

Procurement Needs a Mandate: Procurement Myth No. 19

Author : Pierre Mitchell

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[Chief Procurement Officer](#) continues its series on the top 20 procurement myths. Some you may know, others maybe not. Some you may agree with, others you may vehemently deny. But the important thing is to start this discussion.

19. Procurement Needs a Mandate

If you talk to any procurement organization, especially those with multiple business units, you will most likely hear, “We are not a mandate culture” or “We don't mandate anything around here.” What you will implicitly or even explicitly hear is a desire to have the ability to mandate some reasonable policies with the enforcement teeth that other functions such as finance, internal audit, risk management, HR and others can use.

So, why wouldn't procurement want to just mandate the policies it knows make sense?

There are actually quite a few reasons, but the main one is that influencing spend merely by mandate isn't necessarily the type of influence you want. In other words, you want to be a valued business partner rather than a gatekeeper. Based on benchmark [data](#) from **The Hackett Group**, procurement organizations that are viewed as a “valued business partners” or “negotiations and sourcing experts” have a [procurement ROI](#) of 5.25, compared with 2.44 for procurement groups viewed as “gatekeepers or administrators.”

Don't get me wrong - there must be a sensible policy to ensure employees can't contract with suppliers, especially non-preferred ones, above certain dollar limits. But what tends to happen with a mandate-heavy approach is that procurement gets engaged too late in the process and loses leverage and savings potential. Also, when the spending limits are set too low and start dipping into the upper end of tail spend, the deal can't be worked as deeply, cycle times lengthen, stakeholders get frustrated and procurement takes a big step backwards in terms of its brand.

Perhaps the biggest underlying issue is a philosophical one. If procurement influences spend and stakeholders by mandates rather than by proactive engagement and tailoring of its services, it never really develops and conveys that proactive solution approach to stakeholders. It will also tend to get involved later by stakeholders who begrudgingly engage procurement because they have to, not because they want to and see value in that engagement. This is not the pathway forward in a procurement transformation.

The bottom line with mandates is to be careful what you wish for. As the old adage goes: You'll catch more flies with honey than with vinegar. Or in procurement terms: You'll catch more savings and stakeholder satisfaction with proactive spend and supply management than with mandates.

