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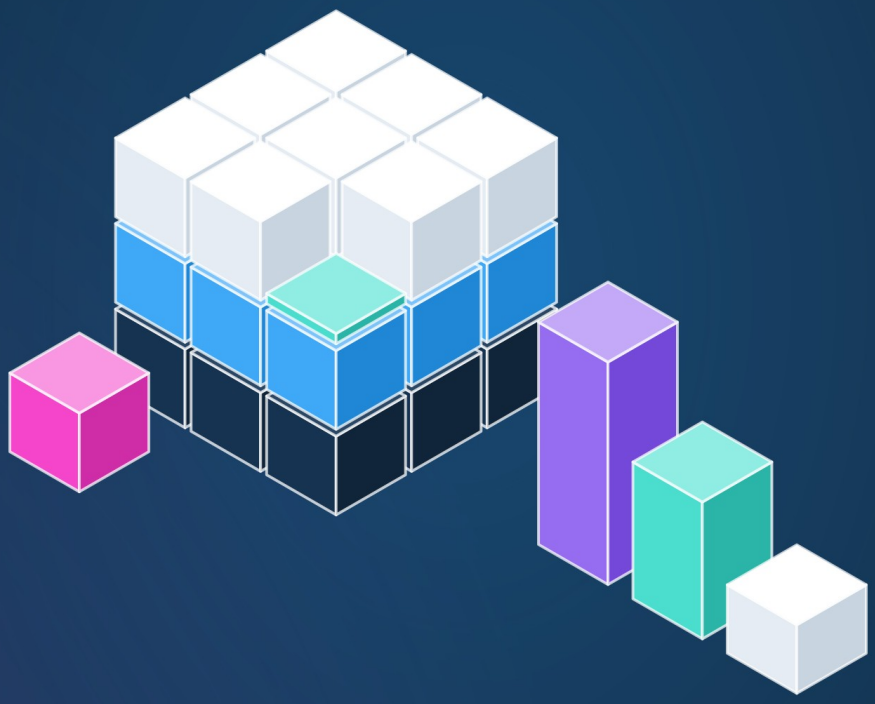
# THE MANAGER'S STRATEGIC PROCUREMENT QUICK START CHECKLIST

Score your purchasing in one hour, with data and contracts you can point at.



SEE. SORT. DECIDE. MEASURE.

START HERE

# How to Use This Check

One plant or one business unit, one hour with the head of purchasing and the controller, twenty-five statements, one number.

| 01 LOOK | 02 SCORE | 03 ACT |
|---|---|---|
| Open the real data: the spend report, the supplier list, the last three awards, the contract register and the savings report. Do not score from memory. | Score each statement from 0 to 4. Without a table, a file or a contract you can point at, the score is 2 or lower. | Pick the weakest block and agree one action with an owner and a date before you leave. |

## The Scoring Scale

| POINTS | MEANING |
|---|---|
| 0 | Not in place. |
| 1 | Happens occasionally, depends on individuals. |
| 2 | Partly in place, not consistent across categories. |
| 3 | Mostly in place and visible in the data. |
| 4 | Consistently in place, visible, reviewed and improved. |

> **WHY PURCHASING**
>
> **In most industrial plants, purchased material and services are the largest cost block, often half of revenue. One percent less purchasing cost moves the result more than one percent more sales, and it needs no new customer.**

## Before You Start

- **Scope:** all external spend of one plant or unit for twelve months, material, services, freight and energy.
- **Evidence:** invoice or order data from the system, supplier master data, contracts, quotations of the last awards.
- **Tone:** you check the system, not the buyers. Most gaps come from missing time and missing data, not from missing skill.

THE CHECK

## 01 Spend Transparency

| NO. | CHECK | SCORE 0 TO 4 |
|---|---|---|
| 01 | The purchasing volume of the last twelve months is available in one table with supplier, category, requester, amount and order reference. | |
| 02 | Supplier records are cleaned: every supplier appears once, and every line carries a category. | |
| 03 | Spend is reported by category, by supplier and by requester, and the largest positions of each view are known by name. | |
| 04 | The share of spend ordered without purchasing or outside existing contracts is measured and reported per category. | |
| 05 | The spend analysis is repeated at least once a year, and the findings lead to actions with owners and dates. | |

## 02 Categories and Strategy

| NO. | CHECK | SCORE 0 TO 4 |
|---|---|---|
| 06 | All spend is assigned to categories that follow supply markets, not account numbers or departments. | |
| 07 | Every category is scored for supply risk and for its influence on the result, with written criteria. | |
| 08 | Each category has a named owner in purchasing who is responsible for strategy, suppliers and targets. | |
| 09 | A written strategy of one or two pages exists for every category above a defined spend, with levers and targets in EUR. | |
| 10 | Requesters from engineering, production and logistics take part in the strategy and sign the specification changes. | |

THE CHECK

## 03 Sourcing and Price

| NO. | CHECK | SCORE 0 TO 4 |
|---|---|---|
| 11 | Requests for quotation use a standard package with specification, quantities, terms and a price breakdown form. | |
| 12 | At least three comparable quotations are obtained for every award above a defined value, or the exception is recorded. | |
| 13 | Quotations are compared on total cost with freight, inventory, quality and one-time cost, not on unit price alone. | |
| 14 | For the largest purchased parts a cost breakdown exists, and a target price is set before the negotiation. | |
| 15 | Prices that depend on raw material or energy follow a written adjustment formula with named indexes. | |

## 04 Decisions and Contracts

| NO. | CHECK | SCORE 0 TO 4 |
|---|---|---|
| 16 | Make-or-buy decisions are calculated with relevant cost and a break-even quantity, and they are recorded. | |
| 17 | For every single-source item the reason is documented and a second source or a fallback is assessed. | |
| 18 | Frame contracts cover the main categories and state quantities, term, price adjustment and delivery terms. | |
| 19 | Contract end dates and notice periods are in one register, and renewals are prepared at least six months ahead. | |
| 20 | Contracts and terms are reviewed by a qualified legal function before signature, with a checklist of open points. | |

THE CHECK

## 05 Savings and Organization

| NO. | CHECK | SCORE 0 TO 4 |
|---|---|---|
| 21 | Written rules define what counts as a saving, what counts as cost avoidance and how each is calculated. | |
| 22 | Every savings measure is tracked from idea to effect in the accounts, and controlling confirms the effect. | |
| 23 | Strategic and operational purchasing tasks are separated by role, and call-offs against contracts need no buyer. | |
| 24 | Five to seven key figures of purchasing are reported every quarter with target and trend. | |
| 25 | Purchasing takes part in new product projects from the concept phase, before specifications and suppliers are fixed. | |

## Your Result

| BLOCK | POINTS | OUT OF |
|---|---|---|
| **01 Spend Transparency** | | 20 |
| **02 Categories and Strategy** | | 20 |
| **03 Sourcing and Price** | | 20 |
| **04 Decisions and Contracts** | | 20 |
| **05 Savings and Organization** | | 20 |
| **TOTAL** | | 100 |

YOUR RESULT

# Read the Number

The total tells you how much of your purchasing is ordering. The weakest block tells you where to start.

| TOTAL | WHAT IT MEANS | WHAT TO DO FIRST |
|---|---|---|
| 0 to 39 | Ordering. Requests come in, orders go out, prices follow the last order. | Build the spend table. Clean suppliers and categories. |
| 40 to 59 | Transparent. Spend is known, categories have no strategy. | Score the categories. Write the first strategy. |
| 60 to 79 | Managed. Strategies, total cost and contracts for the main spend. | Add cost breakdowns, formulas and savings rules. |
| 80 to 100 | Strategic. Purchasing shapes what is bought, and the accounts show it. | Hold the level. Join new product projects early. |

## Your Three Priorities

| NO. | WHAT TO IMPROVE | FIRST ACTION | OWNER | DUE |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

THE RULE FOR EVERY ACTION

**Owner and date, or it did not happen. Repeat the check after six months and compare the blocks, not the feeling.**

## What to Do Next

| NEXT STEP | WHAT YOU GET |
|---|---|
| **STARTER KIT** | The guide for the first 30 days from the spend table to the first category strategy, plus the spend cube and portfolio workbook in Excel. |
| **EXCELLENCE BUNDLE** | The full playbook, a two-day workshop pack, eight templates, the Excel system with total cost comparison, cost breakdown and savings tracker, and a workshop deck. |

Both are available at operationsinsider.com.