

€ TRAINING

CILT Endorsed Strategic Sourcing: 7 Steps
for Better Procurement Value





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Introduction:

The procurement department is often viewed and managed as an administrative function, with sourcing activities executed at arm's length. Strategic sourcing addresses this issue by providing a strategic approach towards optimizing and continuously improving sourcing activities using a proven 7-step methodology. In this course, we describe the steps entailed in the strategic sourcing process. We outline an approach for developing product categories via an analysis of organizational spending. We then discover six go-to-market strategies and describe how each can be matched with different product categories. Finally, we identify the appropriate Key Performance Indicators KPIs required for the continuous improvement of sourcing activities.

Course Objectives:

At the end of this course the participants will be able to:

- Analyze internal spend and supply market dynamics to provide a foundation for sourcing plans
- Execute different sourcing strategies to optimize savings and ensure supply security
- Identify appropriate suppliers for effective execution of sourcing plans
- Describe operational and strategic procurement processes for better value
- Implement different purchasing methods to streamline procurement operations
- Apply supplier integration techniques for sustainable supplier relations
- Manage the performance of procurement processes for continuous improvement

Targeted Audience:

Purchasing and supply chain professionals at all levels of the organization as well as other company personnel who are involved in the purchasing process.

Course Outlines:

Unit 1: Analyze Spend Categories:

- Recognizing the strategic role of procurement
- Strategic sourcing in the supply chain context
- 7 steps to strategic sourcing
- Analyzing spend categories
 - Profiling spend categories
 - Analyzing financial impact
 - Assessing market risks
 - Consolidating category reports
- Operating the strategic sourcing toolkit
- Applying Total Cost of Ownership TCO
- Segmentation and analysis of suppliers

Unit 2: Develop Sourcing Strategies:

- Mapping spend categories using purchasing strategy matrix
 - Routine items
 - Bottleneck items
 - Leverage items
 - Strategic items
- Managing the balance of power in buyer-supplier relations
- 6 key sourcing strategies
- Applying sourcing strategies effectively

Unit 3: Identify Suppliers:

- Locating suppliers
- Registering suppliers
- Assessing suppliers
- Sourcing locally
- Describing vendor diversity programs

Unit 4: Develop Procurement Processes:

- Scoping procurement processes
- Describing strategic and operational processes
- Developing procurement processes
- Integrating ethical principles

Unit 5: Implement Procurement Processes:

- Managing RFI, RFQ, and RFP processes
- Defining bid evaluation criteria
- Implementing innovative purchasing methods
- Using the purchasing decision matrix
- Employing purchasing tools and templates

Unit 6: Integrate Suppliers:

- Prequalifying suppliers
- Managing supplier certification programs
- Partnering with suppliers
- Managing Supplier Level Agreements SLAs

Unit 7: Manage Procurement Performance for Continuous Improvement:

- Managing a strategic sourcing plan
- Measuring, analyzing, and reporting on performance
- Developing improvement initiatives
- Institutionalizing supplier report cards
- Monitoring industry conditions
- Bringing it all together