

# RETHINKING THE DIGITAL E-PROCUREMENT ORGANIZATION

A role-based approach for optimizing success



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Digitizing business processes enables procurement to play a larger role in the achievement of enterprise business objectives.

Redesigning the procurement organization to optimize post-digital business success requires a careful analysis of business, cultural, risk and resource considerations.

# Introduction

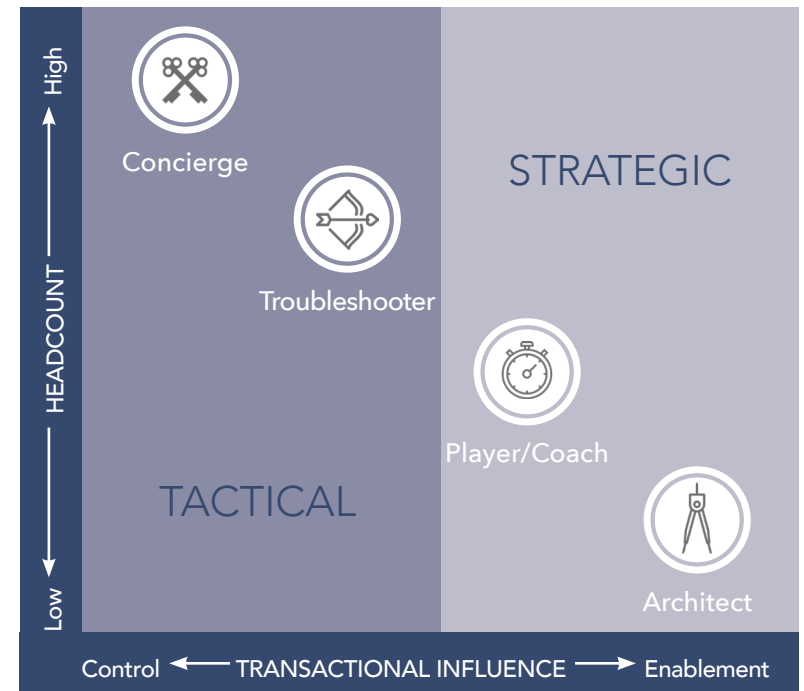
Although cloud-based platforms have simplified many of the technical aspects of digitizing procurement processes, procurement leaders often struggle with issues surrounding organizational design.

What should the procurement organization look and act like after you go live with your new platform? Where will you need additional resources? How will procurement automation influence your overall role within the enterprise?

The answers to these questions depend on your company's business goals, culture, financial objectives and tolerance for supply chain risk. Because your organization is unique, there is no such thing as an off-the-shelf blueprint for structuring and staffing your platform-enabled procurement department. Until now, you would have been hard-pressed to find any literature on this topic.

*Rethinking the Digital E-Procurement Organization* provides a role-based framework, based on personas, for thinking about how to structure and staff your procurement department to optimize the value your company receives from its investment in procurement automation. On the following pages, you'll find an overview of four different role-based personas to consider in rethinking the structure and purpose of your digital procurement organization. The roles range from the highly tactical Concierge persona, where procurement touches every transaction, to the much more strategic Architect persona, where procurement provides structure and strategic direction while relying on the business to execute at the transactional level.

The insights provided in this eBook are based on hundreds of e-procurement platform implementation and consulting engagements undertaken by The Shelby Group across all major industry sectors over the past decade.



**Which procurement persona is the best fit for your organization?**



## Architect

Procurement provides strategic guidance but turns the actual construction and tactical execution over to the business.



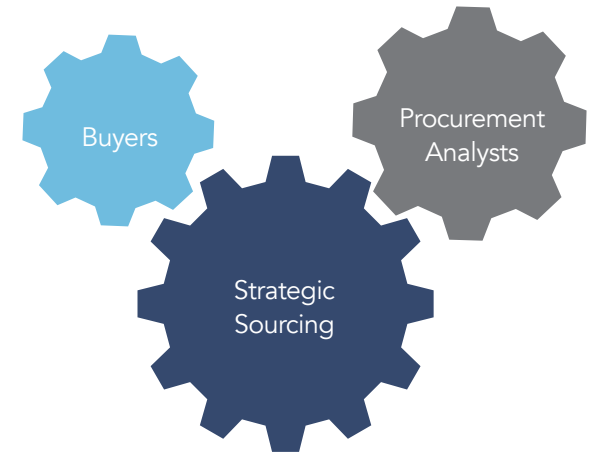
**Organizational Profile:** Does your organization believe that individuals should be empowered to make smart purchasing decisions? Do you have strong leadership and a culture of accountability that readily responds to strategic direction? If so, then consider the Architect persona — a center-led model where procurement builds policies and processes, leaving the majority of transactional execution to departments, business units and their employees.

**The Architect Persona:** The procurement organization builds the framework for automating procurement processes, including approvals, and provides strategic direction to the business. Procurement resources are focused on strategic sourcing and analytics, targeting larger opportunities and providing value-chain analysis and management of sourcing events.

**Pros:** The benefit of the Architect organizational persona is that it enables lean, enterprise-wide deployment of the procurement strategy, with fewer resources focused on tactical execution and greater focus by procurement experts on large opportunities for value capture.

**Cons:** Less control over individual purchase orders results in a higher risk of maverick spend. Initial deployment takes longer because of the up-front investment of time in program design, communications, training and change management.

**Challenges:** This model requires educating and negotiating with stakeholders to get buy-in before deploying new policies and procedures. Although the process takes longer and requires a high level of executive support, it creates a cultural mindset for more effective spend management that is scalable, cost-effective and directly tied to organizational success.



In this center-led model, procurement partners with the business, empowering employees to make smarter purchase decisions, while focusing resources on strategic sourcing and analysis to capture larger opportunities for value creation.





## Concierge

Procurement provides full service procurement to the organization and touches every purchase order through a centralized model.

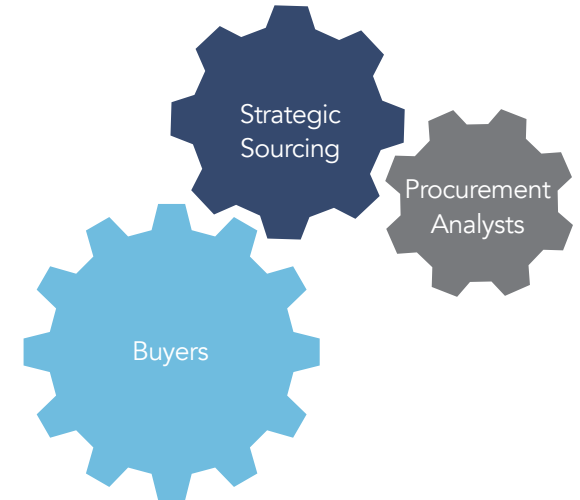
**Organizational Profile:** Organizations that have a large supplier base and little control over spend will want to consider the Concierge persona. This highly centralized model is for companies that need to implement tight controls to reduce costs and risks while increasing visibility into spend to improve bottom-line results.

**The Concierge Persona:** The procurement organization touches every transaction and maintains a large team of buyers to manage transactions across a wide variety of categories for direct and indirect spend.

**Pros:** While individuals will always attempt to circumvent policies and procedures, this model, when properly staffed and supported by embedded policies and processes, enables rapid remediation. Increased visibility into spend enables procurement to readily document the value spend creates for the organization.

**Cons:** This model requires a large headcount to oversee and manage enterprise-wide transactions efficiently.

**Challenges:** Tighter controls inevitably increase cycle times. As a result, organizations implementing this model are advised to ramp up staffing one category at a time to ensure responsive service and to avoid creating a procurement bottleneck.



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In this highly centralized model, a large team of buyers manages purchasing across a wide variety of direct and indirect categories while also performing sourcing and analysis to improve savings and reduce supply chain risks.



## Troubleshooter

Procurement provides on-demand service for prioritized needs, while business units handle their own sourcing and suppliers.

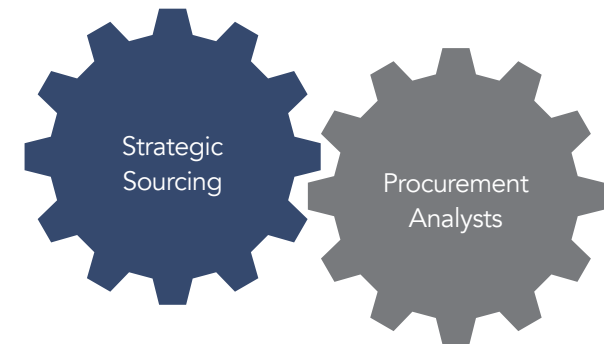
**Organizational Profile:** Is your organization highly distributed, with a large and diverse set of stakeholders? Are employees spread across different types of organizations, regions or cultures with disparate requirements, suppliers and processes? The Troubleshooter procurement persona represents a decentralized model that may best suit your organization's needs.

**The Troubleshooter Persona:** In situations where the sheer number and diversity of stakeholders prohibit a high level of transactional guidance, the procurement organization responds reactively where it is needed most, turning over daily procurement, sourcing and supplier management functions to individual business units. Lean corporate-level procurement resources are focused on analytics and reporting to spotlight emerging trends, risks and opportunities in addition to providing on-demand support for strategic sourcing initiatives.

**Pros:** User adoption is traditionally high with this model because business units enjoy significant autonomy. When procurement does get involved, it is usually in response to a request from line-of-business or branch location executives.

**Cons:** Low visibility, lack of data and few standardized controls inhibit the ability of procurement to influence change.

**Challenges:** The Troubleshooter role is often a transitional one. In addition to responding to heavy lifting assignments, procurement must begin to document processes and build the foundation of data that will eventually be needed to implement best practices and more standardized processes.



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In this decentralized model, the corporate procurement function provides specialized assistance when needed while individual branch locations or business units perform the majority of procurement functions.



## Player/Coach

Procurement provides strategic direction for the organization and assists in the execution of key categories.



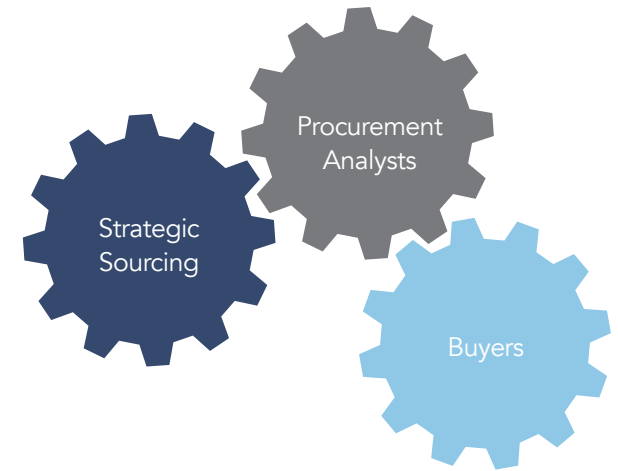
**Organizational Profile:** Does your organization have limited procurement resources, an agile operating environment and a desire to transform the role of procurement from a restrictive to an enabling business function? Is the digitization of business processes a high priority for your CEO or CIO? Are you looking for a way to help employees buy what they need quickly, cost-effectively and within the corporate framework? The Player/Coach persona represents a center-led, hybrid model that may best suit your organization.

**The Player/Coach Persona:** Procurement has a high degree of flexibility to scale between center-led initiatives for lower-risk categories and a centralized approach for managing more challenging or higher-risk categories. Catalogs and tools help people get what they need without procurement intervention while buying experts manage key categories and strategic sourcing initiatives. Procurement analysts provide data and insights used to establish procurement priorities.

**Pros:** This model provides a high degree of flexibility and scalability for achieving near-term savings and strategic business value.

**Cons:** More resources are required than the center-led approach, as represented by the Architect persona.

**Challenges:** This model requires an up-front investment in educating and training users, as well as a staged approach to staffing for key categories.



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This model combines center-led and centralized approaches to procurement and requires more resources across procurement functions than the center-led model.

# E-Procurement Operations Support

No matter which model you choose for your procurement organization, you will need to provide ongoing support for platform-enabled operations. These essential support functions, which can be delivered via internal teams or via an outsourced services provider such as The Shelby Group, include the following:

**Training:** A comprehensive training program for internal customers and suppliers drives platform adoption and helps to ensure adherence to procurement policies and procedures.

**Help Desk:** Your help desk operations will provide the proactive application management support needed to advance adoption and increase the business impact of procurement programs.

**Supplier Enablement:** Your supplier enablement capabilities will need to encompass onboarding, accommodating and facilitating new suppliers, staffing changes at participating suppliers and support for subsequent phases of rollout and program expansion.

**Strategic Sourcing Execution:** Although the scope of your support for strategic sourcing will depend on the focus and maturity of your internal sourcing operations, your e-procurement platform can provide sourcing analytics and event management tools that optimize resources and facilitate sourcing for indirect goods, direct materials, goods for resale, complex services and more.

**Platform Upgrades:** To ensure and enable platform accessibility and performance, you will need to be prepared to support e-procurement platform upgrades through release testing of the new small fixes, regression testing of the larger versions and end-to-end testing.



**For more information on platform support, download our eBook, *E-Procurement Operations* at [theshelbygroup.com/resources](https://theshelbygroup.com/resources).**



# Accelerate procurement success with platform-enabled solutions from Shelby

Procurement departments everywhere face a common challenge. How can you increase transparency, control and compliance in order to deliver measurable business benefits to your organization? Today's cloud-based procurement platforms offer powerful and flexible tools to integrate best practices into daily operations. However, a low utilization of features and misalignment with business processes can negatively impact your success.

The Shelby Group is the global leader in platform-enabled procurement optimization. With hundreds of platform implementation and support engagements to our credit, Shelby can help accelerate your success through each step of your journey with Platform Implementation, Program Optimization and Procurement Operations solutions.



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