



**THE EUROPEAN INSTITUTE**  
OF PURCHASING MANAGEMENT

Purchasing Strategy  
R"evolution"  
Frédéric Schwaller  
Paris X-Achat 28th March 2011



# The EIPM Today

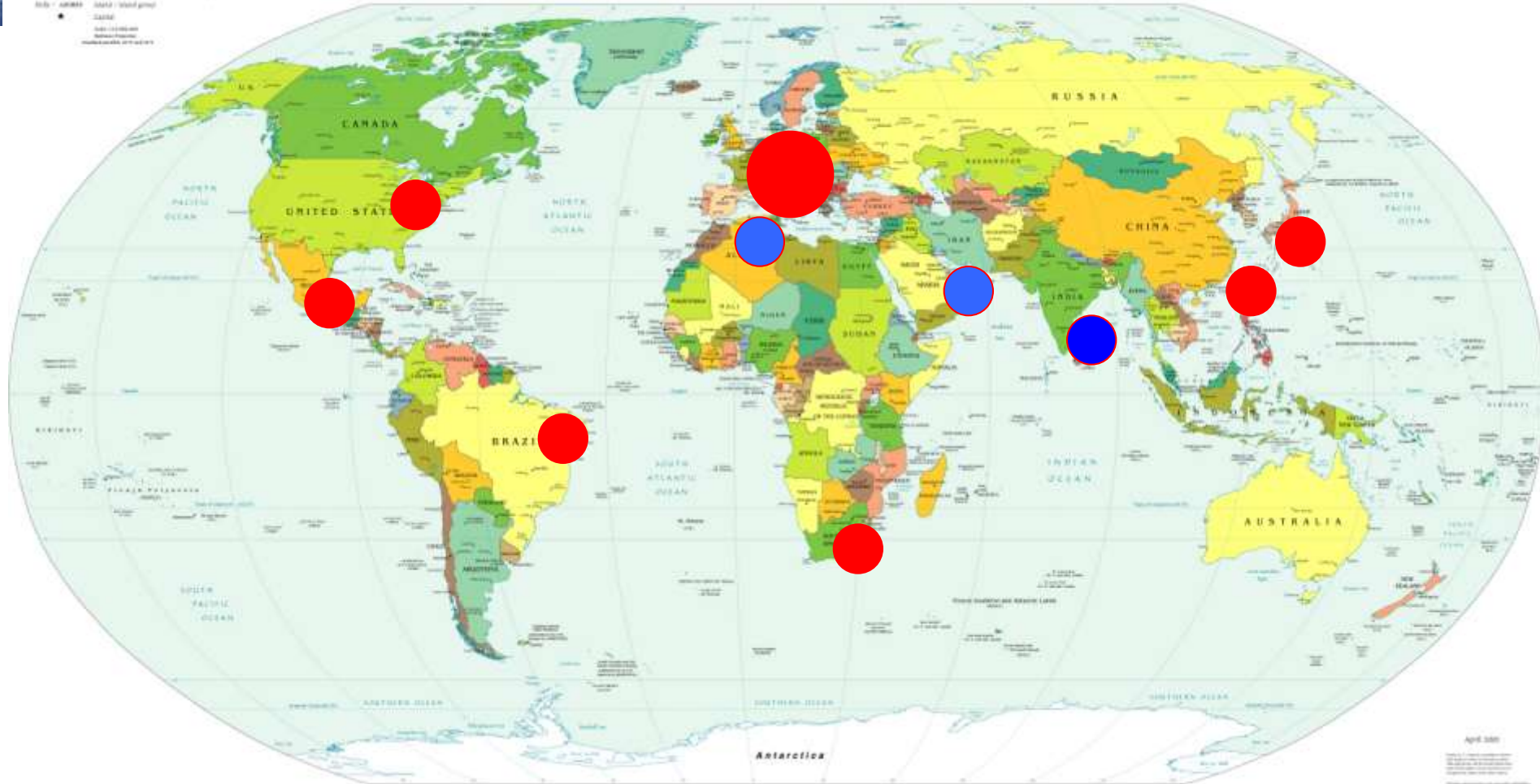


- The EIPM is a companies driven school
- The EIPM is a school managed as a company
- The EIPM is a School for executives specialised in Purchasing & Supply Management
- The EIPM leads Research activities, Education and Trainings
- The EIPM holds the MBA accredited by Association of MBAs 
- The EIPM trains every year more than 4000 participants in 9 different languages

# EIPM Global Coverage

Political Map of the World, April 2001

INDEPENDENT STATE  
DEPENDENCY OR AREA OF SOVEREIGN DISPUTE  
STATE / ISLAND GROUP  
LARGE  
SMALL  
POLITICAL DIVISIONS



April 2001  
© 2001 by EIPM  
All rights reserved.

# What is Strategy ... ?!?!?

## Michael E Porter & Peter Kraljic



- Purchasing&Corporate Strategy alignment
- Purchasing Organisation & Talents
- Tools to define a Purchasing Strategy

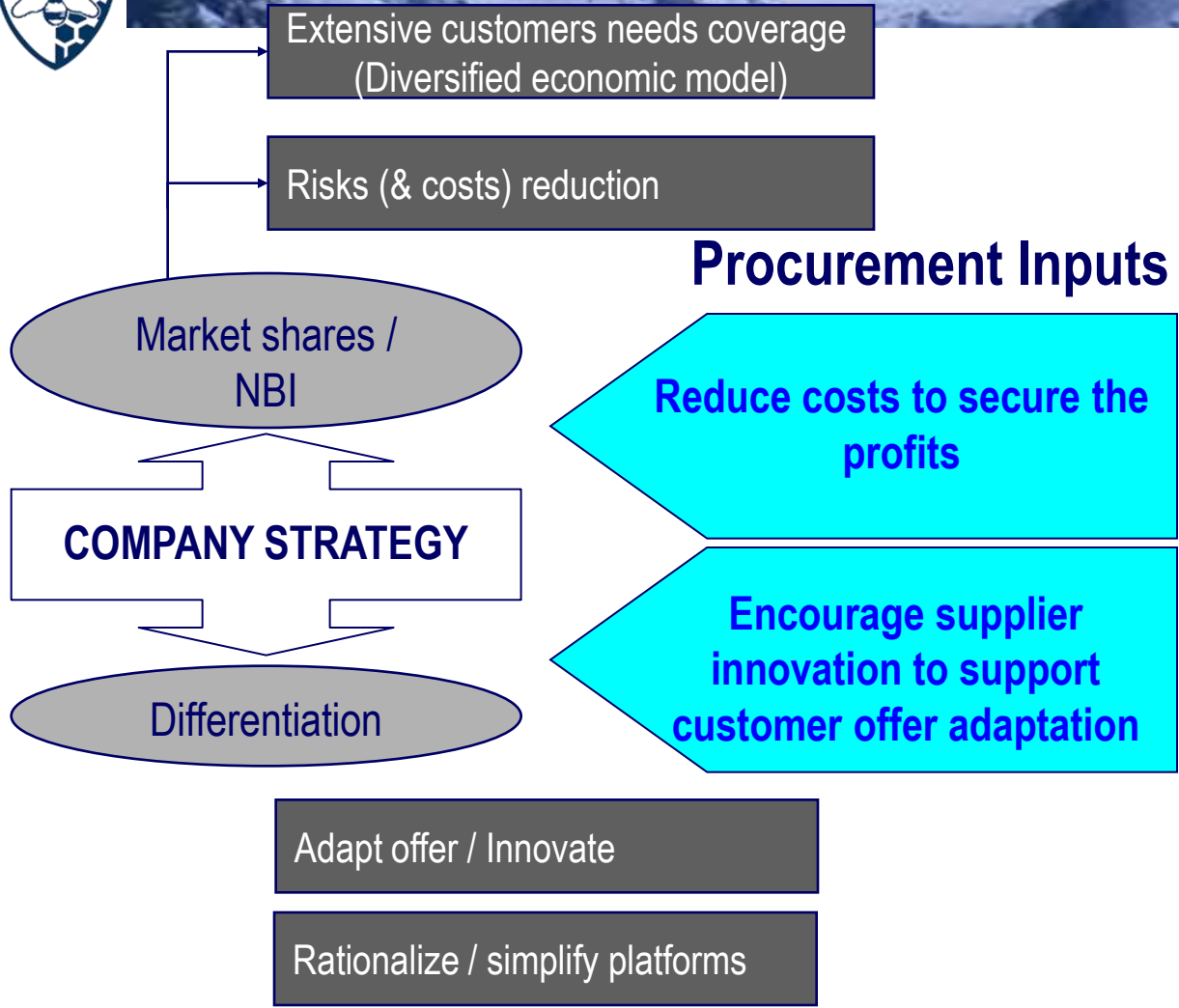
The past years Purchasing Strategy  
« R''evolution'' » HCM ? CSR ?

# Methodological Approach



- Strategic Mapping :  
**Portfolio Analysis – Porter 5 Forces**  
**Kraljic Matrix Evolutions**
- Levers or Tools :  
**E-Tools – Long and Short term Contracts-**  
**Negotiations-SRM-IPO's-PC Cards-M&A-**  
**SLA's-**

# A Purchasing Strategy to support Company Strategy



## Purchasing Strategy

### Reduce costs

- Bundling
- Competition
- Negotiation
- Specifications
- Standardization
- Demand

### Support adaptation efforts through supplier innovation

- Technology watch
- Supplier involvement
- Supplier innovation
- Sustainable

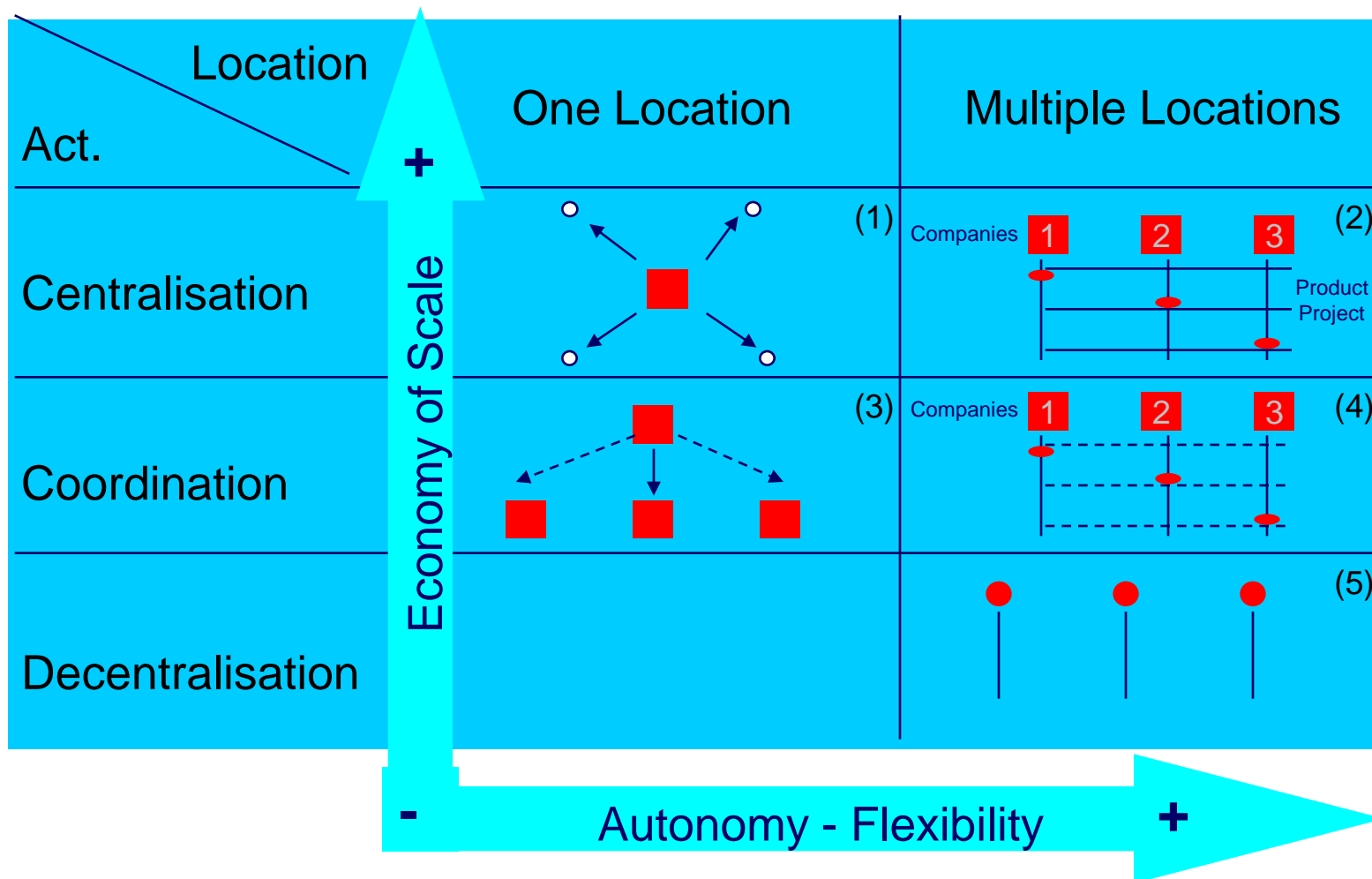
development levers

### Reduce risks

- Key suppliers mapping
- Supplier risks monitoring



# Purchasing Organisations





# New Purchasing Organisations



Upstream Purchasing Engineer



Sourcing Expert



Purchasing Agent



Supplier Account Manager

- To master design risks, to minimise costs and to serve as the purchasing interface
- Transversal organisation project or delocalised in the design centres
- Engineers / Technical aware of costs
- To optimise the best design choices, to buy thanks to a suppliers market knowledge
- Centralised and delocalised organisation
- Purchasing Group Leader with a perfect market approach
- To master the continuous flow in the supply chain
- Delocalised structure (plant)
- Logistics
- Supplier's data co-ordination
- Dependency analysis
- Negotiation

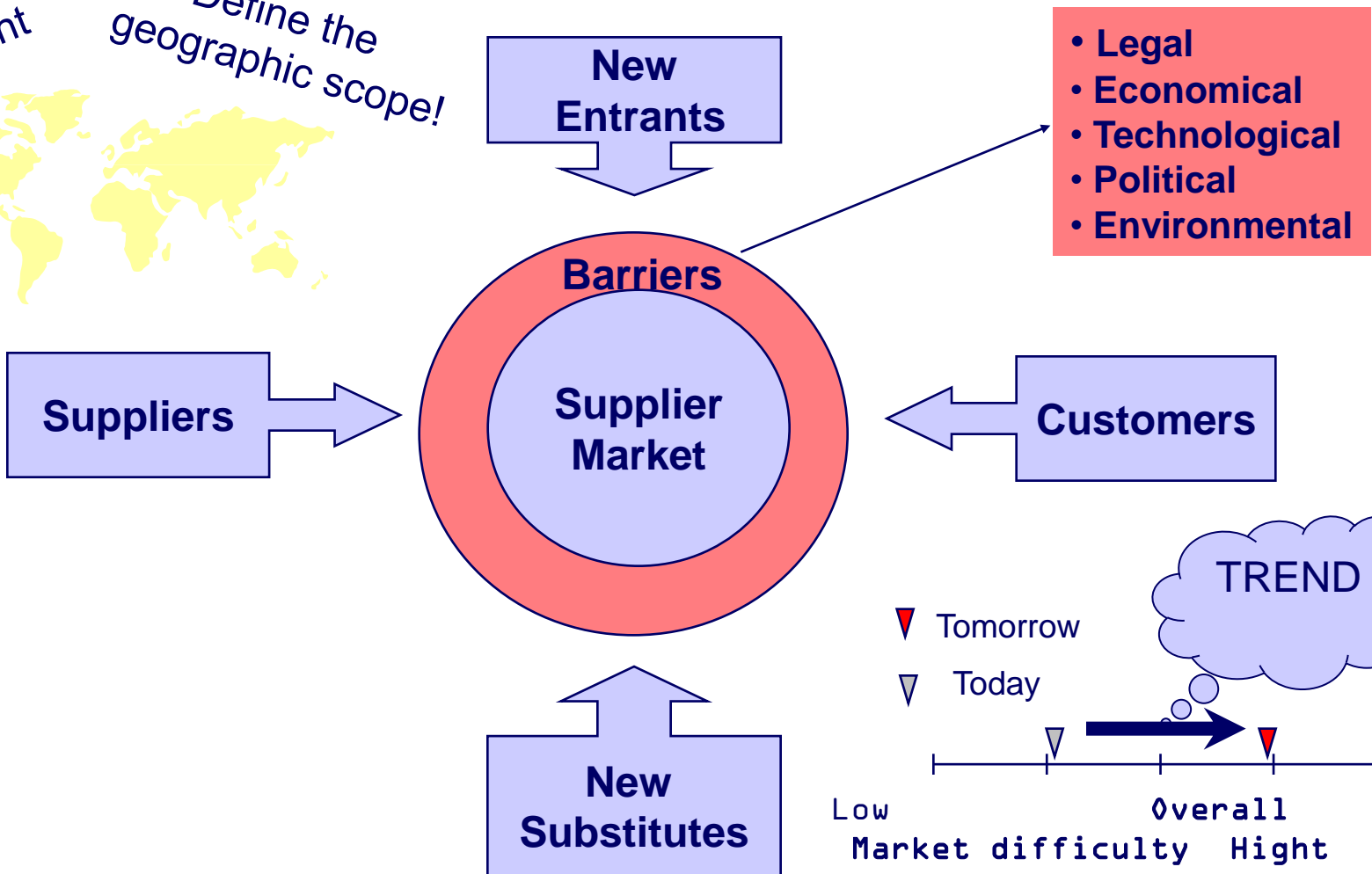
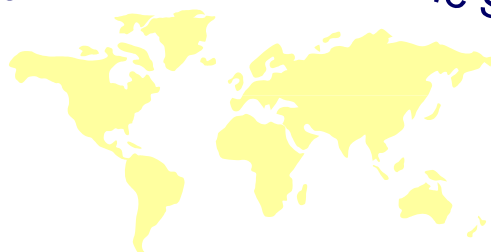
# Analysis of the supplier market

## Porter 5 forces – how « difficult » is the market



Define the segment

Define the geographic scope!

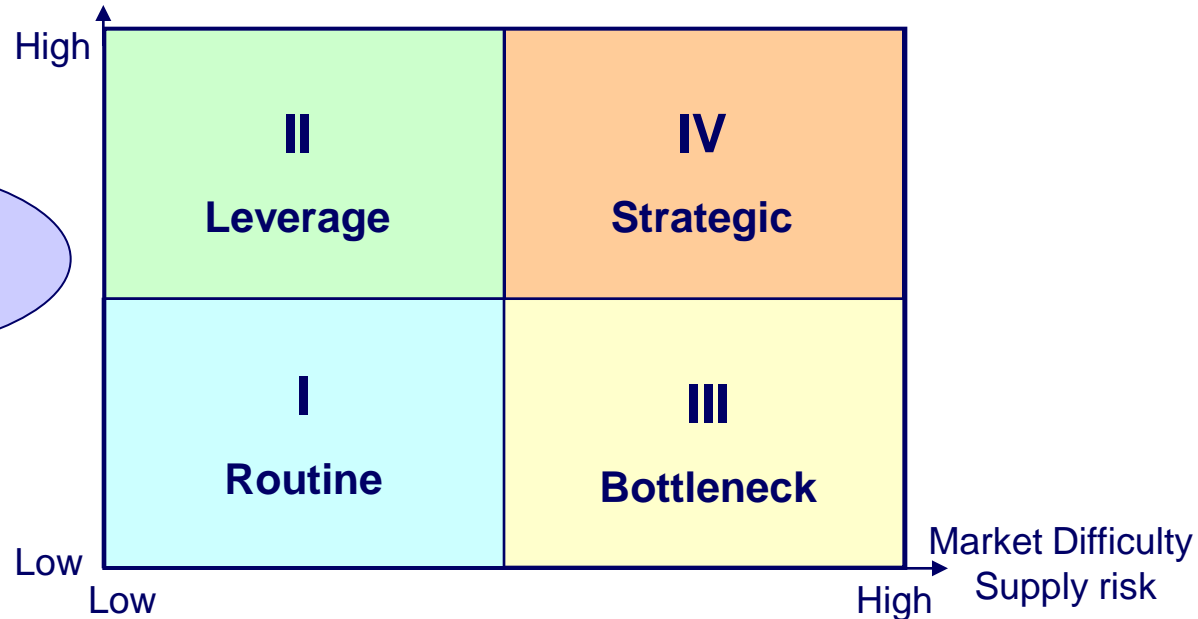


# Peter Kraljic Model How to build a strategy per category ?



Business Impact & Criticality

KPI & Weight



Supply > Demand

Supply < Demand

KPI & Weight

# Creating Value towards Strategy



- Measurement of Strategic Value Creation : KPI's
- Security (Contract, Delivery, Quality)
- Costs ( Secured Market Price)
- Innovation ( Technology-Product-Process)
- Sales (New Product Launch)
- Ergonomy (Ease of use)
- Delivery ( Leadtime Packaging)
- Environment (Carbon Footprint Reduction)

# EIPM Annual Conference Archamps December 2010 : 360° Change on Strategic Focus “Value Creation”



- Axe 1: Bottom Line
- Maintain & Develop with CSR & Sustainability  
Savings Measurement
  
- Axe 2 : Top Line Growth (Sales Growth)  
New & additional indicators (KPI's)  
People- Innovation-Services-Products-  
Environment-Organisation

# Panel Discussion



What are the differentiators within Purchasing Sectors Strategies writing & implementation ?

- Purchasing Strategy in Construction (SLA& EPCM)
- Purchasing Strategy in FMCG & (Retail)
- Purchasing Strategy in Insurance & Banking (Services)
- Purchasing Strategy in Raw Materials (Commodities)
- Purchasing Strategy in IT/Telco

# Conclusion : A Winning Purchasing Strategy



- Purchasing Strategies Integration and alignment with Corporate Strategy
- Organisation & tools
- Differentiated Purchasing Strategies
- From implementation to Purchasing Contribution & Function Recognition