

Increasing Services Procurement Efficiency



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**PEOPLE ARE THE HEART OF ANY BUSINESS;
THEY ARE JUST AS OFTEN THE MAIN SOURCE
OF SUCCESS AS OF STRUGGLE.**

And while this has always been true, there have never been so many ways for a business to access people with the skills and talent they need.

In addition to the permanent workforce, companies have access to an array of traditional service providers, contingent workforce resources, and specialized freelancers to deliver their organizational goals. Successful services procurement recognizes this diversity of options. It optimizes them, leveraging and combining the different fulfillment models to ensure the organization has access to the capabilities it needs, in the right form and at an efficient price.

This abundance of options can also lead to complexity if the relevant processes and information are not managed centrally and transparently.

Art of Procurement partnered with the team from Guidant Global to explore the benefits of more robust services procurement management and provide guidance on how to develop key capabilities for capturing strategic value, increasing efficiency, and overcoming common challenges.

Managing Services Procurement Complexity

One of the key challenges of successful services procurement is bringing alignment between stakeholders with differing or even conflicting expectations. In fact, our pre-event LinkedIn pulse poll revealed that over half of procurement professionals feel that varied stakeholder expectations are their primary source of services procurement complexity.

Those stakeholder expectations are likely to diverge regardless of the service being sourced. Specifications and requirements become personal in services procurement and often feel like a multi-party hiring process rather than a strategic sourcing exercise.

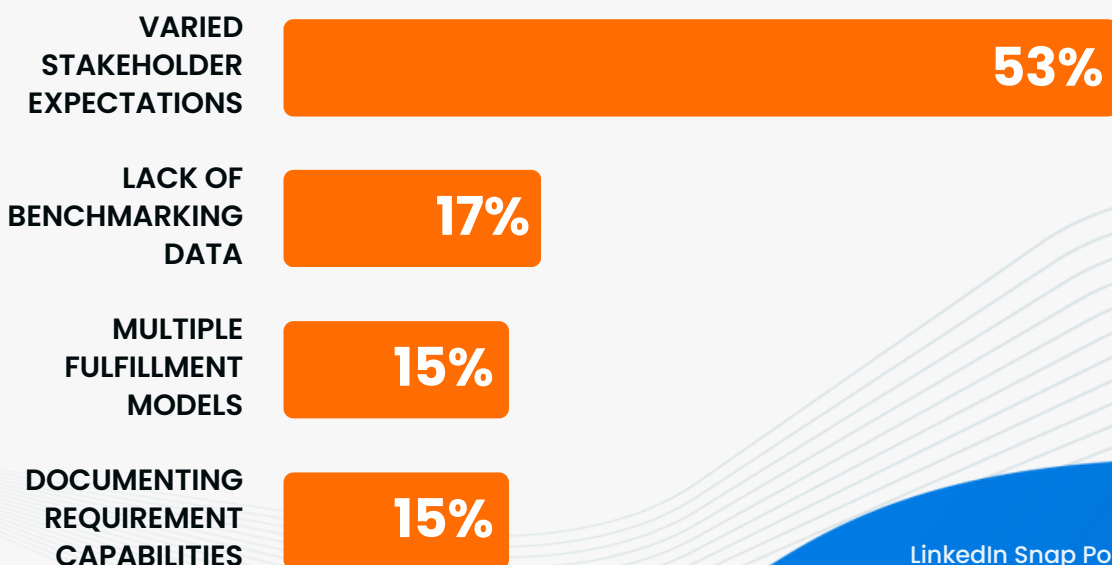
“Every organization and every business line has a different view on what success looks like whenever you’re talking about the services procurement space.”

– Marie France, SVP of Client Relationships and a Procurement Operations Specialist at Guidant Global

“If you think about services, those purchases sit in every part of the business. You have a wide array of stakeholders engaging very different types of services from software and technology to engineering to facilities.”

– Brian Salkowski, Chief Operating Officer at Guidant Global

What is the primary source of complexity procurement must overcome when managing a services procurement (external talent) program?



LinkedIn Snap Poll | July 2023 | 53 Votes

Procurement needs a clear understanding of all stakeholder perspectives as well as the ability to mediate between them, articulating and capturing definitive requirements while making sure differences are resolved internally before soliciting proposals and bids.

Managing Stakeholder Expectations

The keys to managing stakeholder expectations in services procurement are communication and transparency.

#TakeActionTips

- Communicate early and often. Keep stakeholders informed about the process, especially changes to the requirements.
- Be transparent about needs and expectations so there are no surprises.
- Create a collaborative relationship with suppliers. Be open to their input and expertise, and work together to find solutions that meet the needs of all stakeholders.
- Be flexible and adaptable. Procurement must be prepared to adjust the scope of work or the project timeline as needed.



It is not a lone wolf-type project. You're going to need the support of the business. Having the right partner or the right shepherd in the organization can make a really meaningful difference.

Brian Salkowski

First Things First: Getting Started with Services Procurement

Some organizations are focused on getting a handle on their spend and making sure they have transparency while others are focused on compliance.

In the same way as procurement (should) do for their contingent workforce, procurement should consider the need to establish controls over the services provider workforce, including background checks, data privacy controls, and work location restrictions. Ensure that the services provider workforce is being managed in a compliant manner, even after the relationship with the provider has been established, and that there is a framework in place to measure spend, performance, and compliance.

“Your supplier base is actually an extension of your workforce and your organization. It is more critical than ever to remove the old view that ‘we are the big fish, and they are the small fish, so we are going to control what they do.’ That mindset is going to lead to disaster for a service project.”

- Marie France

Initial benchmarking should focus on:

- Spend analysis: Assess the organization’s contingent and services spend
- Readiness assessment: Evaluate the educational level of hiring managers and the organization’s compliance and risk management practices
- Efficiency assessment: What is the onboarding time for suppliers and the satisfaction level of hiring managers? Can the process be streamlined or automated?
- Customer Satisfaction: How is the program perceived internally and does it deliver against the goals of the business?

Services Procurement Performance Indicators

All services, regardless of the form they take, must meet the organization’s needs and expectations. Having the right KPIs helps procurement define success and also provides specific measures of created value.

1. QUALITY includes factors like accuracy, completeness, and timeliness. Deliverables must be executed within pre-set parameters and meet service-level expectations.

2. EFFICIENCY measures the value-add of the selected partner and fulfillment model. Providers should be able to outperform in-house resources based on their expertise.

3. COST ensures that the supplier's rates are market-tested and the organization is getting value by negotiating competitive rates, monitoring performance, and ensuring the right resource is paired with each task.

4. COMPLIANCE is a must. At a minimum, providers should meet all applicable laws and regulations, such as labor laws, data privacy laws, and environmental regulations and be prepared to document that they have done so.

Capturing the Changing Customer Needs Over Time

There are a number of ways that procurement can monitor the evolving needs of internal customers over time, including:

GOVERNANCE: A governance structure may include representatives from finance, and legal. This team should meet regularly to review the services procurement program and identify any necessary changes.

NET PROMOTER SCORE (NPS): This customer satisfaction metric tracks internal customers' perception of the services procurement program over time. NPS surveys are typically conducted quarterly or annually.

CUSTOMER SURVEYS & INTERVIEWS: Procurement should conduct regular outreach to gather feedback on the services procurement program. These surveys and interviews can be used to identify areas where the program can be improved and help inform overall strategies.

Best Practices for Services Procurement

Services procurement at all maturity levels should reflect the core best practices needed to build a strong, sustainable program that drives efficiency, cost, and risk reduction.

- **Take the time to prepare.** This includes understanding the data and the needs of the business. It is also important to establish executive sponsorship and to establish a governance structure.
- **Partner with Buyers.** Actively pursue a behind-the-scenes look at the requirements and routine effectiveness of the program.
- **Define what quality looks like.** Set qualitative and quantitative measures to determine whether or not you have high-quality suppliers, qualified talent, and effective MSP(s).
- **Expect efficiency.** Manage relationships with third-party providers to ensure that proper financial approvals are in place.
- **Ensure compliance.** Audit practices should ensure suppliers are doing the right things and onboarding people in accordance with corporate guidelines.
- **Manage costs by monitoring demand.** Spend is more than rates - internal processes and approvals can ensure that demand is at the right level.

Conclusion

Services procurement is a journey, not a destination. The needs of the business will change over time, so procurement must be prepared to adapt and adjust the services procurement program accordingly. By managing stakeholder expectations, benchmarking and tracking performance, and creating a collaborative relationship with suppliers, procurement can implement a successful services procurement program that will drive efficiency and maximum outcomes for the business.

About Guidant Global

Guidant Global provide global workforce management solutions (MSP, RPO & SOW) that help companies find the best contingent, permanent and services talent.

We champion #ABetterWay – a forward-thinking way of working; moving away from ‘recruitment by numbers’ and shifting the perspective to focus on people – the vibrant force that drives thriving businesses.

We enhance enterprise outcomes through optimized services procurement management, generating the best outcomes for your organization. Our Services Procurement capabilities have been recognized by leading analyst Everest Group, ranking us as Services Procurement / Statement of Work (SOW) “Leader” in its highly regarded CWM PEAK Matrix® Assessment for the past 5 years.

We are experienced at either evolving existing technology solutions and plugging into existing processes or supporting technology selection and building services procurement processes from the ground up. So whatever support you need with your services procurement program, drop us and email – we will be happy to help.

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