

Get to Grips with your Procurement Spend



Never were truer words spoken than the maxim “Well Bought is Half Sold!” when purchasing goods. If you buy well it gives you much more latitude in your pricing to market and promotes improved sales margins. Whether purchasing materials for a Construction Project or in support of a Facilities Contract, reducing the “Cost of Supply” (COS) is a key component of effective purchasing to minimise your costs and optimise your spend. And COS is not just about the keenest prices, but the whole Procure to Pay process.

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One of the keys to achieving these aims is having quality information about your spending habits and the performance of your suppliers. Effective, visual interactive analysis with the ability to pull and consolidate data from multiple sources puts you in control of your purchasing activity and invariably leads to real bottom-line procurement spend savings.

Many medium to large Construction businesses can be quite complex in their internal organisation, with multiple Subsidiaries, Divisions and Regions – often geographically remote and operating on different IT systems. The range of Contracts in place can be quite bewildering too at times, adding more layers of complexity. To gain a holistic view of spend across such organisations presents real challenges, not least in the need

to pull disparate spend data together to provide better consolidated analysis and control. With the right analytical tool this can be readily achieved. The “Centre” gains better visibility and insight into what those disparate parts of the business are spending, with whom and on what.

Control Maverick Spend

With the right analysis tool it is possible to reduce and even eliminate off-contract, rogue and maverick purchasing. You need to:

- *Monitor purchases to Preferred Supplier Lists.*
- *Monitor purchases to agreed Contracts and Pricing.*
- *Identify pricing anomalies on Supplier Invoices.*
- *Get a grip on “Specials.”*

Gain Strength in Negotiations

In the negotiating game, information is power. Gaining a strong negotiating position with suppliers by having timely, relevant and quality information relating to your spend is a powerful weapon that puts you on the front foot. This is particularly so if that information is available in an interactive manner, enabling you to address issues in real-time during those negotiations, ultimately driving better prices, enhanced service levels and improved rebate deals.

Supplier Performance

Supplier Performance is another key focus here. It’s no good having the best prices if your supplier lets you down on delivery times, short deliveries, wrong product and damages. You need to be able to monitor supplier performance against agreed On-Time-In-Full (OTIF) agreed service levels. You would rather not want to invoke penalties for breach of service levels; you would much prefer your supplier to perform well. But if you have to

How do your Suppliers perform when it comes to price, accuracy, timeliness and quality? Do you really know?

act, you need the information to support your actions. And how accurate is your supplier invoicing when it comes to pricing anomalies and invoice duplication? Do you even know? Again, the right information and analysis will help you identify and deal with this.

Rebate Management

In some industries, Rebate deals are a significant component of the purchasing landscape. Better negotiating and subsequent monitoring of rebate deals to maximise kickback and foster “intelligent purchasing” can only be achieved by having the right information available when needed.

This is easier said than done when you consider the complexities and challenges involved:

- *Rebate deals come in all shapes and sizes.*
- *They could be based on volume, time-periods, geography, specific promotional products, and more, in any combination.*
- *They are often difficult to monitor and manage effectively.*
- *The need to be aware of when the next threshold of discount kicks in.*
- *Timing of purchases to maximise rebate while minimising Working Capital outlay.*
- *The ability to tell the suppliers what rebate value is due – don't rely on them to tell you*

Interactive visual analysis puts you in control. Stop guessing!



Working Capital Control

Purchasing activities should not take place in isolation where purchased items are being placed into internal inventory. You don't want to be buying more of any item if that is already sitting overstocked in inventory elsewhere within the business, thus needlessly tying up Working Capital. Having the analysis tools to combine your purchasing intentions with inventory data will help minimise such superfluous spend.

Supplier Rationalisation

Better information and analysis is also key to rationalising your supplier base. While you don't want to put all your eggs into one basket, the fewer suppliers you have means reduced management effort and reduced supplier administration costs. The larger volumes subsequently placed with your remaining suppliers should mean keener prices. As highlighted above, it is the whole spectrum of the suppliers' capabilities that informs this decision process. Having the right tool to consolidate and analyse supplier data from multiple sources is fundamental to making those rationalisation decisions.

There is little doubt that with the right analysis tools, providing timely, quality information in a highly visual interactive manner, far greater control over the procurement process is achieved. Not only in optimising your spend, but also in laying a firmer foundation to service your customers more effectively and profitably.

For more information about how QlickiT can provide the tools and solutions to help transform your insight into your Procurement activity contact us today: Tel: 01709 300 230 info@qlickit.co.uk www.qlickit.co.uk