

CoVest
Sourcing Network

IMPLEMENTATION 2.0

HOW TO AUGMENT THE SUPPLIER IMPLEMENTATION PROCESS

In the MRO space and other indirect categories within procurement, an impactful implementation is critical.

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For all of the effort and analytics involved in the creation of a supplier partnership, all too often the final results do not match the potential of a new program. It takes months of work to create a new contract. First, you gather spend data in order to create a supplier portfolio. Then after thousands of emails, meetings, spreadsheets and legal redlines, a contract is born. While this process represents a tremendous amount of effort, no actual change occurs until your buyers begin to utilize this newly built program. For some categories this feels automatic because mandated technology and hardcoding can take care of most of the work. For many other categories, especially in the indirect space, when the contract is signed the battle has just begun.

A successful supplier implementation does more than create savings. In addition to demonstrating the real value that procurement can bring to the business, reduction of supplier count, reduction of tail spend, and generally simplifying the purchasing landscape can all be achieved. Because it is an area in which CoVest has a robust solution, this whitepaper will use examples from the MRO (Maintenance, Repair and Operations) world, however these principles can be applied to other areas of procurement. Having said that, if there is one area that a successful implementation is elusive, it is within MRO. The sheer number of manufacturers, items, functional needs and the number of ways that these items can be purchased is exponential.

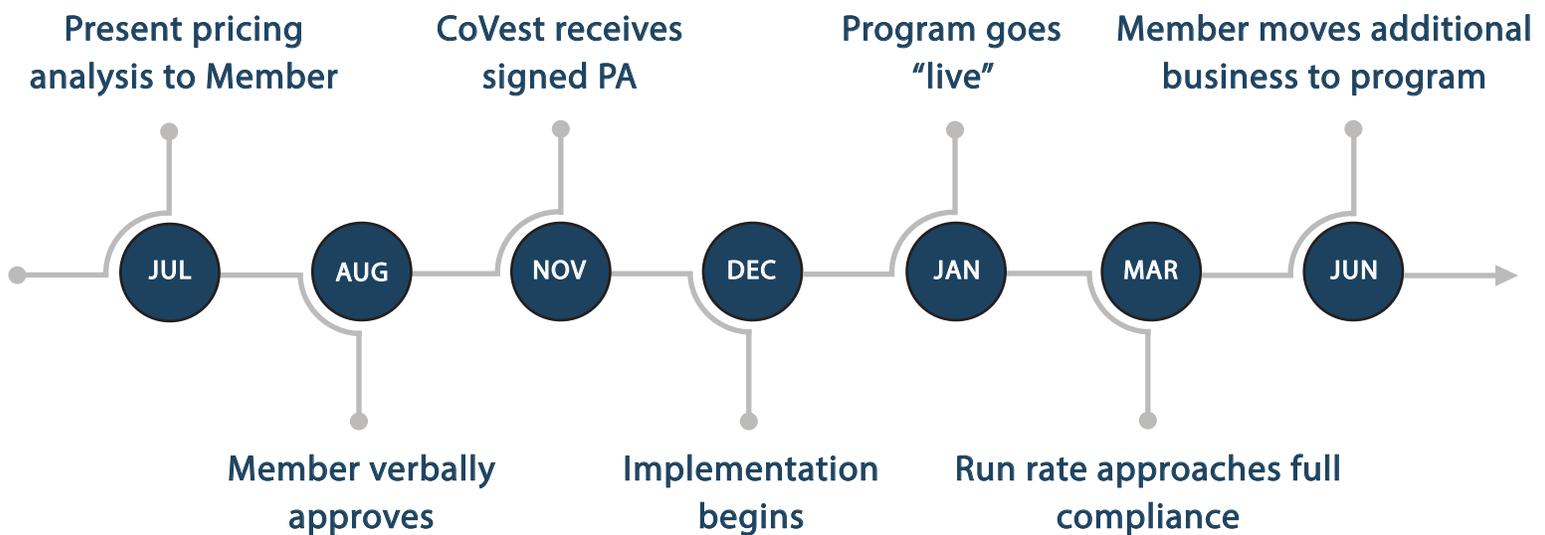
This is not going to be an exhaustive review of all of the correct steps to perform a successful implementation. Most programs that are agreed upon seem to get implemented somehow. Here is our list of most frequently missed steps:

- Ensure that all category spend is incorporated into the solution, and the agreements accounts for all of the new needs that will arise over the course of the agreement.
- Do we need to design inventory management systems to assist the production site?
- Do we need to reach out to manufacturers to investigate which products are the best match for the needs of the site?
- Is the arrival of the new agreement adequately communicated throughout the organization in a way that the goals are clear?
- Has the right reporting been designed, including tracking the compliance, savings, and site level issues associated with the program?



Let's assume that over the course of 30-60 days the new category and product offerings are available and accessible for all of the right buyers. While buyers could certainly be left on their own to determine which products and services are best purchased from the new supplier, a defined training program is a better solution. Integrating program education, defining the process, and going through the technological instructions associated with the purchasing interface is critical to success.

Sample CoVest Implementation Timeline:



In the implementation phase, we should seek to design the needed reporting for a category. Tracking program ramp-up and compliance is step one in this area, as well as defining and measuring the success of the program. Broadly measuring what should be purchased from a supplier and measuring the actual results against those estimates of compliance can be a solid gauge of the health of the program. Are all of the needed products really a part of the program? Are the services provided meeting the needs of the program's users? Are some sites ignoring the opportunity or have a business hurdle that needs to be addressed to allow them to fully utilize the program? Solid compliance reporting can help answer these questions, but will need to be examined and re-examined far after the implementation is complete.

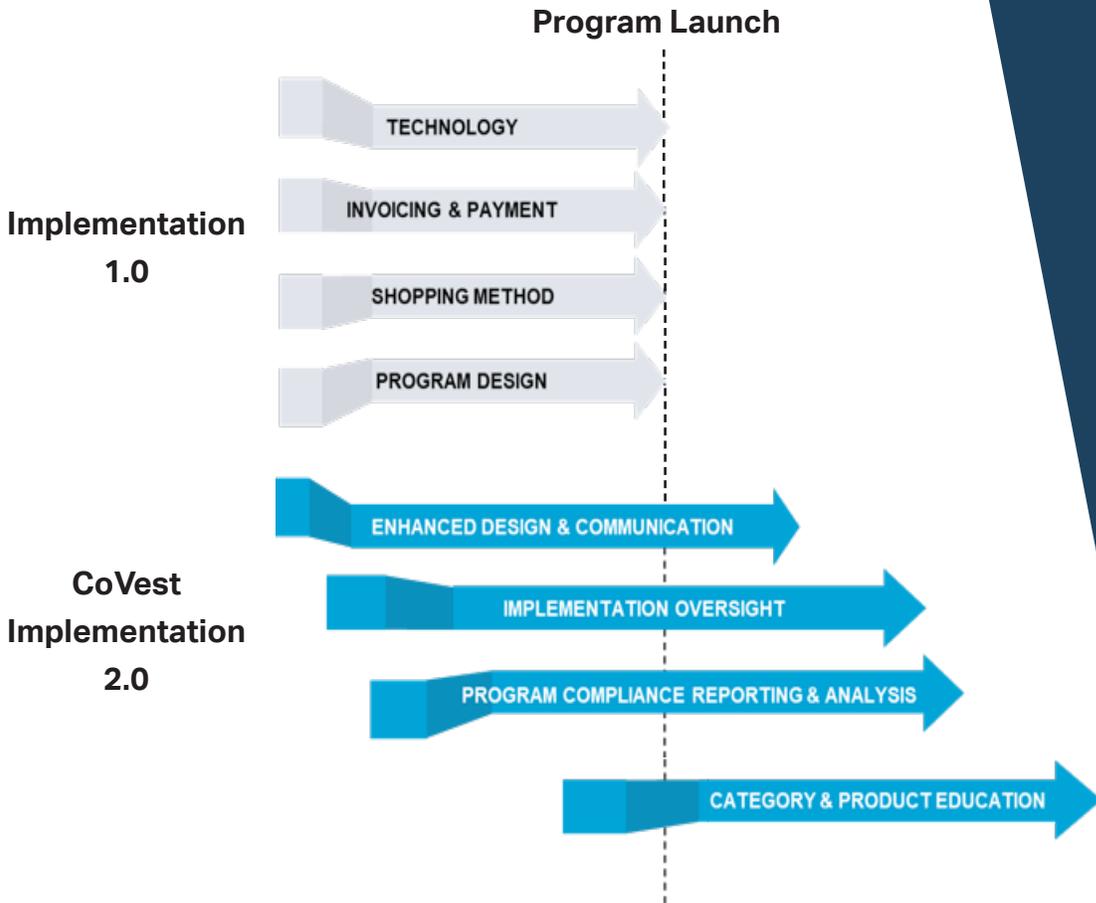
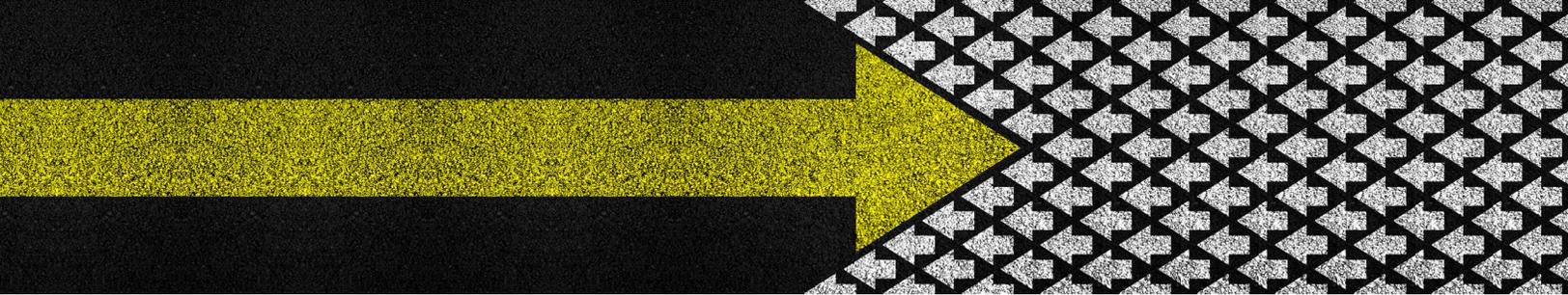


Implementation 2.0 – Education over the long run

Regardless of how well the program creation and implementation phases are executed, time is against us. The six months that brought us from data gathering to an implemented program is a short time in the life of the business. Truly engraining a program into our system takes years, and a sustained effort over that time to ensure that all objectives are being met. The nuances of a program are important, and should be demonstrated repeatedly to users, including:

- What exactly is this supplier's core area of expertise?
- What products are available through this program?
- How do I buy? How does the pricing work? Is there good pricing just on a few items or on many different items?
- What manufacturers can be purchased through this program?
- What value added services can I expect from this supplier?
- What other categories does this supplier offer that I can leverage?
- Can this supplier help educate me on this category / product / service?
- What has changed in this offering since it was implemented?

CoVest is embarking on a new campaign to educate program users throughout the life of a program on these very questions. The programs will be customized to each supplier and will provide valuable information periodically throughout the life of a new program to help users better understand what the program could mean to them. This requires communication with users regularly, not just during implementation, but throughout the entire life of the program. This can be difficult to accomplish if you have many other categories to manage. Another challenging obstacle is ensuring you're providing useful content that addresses their everyday workplace needs. If your users do not find the content useful it will quickly be ignored.



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Summary

In the MRO space and other categories, impactful implementation is critical. The benefits of success are many, including significant savings, the ability to eliminate tens or perhaps hundreds of suppliers, drastically reduce invoices, and provide your team with a valuable new partnership.