



The pessimist  
complains about the wind,  
The optimist  
expects it to change,  
The leader  
adjusts the sails.

*John Maxwell*

**Case Study - Designing the right Procurement Shared Service Center model to gain operational process efficiency and cost efficacy**

**Henan Zhengzhou Outsourcing Congress  
11-12 Nov, 2014**

**Sebastian Chua  
Health Promotion Board**

# Procurement Transformation

# Journey to Procurement Excellence



## An Eagle Story – Change Management

- <http://www.youtube.com/watch?v=yXTrWPvP0iQ&feature=youtu.be>



VID-20140925-WA0018.mp4

**We too have to start the change process - change that worth sustaining the pain. In order to take a new journey ahead, we have to let go our negative old-limiting beliefs, open-up our fixed mind-set and let ourselves fly again like an eagle.**

# **Procurement Shared Service Center (Buy Center)**

???

Do we have the **right** SSC  
strategy?

# Theory

## Leading Changes: Why Transformation Efforts Fail?

John P. Kotter,

1995

- #1 Establish a Sense of Urgency**
- #2 Forming a Powerful Guiding Team**
- #3 Creating a Vision**
- #4 Communicating a Vision**
- #5 Empowering Others to Act**
- #6 Planning for and Creating Short-Term Wins**
- #7 Consolidating Improvements & Producing Still More Changes**
- #8 Systematize New Approaches**

**8**  
**STEPS**



# Buy Center Concept

## What is a Buy Center:

- An outsourced group of purchasing professionals, trained in Client's procurement process and procedures, that will validate requisitions opened by employees before they will be send out as Purchase Orders
- A support/help desk that will answer employee and vendor questions about the purchasing process
- Local language support where required due to current market standards / vendor relations

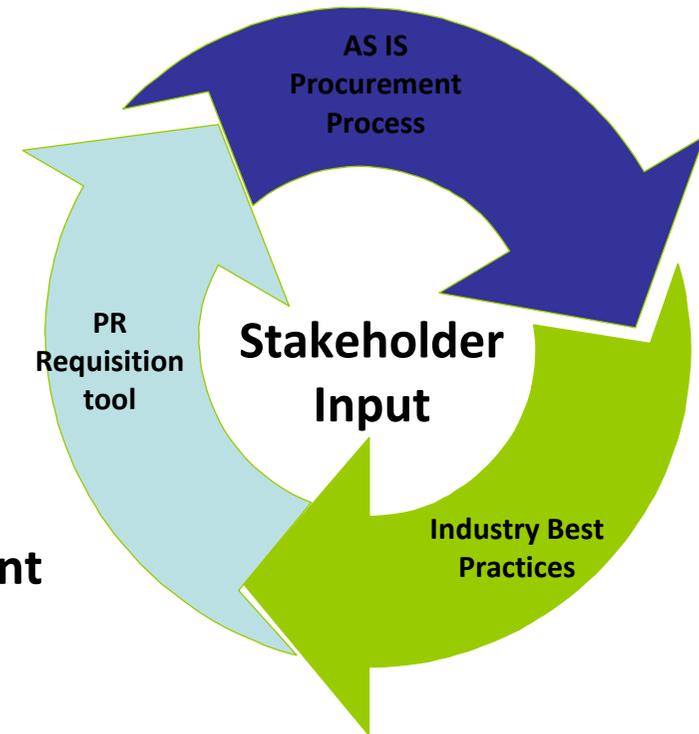
## Why implement a Buy Center:

- Improved service and support to employees allowing employees to focus on their "day job"
- Standardizing procurement processes globally
- Increasing cost savings through greater adherence to global category purchasing
- Improve Purchase Order accuracy and completeness (enhance PO hygiene and data integrity)
- Ensure compliance with policies, contractual requirements & accounting rules
- Provide a support function that can answer employee questions about procurement
- Provide guidance about the best qualified vendors to use for specific projects
- Improved business value through
  - Improved compliance to strategic sourcing initiatives
  - Category management initiatives

# How was the Buy Center designed

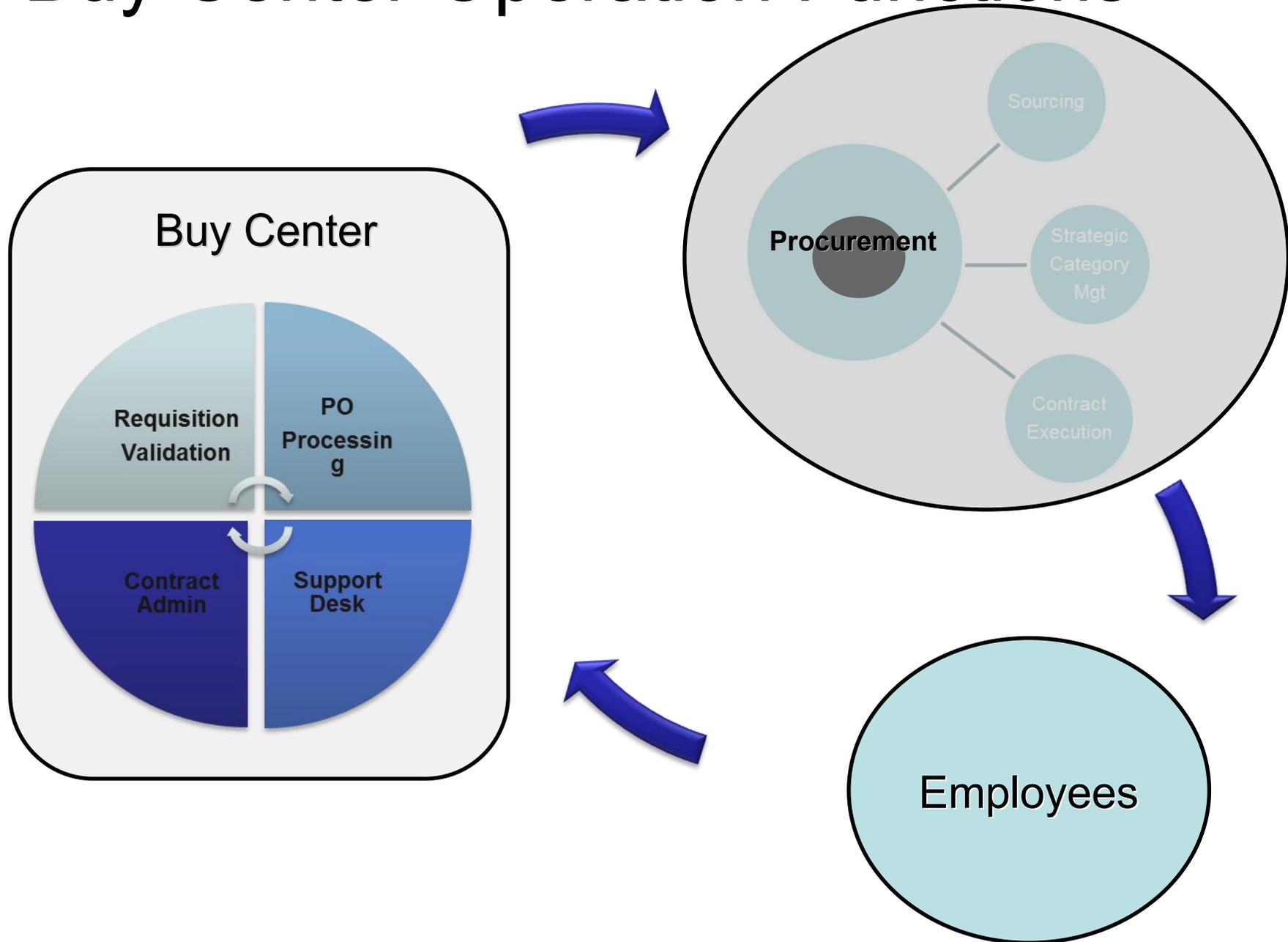
The Buy Center Process design was developed based on:

- Today's existing "As Is" process knowledge
- PR Requisition Tool functionality
- Standard industry best practices  
> 90% of Benchmark companies do have a requisition process today
- Input from a global team of regional procurement representatives (EMEA, ASIA, LATAM, USA)

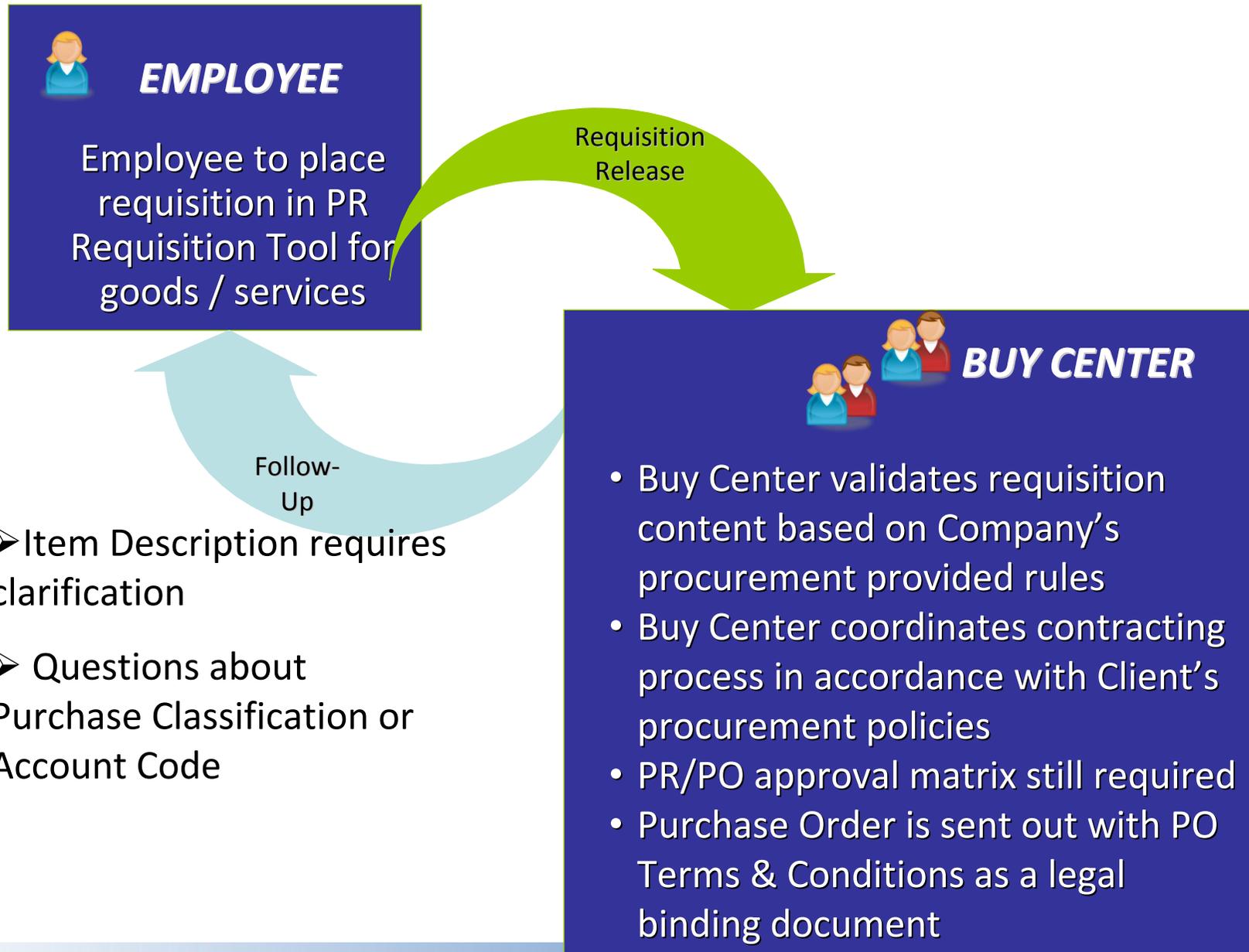


**The design was validated by key country stakeholders in every region**

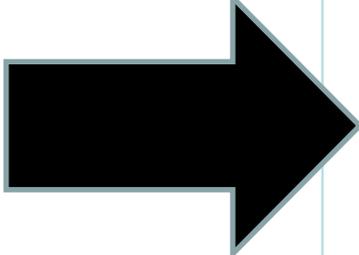
# Buy Center Operation Functions



# BUY CENTER SERVICES



# BUY CENTER SERVICES

	Month1	Month 13
<ul style="list-style-type: none"> <li>• Validate accounting information</li> <li>• Check completeness of item description</li> <li>• Check Purchasing Classification against item description</li> <li>• Country Procurement Manager's review is required for requisition above local competitive bidding threshold</li> <li>• Check if Contract is in place for spend above the contract threshold value as defined by country procurement</li> <li>• Legal review is required for requisition involved IP*, PII *, etc</li> <li>• Ensure that requisition is supported with SOW or contract for complex purchases</li> </ul>		
<ul style="list-style-type: none"> <li>• Validate vendor against preferred vendor list defined by Procurement</li> </ul>		

\* Definitions:

- Intellectual property is defined as ownership of custom work
- Personal Identifiable Information (PII) is information provided by company or collected by Vendor that can be used to identify, contact, or locate the person to whom such information pertains

# BUY CENTER SERVICES

- To facilitate Buy Center review, users will be prompted to answer questions about their order when it is submitted
- More than one set of questions may apply, depending on items in the order.
- Intended to reduce need for Buy Center operator to check back with requestor for additional information

Procurement Questions -- Webpage Dialog

*This Order has not been submitted.* There is one additional step required to submit your order. In order to facilitate the processing of your order by the **Swedish Buy Center**, please answer the following procurement questions and then click the submit button at the bottom of this page.

**Procurement Questions**

1 1. Will there be an exchange of Personal Identifiable Information (PII) at any stage of this purchase? (Please see LCAWEB for details on what is considered PII).

Yes

No

2 2. Will there be an exchange of Intellectual Property (IP) at any stage of this purchase? (Please see LCAWEB for details on what is considered intellectual property.)

Yes

No

3 3. Will there be any activity related to Source Code and/or Software Development? (Please note, any purchase involving these two activities requires legal review)

Yes

No

4 4. Could this purchase cause any additional risks? Consider any elements (e.g. patents, copyrights, or other risks) that might negatively impact Microsoft.

Yes

No

4.1 Please describe the risk.

Save Answers Submit Order Cancel

# BUY CENTER SERVICES

Standardized the spend category and sub-category globally and populate these along with their assigned supplier status into the PO system (e.g. premier, preferred, approved suppliers) as classified by Country Procurement to facilitate the end-user in raising the requisition. Restricted or 1-time supplier will not be mapped to the category and end-user will have to manually enter to search for the supplier name or code upon approval by procurement.

MS Market - Windows Internet Explorer

http://msmarket/default.aspx

Links Customize Links EBSCOhost Home - Chris Liddell's Blog Home - Buy Center Readiness U.S. Home - WSJ.com GSS Shared Docs Contingent Staff - Position Description Search

MS Market

MS Market Find View Approvals Forms Other Sites Help Privacy Statement Tools

Nordic  
1077 Sweden

Search  
Vendor Name  
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Books, Courseware & References  
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• Desk Phones  
• Mobile Phones  
• PCs  
Contact Centers  
Events  
• Audio Visual Services  
• Booth/Exhibit, Prod, Design&Coordin  
• Catering  
• Chartered Transportation  
• Events: Connectivity & Electrical  
• Event Planning / Logistics  
• Event Security  
• Event Services & Decorating  
• Event Shipping  
• Event Sponsorship  
• Registration  
• Technical Support & Hardware  
• Venues  
Marketing  
• Advertising Agency & Media Buying  
• Customer Relationship Marketing Ag  
• Media Services  
• Production Services  
• Promotional / Logo Merchandise  
• Public Relations  
• Research  
• Relationship Marketing Specialty Ven  
Office Supplies  
Professional Services  
• Agency Temps  
• Consulting Services  
• Contact Centers  
• Learning  
• Legal Services  
• Localization & Translation Services  
• Technical Consulting  
Promotional / Logo Merchandise  
Samples  
Travel

MS Market  
Put it to work.

Welcome McLean E. Bulmer  
You have full purchasing access

Headlines  
6/29/2007

BIF Accou  
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No new purc  
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Retirement of Marketing PO:  
MS Market is retiring the Marketing PO form for Sweden on 9<sup>th</sup> of July as part of the Buy Centre launch.  
Any Marketing POs for Sweden still waiting for final approval on 9<sup>th</sup> of July will be cancelled.  
**What should I do now?**  
• **Begin using the General order form now for all Marketing-related Purchase orders**  
• Work with your approver to get all orders raised using the Marketing PO form approved prior to 9<sup>th</sup> of July  
**What will happen if I don't take the appropriate action?**  
• Any orders cancelled on 9<sup>th</sup> of July that still require a PO to be issued will need to be re-created using the General Purchase Order form  
If you have any additional questions, please contact [Lotta Bergius, lberqius@microsoft.com](mailto:Lotta.Bergius@microsoft.com)

Announcing a Change to the Sweden Purchasing Process  
As you may already know, Accenture has been engaged as our global outsourcing partner to deliver transactional services and create of a group of procurement professionals to be known as the Buy Centre.  
**The Buy Centre launch for Sweden will take place on 9<sup>th</sup> of July**  
Accenture will provide this service based out of Warsaw in Poland in Swedish and English.

What isn't changing?  
• Employees and contingent staff will continue to use MS Market to submit a Purchase Order (PO) request  
• Individuals still need to pass the "Authorized Buyer" MS Market training course to gain access to the Purchase Order request form

Local intranet | Protected Mode: On

# Purchase Classification

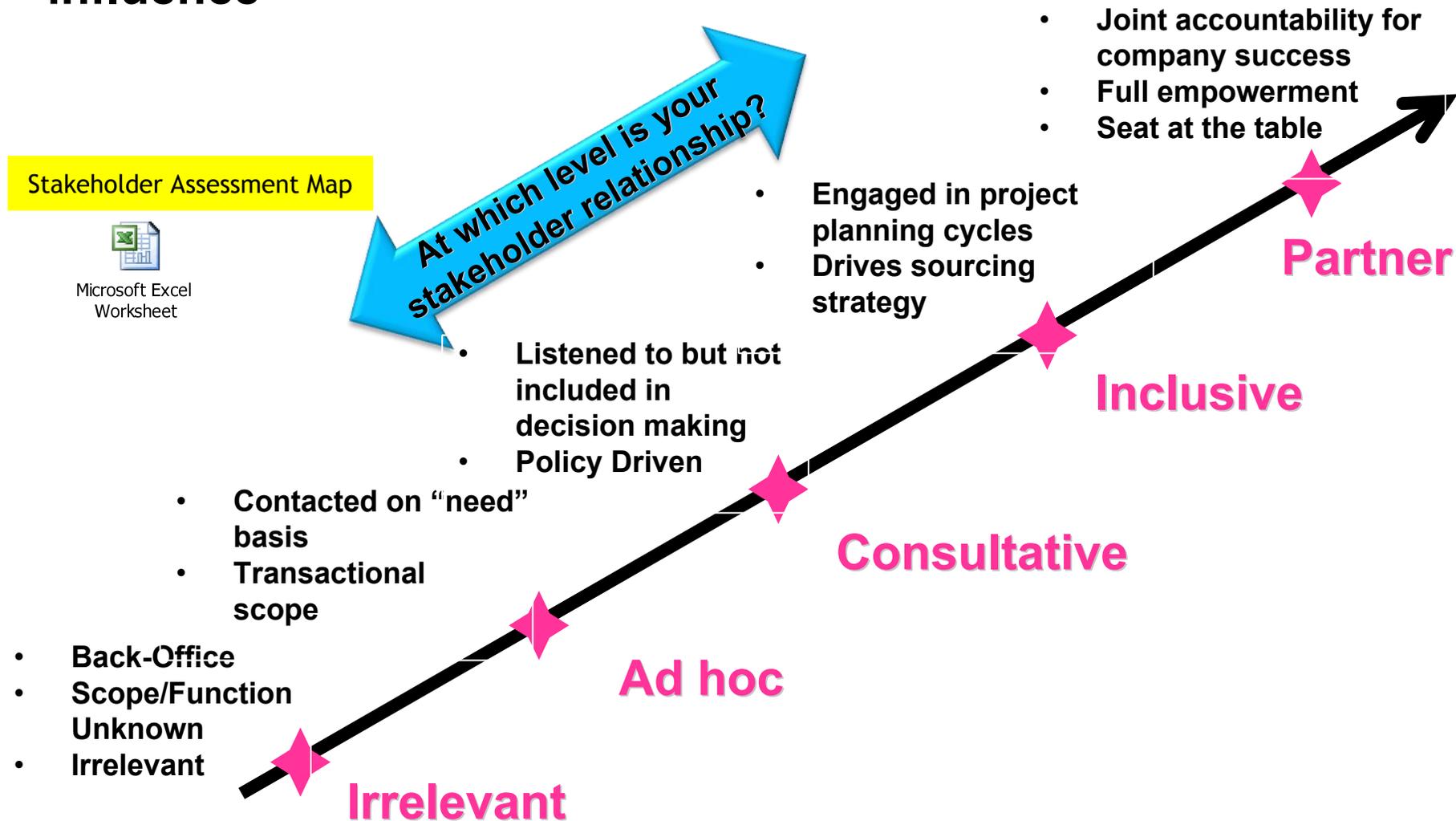
PO Requestor will be required to select a “Purchase Classification” in the PO requisition which will improve the accuracy of tracking what the company is buying; this information ultimately drives smarter procurement strategies

The screenshot shows the MS Market website interface in a Windows Internet Explorer browser. The page title is "MS Market - Windows Internet Explorer" and the URL is "http://msmarket/default.aspx". The browser's address bar shows "Live Search". The page has a navigation menu with "MS Market", "Find", "Forms", "Help", and "Privacy Statement". The main content area is titled "General Purchase Order" and includes a "Help Contents" sidebar on the left. The sidebar lists various help topics such as "When & how do I contact Legal?", "Do I need a contract? If so, why?", and "What information and special circumstances should I address in a contract?". The main form area is divided into several sections: "Categories" and "Suggested Classifications" (both circled in orange), "Selected Classification" (circled in orange), "Events: General" (a dropdown menu with options like "Audio Visual Services", "Chartered Bus Services", etc.), and "Browse All" (circled in orange). Below these is a section titled "Is this a purchase of:" with radio buttons for "physical goods (capital asset)", "physical goods (non-capital asset)", "services" (selected), and "Microsoft Collection Artwork". The "Usage" section is partially visible. The "Department Accounting Information" section includes fields for "Company" (1059 MS PTE), "Account" (circled in orange), "Recommended Account Codes" (a dropdown menu), "Cost Center", and "Internal Order" (circled in orange). A note at the bottom of this section says: "If you are unsure about which account code to use, check the Recommended Account Codes page or ask your group assistant." The browser's status bar at the bottom shows "Local intranet | Protected Mode: On" and the system tray displays the time as 11:48 AM.

# Stakeholder Relationship

# Stakeholder Relationship Strategy – Perform Relationship Management & Assessment

Objective: To improve & expand our stakeholder reach / influence



# Stakeholder Relationship Strategy

## Objectives of the Stakeholder Assessment Matrix

- a) positioning of Procurement "branding" as real strategic partner
- b) alignment of Procurement commitment with key stakeholders
- c) Understanding stakeholders' requirements
  - Who are the key stakeholders? What relationship does PDC have? What are their "exciters"?
  - Are the spending forecasts / pattern changing over the strategy horizon?
  - Are their expectations changing based on the market conditions?
  - Where are the procurement / sourcing decisions for this commodity being made?

## How to get to the desired level?

- Improve **Business Intelligence** to stakeholders to enable better sourcing strategies & opportunity realization by categories (e.g. quarterly spend analysis mgmt report)
- Strengthen stakeholder relationships through **value proposition & Initiatives**
- **Be Pro-active.** Do not wait for stakeholders to approach you with a sourcing opportunity.
- **Regular engagement & check-point meetings** (min. quarterly) with key stakeholders to understand their latest procurement needs & requirements and get to know their business & priorities
- Define Top 3 Deliverables to get there to address stakeholders' priorities, challenges, interest areas
- Develop **stakeholder satisfaction survey**

# Stakeholder Relationship Strategy

## Stakeholder Awareness & Acceptance

- Are we being seen as “**adding value**” or as “**adding overhead**”?
- Do stakeholders continue to engage us “late in the game”?
- Do stakeholder continue to utilize our help for “administrative tasks” vs. early engagement for strategic sourcing?
- Do stakeholders understand the value of the procurement function?
- Is our relationship “customer-supplier” or “equal stakeholder” ?

## How do you engage stakeholders?

1) Undertake an internal stakeholder analysis – stakeholder assessment matrix

- Identify Key Stakeholders
- Assess Stakeholder Priorities / Interest Areas
  - what they want
  - what improvements are they looking for
- Assess Current / Desired Level of Relationship
- Set the direction, execute and assess the progress

2) Management

- Become part of the management team with the key Stakeholders
- Become part of the planning process to understand future needs
- Influence their decision making process

3) Interaction

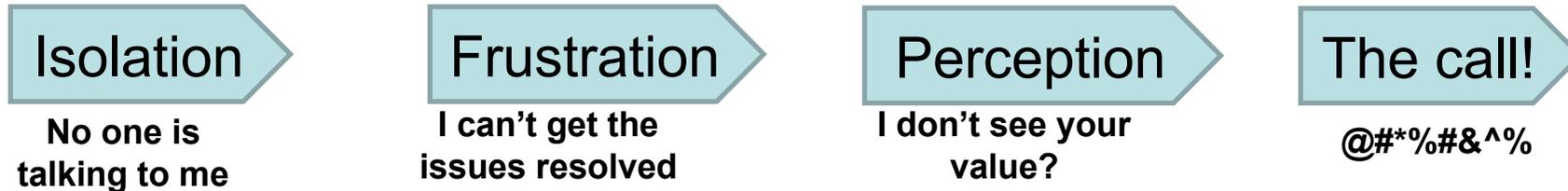
- Instigate Vendor reviews and involve the Stakeholder
- Provide feedback from industry to Stakeholder
- QBR's with vendors and involve the Key stakeholder

4) Partnership

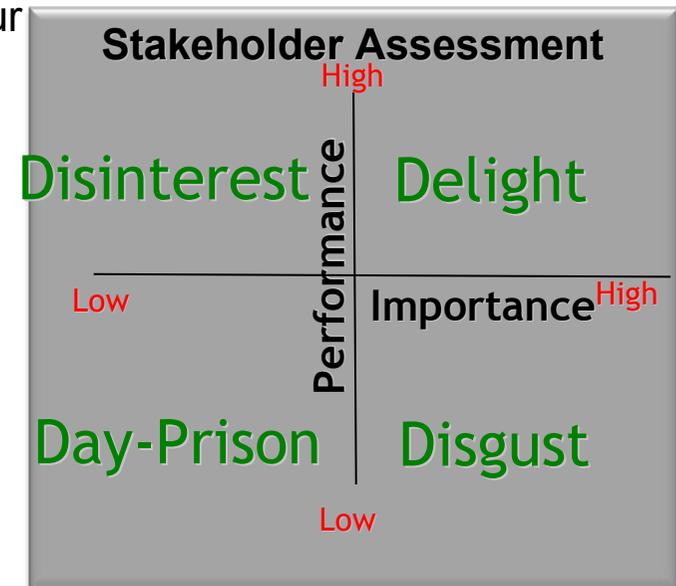
- Be seen by the Stakeholders as being an integral part of the business

# Stakeholder Relationship Strategy - Stakeholder Feedback

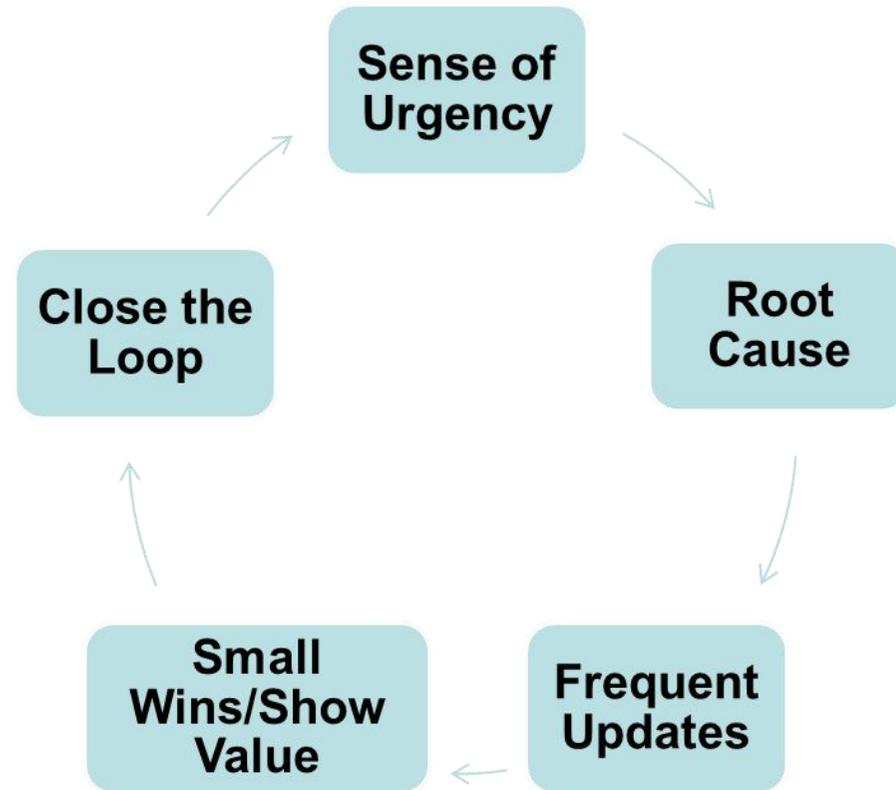
## Caution: Perception is reality



- Make sure that your strategies and action plans are aligned with stakeholder requirements
- Decide on a frequency to get feedback from the stakeholders on your execution
- Provide forums/opportunities to give positive feedback
- Get on with your stakeholder and verify the importance of your action plan activities
- Ask for qualitative feedback
- Check with them on your performance. High performance is not a guarantee of high rating
- Use the feedback to make any corrections to your strategy or action plans. Be patient, don't be defensive & actively listen.

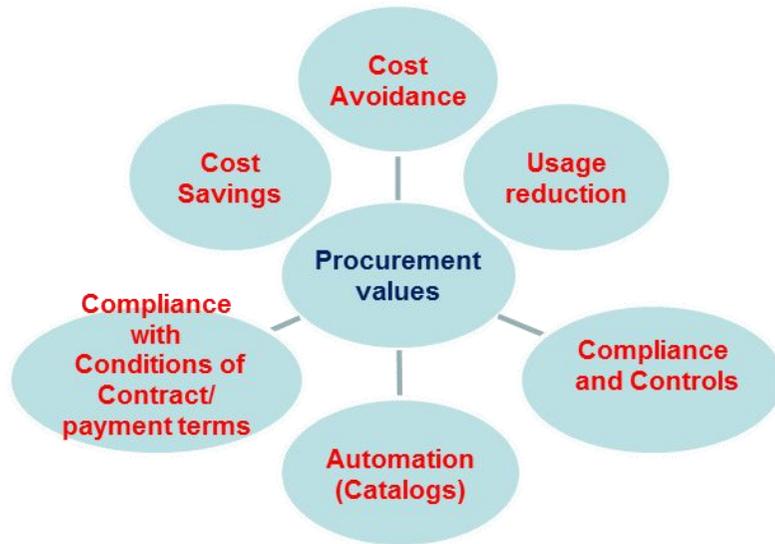


## Stakeholder Relationship Strategy - Your response says a lot



**Caution: Our response drives customer perception too!**

# Stakeholder Relationship Strategy - Procurement values (cost efficacy & process efficiency) can be realized from.....

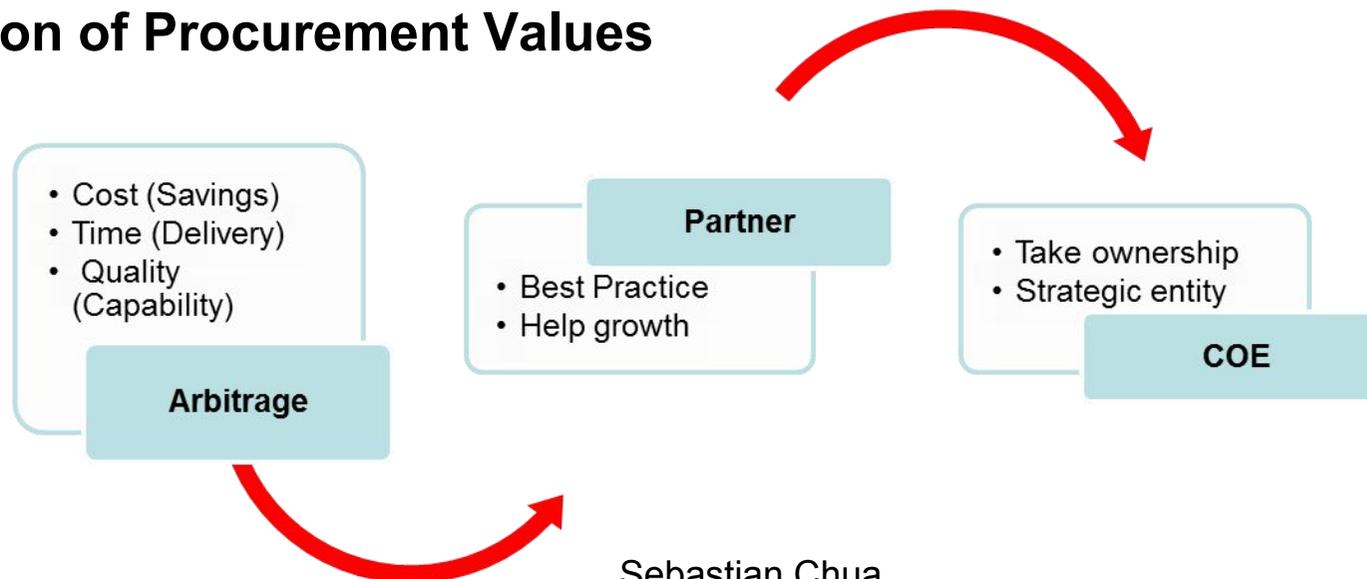


## Definition \*

**Cost savings:** Hard dollar savings can be quantified. These will be straight cost reductions against spend and budgets. e.g. vendor rationalization to leverage corporate buying power, better savings against previous vendor rates in delivering same SLA's at a lower cost

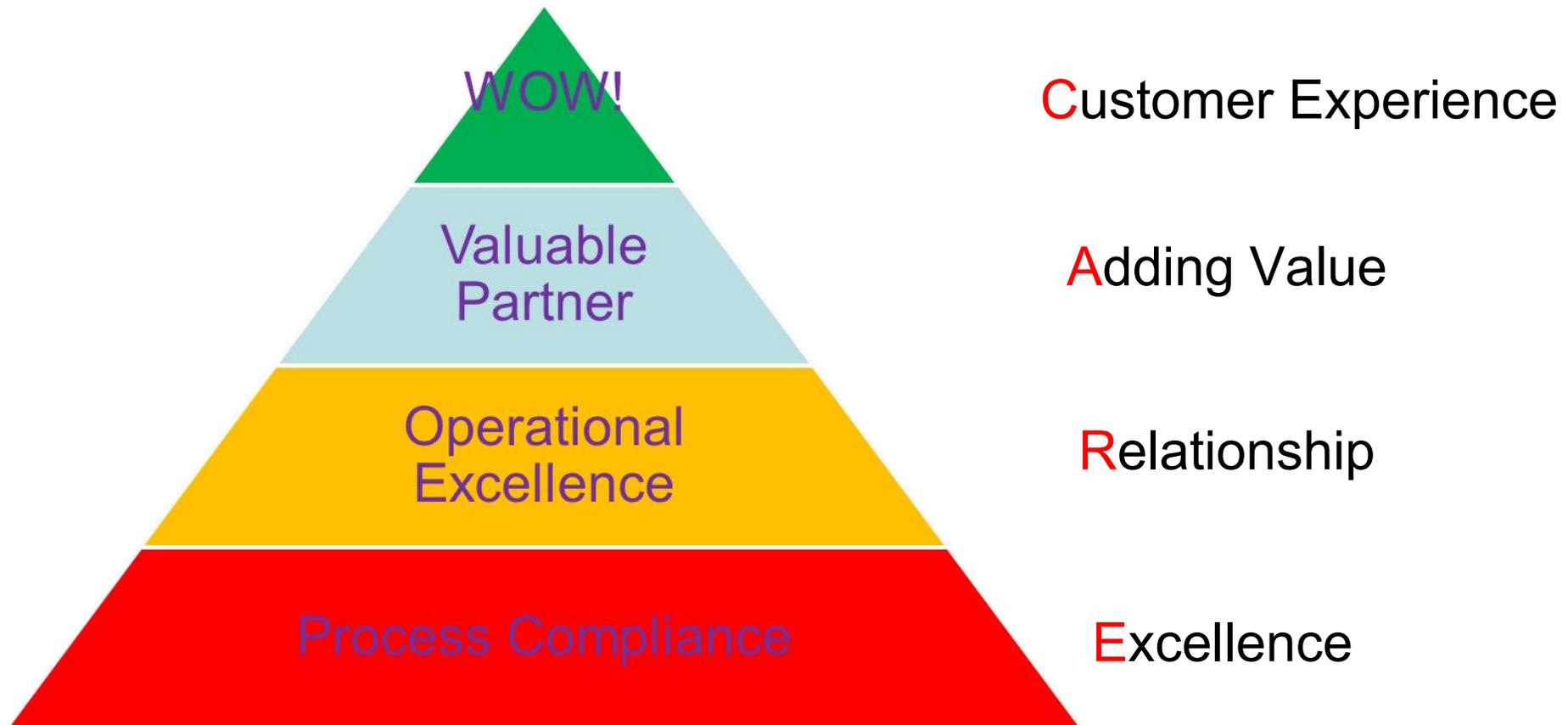
**Cost avoidance:** Soft savings that occur as a result of taking an action. If action not taken, costs would be incurred. May not reduce existing costs, but no additional cost will be incurred. e.g. repair and maintain rather than replace.

## Evolution of Procurement Values



Sebastian Chua

# Stakeholder Relationship Strategy - Moving forward .....



We **C.A.R.E**

Not just what, but how

Embedding a service culture into our “Way Of Working (WOW)  
Beginning the journey with an end objective of a true partnership

# Principles of Service Excellence

## Stakeholders = customers

Like our external customers, we should not be taking the stakeholder's support and relationship for granted.

In our day-to-day operations, I would expect that our internal business partners to have high expectations of us.

Our commitment to service excellence must therefore be planted in our pledge.

**The principle of service excellence in our serving in this new era: -**

- 1) It is our responsibility to uphold the spirit of service to our stakeholders and work hard on their behalf
- 2) It is our duty to maintain the high standards of honesty and integrity
- 3) It is our call to significantly improve our outreach to stakeholders and align our approach with them in formulating strategies & policies.
- 4) We must never break faith with our stakeholders, but always carry out our duties to them responsibly, address their worries & challenges and advance their interests.

In Procurement, we play key roles in all these areas.

We have to listen hard to our stakeholders' concerns, help them to tackle their pressing needs, reflect their worries and aspirations and finally persuade them to support policies which are in their long-term benefits.

Listen to what Mahatma Gandhi got to say on CUSTOMER.



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ttings\sechua\Desk

## Closing Remarks

The way ahead, I have no doubt, will continue be built on co-operation with our stakeholders and not on confrontation and for that to happen, every one of us here today must play our part

**“WINNERS DON’T DO DIFFERENT THINGS.  
THEY DO THINGS DIFFERENTLY.”**