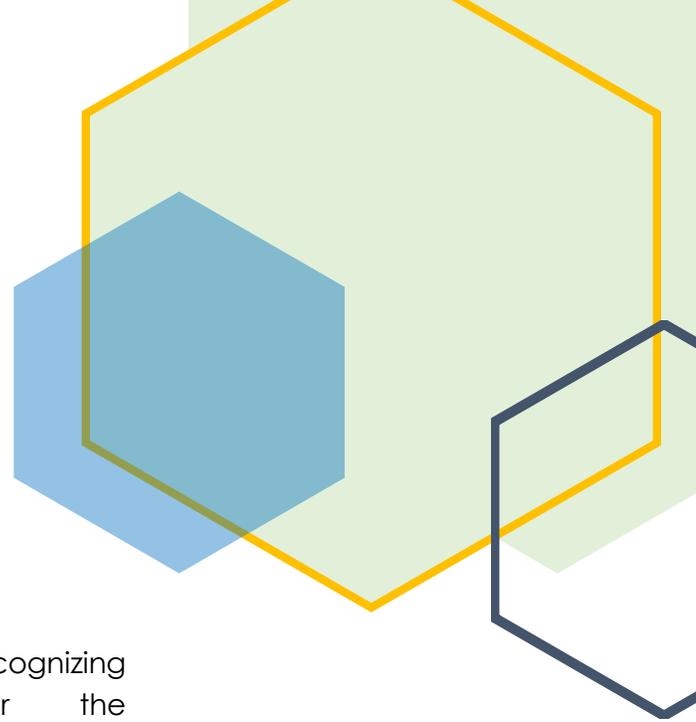




PROCUREMENT'S NEW ERA: DRIVING VALUE THROUGH STRATEGIC CATEGORY MANAGEMENT

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DRIVING VALUE THROUGH STRATEGIC CATEGORY MANAGEMENT



Over the past decade, the impact of procurement's role within organizations has become increasingly profound. No longer is procurement considered a tactical arm of the enterprise whose key tasks are purchasing and brokering deals. We are in the era of category management where category managers are budding as leaders and

investors are recognizing procurement for the significant value it brings to a firm. However, change never happens easily, and with change comes a new set of challenges.

The question is: How can you best ensure that your team is prepared for the new era of procurement?



Good Category Management Requires a Breadth of Skills

This whitepaper from **SpendEdge**, expands on these concepts by identifying what strategic category management looks like and outlining more clearly the challenges and changes required to close gaps between current and ideal performance for a more strategic future.

Today, procurement is at the threshold of a new era. As a result, most procurement organizations have driven efficiency successfully through strategic sourcing efforts.

However, to take the organization to the next level, the first critical step is to advance skill sets,

mindsets, and modes of operation—shifting focus to category management to achieve breakthrough value.

To transition from a role of tactical provider to a **strategic partner** within the enterprise, it's essential to develop strong, long-term category strategies that dovetail with corporate, stakeholder, and procurement strategies.

Let's look at some of the strategies that drive better value:

Identifying category manager challenges:

Category managers may be excellent negotiators, but they aren't necessarily used to working in **cross-functional** teams. The ability to work effectively in those teams—and to get early involvement and strong buy-in from stakeholders—is key to success. But building that involvement requires them to leverage soft skills such as stakeholder management and change management.

A realistic transition into the new era: For procurement to take on a strategic category management focus, major shifts need to occur within the organization. Often, the three main category management roles — stakeholder management, strategy development, and procurement execution — are the responsibility of one person.

Building strategy through category management enablement: Today, category managers need access to an outside network of subject matter experts when they find themselves outside their depth on their category or subcategory. These resources can be available on-demand to help guide a category manager through unknown territory.

Building skills and closing gaps through category management training: Training is most effective when it is an integral part of a comprehensive organizational process for change management. A successful training first identifies both the **desired competencies** of the successful category manager and the necessary skills and gaps to achieve the desired result.

Closing the gaps and shifting knowledge into application: Today's procurement training should go beyond traditional means of methodology training and focus instead on mindset shifts, including soft skills like stakeholder engagement, communication, and business case development. Equally important, it should provide a context for participants to relate to their daily environment.



8 Simple Steps That Will Help You Master Category Management

Let's discuss eight crucial steps that will help businesses to become masters in category management.

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Category Management Engagement for A Functional Food Manufacturer

In our latest engagement, we helped a leading functional food manufacturer achieve **\$20 million** in savings. Know more!

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Success Story

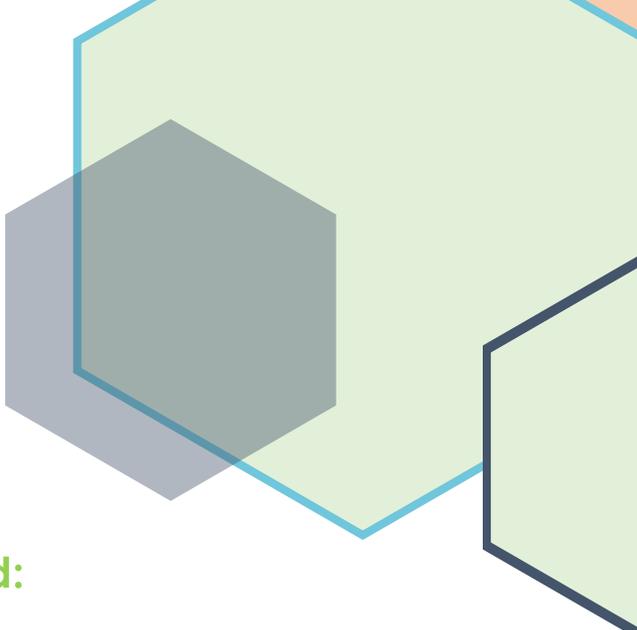
Category management engagement for a functional food manufacturer

Challenge:

The client had trouble in achieving growth and addressing margin problems.

Benefits offered:

Helped the client conduct a full value-chain analysis to comprehend the breakdown of costs for categories and identified effective pricing strategies.



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SpendEdge Advantage

SpendEdge shares your passion for driving sourcing and procurement excellence. We act as a global strategic partner for leading Fortune 500 firms and other leading companies across industries. Our strength lies in delivering robust, real-time procurement market intelligence solutions that help sourcing and procurement professionals make informed decisions. Our innovative procurement solutions also help enterprises transform structural capabilities, improve execution efficiency, and fast-track time to savings.

Every business needs smart procurement intelligence to stay at the top of their game; we provide actionable insights utilizing lean methodology to help enterprises make better purchasing decisions. We offer businesses with the precise combination of resources, tools, and techniques to help them redefine sourcing and procurement capabilities. We cover a broad spectrum of industries starting from pharmaceutical and life sciences to transportation with expertise in supply market intelligence, spend analysis and benchmarking supply chain risk assessment, and category management.

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