



Sourcing Strategy



Presented by: Prof. Tapas Kr. Mondal



Prof. Tapas kr.
Mondal

What is Strategic Sourcing?



Prof. Tapas kr.
Mondal



Collecting
Supplier
information



Selecting and
Correcting Supplier



Measuring
Supplier
Performance



Introducing
supplier
Relationship
Management



Developing
a Sourcing
Strategy



Analyze Business
spend



Researching
Supplier
Strategy

Benefits of Strategic Sourcing



Increased profit and
cost savings



Easier to manage
supply risks



A more sustainable
business



Optimized supplier
performance

7 Key Steps in the Strategic Sourcing Process

1.

**Categorize
Company Spend**



2.

**Analyze the
Supplier Market**



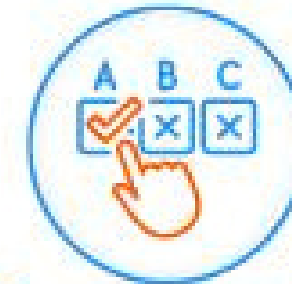
3.

**Create Your
Sourcing Strategy**



4.

**Select Preferred
Vendors**



5.

**Select Strategic
Sourcing Tools**



6.

**Create Your
Category Teams**



7.

**Continuous
Improvement**



Important process steps in Strategic Sourcing

- Categorize the commodities
- Map Spend profile
- Obtain detailed specifications

- Study commodity types
- Map Commodity consumption & spend
- Analysis supply and market



- Identify the suppliers & send RFQs
- Evaluate proposals & conduct negotiation
- Award contract

- Prepare transition plan for new suppliers
- Implement contract process & strategy changes
- Define performance metrics

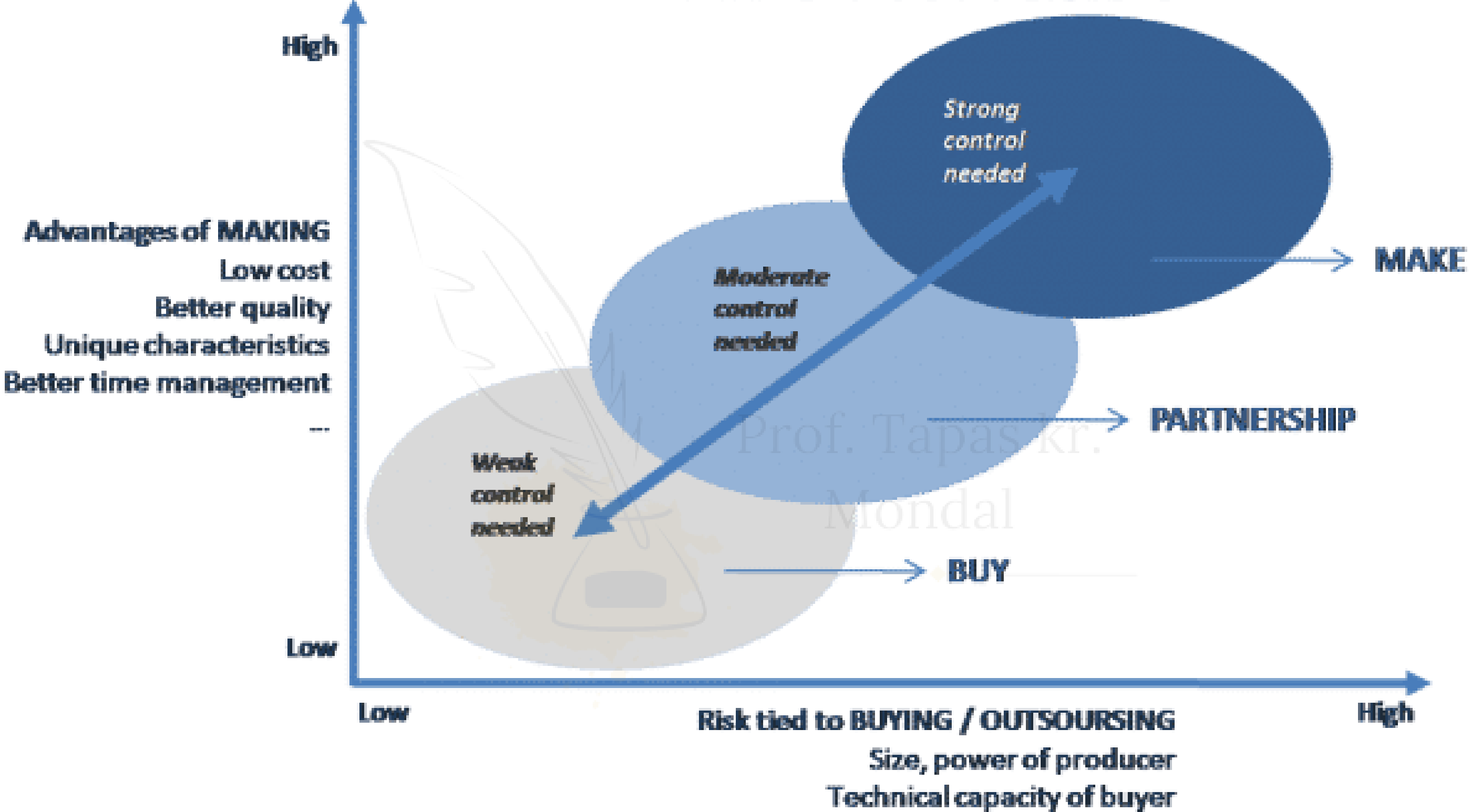
- Measure supplier performance metrics
- Manage and improve performance
- Incorporate lessons learned

Make or Buy



Prof. Tapas kr.
Mondal

MAKE or BUY DECISION



PLANNING STAGE

- assess risks,
- senior management and employee announcement,
- choose the project leader,
- appoint the project team,
- choose independent advisor.

EVALUATION STAGE

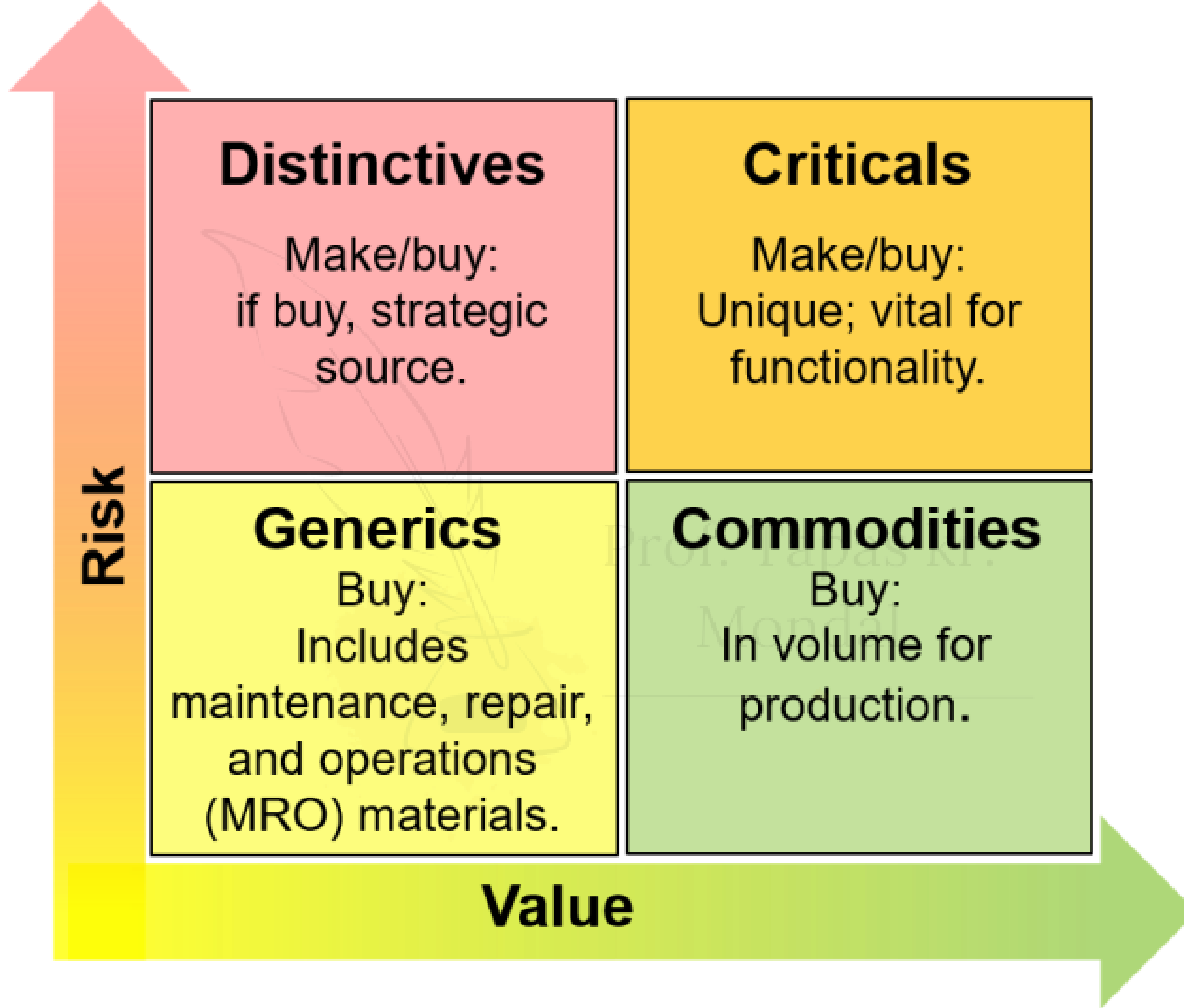
- evaluate implication on company's strategy
- determine core competences,
- define motive, objective, scope

ANALYSING STAGE

- measure current and future costs,
- measure current and future performance

SELECTING STAGE

- define organisation needs
- engage the marketplace
- prepare and deliver request of proposal (RFP)



Capacity management process



Strategy

Oversight

Execution

DEVELOP PLAN & GOALS

- ✓ Overall procurement plan
- ✓ Category-level plans
- ✓ ESG/Diversity initiatives
- ✓ Spend compliance

Spend Intelligence

MANAGE TEAM, DIRECT & MEASURE

- ✓ Project & team priorities
- ✓ Goal setting and tracking
- ✓ Pipeline & risk monitoring
- ✓ Financial & other value reporting

PPM

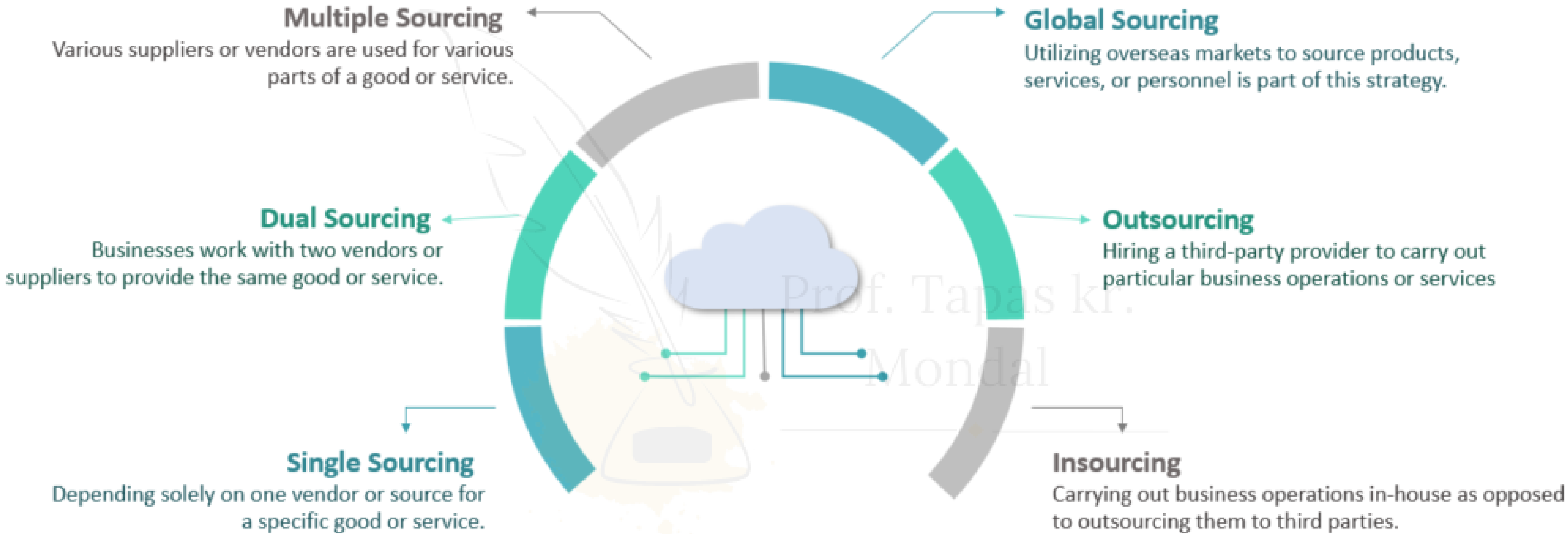
ACTION & PURCHASE

- ✓ e-Sourcing & e-Auctions
- ✓ Contracting
- ✓ e-Purchasing
- ✓ Payments & expenses
- ✓ Supplier management

ERP / S2P



Types of Sourcing Strategy



Business Data

- Strategic Business Plans
- Budgets

Economic Data

- Commodity Indices
- Economic Forecasts
- Supplier Acquisitions

Financial Data

- Projected Revenues
- Projected Cash Flows
- Projected Growth

Procurement Strategy

Operations

- Procurement Cost
- Quality & Service

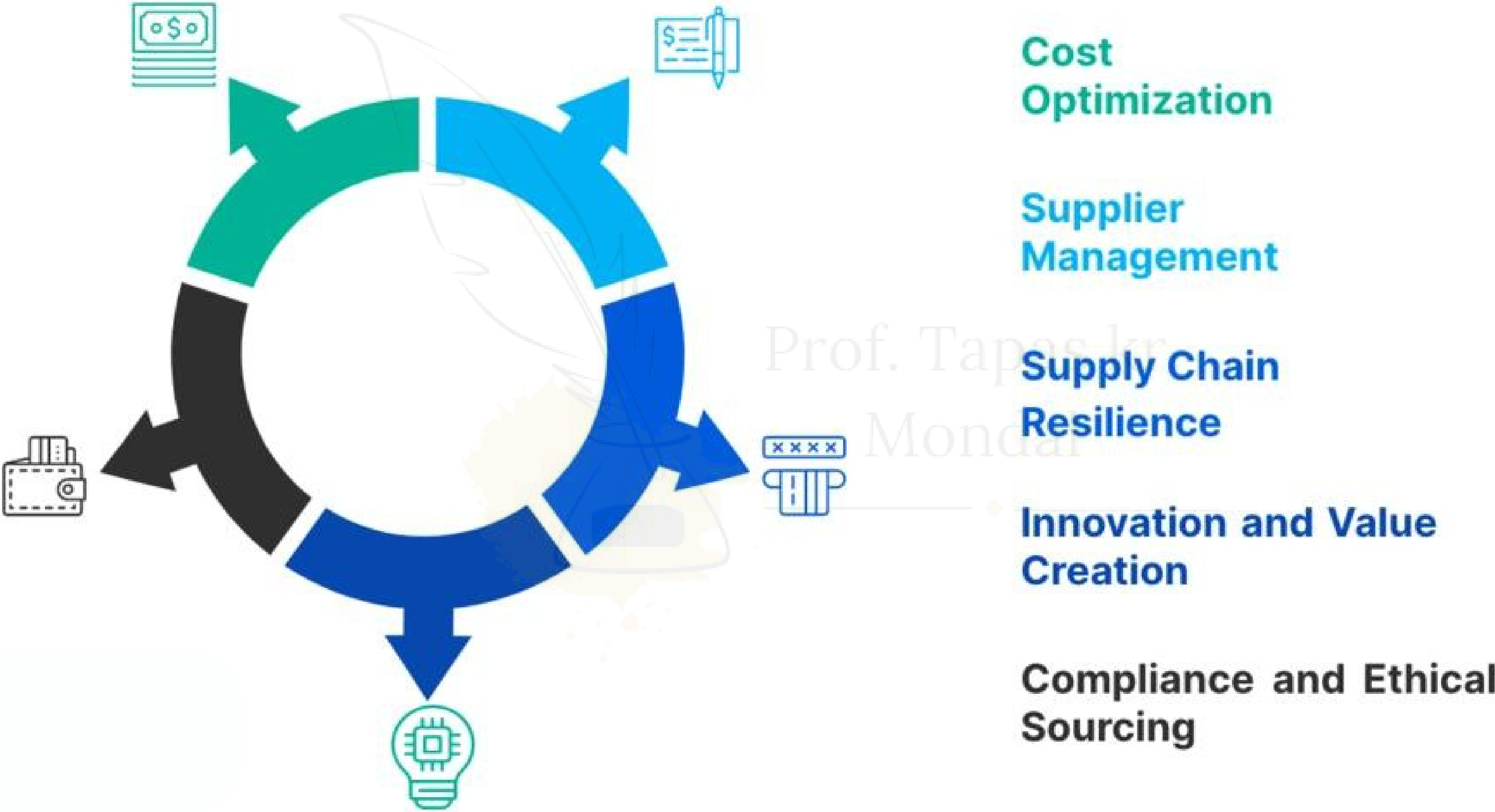
Spend Forecast

- Savings Forecast
- Demand Forecast

Revenue Impact

- Savings

Objectives of Strategic Procurement

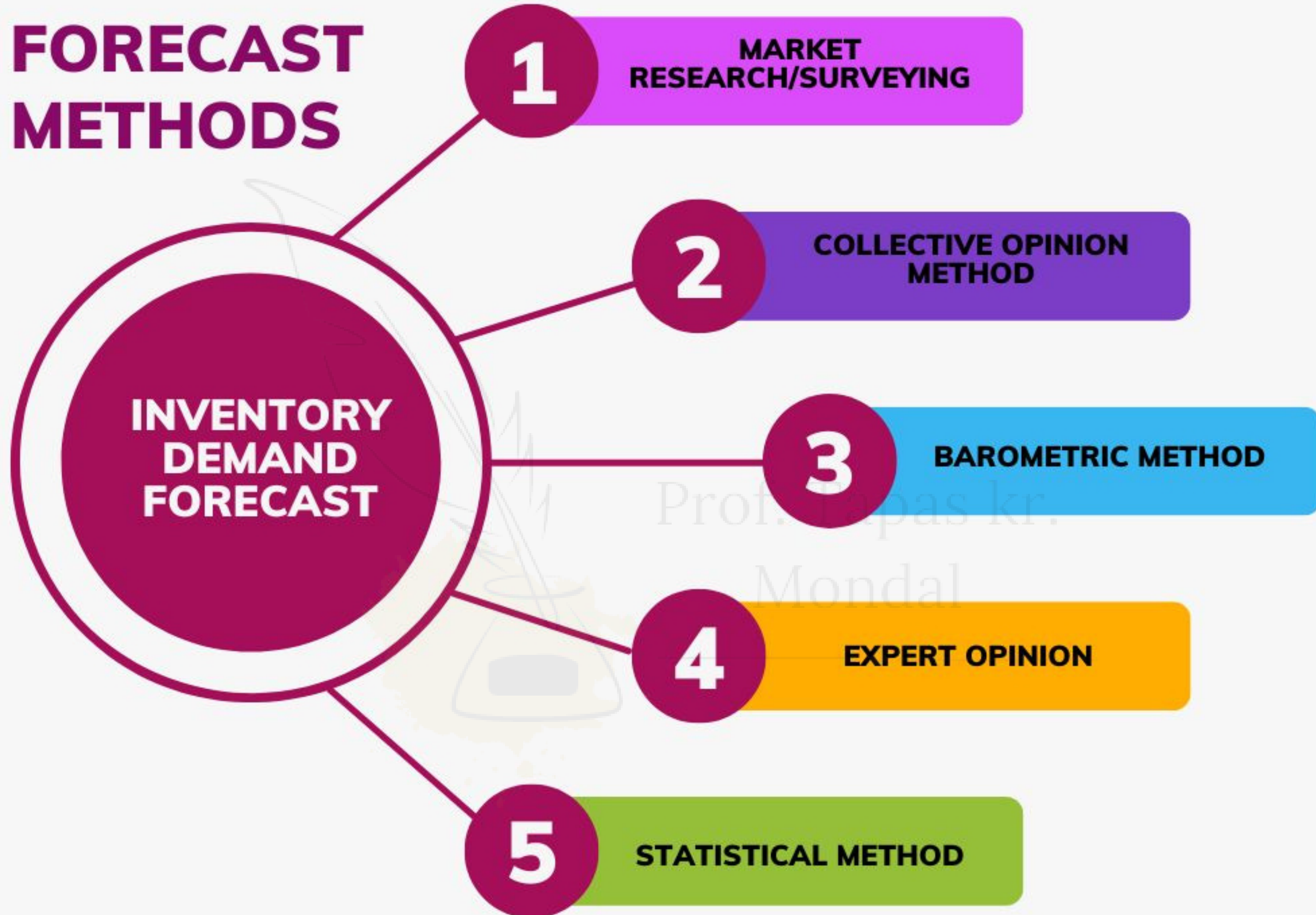


METHODS OF DEMAND FORECASTING





FORECAST METHODS



Thank You



Prof. Tapas kr.
Mondal

