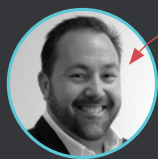


**“WE BELIEVE IN DOING THINGS
BETTER, QUICKER AND SMARTER.”**



THIS IS THE POWERFUL AND PRACTICAL MANTRA OF STEVEN SPETER, MANAGING DIRECTOR OF PROCUREMENT SPECIALISTS 36 STRATEGIES. THE FACT IS THAT EFFECTIVE AND STREAMLINED PROCUREMENT IS A POWERFUL TOOL FOR SUPERCHARGING BUSINESS PERFORMANCE - NOT TO MENTION SAVING MONEY AND TIME - AND IT'S A DISCIPLINE THAT CAN HELP YOU BUILD A FIRM FOUNDATION FOR YOUR GOVERNANCE AND QUALITY CONTROLS. TRADE & EXPORT SPOKE TO THE EXPERTS ABOUT THE BENEFITS OF PUTTING THE RIGHT PROCUREMENT STRUCTURE IN PLACE.



Steven Speter, Managing Director, 36 Strategies

The reality is that, procurement is likely the second highest operating cost component for any business and using traditional procurement methods, it will cost about AED 275.00 to raise a single Purchase Order – this equates to AED 16,500 a day for the average SME in the Middle East! A classic example of time and money being wasted. Plus, the speed, cost and effectiveness of the procurement model you're using will effect –

- Your ability to secure the key items the business needs to execute its core tasks successfully.
- Your business' profitability and running costs.
- Its ability to retain customers and effectively service key project work.

Yet most businesses know at least a percentage of these challenges all too well. So what are the alternatives for securing a better-aligned and cost-efficient procurement model? Steven Speter comments that: "Our company - 36 Strategies - was founded with the specific intention of helping businesses optimise their procurement model and then capitalise on the financial rewards that it will bring. We work with companies in two (related) ways: either we can effectively become their procurement department, or we can provide a fresh, comprehensive model that makes the procurement path relevant and cost-effective.

"The services we provide follow internationally-recognised quality standards and benchmarking; for example, we use the 'Six Sigma' methodology and provide solutions using ISO-certified components.

How does it help to have a procurement process that follows a Six Sigma methodology? Because it allows you to understand and put a cost to every single part of the procurement process - simple as that. But how many businesses can say categorically that this is what they are leveraging at the moment? 36S practice what they preach working with their business partners on a 'pay as you go' model, so you don't waste any money if something isn't helping streamline your operations in the way you might wish. The overall goal of our service is to give you the benefit of a comprehensive overview and understanding of your business. That means you will have all the tools you need to make informed and effective business decisions."

**The reality:
Hidden costs and inefficiencies
in the procurement pipeline**

Steven Speter believes that one of the core issues with procurement is that very few managers are actually aware of how complex their own company's procurement structures are - and how much time and effort they're currently wasting. "One of the worst aspects of this over-complexity is that

YOU HAVE TO REVIEW AND ADJUST YOUR PROCUREMENT POLICIES TO SUPPORT THE BUSINESS, NOT KEEP PROCEDURES IN PLACE JUST FOR THE SAKE OF THEM.

it can easily lead to a lack of trust in the supply chain and the belief that, whatever you need, it probably won't be delivered in time. This then results in people turning to petty cash and maverick spending which leaves the company leaking costs. It's not uncommon to find petty cash losses, incurred in this way, running to tens of thousands of dirhams, for example. All of which is a response to the fact that many internal processes include unnecessary tie-up of resources, which in themselves not only cost a good deal of money, but also increase lead time and the risk of out-of-stock situations.

"Moreover, the macro view here is that one of the key issues when it comes to procurement in the Middle East and GCC is the fact that it can be extremely challenging ensuring that all the operational procedures, guidelines and policies which exist in theory are actually executed. And if those policies do not support the real business needs you only amplify the problem. You have to review and adjust your procurement policies to support the business, not keep procedures in place just for the sake of them.

"Tackling that dilemma can make a huge difference to the efficiency - and above all, the effectiveness - with which a company works. For example, if we look at the whole procurement cycle - from when the purchase requisition is first made, right through to when the purchase →

BEING ABLE TO SET UP AN EFFICIENT PROCESS FROM THE GET-GO CAN BE A COMPETITIVE ADVANTAGE, NOT JUST IN TERMS OF COST, BUT ALSO VERY MUCH IN TERMS OF GETTING THE RIGHT PRODUCTS TO MARKET AT THE RIGHT SPEED.

order is issued to the supplier - we have a track record of reducing cycle time by an average of 38 per cent. We also achieve an average saving of between 10 and 14 per cent on procurement cost - in many cases, much more. A classic example of this is the benefit that will accrue if we help you source an affordable, good quality supplier and set up a framework agreement with them. This means, for instance, that you won't have to go through the procurement process again and again each time you're sourcing the same item. It makes good sense for us to find your business a raft of similarly reliable suppliers and have strong framework agreements with each. As you can see, it pays if you get to know and properly understand your current procurement process."

Business process optimization and simplification using cutting edge technology

"If we work with you", says Steve, "to assess and re-model your overall procurement strategy, one of the first things we do is conduct a 'Procure-to-Pay (P2P) Health Check'. This a business optimization model where we quite literally draw a diagram of the complete procurement cycle, what happens when, and why. The outcome

of this is a process map which covers all stakeholders and processes and starts by identifying the need to purchase a product, following the cycle right through until the supplier gets paid. We'll also use the available operational data to measure how efficient the existing P2P is - this allows us to understand the requirements unique to the company and helps us propose a bespoke, effective procurement solution.

"When we show the Optimization model to stakeholders, they are often amazed at how over-complex the whole process is: viewed graphically in this way, it's much easier to see where work is being replicated and where unnecessary cost is being added.

"The P2P Health Check is in fact part of our procurement consulting work, and when we then go on to implement a working framework for you, it will use our advance eProcurement platform. This makes the purchase order process entirely paperless and mobile, significantly cutting down the lead time. It also gives visibility to procurement spending and efficiency, and removes margins for error. What's more, you'll have a powerful tool for tracking supplier performance - which in turn will enable you to have fact-based negotiations with suppliers, ensuring you only pay for the level of service you actually receive.

"I should also add that there's nothing 'technical' about how this eProcurement platform looks - it's extremely user-friendly, multi-lingual with clear pictures and specifications for everything that you will need to order. Whilst the system delivers the corporate governance of an ERP system, many customers have said it's comparable to a consumer website - not what you might expect at all!"

Outsource sourcing and procurement for ultimate convenience

Steve continues: "We are the only procurement solutions provider in the Middle East - and as you will have

gathered, we want to take procurement in the region to the next level by setting up streamlined processes and executing them as efficiently as possible. For us, that means we utilise cutting-edge, Cloud-based technology to automate and digitize, boosting client capability wherever we can. When many companies first arrive in the GCC, they find that their usual procurement processes are slowed down dramatically, because they require local market intelligence - and that's very labour-intensive to build. Being able to set up an efficient process from the get-go can be a competitive advantage, not just in terms of cost, but also very much in terms of getting the right products to market at the right speed.

"This is where our *Sourcing Consulting* comes into play. We can effectively become your procurement department. We can help you find the right suppliers and products and establish your framework agreement - as well as managing the supplier to ensure on-time delivery. Taking over these tasks means we can make procurement as easy as possible for our business partners. We can work in a way that's perfectly aligned with your own Governance criteria - and in fact, can help you leverage a higher quality specification if that is one of your goals. This in turn can be a compelling tool for building customer retention and preventing attrition or erosion of your base price list. While it's true that time is money, so too is quality of performance: and it's definitely worth maximising the contribution made by something as core as the procurement function."

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