

Agile Sourcing and Why it Works



Author: Allistair Johnston
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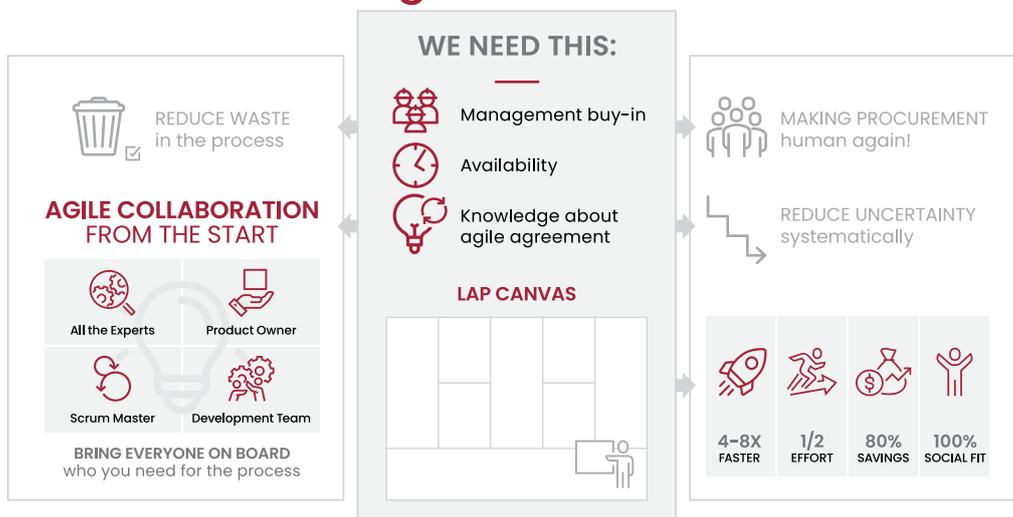
The Covid crisis drove procurement teams to step up and be more responsive to urgent business demands. I recently came across an article by Jonathan Dutton FCIPS which explains why the relatively new discipline of Lean Agile Procurement (LAP) may be the answer and it sparked my interest to delve deeper.

Reading through various articles on Agile procurement I was struck by some similarities between CDRU's USP sourcing process and LAP. While CDRU's USP sourcing methodology is based on a traditional structured waterfall approach, elements LAP's focus on business needs, reduced time to market and driving business/supplier partnerships are similar.

LAP History

Lean-Agile Procurement (LAP) was created by Mirko Kleiner as way of bringing traditional procurement practices into the 21st century and the demands of the digital world. LAP links the principles of Agile delivery with the procurement process resulting in a speed to market and procurement process which is significantly shorter, customer focussed (to achieve 'needs' not 'wants') and builds supplier partnerships not relationships leading to capturing business benefits earlier than traditional methods.

Lean Agile Procurement

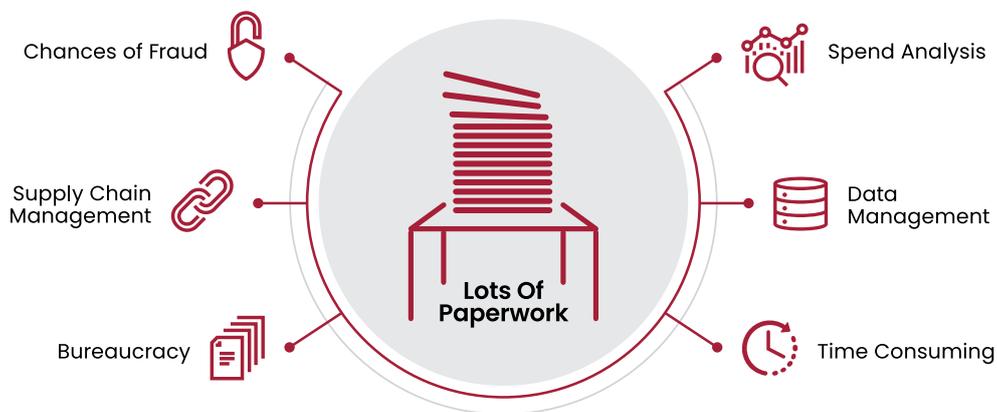


Problems with traditional procurement in the digital age

Satisfying client demands in a digital world where meeting quick to market, flexible and cost-efficient metrics is critical – means having a procurement process that is fit-for-purpose. Classic procurement doesn't meet these modern demands as invariably:

- Time-to-market is slow with the initial objective becoming obsolete
- They typically involve highly complex processes that are inflexible and follow a rigid structure
- They are expensive to run for the company and the supplier
- They are largely focussed on cost, not business needs
- The result is a transactional relationship with suppliers not partnerships
- People, that work on the proposal are not the same as those responsible for the service delivery

Challenges faced in traditional offline procurement process



When and Why to use LAP?

Agile procurement is not a replacement for a traditional procurement approach in every event. Where requirements are clear and well defined there is no need to utilise Agile procurement.

Agile procurement works best in complex procurement engagements where the business requirements are uncertain. Early collaboration with potential partners can resolve complexity up front, enabling co-design of appropriate solutions before contracts are committed.

Benefits of using LAP include:

- Improved Time to Market (days/weeks – rather than months). Through reducing elapsed time using agile delivery techniques it enables business outcomes to be accessed earlier.
- Traditional approaches are expensive on both sides. Both businesses and suppliers suffer unnecessary costs in preparing, responding, evaluating, negotiating and contracting. Agile can use much less procurement and contract resource.
- Agile techniques typically enable better evaluation of people and culture fit to ensure successful partnership.
- Agile provides an opportunity for collaboration to ensure all parties are clear on the opportunity, each solution is viable and they enable businesses to drive innovation in developing solutions.
- No long complex traditional RFx documents, instead one page predefined canvas board structure, so that creation and comparison of multiple proposals becomes as easy as possible.

CDRUs USP

CDRU's Understanding, Solutioning, Proposing (USP) sourcing framework is an iterative, flexible sourcing process offering speed to market, early solutioning sessions and outcome driven results. All key elements of Lean-Agile Procurement.

The USP framework is a sophisticated and integrated set of sourcing processes designed to ensure that the specific customer requirements and objectives are precisely matched to the best available options within the marketplace.

USP at its core has a 'Solutions focus', with regular supplier collaboration to known and stated future state client services, and technical and commercial outcomes conducted throughout the USP lifecycle.

The key phrases are:

Understanding: Sets the scope of services to be included in the sourcing but also defines the change that is needed in the client organisation. About working with the client key stakeholders, getting alignment and agreeing what the future is after the sourcing and transition.

Solutioning: Initial proposal evaluation and iterative proposal development phase with suppliers. Multiple suppliers' workshops held to provide feedback and collaborate with suppliers to develop solutions which meets the business needs.

Proposing: This phase is about agreeing the partner, finalizing contracts, planning transition and establish supplier management framework.

Augmenting 'USP' with global frameworks, real-world comparable data & benchmarks and leading Technology Business Management software, ClearCost, CDRU has influenced over \$30 BN total spend since 2017, in 200+ engagements, driving value and optimising costs across 90+ enterprise and public sector clients.

To uncover how CDRU can use their strategic sourcing expertise to achieve your organisations optimisation goals, get in touch now.