

# Exploring Procurement's Other GPO: Global Process Ownership (Part 1)

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As organizations seek to become more efficient and effective, one proven strategy is the ability to manage cross-functional processes using a global process ownership (not "group purchasing organization") model. One simple example of this is concept is in the procure-to-pay (P2P) process. A broader example is source-to-pay (S2P). You could even define it as broadly as cash-to-cash, which covers the end-to-end supply chain. In this example, the logical global process owner would be the head of supply chain - who may be the Chief Procurement Officer (CPO) - or have the CPO reporting to him or her.

But, what is global process ownership really? And why is it a big deal?

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Global process ownership is ultimately about having both *accountability* for an end-to-end process and also the ability to *control*, or at least strongly *influence*, the *strategies and resources* used for the process execution. Think about a [RACI](#) model alignment here. So, a CPO might be the global process owner for P2P (or S2P), but might not have the accounts payable function (which may be in a shared services group anyway) reporting to him or her. Seems fairly straightforward right? But, in fact, based on some of the metrics from The Hackett Group, only about 20-25% of firms have a single global process owner for P2P. The majority of firms have separate purchasing operations and payables groups that try to coordinate with each other as best they can.

Now think about how many firms not only define optimized P2P buy-pay channels across P2P, but also formally linked back to spend categories. P2P is the execution system that defines how process participants will buy and pay for the goods based heavily on the nature of the spend. If the nature of spend influences your sourcing strategy for the category, shouldn't it also influence the execution system against that strategy?

Again, a fairly straightforward idea, that is not so straightforward in implementation. But if you get it right, you will have superior performance results on both effectiveness and efficiency dimensions for not just P2P, but S2P too. And to get the most from these end-to-end processes, you really need to have ownership of them.

Global process ownership, however, has quite a few aspects to it that lurk underneath the surface and are important to recognize and master. When I used to work at The Hackett Group, I spent some quality time with my other research directors and transformation peers to rigorously define global process ownership and its role in designing and executing a "service delivery model" across business functions. In future posts I will describe the key dimensions with regards to global process ownership, but it is important to realize that this competency is especially critical for procurement because procurement lives in a highly matrixed influence model where it is trying to take on greater accountability and influence for increasingly broad processes - even though a large percentage of those resources do not report up through the

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formal procurement organization. It's not always easy when you say, "Hi, I'm from corporate, and I'm here to help you spend your money better." Additionally, the procurement world brings an additional set of complexity with regards to spend categories. In other words, spend influence is really process influence chunked out into manageable segments (and this process also just so happens to rationalize your supply base and reduce your costs!).