



## Sharpen Your Competitive Edge: Three Ways a CPO Can Transform the Organization

To be successful in today's global economy, companies must ensure that financial resources are directed to projects that will have the most impact. And, when it comes to doing that, the enterprise should look to one department — procurement. Corporations are facing increased investor pressure and it is up to the office of finance and procurement to collaborate closely to understand where the organization can reduce costs, consolidate vendors, and find other strategic sourcing methods to improve competitive outcomes.

Procurement now requires deep enterprise-level strategic insight into corporate goals and financial realities in order to ensure that decisions are on point, help successful partnerships mature, and deliver supplier relationships that provide a competitive edge. The truly global nature of the role today has transformed procurement from a back office business function into a critical, competitive business operation — one that warrants C-level responsibility. Here's a closer look at what a CPO can deliver:

### **1. Organization-wide positive outcomes**

As enterprises mature and become hyper-focused on margins and competitive advantages, the strategic nature of procurement will also develop. What was once a purely execution-based role has evolved into a vital C-suite function. A high-performing procurement officer will have a positive and profound impact on any organization.

### **2. Bottom line impact**

The IBM Institute of Business Value (IBV) recently released a study on the impact that Chief Procurement Officers (CPOs) can have on a company's long-term profitability. The study findings indicated that high-performing procurement departments report a 7.12 percent profit margin. This is in stark contrast to the reported 5.83 percent for those with a low-performing procurement department. Companies with top-performing procurement organizations also showed profit margins 15 percent higher than the average company. Looking at these report findings, it would be impossible to think procurement is anything but fundamental to bottom line success.

### **3. Enterprise-level insight**

Successful procurement teams require enterprise-level insight into the overarching business goals and strategic plans that can only be found at the C-level table. C-suite members have the necessary swagger, channels, and voice to execute against initiatives and drive strategic programs across the organization. For example, if a retailer wants to eliminate expensive hardware and time-consuming paperwork across the board, a C-Suite member can use their influence and push for an initiative to invest in a software solution that can help make these strategic changes happen. The ripple effect of an enterprise purchase can increase employee satisfaction, ease intake and store

efficiencies, and improve workflow in unique stores and across locations — all while simultaneously reducing overhead costs and any regional compliance risks. With procurement and sourcing contributing at the C-level, the overall business strategy, particularly when it comes to optimization and prioritization, will only improve.

When procurement professionals have a seat at the executive table, they are given access to the strategic business goals, the influence to make things happen, and the necessary data and accompanying analytics to identify and mitigate vulnerabilities, find cost-saving opportunities, improve forecasting, and provide the greatest business impact. By championing the importance of sourcing and the office of procurement from the top down, the enterprise keeps the business profitable and running as effectively as possible.

As CEO of Scout RFP, Alex sets the business direction and strategy for the company. He previously was a co-founder in ONOSYS which was acquired by livingsocial in 2012. At ONOSYS, he led the operations team and helped the company become one of the largest online ordering providers in the country. Prior to this, he went to Case Western Reserve University where he studied Mechanical Engineering.

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### HAPPY HOLIDAYS "14th till 17th April 2017"



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