakeholder video singing your praises can go a long way.

If you don't know enough on how Procurement works, you won't have a legitimate chance:

- To influence project scope
- When there is no access to the team within a bidding process

Lucky 7 tricks and hacks

	Advice	In other words	Explained
1	Avoid commodity discussions	Lead with value and our differentiation because that is where price matters less. (But remember that price is always a big factor for Procurement...)	<ul style="list-style-type: none"> • Consider sharing other metrics that show how we deliver value—such as a 99% pass rate on code—which equals less time and spend on debugging and fixes. • Use cases and customer stories and successes help demonstrate value. • Our SPEED capabilities and Service Offering families are a chance to educate and excite.
2	Get outside your buyer comfort zone	Moving beyond your regular buying centers will help you tell your full story and uncover new opportunities.	<ul style="list-style-type: none"> • If a contact thinks of us as only Management Consulting, do the work to make them understand our DBT and SPEED capabilities. And if they view us as only Experience, make sure they understand that we do also play in traditional Management Consulting areas.
3	Mine your contacts for information	Maintaining relationships up and down departments will provide the intel you need to move the needle.	<ul style="list-style-type: none"> • You may get insight from Procurement as to where your rates rank and / or what your customer satisfaction scores are.
4	Make sure you are literally speaking the department's language	Learn and use terms and words that the Procurement department uses.	<ul style="list-style-type: none"> • Show them how our services and solutions map to their organizational categories and / or relate to their organizational terms.

Lucky 7 tricks and hacks (cont'd)

	Advice	In other words	Explained
5	Align with Procurement's mental models of their vendor ecosystem	Understanding that we always want to communicate with differentiation, it's important to explain how we compare to other vendors.	<ul style="list-style-type: none"> If they need competitor examples for context, use: <ul style="list-style-type: none"> McKinsey, Bain and BCG for Management Consulting. (NOTE: Only talk DBT within that context—and never lead with it.) Accenture Interactive and RGA for Experience Accenture for Implementation Some ways we are different include: <ul style="list-style-type: none"> We are exceptionally easy to work with. We offer full transparency. We are committed to do what it takes to hit project timelines.
6	Be a squeaky vendor	Just like the squeaky wheel gets the grease, the squeaky vendor gets Procurement's attention. How do we know? A Procurement analyst told us so!	<ul style="list-style-type: none"> Be courteous and avoid becoming a nuisance but stay vigilant enough that Procurement will find it easier to engage with you than ignore you.
7	Tell your Procurement contacts about how you can make them look good	Don't be shy about "going there." They have a difficult job balancing cost with risk, and you can help them do it!	<ul style="list-style-type: none"> Even if our rates are higher, we can often be more cost-effective because we are highly flexible and transparent. Try different delivery models: <ul style="list-style-type: none"> Fixed time and pricing Outcomes-based Alternative revenue models, such as co-create and joint ventures

Common Procurement titles

- Head of Procurement / Chief Procurement Officer / Procurement Officer
- Procurement Director / Resourcing Director
- Procurement Lead / Resourcing Lead
- Procurement Partner / Resourcing Partner
- Category Partner / Category Sourcing Lead / Category Sourcing Partner
- Procurement Manager / Resourcing Manager / Category Acquisition Manager / Sourcing Manager / Category Sourcing Manager
- Strategic Procurement Lead
- Head of Procurement Operations
- Head of Procurement Strategy
- Sourcing Specialist / Resourcing Specialist / Procurement Specialist
- Buyer / Senior Buyer / Sourcer
- Procurement Business Partner / Resourcing Business Partner / Procurement Consultant
- Executive Buyer / Executive Procurement Manager
- Resourcing Advisor / Sourcing Advisor / Resource Consultant / Procurement Advisor
- Corporate Procurement Lead / Technical Procurement Lead
- Director – Strategic Resourcing / Procurement Strategy & Planning Manager
- Procurement Team Lead
- Supplier Relationship Manager
- Sourcing Associate / Resourcing Associate / Procurement Associate

Types of Procurement paradigms

Are they an order taker? >>If yes, cost is the major driver.

Are they a true partner to the business? >>If yes, value is the major driver.

Are they embedded within the BU? >> If yes, your champion's introduction will have significant influence.

Are they the primary decision maker? >>If yes, a well-crafted personalized pitch is critical.

Are they open to establishing business partnerships with suppliers?
>>If yes, take it slowly. Follow your steps to success, and let the relationship evolve over time.

Procurement discovery questions

STRATEGIC QUESTIONS

- How can I make your job easier? How can I make you more successful?
- What is your official Procurement process from end to end? Why do you approach it this way?
- What are the Procurement policies, procedures, and systems you would suggest that I know?
- What do I need to understand about your process to get the best outcomes?
- What do you need to know about your suppliers that you don't know about us?
- How do you search for relevant vendor information in support of a project? How does the business do that? What information can I give you to help with your search results for PS?
- What are your vendor keywords and tag options?
- What are your department's biggest challenges? How are they the same or different for you personally?
- What are you trying to accomplish as a department?
- What do you need to demonstrate to shareholders / the board / your investors?
- What are your department KPIs? How about your individual KPIs?

PROJECT-LEVEL QUESTIONS

- What are you trying to solve for?
- How would making a business case help you?
- What would success look like for you?
- What are your time and budget constraints?
- What sort of value are you looking to derive?
- What if you could complete this project??% faster?
- What if you could assure the business of a best-quality solution?
- What indicators are you and / or the business using to measure success?
- What are some active projects that are going out of scope? What if I could provide a proposal on how to rescue that / those?

Typical Procurement KPIs

- Compliance rate
- Supplier defect rate
- PO and invoice accuracy
- Rate of emergency purchases
- Supplier lead time
- PO cycle time
- Vendor availability
- Spend under management (SUM)
- Procurement ROI and benefits
- Price competitiveness
- Supplier success rates
- Optimal supplier mix:
 - Do they have the right skills?
 - Do they provide attractive price points?
 - Do they bring new ideas to the table?
 - Do they challenge conventional thinking when and where relevant?
 - Are there enough of them within a specific vendor category to minimize risk?
 - Is the competitive environment legitimately fair?



Using Gartner's Sense Making model

Gartner recently found that buyers are struggling with the volume, quality and trustworthiness of vendor-provided information, leading to what they call "heightened erosion of buyer confidence." To help, they suggest leveraging an approach that says:

"There is a lot of information. Let me help you make sense of it."

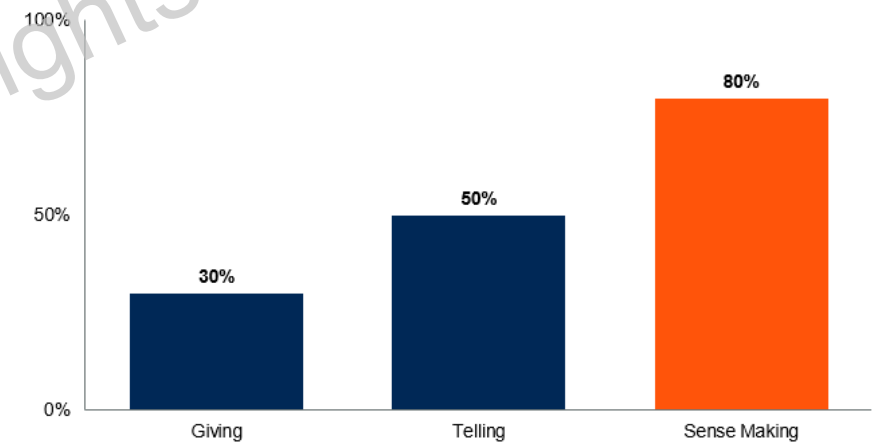
Sense Making, as Gartner calls it, is a strategy that:

- Guides the buyer to evidence
- Prioritizes simplicity over comprehensive detail

>>*This is an approach that can help you when talking to your Procurement contacts.*

Winning With Sense Making

Percentage of Buyers Who Make a High-Quality^a, Low-Regret^b Purchase
By Seller Approach



n = 1,174 B2B buyers

Source: 2019 Gartner B2B Buyer Survey

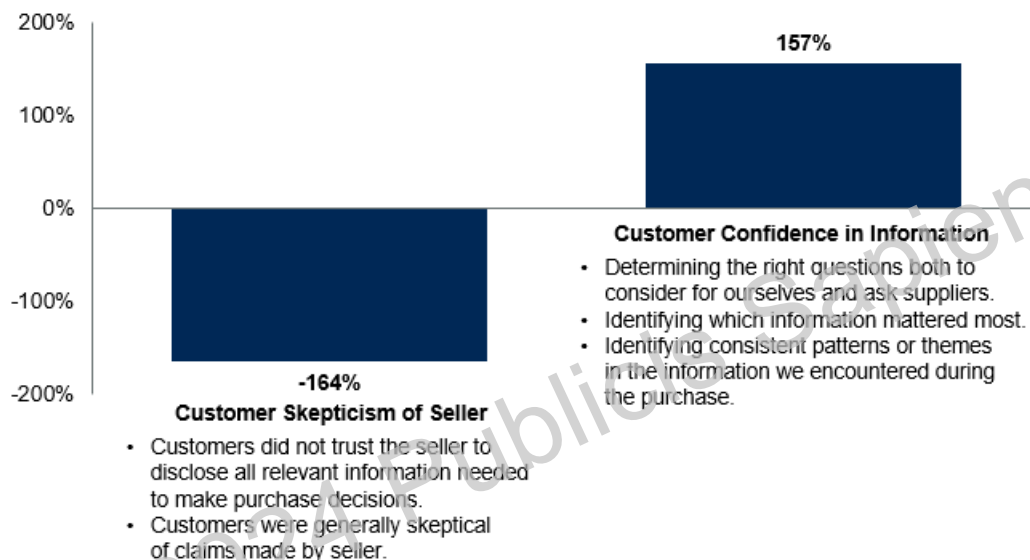
^aHigh-Quality Purchase defined as customer 1) did not settle for less ambitious solution, or 2) purchased a premium offering relative to the base offering.

^bRegret defined as: "The offering we ultimately purchased is failing (or failed) to meet our expectations."

Using Gartner's Sense Making model (cont'd)

Confidence Drives Good Deals

Impact on Closing a High-Quality^a, Low-Regret^b Deal
Logistic Regression



n = 1,174 B2B buyers

Source: 2019 Gartner B2B Buyer Survey

^a High-Quality Sale defined as customer 1) did not settle for less ambitious solution, or 2) purchased a premium offering relative to the base offering.

^b Regret defined as: "The offering we ultimately purchased is failing (or failed) to meet our expectations."

Sense Making at a glance

- ✓ An approach to engaging customers with information
- ✓ A trainable and coachable set of skills
- ✓ Adaptable set of principles that integrates with any sales process

Using Gartner's Sense Making model (cont'd)

Portrait of the Sense Making Approach

Key Attributes of a Sense Making Seller Approach



n = 913 B2B sellers; 1,174 B2B buyers

Source: 2019 Gartner Deal Performance Diagnostic; 2019 Gartner Buyer Survey

PS support

Name and title	Contact info
????	????
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