

Demonstrating real value through scorecards

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The topic for this seminar

Demonstrating real value through scorecards

- Implementing a successful balanced scorecard with Finance with real values
 - ✓ Levers for value creation: cost, risk, service, and innovation and growth
 - ✓ Why measure procurement value delivery
 - ✓ Case Studies from the Roundtable: Exceptional acts of driving procurement value

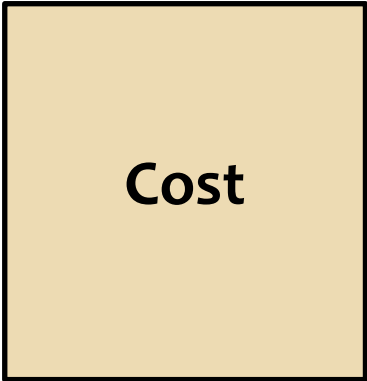
Seminar Agenda

1. What is value?
2. Five top tips for scorecarding procurement value
3. Measurement of value
4. Case Studies from the Roundtable: Exceptional acts of driving procurement value
5. Survey feedback & discussion

“Value” defined

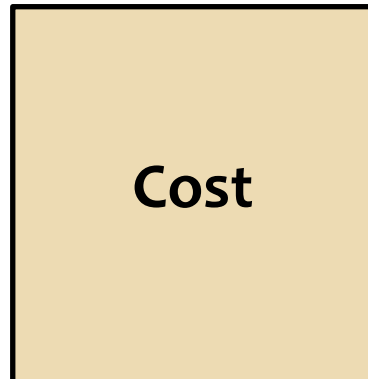


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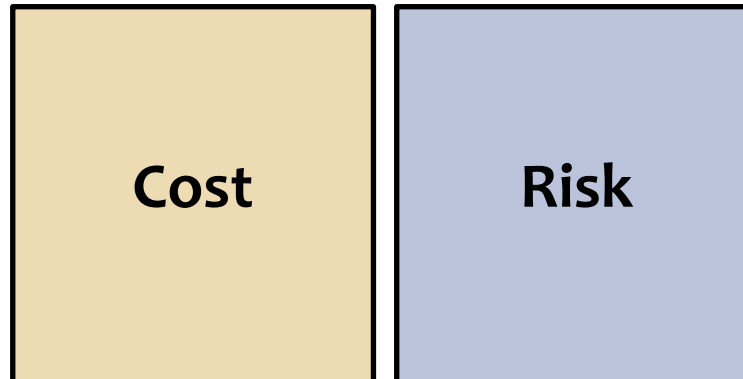
“Value” defined

- Price
- Cost reduction
- Cost competitiveness
- Compliance
- Lifecycle Cost



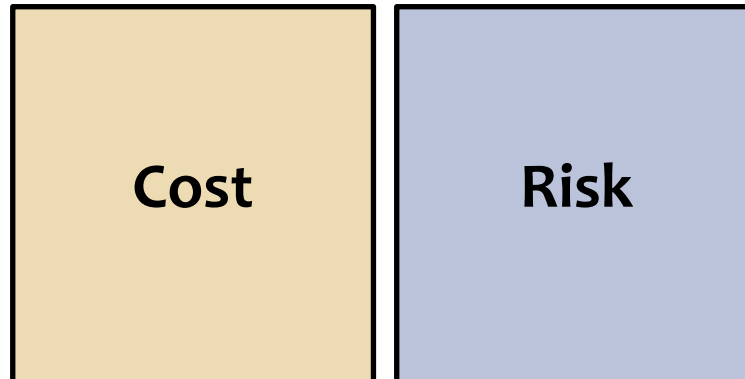
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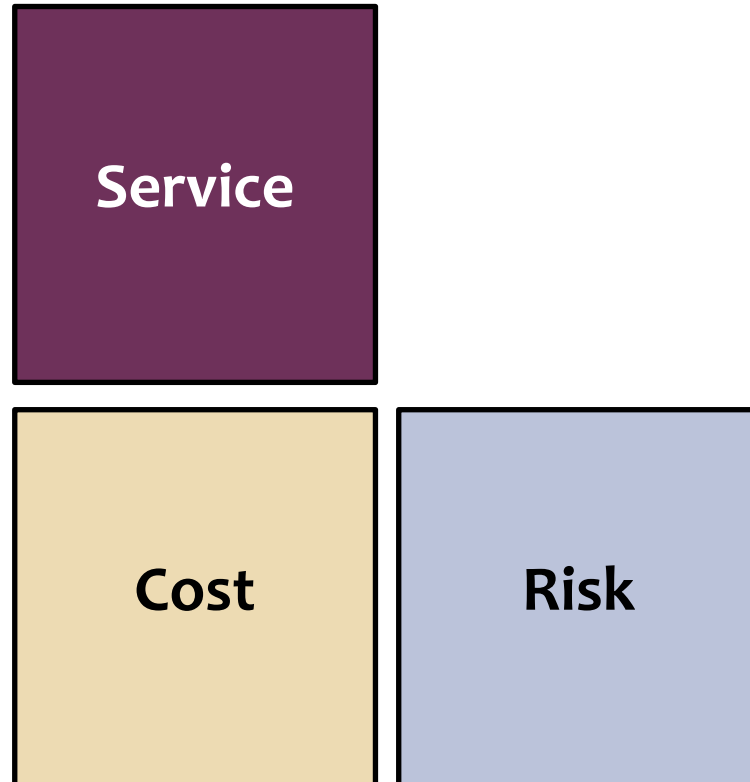
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- Reputation
- Financial
- Supply Continuity
- Regulatory
- CSR / Probity

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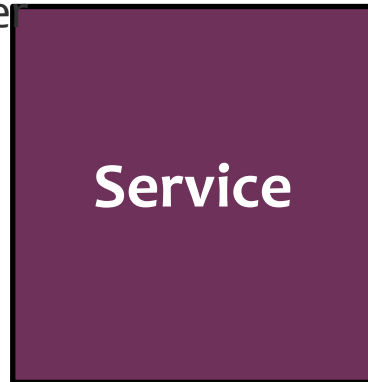


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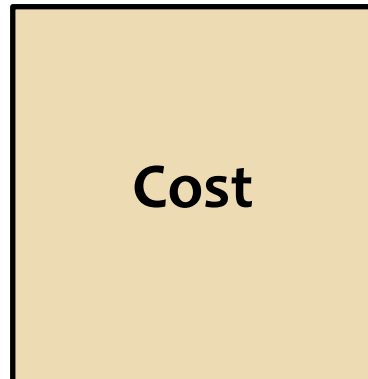
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- Customer complaints
- Delivery / Quality
- Information sharing



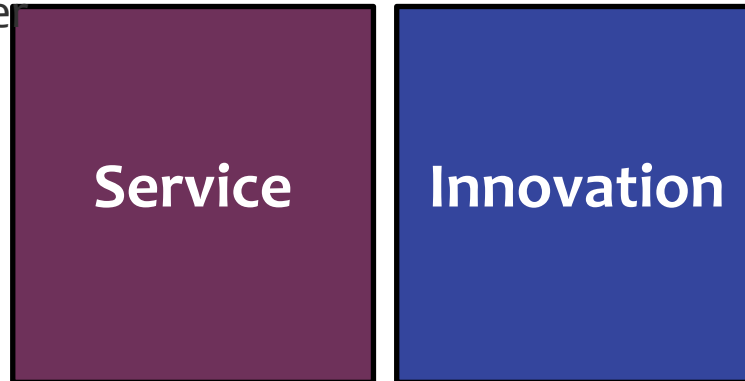
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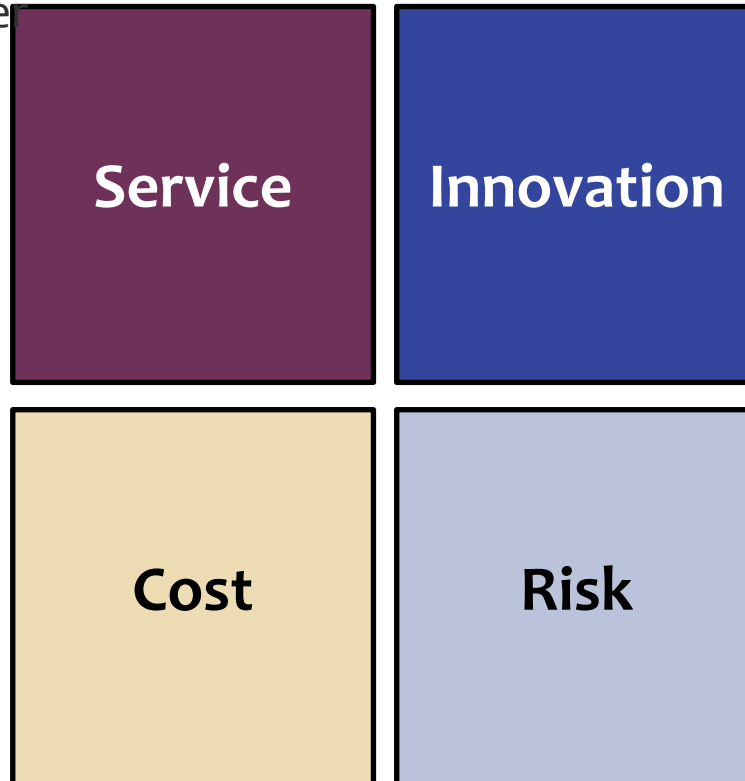


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- New products / Growth
 - Systems and technology improvements
 - New approaches to Category
 - Continuous Improvement in cost, risk & service
-
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Top 5 tips – for demonstrating real procurement value

1. Don't be balanced !



Focus your scorecard on the things that are most valuable to your business

2. You can't fatten a cow by weighing it !

Keep it simple and accept that you can't and shouldn't measure everything

Think about the behaviours that you are wanting to influence



3. Beauty is in the eye of the beholder !



Value is defined by your stakeholders – talk their language & measure their satisfaction

Measure the outcome but present the impact

4. Don't be a dog, follow the trend !



Use data trends and competitive benchmarking to demonstrate and drive performance

5. Develop the X factor !



What people talent (& other capabilities) do you need for success?

Perception is Reality

Procurements
perception of
value



Stakeholders
perception of
value

Many scorecards fail because they don't place enough emphasis on the stakeholders perception of value

Measuring the value

	Traditional Measure	Real Value Measure
Cost	Savings versus baseline <i>(old cost – new cost) * volume</i>	Cost competitiveness Spend coverage Process compliance
Risk	Quality / Safety <i>(nothing happened)</i>	Policy compliance Market intelligence
Service	DIFOT <i>(Delivery In Full On Time)</i>	Customer satisfaction <i>(both internal & external)</i>
Innovation	?	Supplier confidence Revenue growth
People	Skills assessment	Talent Index

Case Studies from The Faculty Roundtable

- Exceptional acts of driving procurement value



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- Exceptional acts of driving procurement value



Consumer goods company implements strategic cost management across major spend categories

- *Benchmarking cost competitiveness*
- *Understanding 'should cost'*
- *Delivery of significant total cost improvement*

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Global resources company implements a scorecard focused on process compliance and system data

- *Leveraging global ERP investment*
- *One version of the truth*
- *People and process efficiency*



Demonstrating Real Value through Scorecards

1. Survey Feedback
2. Questions and Discussion