



Arabian Institute For Training

CLT Endorsed Strategic Sourcing 7 Steps for Better Procurement Value

Why Attend

- The procurement department is often viewed and managed as an administrative function, with sourcing activities executed at arms 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 spend. 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 Methodology

- This course uses a variety of individual and team exercises, case studies, questionnaires and videos.

Course Objectives

By the end of the course, 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 performance of procurement processes for continuous improvement

Target 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.
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Target Competencies

- Vendor integration
- Vendor performance management
- Sourcing strategies
- Market analysis
- Strategic thinking
- Continuous performance improvement

Step 1: Analyze spend categories

- Recognizing strategic role of procurement
- Strategic sourcing in 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

Step 2: Develop sourcing strategies

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

Step 3: Identify suppliers

- Locating suppliers
 - Registering suppliers
 - Assessing suppliers
 - Sourcing locally
 - Describing vendor diversity programs
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Step 4: Develop procurement processes

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

Step 5: Implement procurement processes

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

Step 6: Integrate suppliers

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

Step 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
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