

Steps	Actions	Spend Level (ABC Analysis)	Example	Tip for Simplicity and Practicality	Estimated Timeframe	Linkage to Strategy and Spend Management	Documents/ERP	Additional Considerations	RACI	Pareto Law Application 20/80
1	Category Profiling	A-B-C Class (High to low Value)	Identify and categorize spend, assess strategic importance.	Use simple categorization methods like ABC analysis or Kraljic matrix.	4-8 weeks	Aligned with overall procurement strategy. Informs spend analysis and budgeting.	Spend analysis reports, category profiles	Use a category management software tool if not Excel is your friend, to streamline the process.	Procurement Manager: R, A; Finance: C; Business Owners: C	Identify the 20% of categories that account for 80% of the spend & focus on it.
2	Spend Analysis	A-B-C Class (High to low Value)	Analyze historical spending data to identify trends, and savings opportunities	Use data visualization tools to make insights easily understandable.	2-4 weeks	Core component of spend management. Informs strategic sourcing decisions.	Spend analysis reports, procurement ERP data	Involve key stakeholders in the analysis to ensure buy-in and alignment.	Procurement Analyst: R, A; Finance: C; Business Owners: C	Prioritize categories based on their spend and impact.
3	Supplier Segmentation	A-B-C Class (High to low Value)	Classify suppliers based on their strategic importance and risk level.	Create a simple matrix to visualize supplier segmentation.	2-4 weeks	Informs supplier relationship management and negotiation strategies.	Supplier performance reports, risk assessments	Consider using a supplier relationship management (SRM) tool to manage supplier relationships effectively.	Procurement Manager: R, A; Procurement Analyst: R; Business Owners: C	Focus on strategic suppliers and high-impact categories.
4	Strategy Development	A-B-C Class (High to low Value)	Develop a category strategy outlining objectives, tactics, and KPIs.	Involve key stakeholders to ensure alignment and buy-in.	2-4 weeks	Aligned with overall procurement strategy. Directly impacts spend management and sourcing decisions.	Category strategy documents, procurement policy documents	Regularly review and update the category strategy to adapt to changing market conditions.	Procurement Manager: R, A; Business Owners: C, I; Finance: C	Prioritize strategy development for high-impact categories.
5	Supplier Selection and Negotiation	A-B-C Class (High to low Value)	Select and negotiate with suppliers based on the category strategy.	Use standardized negotiation templates and checklists to streamline the process.	4-8 weeks	Key component of spend management. Impacts supplier relationships and contract terms.	Request for proposals (RFPs), Request for quotations (RFQs), supplier contracts...	Consider using a negotiation tool to support the negotiation process.	Procurement Manager: R, A; Procurement Analyst: R; Legal: C	Focus on negotiations with strategic suppliers and high-value contracts. Ensure local needs are considered and small suppliers are kept.
6	Contract Management	A-B-C Class (High to low Value)	Develop and manage contracts to ensure compliance and performance.	Use contract management software to automate contract lifecycle management.	4-8 weeks per contract	Directly impacts spend management and supplier performance.	Contract templates, contract management software, supplier performance reports	Regularly review and update contracts to ensure they remain relevant and effective.	Procurement Manager: R, A; Legal: C; Finance: C	Prioritize contract management for high-value contracts and critical suppliers.
7	Performance Monitoring	A-B-C Class (High to low Value)	Monitor supplier performance against KPIs and take corrective action as needed.	Use regular performance reviews and scorecards to track progress.	As needed	Informs supplier relationship management and potential contract renegotiations.	Supplier performance reports, scorecards, performance review documents	Consider using a supplier performance management tool to automate the monitoring process.	Procurement Manager: R, A; Procurement Analyst: R; Supplier Relationship Manager: C	Focus on monitoring performance of strategic suppliers and high-impact categories.
8	Continuous Improvement	A-B-C Class (High to low Value)	Regularly review and refine the category strategy to adapt to changing market condition & innovation.	Conduct periodic reviews and seek feedback from stakeholders.	As needed	Aligned with overall procurement strategy and supports ongoing spend management.	Category strategy review documents, meeting minutes	Promote a culture of continuous improvement within the procurement team.	Procurement Manager: R, A; Business Owners: C	Prioritize improvement initiatives for high-impact categories.
9	Risk Management	A-B-C Class (High to low Value)	Identify and mitigate potential risks associated with the category.	Conduct regular risk assessments and update risk mitigation plans as needed.	As needed	Supports overall procurement strategy and risk management framework.	Risk assessment reports, contingency plans	Develop a comprehensive risk management plan for each category.	Procurement Manager: R, A; Legal: C; Finance: C	Prioritize risk mitigation efforts for high-risk categories and critical suppliers.
10	Sustainability	A-B-C Class (High to low Value)	Incorporate sustainability considerations into procurement decisions.	Develop a sustainability policy and integrate it into the procurement process.	As needed	Aligned with overall corporate social responsibility and sustainability goals.	Sustainability policy, supplier sustainability questionnaires	Consider using a supplier sustainability rating tool to assess supplier performance on sustainability metrics.	Procurement Manager: R, A; Sustainability Officer: C	Prioritize sustainability initiatives for high-impact categories and suppliers.
11	Technology Adoption	A-B-C Class (High to low Value)	Leverage procurement technology to streamline processes and improve efficiency.	Evaluate different procurement technology options and select the best solution for your organization's needs.	6-12 months	Supports spend management and data analysis.	Procurement software, data analytics tools	Regularly evaluate and update procurement technology to ensure it meets the organization's evolving needs.	Procurement Manager: R, A; IT: C	Prioritize technology investments for high-impact categories and processes.
12	Collaboration	NA	Encourage collaboration between procurement, finance, and operations teams.	open communication and information sharing between different departments.	As needed	Essential for effective strategy implementation and spend management.	Meeting minutes, project plans	Establish regular communication channels and cross-functional teams to promote collaboration.	Procurement Manager: R, A; Finance: C; Operations: C	Prioritize collaboration on high-impact categories and strategic initiatives.
13	Category Implementation	NA	Train procurement teams for better implementation..	Develop a training plan to ensure that procurement professionals have the skills and knowledge to effectively manage categories.	As needed	Supports continuous improvement and effective implementation of procurement strategies.	Training materials, training records	Provide ongoing training and development opportunities to keep procurement professionals up-to-date on categories & best practices.	HR: R, A; Procurement Category Manager: C	Prioritize training for high-impact categories and critical roles.