



PRESS RELEASE

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PROCUREMENT CAN BECOME A KEY PILLAR OF COMPANY STRATEGY, SAY
PROCUREMENT ADVISORS EFFICIO

A company's sourcing proficiency can boost both growth potential and competitiveness, say procurement experts Efficio.

"Value-driven sourcing" is the "secret weapon" to achieve competitive advantage, Efficio says in its latest *Viewpoint* report.

The Strategic Secret Weapon, how procurement can benefit your organisation says many companies are refocusing on top-line growth as they emerge from recession and asking procurement to develop strategies to support the top line rather than limiting themselves to a pure cost-cutting focus.

It says value-based sourcing involves a shift in focus so that supplier contribution is no longer measured in terms of the potential savings that can be generated by cutting their costs but by the value they can create for an organisation.

The report's author, Efficio Vice President Luisella Chiesa, says: "Setting up a procurement function to source business value requires a lot of hard work and effort. However, the rewards of doing so can be substantial: cost reduction is limited, but value is infinite.

"Collaborative cost reduction can be used to set up the processes and mindset that foster and reward suppliers' ability to innovate.

"This prepares the ground for a move to collaborative value approach, which determines a clear shift in focus: supplier contribution is no longer measured in terms of cost reduction but in terms of value creation.

“Value chain sourcing can be seen as a step further in the same direction, where the degree of supplier collaboration is maximised and translated into new organisational set-ups.”

The report says: “A company’s competitive strategy and its basic industrial characteristics must form the main source of additional evaluation criteria.

“Incorporating such criteria will prevent opportunities being looked at purely from a savings perspective but will also determine to what extent the opportunities contribute to the company reaching its strategic objectives.

“Although such criteria will inevitably be less easily measurable than, for example, savings estimates, the worst a company can do is discard them altogether for this reason.”

The Viewpoint offers key learnings on how procurement can move to a value driven approach and make a difference. Key challenges are providing adequate skills to understand strategic business issues, ensuring cross-functional readiness and getting ideas turned into decisions

Ends

Notes to editors

The Strategic Secret Weapon, how procurement can benefit your organisation can be downloaded from:

http://www.efficioconsulting.com/files/viewpoint/the_strategic_secret_weapon.pdf

About Efficio

Efficio is a results-focused procurement consultancy with a track record of helping leading organisations achieve more value from their procurement. Comprised of experienced professionals with a blue-chip consultancy heritage, Efficio combines the credentials of a top tier firm with the depth of expertise of a flexible niche player. Clients include 3i, AstraZeneca, Barclays, BAT, Biffa, Deutsche Post, Ford, Goldman Sachs, HBOS, KKR, Nokia, National Grid, O2, Philips and Thames Water.

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