MEASURING PROCUREMENT PERFORMANCE?

Since spend savings can only go so far in measuring procurement performance, procurement professionals reaffirm their value to the organization in other ways. Here are 5 proven metrics they monitor:



Percentage of Catalog-Based POs

- 43% of purchase order line items routed through guided buying catalogs by top performers
- 49% of procurement labor is spent ordering materials & services
- 20% of purchase order line items routed through guided buying catalogs by their lower-performing peers



PROCUREMENT PERFORMANCE

Cost Savings



Successful procurement companies see:

- **✓** 21% Less overall spend
- 29% Fewer full-time employees
- 50% Overall procurement cost savings

Vendor Performance



- 77% of companies report their top procurement risks are factors related to suppliers
- 5% 15% savings when organizations effectively manage vendor performance contracts



Procurement Cycle Time

Time between when a requisition is placed and goods are received:

- 5 vs. 48 hours difference top and bottom performers take to place a purchase order
- 2 to 7 days reduction in overall cycle time when switching from manual entry to eprocurement software

Spend Under Management



- 70% of procurement executives report indirect spend is a top focus for controlling costs
- **50%** of corporate spending is typically unmanaged
 - 6% 12% cost saving opportunity when companies incorporate better spend management practice



https://www.apqc.org/benchmarking-portal/osb/procurement http://spendmatters.com/2017/07/19/supplier-performance-management-spm-lost-found/ http://spendmatters.com/2013/11/07/using-procurement-automation-reduce-order-cycle-time/ http://procureconwest.wbresearch.com/media/1004293/78607.pdf http://spendmatters.com/almanac/the-hackett-group/ Deloitte's 2016 Global CPO Survey 2016 report



www.ParamountWorkPlace.com