

3 Steps Shift: from short term to long term savings value!

Step 1
Define Value

Step 2
Measure Value

Step 3
Tell your Story

~ 12 Months Journey

1

- Expand the definition of value beyond immediate savings
- Identify key areas where long term benefits are realized, such as processes, supplier partnerships, & innovation
- Initiate discussions with teams to align on what true value means for the company

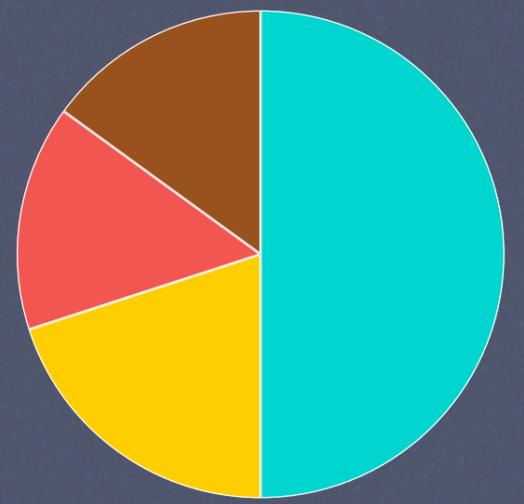
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- Improve & implement KPIs that accurately reflect long term value
- Track & analyze data to measure progress
- One way to do this is to implement a weighted KPI system (See pie example)

3

- Communicate to stakeholders the real value procurement brings beyond cost-cutting
- Position procurement as a strategic partner & enabler of business growth & sustainability
- Without a long-term approach, we miss out on competitive advantages that extend beyond simple cost savings

IMPLEMENTATION EXAMPLE



STEPS	QUICK WINS	FORMULAS
STEP 1: Define Value beyond short term metrics	<p>Survey teams on what value means beyond cost savings.</p> <p>Identify 3 key long term benefits in your top 10 suppliers.</p>	<p>Formula: Long term value = cost savings + supplier performance + innovation + risk mitigation</p>
STEP 2: Update How to Measure Value	<p>Start tracking one non cost metric per supplier this quarter.</p> <p>Adjust scorecards to weigh long term contributions.</p>	<p>Formula: Total procurement performance score (PPS) = (50% cost savings) + (50% non-cost KPIs)</p> <p>Non-Cost KPIs:</p> <ul style="list-style-type: none"> ● supplier innovation contributions (new solutions/processes) ● risk mitigation (how well suppliers prevent supply chain risks) ● operational efficiency gains (time saved, process improvements) ● sustainability impact (CO2 reduction, ESG performance)
STEP 3: Tell your Story & Elevate our Function	<p>Create 1 success story per quarter showcasing long term impact.</p> <p>Present a case study to leadership on procurement driven innovation.</p>	<p>Formula: perceived procurement value = savings + strategic contributions (growth & sustainability)</p>

PS: Companies that focus on long term supplier relationships see a 20% reduction in supply chain risks & a 15% improvement in cost predictability five years.