Putting the Steak Before the Sizzle in Consumerized B2B E-Procurement

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I was looking at something I wrote back in 2005 (nearly 10 years ago!) on the concept of "guided buying," and thought I'd share a key point: A consumerized e-procurement "guided buying" experience is more than a sexy simple user interface. The cool UI is the “sizzle,” but the real steak, and the real value, comes from what the tool is guiding the user toward. I wrote:

"Even if you're not ready for this advanced ‘guided buying’ engine, you need to have the underlying components in place: contract repository, commodity taxonomy, approval workflow, commodity manager responsibilities, corporate Intranet, etc., and organizationally, you should work alongside IT and use a stakeholder to assess where the largest perceived stakeholder gaps exist. Closing those gaps will improve contract compliance, send more savings to the bottom line and increase client satisfaction."

Here are more thoughts on guided buying:

- Just building the contract repository is hard enough, even for just a basic repository containing contract metadata (e.g., renewal date), but critical for spend visibility.
- Now add in the challenge of developing and deploying a category/commodity taxonomy that can be used to relate to those contracts and related items/services.
- Once you have preferred (and approved, of course) suppliers and items pegged to commodity and contract, you can then use that within workflow to help guide the users. If they have budget and it's under the dollar amount set up overall (and now by category), it's easy street for them. If not, then you need to send them for approvals. Rightsizing a global approval hierarchy can be a little tricky, but there are some things you can do, especially if you have the right tool.
- Do note that even though you might not have all your spend sourced and tied to catalogs/contracts, you can still have a notion of a preferred path to send then to, namely, the category manager or buyer who is responsible for that spend. Just being able to tell users who are in procurement is a huge step forward for a lot of firms!
- For some companies, not all spend categories will live in a single e-procurement system. Some categories might live in specialized systems not handled well through simple “smart forms,” but those systems still need to be exposed and integrated (there are a few ways to do this).

Finally, the implementation of guided buying is the other “meaty” aspect required to provide the taste of success. As I wrote:

"It means a multi-pronged effort of internal marketing, policy communication/enforcement, horizontal "source-to-settle" process design/automation (e.g., translating a commodity view of the world in strategic sourcing to a “transaction-type” view in P2P) and bottoms-up spend visibility [by commodity and contract]."

The system itself can help communicate and enforce the policies, but they must be defined somewhat granularly and tie to the nature of the spend categories. Too often, “category management” is really just category sourcing and it ends at the contract when in fact the “moment of truth” occurs downstream in the P2P process where category execution happens. If you do it right, however, you'll have an end-to-end source-to-pay process that is not just consumerized and intuitive, but also able to deliver successful spend management outcomes.