

Five Best Practices for Strategic Sourcing and Procurement



Navigate a changing world.

In today's dynamic business climate, organizations of all kinds are taking on new challenges and great uncertainty. For sourcing and procurement teams, this means disrupted supply chains and increased risk management.

Faced with a new economic reality, weathering the immediate storm is critical, but you also need to consider the long-term impact of the decisions you make today. In order to safeguard your people, operations, and finances, short-term priorities should include swift response and contingency planning. As your organization moves forward to recovery and prepares for any future disruption, your sourcing and procurement teams needs to align with overall objectives and priorities.

In both the short- and long-term, agile processes and technology are absolutely fundamental. The best practices in this guide can help your sourcing and procurement teams increase agility and build strategic partnerships for today and the future.



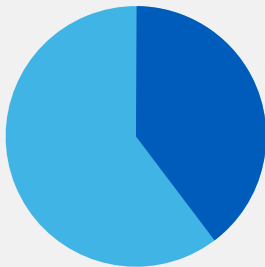
#1

Ensure business continuity.

Outdated systems and lack of visibility into procurement processes make it difficult to keep up with change, let alone stay ahead of it. You need one centralized place to manage all activities related to operations, suppliers, and contracts. This way, you can support business continuity for everyone, whether they're working on-site, remotely, or on the go.

Best practices:

- Maintain the viability of procurement and sourcing operations. Understand the impacts of change to your entire supply base, and proactively identify and address gaps in the sourcing lifecycle.
- Quickly source what the business needs—from wherever you are. Empower stakeholders with cloud-based project request forms.
- Think creatively to prioritize new business opportunities. Pivot quickly to new operations and needs, while onboarding new suppliers with ease and speed.



In a Workday webinar, **34% of attendees** said that business continuity was the biggest challenge during their initial response to the COVID-19 pandemic.

#2

Increase sourcing responsiveness.

Sourcing and procurement teams must adapt to constant change with speed and agility. This allows business partners across the organization to enable faster, smarter decision-making. To do this, you need the right technology and a strong network of suppliers.

Best practices:

- Quickly identify challenges for which you'll need to supply, and determine what needs to be sourced locally or globally. This may differ from what you've done in the past.
- Leverage existing and new suppliers based on changing requirements.
- Maintain flexibility so you can pivot as needed, according to your organization's overall strategy.



Workday Strategic Sourcing has been a godsend for strategic sourcing during this time, providing insight into all critical needs of the business and allowing us to pivot quickly to purchase what is urgent.

Technology Customer



In a Workday webinar, **61% of attendees** said that their top priority for enhancing the procurement function at the organization was to drive efficiency improvements through automation.

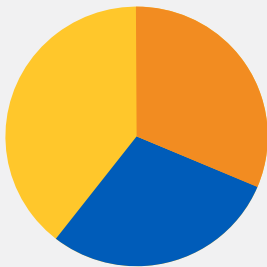
#3

Preserve cash on hand.

With shifts in consumer demand, production processes, and corporate strategies, many organizations are finding traditional revenue streams unreliable. To optimize cash flow, they are turning to alternative payment terms or schedules, such as annual or quarterly payments or even paying via consumption models.

Best practices:

- Examine contracts for opportunities to renegotiate. Negotiate and update payment terms when necessary. Use a single source of truth to consolidate reports of contract terms.
- Leverage real-time visibility into payment terms and contract data to adjust accordingly.
- Control spend by deprioritizing nonessential projects.
- Gain complete visibility into your sourcing project pipeline.
- Drive indirect cost savings across the organization by partnering with finance to prioritize strategic sourcing projects. Collaboration among all parties is the key to success.



In a Workday webinar, **32% of attendees** said that not having the system or technology in place is the main challenge to enhancing procurement capabilities. **30%** said it was legacy processes.

#4

Plan for the future.

In moments of uncertainty, it's important to prioritize predictability and planning. For instance, you might consider putting longer-term contracts in place for areas with more certain long-term strategies. In addition to locking in strong pricing, this gives you the data you need to plan, since you can know what to expect.

Best practices:

- Leverage data and experience to maintain your supply chains, plan for the long-term, better mitigate risks, and make informed decisions.
- Keep scale in mind and recognize that the way things have been done before likely won't work for today.

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We chose Workday Strategic Sourcing because it is simple, flexible, and accessible to the entire business, and I can get a clear view into every statement of work and contract obligation across our suppliers.

Retail Customer



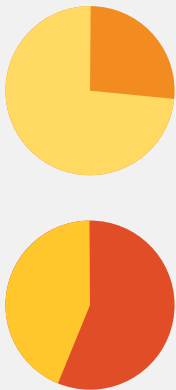
#5

Manage supplier partnerships with agility.

There are a lot of moving parts in supplier management, so processes should be as smooth and seamless as possible for both sides. Sourcing and procurement tools should help you engage, collaborate, and communicate transparently among stakeholders and suppliers. Maintain transparency so you can build strategic partnerships and minimize supply risks.

Best practices:

- Manage your supplier base in mitigation mode, rather than growth mode alone. This ultimately prevents disruption and fosters closer collaboration with suppliers.
- Keep suppliers as informed as possible, so they have more flexibility to support your needs.
- Consider more holistically integrating your suppliers into your organization's ecosystem. This means thinking of how your suppliers connect to your end products or services, and making decisions within that framework.
- Continuously monitor the health and performance of your supply base. This makes it easier to create mutually beneficial contingency plans.



In a Workday webinar, **30% of attendees** said that supplier partnership and agility was their biggest challenge during their initial response to the pandemic. According to Deloitte, **65%** have limited or no visibility beyond their tier 1 suppliers.

Enable strategic sourcing at your organization.

Workday Strategic Sourcing gives you the tools you need to take on today's sourcing and procurement challenges, while preparing your supply chain for the future. With one easy-to-use system for all tasks and activities, you can take a truly strategic approach to sourcing and get complete visibility throughout the entire sourcing and supplier engagement process.

Visit workday.com/strategic-sourcing to learn more.



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