Procurement 20/20

Supply Entrepreneurship in a Changing World

PETER SPILLER
NICOLAS REINECKE
DREW UNGERMAN
HENRIQUE TEIXEIRA

WILEY
Contents

Preface ix

Introduction: The Procurement Advantage xiii

PART 1 FROM GOOD TO GREAT PROCUREMENT 1

CHAPTER 1 The Drivers of Sustainable Procurement Performance 3

Procurement pays. Yet there is no free lunch in obtaining procurement excellence. The best companies pay for talent, and advanced procurement tools and strategies become essential to achieve cost savings. Long-term success can lead to a strategic role for procurement teams and a seat on the board for CPOs.

CHAPTER 2 The Megatrends That Impact Competitive Advantage 15

Five megatrends are impacting virtually every company doing business in the global economy—in particular, the procurement strategies of those companies. Do you know what those megatrends are and how they will touch you? If not, read on. Reacting and adapting to these megatrends will be essential to procurement flexibility and competitive advantage by the end of this decade.

PART 2 RESPONDING TO THE MEGATRENDS OF THE NEXT DECADE 29

CHAPTER 3 The Great Global Rebalancing: Building a Dynamic Sourcing Footprint 31

Sourcing-footprint decisions have a short half-life. They have to accommodate everything from best-cost suppliers to regulatory challenges and unprecedented risks. Trickier still is that the relative influence of these factors changes constantly. Are you ready to respond dynamically? And in doing so, can you help other functions advance their own global footprints?
CHAPTER 4  The Productivity Imperative: Orchestrating the End-to-End Value Chain

Successful companies seamlessly manage their end-to-end value chain and tightly orchestrate a network of internal functions and external providers to best serve their customers. What role is procurement playing in this game? How can you take the pivotal orchestrator role?

CHAPTER 5  Big Data and the Global Grid: Procurement's New Role in Data-Driven Decision Making

Two related developments—big data and the global grid—are combining to dramatically alter procurement's possibilities. Sitting right on top of the various data streams between the company and its external vendors and partners, procurement must find ways to analyze, structure, interpret, and apply the abundance of data on markets and suppliers to decision-making problems. How are you preparing to seize the resulting opportunities?

CHAPTER 6  Volatility as the New Normal: Translating Sourcing Risk into Competitive Advantage

Procurement operates amid growing volatility and persistent uncertainty. To protect against—or even benefit from—this challenging context, leading organizations are becoming agile. What does this mean in practice? And how can procurement use agility to create a competitive advantage?

CHAPTER 7  The New Economic Drivers: Capturing the Total Impact of Environmental, Social, and Regulatory Factors

Environmental, social, and regulatory considerations are poised to become key decision-making variables for CPOs as they select suppliers of goods and services. What are some of the innovative solutions that leading procurement organizations are experimenting with in order to cope?

PART 3  THE ROAD MAP TO PROCUREMENT 20/20

CHAPTER 8  Getting Ready for Real Change: Steps for Starting the Journey toward Procurement 20/20

Going for Procurement 20/20 is a stretch aspiration. If you are up for it, your successful transformation should place equal emphasis
on two elements: your company's business performance and its organizational health. It's a tricky balance to strike. Discover how to do it.

CHAPTER 9 Your Agenda Now 157

Seizing the opportunities we've discussed means moving from supply management to supply entrepreneurship. The time for visible and tangible action has arrived. What's your plan of action?

About the Authors 159

Acknowledgments 161

Index 163