

marketdojo.com/new-rules

THE NEW RULES OF PROCUREMENT ENGAGEMENT

RULE 4

**REDEFINE
VALUE CREATION**



WE ARE WITNESSING A PROFOUND SHIFT FROM THE AGE OF INFORMATION TO AN **AGE OF INTELLIGENCE**, DRIVEN BY THE RAPID ADVANCEMENTS IN GENERATIVE AI AND MACHINE LEARNING.

AS THESE TECHNOLOGIES **REVOLUTIONISE BUSINESS LANDSCAPES**, THE QUESTION EMERGES: CAN PROCUREMENT TEAMS **TRULY EMBRACE AND CAPITALISE** ON THIS AGE OF INTELLIGENCE?

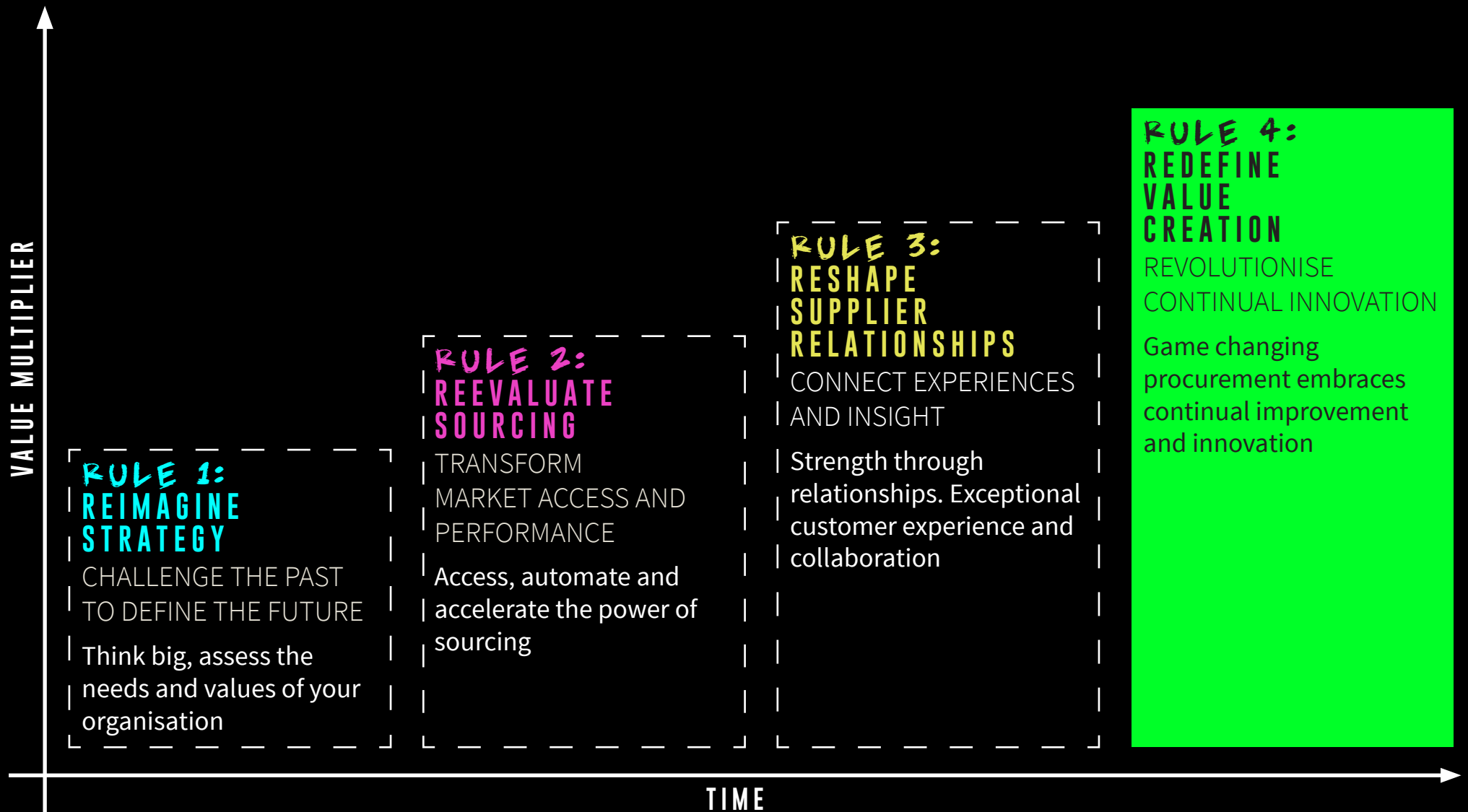
IN THE FOURTH INSTALLMENT OF THE NEW RULES, WE EXPLORE HOW PROCUREMENT LEADERS CAN SUCCESSFULLY LEAD THEIR TEAMS INTO THE FUTURE.

THE ANSWER IS RULE 4: REDEFINE VALUE CREATION.

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THE NEW RULES OF PROCUREMENT ENGAGEMENT



RULE 1:

HOW TO REIMAGINE YOUR PROCUREMENT STRATEGY

ALIGN TO UNLOCK TRAPPED VALUE

Procurement's role has shifted from a 'cost-cutter' to a strategic advisor and value generator.

Despite this shift, cost savings are still a priority. To maintain this balancing act, you need to **think strategically** and align closely with business needs and goals to deliver real value.

ESG is now a board-level issue. Your team is the best placed function to **embed ESG into the fabric of your organisation** and the wider marketplace.

To succeed, you must **attract the new breed of procurement** professional by equipping this talent with best-of-breed technology and tools.

To gain active sponsorship from C-level stakeholders, **show the business value and ROI** of your digital transformation programmes.

DISMANTLE OUTDATED SILOS

Procurement must challenge preconceptions and dismantle outdated silos to have a 'seat at the table' and drive real business value.

Actively engage and build relationships with stakeholders to manage the transition from a support function to a catalyst and **enabler of positive change**.

Focus on **user-centric processes** that make things better, easier, more efficient for users—the result will be greater buy-in and adoption of procurement's initiatives.

Effective **communication is key to changing mindsets**. Understand any preconceptions, address concerns, involve stakeholders, listen to feedback, and celebrate successes.

STRATEGY DRIVEN, TECH INFORMED AGILITY

Procurement agility depends on People, Process, and Technology.

Equip your team with the **right resources and skills** to carry out the many different functions in procurement, coupled with **easy to use tools**.

Strive to people with right mindset, vision, aptitude, then actively nurture this talent.

To best serve the business, align processes with overall business objectives, and **be agile to adapt** when new opportunities are identified.

Use technology for **data-driven decisions** on spend management, cost savings, supply chain risk, supplier performance and overall procurement agility.

THE FUTURE OF PROCUREMENT STRATEGY

Future procurement trends fall into four areas:

- 1 Protect the planet** through advancing the ESG agenda
- 2 Leverage AI & automation** to enhance efficiency, reduce costs, improve forecasting, and mitigate risk
- 3 Embrace disruptive innovation** by adopting best-of-breed, agile solutions
- 4 Expedite digital transformation** for long-term supply chain resilience

The future of procurement rests on you leaving behind the old rules and truly embracing **The New Rules of Procurement Engagement**.

MISSED RULE 1?

Access the Reimagine Strategy eBook and dive into procurement strategy to stay at the forefront of your field. **Download now!**

Alternatively, watch the On-Demand Live Debate with the New Rules Changemakers as they share their insights. **Watch today!**



RULE 2:

HOW TO REEVALUATE YOUR STRATEGIC SOURCING

ACCESS TO ELEVATE

The first stage in mastering sourcing is to establish an ecosystem that improves the understanding, visibility and control of your procurement activities.

This ecosystem must include **new strategies** to manage cost and ensure resilience given the changing times; while supporting ESG, legislative compliance, business agility and growth.

Using **technology and data** are a competitive imperative with procurement adopting a digital-first mindset, as is addressing any **skills gaps** within sourcing teams.

The ecosystem extends to stakeholder **relationships and collaboration** with other departments; ensuring procurement is actively **managing change** and seen as an integral part of the organisation.

AUTOMATE FOR EXCELLENCE

The next stage in achieving procurement excellence is to leverage **technology to improve standards, failsafe the process, and drive greater value.**

Technology unquestionably delivers immense value. Procurement's challenge is to **adapt to a digital-first mindset and adopt the right tools** so that it can be a value-add business partner.

Finding the **best fit of solution and technology partner** is critical. Technology should solve your problems, not require users to conform to 'fit' the tools, and finding a provider who shares your vision guarantees success. Another balancing act is **complexity over usability**. User adoption will be low if the tools are overly complex and monolithic.

The potential of getting this right is to future proof your procurement function by building a **collective memory of sourcing intelligence.**

ACCELERATE FOR GROWTH

The final stage of sourcing reevaluation aims to connect intelligent systems and teams in order to become the catalysts for **transformative insight and smart decisions.**

Procurement and Finance have the potential to be the **'power couple'** in combating risks and accelerating company growth.

By aligning strategies on shared goals and initiatives, these functions can **deliver maximum value and performance** to the organisation.

To expedite this synergy, Procurement and Finance must move away from siloed technology and processes, towards **integrated Source-to-Pay systems** that connect the data and insights in order to better identify performance, risk and opportunity.

WHAT'S NEW, WHAT'S NEXT

What emerging trends in sourcing should CPOs and CFOs be looking at.

ESG – there is lots of talk on this topic but it's time to translate the good intentions to real action

e-Auctions – in current market conditions, there is simply no better way to maximise cost savings than e-auctions

Modular sourcing – being agile and having tools that allow you to react quickly is key to maintaining a competitive edge in the future

Supplier networks & diversity – building partnerships and establishing diversity in your supply network will strengthen resilience

Circular sourcing & sustainability – companies need to look beyond just procuring goods, to fully understand the sustainability and environmental credentials of all parts in the supply chain

Autonomous sourcing – AI will streamline the sourcing process and support the decision making process of awarding spend to suppliers

MISSED RULE 2?

Access the Reevaluate Sourcing eBook to achieve unparalleled procurement success. **Download now!**

Alternatively, watch the On-Demand Live Debate with the New Rules Changemakers as they share their insights. **Watch today!**



RULE 3:

HOW TO RESHAPE YOUR SUPPLIER RELATIONSHIP PERFORMANCE

THE AI FAST TRACK

In supplier relationships, AI can be used to automate tasks, rapidly access data insights, and leverage unstructured data for smarter decisions. Here's how:

Start now – complacency and delay could leave you at risk. Create an action plan today, even if it needs to change in the future.

Understand your options – evaluate the range of AI solutions available and how they can meet your needs.

Educate team – demystify AI by allowing people to try out AI tools; give people ownership, time and resources to explore ideas of how AI can help them 'level up', not replace them.

Scenario planning – scope alternative, even opposite, scenarios to what you currently expect to alleviate the pressure of 'getting it right'.

Embrace AI opportunities – leverage free AI tools or collaborate with technology vendors to shape procurement AI's future.

DEATH OF STRATEGIC SUPPLIERS

In today's dynamic supply markets clinging to traditional supplier segregation risks overlooking the potential value diverse suppliers offer.

Reevaluating strategic versus non-strategic suppliers shifts perception and can unlock unnoticed opportunities.

Four key areas for creating future-proof supplier relationships

1. Align with business – engage stakeholders to define business needs and find suppliers where there's a good 'fit'

2. Build collaborative partnerships – foster open communication, shared objectives, and transparency to cultivate resilience

3. Adopt a data-driven approach – leverage quantitative insights for structured supplier management

4. Become the customer of choice – position your company as a preferred customer, ensuring priority during supply constraints or disruptions

BEYOND ESG & SUPPLIER DIVERSITY

As regulatory pressures build to disclose sustainability credentials, scaling up ESG capabilities is a key priority... with suppliers an integral part.

Real-world ESG – legislation varies by industry and country. Many suppliers, especially SMEs, struggle with compliance. Effective ESG requires understanding supplier capabilities and regulatory impacts.

Supplier collaboration – leverage supplier expertise and build transparent, value-based partnerships. Visibility beyond tier-one suppliers is crucial for effective ESG strategies.

Supplier diversity – promote supplier diversity to foster innovation and equity. Diverse perspectives enhance business performance.

Business growth – ESG initiatives drive growth, but need measurement. Use technology for tracking and setting shared targets with suppliers. Advanced platforms provide real-time insights, ensuring ESG success.

WHAT'S NEW, WHAT'S NEXT

What emerging trends shaping supplier relationships should procurement be taking action on right now.

Secure access to scarce resources: Prioritise securing necessary resources amid increasing competition and reduce reliance on them.

Promote sustainable practices: Focus on implementing sustainable practices to foster innovation and engage stakeholders.

Leverage unstructured data: Utilise unstructured data to create meaningful narratives and improve supply chain collaboration.

Manage public opinion: Build strong supplier relationships to prevent negative public backlash and maintain a positive company image.

MISSED RULE 3?

Access the Reshape Supplier Relationships eBook for game-changing strategies to maximise performance. **Download now!**

Alternatively, watch the On-Demand Live Debate with the New Rules Changemakers as they share their insights. **Watch today!**



**“IT IS NOT THE BIGGEST
NOR THE STRONGEST
NOR THE MOST INTELLIGENT
THAT WILL SURVIVE.
IT IS THE SPECIES MOST
ADAPTABLE TO CHANGE.”**

CHARLES DARWIN, AUTHOR OF THE ORIGIN OF THE SPECIES

RULE 4:

REDEFINE
VALUE
CREATION

MEET THE CHANGEMAKERS



NICK DREWE

Co-Founder & COO, Market Dojo
[linkedin.com/in/nickdrewe1](https://www.linkedin.com/in/nickdrewe1)



PIERRE LAPRÉE

Chief Product Officer, SpendHQ
[linkedin.com/in/pierrelapree/](https://www.linkedin.com/in/pierrelapree/)



TEMEENA HUSSAIN

Head of Partnerships, Market Dojo
[linkedin.com/in/temeena-s-806b6a/](https://www.linkedin.com/in/temeena-s-806b6a/)



EMMANUEL OLIVIER

Worldwide COO, Esker
[linkedin.com/in/emmanuel-olivier-99b2424](https://www.linkedin.com/in/emmanuel-olivier-99b2424)



SHELDON MYDAT

Founder & CEO, Suppeco
[linkedin.com/in/sheldonmydat/](https://www.linkedin.com/in/sheldonmydat/)



ALUN RAFIQUE

Co-Founder & CEO, Market Dojo
[linkedin.com/in/alunrafique](https://www.linkedin.com/in/alunrafique)



RICHARD NIXON

Partnerships Director, smartKYC
[linkedin.com/in/richardjnixon](https://www.linkedin.com/in/richardjnixon)



JACOB GORM LARSEN

Founder, Moneyball CPH
[linkedin.com/in/jacob-gorm-larsen-2220272](https://www.linkedin.com/in/jacob-gorm-larsen-2220272)



CAROLINE PATRICIA HUBERDEAU

Indirect Purchasing Director, Leroy Merlin
[linkedin.com/in/chuberdeau](https://www.linkedin.com/in/chuberdeau)



CANDA S. ROZIER

Founder, Collabra Consulting
[linkedin.com/in/csrozier](https://www.linkedin.com/in/csrozier)



JON HANSEN

Sales Strategist & Ghostwriter
[linkedin.com/in/jwhansen](https://www.linkedin.com/in/jwhansen)

THE PSYCHOLOGY OF A CHANGEMAKER

CHANGEMAKER (N) – A TERM COINED BY THE SOCIAL ENTREPRENEURSHIP ORGANISATION, ASHOKA, MEANING ONE WHO DESIRES CHANGE IN THE WORLD AND, BY GATHERING KNOWLEDGE AND RESOURCES, MAKES THAT CHANGE HAPPEN.

Characteristics of a Changemaker

“A changemaker has empathy for others and is driven by the genuine goal of making the world a better place. Motivated to act. A changemaker gives themselves the permission to do something about a social problem, and keeps trying until they have made a difference.”

“Simply put, a changemaker is someone who is taking creative action to solve a social problem. Thus, whether sparking a global movement or stopping a classroom bully, a founder of a social enterprise or an employee of a multinational company, every changemaker is intentional about solving a social problem.”

Source:

**Ashoka, More than Simply
“Doing Good”: A Definition
of Changemakers**

WHY NOW?

The business world is at the dawn of a significant transformation, shifting from the Age of Information to the *Age of Intelligence*, propelled by rapid advancements in generative AI and machine learning.

As these groundbreaking technologies redefine the business landscape, it raises some crucial questions: How will day-to-day business interactions evolve to leverage this transformative wave? Can Procurement teams truly embrace and capitalise on the Age of Intelligence?

The entire New Rules of Procurement Engagement series has aimed to be a guiding light for Procurement professionals in [transitioning from traditional practices to more forward-thinking approaches](#).

It's widely accepted that today's dynamic economic environment demands agility, adaptability, and an unwavering commitment to continuous improvement and innovation, see page 13.

The role of procurement now extends far beyond mere cost-cutting. It has the potential to become a strategic driver of innovation, sustainability, and competitive advantage within organisations. This evolution is essential as businesses navigate complexities and strive to excel in an interconnected global marketplace.

To embrace a broader strategic role, procurement teams must develop new skills, adopt innovative technologies, and fundamentally shift their mindset from past requirements to future demands.

So, in this fourth installment of The New Rules, we explore a pivotal question:

How can Procurement redefine its future value?

FROM GOOD TO GREAT – HOW AGILITY AND ADAPTABILITY TRANSFORM BUSINESS SUCCESS

Organisations with highly successful agile transformations experience significant performance improvements across multiple areas.

Agile transformations typically resulted in approximately 30% gains in efficiency, customer satisfaction, employee engagement and operational performance. Additionally, they led to a remarkable five to tenfold increase in speed and significantly boosted innovation.*

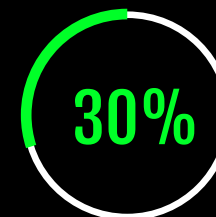
Agile organisations are more likely to be top performers.

Organisations that have undergone highly successful agile transformations are three times more likely to rank among the top quartile of performers within their peer groups compared to those that have not embraced agile methodologies. Notably, these highly successful agile organisations even surpassed the performance of companies that were inherently ‘born agile’.*

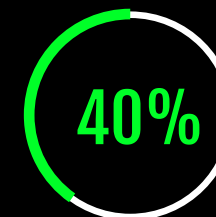
Organisations that prioritise resilience, often achieved through adaptability, demonstrate greater financial stability.

Businesses exhibiting robust, resilient practices have a 40% lower likelihood of bankruptcy compared to those with poor organisational health. Moreover, resilient companies tend to outperform their peers in terms of shareholder returns, particularly during periods of economic recovery.*

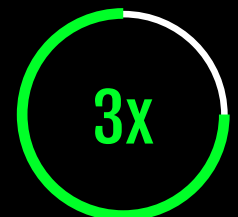
Results of Agility & Adaptability



**GAINS IN EFFICIENCY,
CUSTOMER SATISFACTION,
EMPLOYEE ENGAGEMENT &
OPERATIONAL PERFORMANCE**



**LOWER LIKELIHOOD
OF BANKRUPTCY COMPARED
TO THOSE WITH POOR
ORGANISATIONAL HEALTH**



**MORE LIKELY TO RANK
AMONG THE TOP QUARTILE
OF PERFORMERS**

* Sources: The impact of agility: How to shape your organisation to compete; The State of Organisations 2023: Ten shifts transforming organisations, McKinsey & Co

RECAP OF RULES 1-3

The New Rules of Procurement Engagement is a way to navigate the evolving landscape of procurement. The old, transactional approach to procurement is no longer sufficient in today's volatile business environment. Instead, we urge procurement professionals to embrace a more strategic and value-driven approach.

Here's a round-up of what's been covered so far.

Rule 1: Reimagine Strategy

Rule 1 sets the stage and calls for a fundamental shift in how procurement is perceived and executed.

Procurement has a unique opportunity to become a catalyst for positive change within an organisation. Procurement is the conduit of transactions, relationships, and compliance, driving value far beyond traditional cost-cutting measures. This involves aligning closely with business needs, breaking down silos between departments, and embracing technology to gain data insights and improve efficiency.

Rule 2: Reevaluate Sourcing

Rule 2 focuses on transforming your go-to-market strategy and performance. It highlights the importance of agility and the need for organisations to adapt quickly to disruptions.

A more strategic, connected approach to sourcing and payment is required to support this new business model, moving away from a reliance on legacy systems and outdated practices. This involves leveraging technology and insight to streamline processes, improve supplier collaboration, and ensure access to the best possible market value.

Rule 3: Reshape Supplier Relationships

In Rule 3, the critical role of supplier relationship performance management (SRPM) is explored—strong, collaborative, high performance relationships with suppliers are essential for navigating the complexities of global supply chains.

Procurement is encouraged to move beyond purely transactional dealings with suppliers, instead cultivating partnerships built on trust, transparency, and shared goals.

INTRODUCTION TO **RULE 4**

Rule 4: Redefine Value Creation

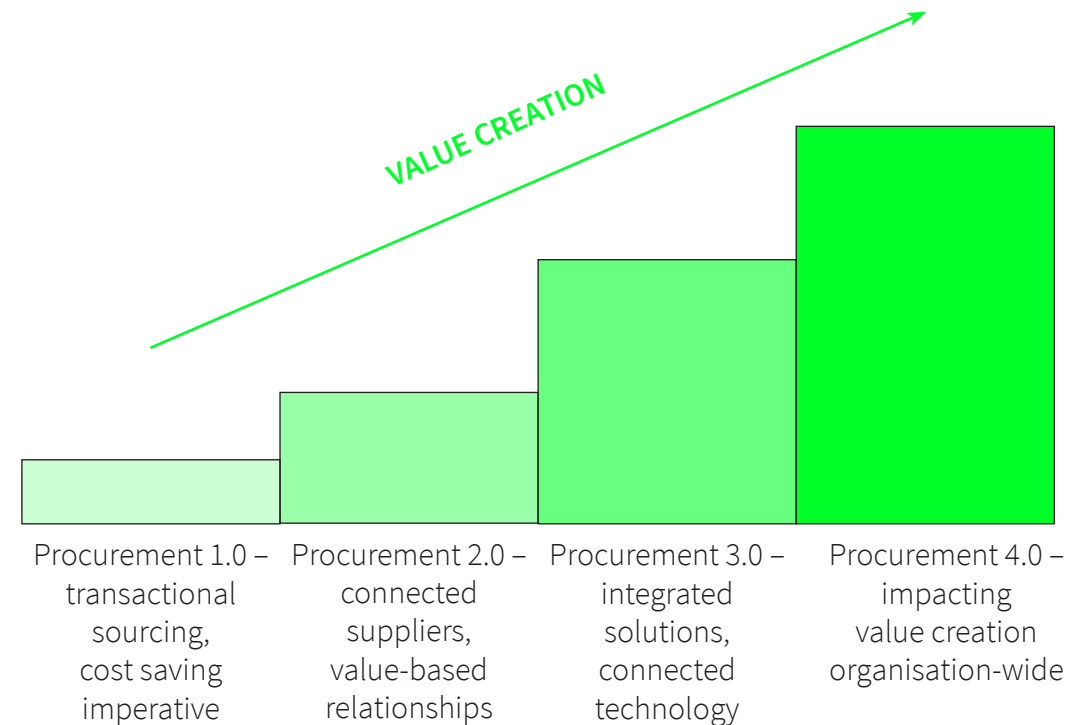
Now we're at Rule 4. It's time to step back, take stock, and see the bigger picture. We need to shift our focus from minor details and improvements to the broader perspective; or what we like to call Procurement 4.0.

Procurement 4.0 represents a significant evolution in procurement practices, leveraging advanced technologies and data-driven insights to create substantial value.

Unlike earlier stages, Procurement 4.0 emphasises a holistic, strategic approach. It integrates Industry 4.0 technologies like AI and automation, machine-to-machine communications, and big data analytics to enhance decision-making, foster innovation, and drive sustainable competitive advantage for organisations.

To help you reach Procurement 4.0, the journey begins with understanding and designing a **Procurement Value Creation Model**, which integrates inputs, business activities, outputs, and outcomes across the entire value chain of an organisation.

What is Procurement 4.0



WHAT IS VALUE CREATION?

Definition

Value creation in business involves generating added benefits for stakeholders that exceed the original inputs or investments. This process extends beyond simply making a profit, encompassing the delivery of value to customers, employees, investors, and wider business environment.

This idea is crucial for achieving sustainable growth, gaining and maintaining a competitive edge, and ensuring long-term success.

Role of Procurement in Value Creation

For Procurement teams, value creation is thinking beyond cost savings and process improvements.

It's about delivering tangible value at every level:

- from increasing revenue, strengthening supplier relationships, and minimising risk;
- through driving innovation, improving competitiveness, ensuring compliance, and positively impacting our society and planet.

By embracing a number of core principles (see pages 18-19), procurement teams can redefine their role to deliver strategic value within their organisations.

Every Procurement team's situation is unique, involving various inputs, industry-specific business activities, and targeted outputs, all of which contribute to the organisation's overall impact.

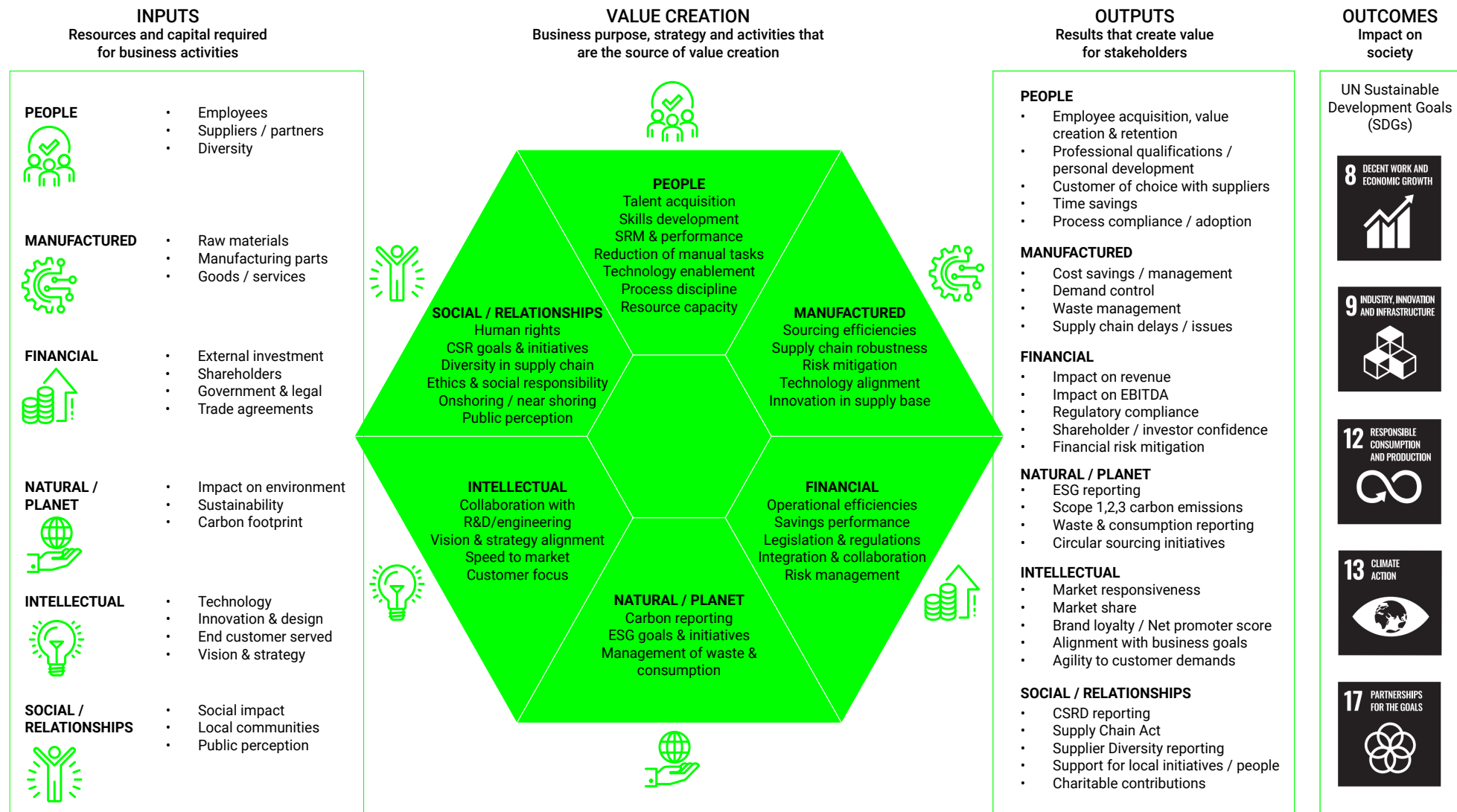
“One of the big challenges is to know what you want, know what's going to deliver value and then go after it.”

Richard Nixon, Management & Tech Consultant, Rule 1

The value creation model (page 17) is intended as an example to explain the concept.

In the next section we step back and take a holistic look at the various factors to consider.

PROCUREMENT VALUE CREATION MODEL



CORE PRINCIPLES

Examples of Value Creation Principles in Procurement

Strategic decision-making

Move beyond a cost-focused mindset and use data insights, economics, psychology, and internal relations to drive supply chain design

Value definition and alignment

Understand and define value in a way that connects supplier capabilities to customer needs, creating compelling value propositions

Supplier-led innovation

Consult suppliers for recommendations on quality improvements and cost reductions that can be integrated into existing and new processes

Process discipline

Establish standardised, streamlined and automated processes for example, supplier onboarding, sourcing, and financial/commercial controls to create a competitive advantage

Operational efficiencies

Ensure efficiency throughout supply chain for example, reduce excess or redundant inventory, optimise warehouse space, remove obsolete or faulty equipment, sell unused assets, and leveraging negotiation to secure better terms with suppliers and service providers

Technology enablement

Leverage AI and autonomous procurement—including spend analytics, sourcing and supplier management solutions—to streamline workflows, reduce errors, improve decision-making, and address skills shortages

Ethics and social responsibility

Factor ethical considerations into sourcing decisions, supporting programmes that align with organisational values and meet compliance obligations and ESG/CSR goals

Risk management

Identify and mitigate risks associated with processes, products and services, establishing plans to prevent or recover from supply disruptions or supply shortages

Time to market

Optimise supply chains to increase speed to market for time-sensitive products and services, improving competitiveness and internal/external customer satisfaction

Measure value

Go beyond price negotiations as the sole metric of success. Track metrics related to strategic synergy and adoption; revenue and the bottom line; employee, customer and supplier satisfaction; brand value; reputational risk; and ESG to name but a few

Underpinning these core principles is the ability to **proactively manage the internal changes** required for Procurement to be viewed as a value creator.

THE **NEW RULES** OF VALUE CREATION

DECONSTRUCTING VALUE

**I.
COMMIT TO
CONTINUOUS
IMPROVEMENT
& INNOVATION**

**II.
NORMALISE
DATA-DRIVEN
PROCUREMENT**

**III.
UPSKILL
WITH AI &
AUTOMATION**

**IV.
BUILD A
FUTURE-PROOF
PROCUREMENT
TEAM**

An abstract background on the left side of the page, featuring a grid of green 3D cubes. The cubes are arranged in a way that creates a sense of depth and perspective, with some cubes appearing closer and larger than others. The lighting is soft, highlighting the edges of the cubes.

I. COMMIT TO CONTINUOUS IMPROVEMENT & INNOVATION

MAKE A COMMITMENT

As discussed in the introduction, Procurement can no longer be solely focused on cost-cutting and reactive, back-office tasks. Instead, it must evolve into a proactive, strategic force that drives continual improvement and innovation.

This shift requires moving beyond traditional practices to embrace a more forward-thinking approach that emphasises strategic value and ongoing enhancement.

“How does procurement bring greater value? Continuing to expand the value proposition that procurement brings to an organisation, to the company, to the stakeholders. It’s about the total cost of ownership—which is much more than, ‘How much can I reduce the purchase price on an individual item or on an individual order’—it’s really about total value.”

Canda Rozier, ex-CPO and Procurement Evangelist, Rule 1

“Focus on value creation. Shift your focus from transactional interactions to value creation opportunities.”

Temeena Hussain, Specialist in Strategic Partnerships & Collaboration, Rule 3

SHIFT YOUR FOCUS FROM TRANSACTIONAL INTERACTIONS TO VALUE CREATION OPPORTUNITIES

“You cannot work alone, not anymore. It’s not about negotiating on price and being a cost killer—not anymore—it’s not like this. The key is to work together to have clearer guidelines, to have a really strong sponsorship, to always communicate internally, and to communicate all the success stories that you have.” Caroline Huberdeau, Global Procurement Strategist, Rule 1

“Traditional approaches tend to lack agility and fail to address complex challenges businesses face today. These approaches predominantly focus on transactional interactions rather than collaborative relationships and they tend to neglect the broadest strategic considerations that encourage long term partnership.” Temeena Hussain, Specialist in Strategic Partnerships & Collaboration, Rule 3

In terms of value creation, Procurement can actively drive continual improvement and innovation within an organisation in many ways, here are some examples.

HOW TO IMPROVE & INNOVATE

Foster supplier innovation and agility

Collaborate with suppliers to unlock their intellectual knowledge and identify new solutions and opportunities. Embracing new sources of supply, fostering supplier diversity, and building strong supplier relationships are crucial for driving innovation. Moreover, procurement needs to adopt an agile approach, constantly adapting to changing market conditions and business needs to create value.

“We’re going to need to find different ways to meet value targets because the traditional category managed approach to driving performance is going to struggle. As recession hits, business shrinks, and as business shrinks those predefined, pre-negotiated margins shrink too. The only thing that doesn’t shrink is value targets. So with that, we need to find different ways to meet the value targets.” Sheldon Mydatt, Procurement and Supplier Relationship Evangelist, Rule 3

“Go outside of your own building. Procurement is an interface between the internal needs of the company and the market, so go and talk to your suppliers.”

Pierre Laprée, Procurement Tech Strategist, Rule 3

Embrace technology for enhanced efficiency

Procurement professionals can leverage technology to automate repetitive tasks, freeing up time for strategic activities such as relationship building and market analysis. Technology enables data-driven decision-making, providing greater visibility into spend analysis, supplier performance, and market trends. By embracing tools for spend analytics, e-sourcing, and supplier relationship management, procurement can streamline processes, improve efficiency, and demonstrate tangible ROI to stakeholders.

“We have to adapt and adopt the new technologies or else we’ll never become the true business partner that I think most procurement functions are striving for.”

Jacob Gorm Larsen, Digital Procurement Evangelist, Rule 2

“In really simple terms, technology has the ability to completely change the role of procurement and transform the way we do things and how we think about them.”

Richard Nixon, Management & Tech Consultant, Rule 1

HOW TO IMPROVE & INNOVATE

Align procurement with business goals

Procurement must move beyond a siloed function to become strategically aligned with the overall goals and values of the organisation.

By aligning procurement activities with broader business objectives such as ESG compliance, risk mitigation, and innovation, procurement can demonstrate its strategic value and contribute to the long-term success of the organisation.

“You can do any project or the best negotiation ever, but if it’s not aligned with the business and you don’t have a sponsor, you will not be able to go anywhere.”

Caroline Huberdeau, Global Procurement Strategist, Rule 1

“You’ve got to constantly engage the business. It’s no good procurement once a year engaging the business, getting their objectives, going away to their Ivory Tower for a year and working on those initiatives in isolation.”

Nick Drewe, Procurement Tech COO, Rule 1

Successfully engage with stakeholders

To successfully implement procurement strategies and drive change, buy-in from stakeholders at all levels is crucial. This involves understanding the needs and priorities of different departments, communicating the value proposition of procurement initiatives, and addressing any concerns or resistance to change.

“What the pandemic did was it made people aware of how deeply embedded supply chains are in our daily living... and what’s coming down are the silos between Finance, Procurement, IT, Marketing. We’re now dealing in a world where pieces no longer are islands unto themselves but have to cohesively work together.”

Jon Hansen, Procurement Commentator, Rule 2

“Look out for how procurement is promoted internally within the business and encourage people to use procurement as a way to add value, rather than as a blocker.”

Alun Rafique, Procurement Tech CEO, Rule 2

HOW TO IMPROVE & INNOVATE

Strengthen collaboration with Finance

Often siloed, Procurement and Finance should work closely together to achieve shared goals, such as cost optimisation, risk management, and value creation. Collaboration can be about sharing data, and aligning on strategic priorities, or fully integrating tech stacks with a Source-to-Pay suite.

“It’s true that there’s not a natural link between Finance and Procurement which is strange in a way because both are trying to improve the performance of the company, trying to improve the profitability of the company they work for. But the reality is the collaboration is weak.”

Emmanuel Olivier, FinTech, Automation and AI COO, Rule 2

USE PROCUREMENT AS A WAY TO ADD VALUE, RATHER THAN AS A BLOCKER

Develop talent and skills

To become more strategic and technology-driven, it is crucial to attract and retain talent with the right skills and mindset. Rule 1 and Rule 3 covered this topic in detail, please see marketdojo.com/new-rules.

In short, to attract a new generation of professionals, procurement needs to

- Equip teams with the right tools and technology, not just spreadsheets and emails
- Provide training on new technologies, such as AI and autonomous sourcing
- Foster a culture of continuous learning through mentoring and skills development
- Create a work environment that empowers individuals to thrive by improving procurement’s recognition at board level

There will be more on building future-proof teams in Part 4.



Sourcing

SOURCING

The World's Leading [On-Demand Sourcing Solution](#)

Market Dojo's easy-to-use Sourcing software allows procurement teams to effectively manage data, minimise costs, and mitigate risk while delivering real value.

By running tenders and negotiating via on-demand automated auctions, users can identify the most suitable suppliers in the market, recognise true market value and therefore save time and money.

Learn more at marketdojo.com/sourcing



IMPERIAL BRANDS BRIDGES THE GAP BETWEEN DIGITAL PROMISE AND REALITY WITH MARKET DOJO

For years, we were in the situation where users had to adapt to the way the technology worked, not the other way around. Market Dojo is able to truly deliver on agility by having a deep understanding and extensive experience of procurement.

[Read Imperial Brand's story](#)



II. NORMALISE DATA-DRIVEN PROCUREMENT

NORMALISE USING DATA

“It’s critical that we institutionalise the use of data as our foundation for decisions.” Jacob Gorm Larsen, Digital Procurement Evangelist, Rule 2

Data-driven procurement activities are crucial for maximising value creation and demonstrating return on investment (ROI) to stakeholders.

By leveraging technology for data insights, organisations can enable smarter and faster decision-making, thereby creating a strategic advantage. But first, Procurement needs to get comfortable with using data, really understand it and make it a habitual part of the decision-making process.

“Going back to the days of the early ERP systems, data was very slow to reach the department. It would take three to six months to get data out of the ERP into the front lines and by that time the shelf life had expired. We don’t have that excuse anymore, the technology is seamless. The information is instantaneous. We just don’t know what to do with it.”

Jon Hansen, Procurement Commentator, Rule 2

PROCUREMENT BUSINESS INTELLIGENCE USE CASES:

Spend Analysis – analyse large datasets to identify areas of opportunity, track spending patterns over time, and pinpoint potential project cost-saving measures. This data-driven approach provides procurement with the insights needed to validate the correct strategies and projects whilst negotiating better deals, optimising supplier selection, and ultimately maximising ROI.

“Advanced spend analytics is about surfacing patterns in your spend data that you would not have seen otherwise.”

Pierre Laprée, Procurement Tech Strategist, Rule 3

Supplier Performance Monitoring – monitor supplier performance against pre-defined KPIs, such as on-time delivery, quality of goods, and compliance with agreements. This evaluation helps identify high-performing suppliers, address potential issues proactively, and ensure contractual and external compliance.

NORMALISE USING DATA

Contract Management – integrate BI tools with contract management systems to monitor contract compliance, track key milestones, and identify potential opportunities and risks. This allows procurement to manage contracts proactively, ensuring favourable terms are met; and competitive tenders are introduced at the right time to minimise potential losses and maximise potential savings and value creation.

Performance Tracking & Reporting – BI solutions offer robust reporting capabilities that enable procurement professionals to track their performance against strategic objectives. Visualising KPIs such as cost savings, process efficiency, and supplier diversity allows for data-driven performance evaluation, identification of areas for improvement, and demonstration of procurement's value to stakeholders.

Strategic Planning & Forecasting – analysing historical data, market trends, and supplier performance allows procurement to anticipate future needs, develop proactive sourcing strategies, and adapt to changing market conditions.

IT'S CRITICAL WE INSTITUTIONALISE THE USE OF DATA AS OUR FOUNDATION FOR DECISIONS

Additionally, developing strategies to showcase Procurement's contribution to value creation and ROI is essential for highlighting its impact and importance within the organisation today, whilst justifying future investment needs. See page 30 for examples.

“If we have done a truly data-driven sourcing process, we can present the options to the stakeholders and say, ‘If we do this scenario, this is the cost. If we do this scenario, we can save X and that could be millions of dollars extra. Are you sure you’re not willing to change and adapt if our company can benefit from it in this way?’ So, I don’t think we should underestimate the value of data (internally) when we have dialogue with our stakeholders in operations, business, finance etc.”

Jacob Gorm Larsen, Digital Procurement Evangelist, Rule 2

DEMONSTRATING VALUE

Strategies for showcasing Procurement's contribution to value creation and ROI

- 1 Develop robust business cases:** when seeking investments in technology, supply chain enhancements, or other initiatives, Procurement teams should present compelling business cases to all stakeholders, including C-suite, buyers and users. These cases should clearly articulate the 'why' behind the initiative, specifying requirements, outlining success metrics, and evaluating potential risks. Emphasise alignment with the company's strategic vision and demonstrate how the investment will yield a return.
- 2 Track and communicate value:** meticulously track and report cost savings, risk avoidance, supplier innovation and customer experience to showcase their direct impact on the bottom line. Use data and analytics to measure and visualise procurement's value creation—presenting this information in a clear and compelling manner to stakeholders.
- 3 Alignment with business goals:** connect and demonstrate impact of procurement activities to broader business goals. This involves aligning procurement strategies with key initiatives such as ESG compliance, supplier diversity, customer experience, talent management and innovation.
- 4 Highlight innovation:** contribute to innovation by actively seeking out and partnering with suppliers who offer cutting-edge solutions and technologies. Communicate success stories of how procurement facilitated the adoption of innovative products or services that provided a competitive edge.
- 5 Leverage data and BI tools:** gain actionable insights into spending patterns, supplier performance, and market trends. Employ these insights to make strategic decisions that optimise procurement processes, manage risk, and identify opportunities for value creation.
- 6 Stakeholder relationships:** cultivate strong relationships with internal stakeholders and suppliers. Regularly communicate procurement's value proposition, addressing concerns and highlighting successes. Demonstrate ways procurement facilitates agility to changing market conditions and business needs. Share the 'bigger picture' of how procurement contributes to the strategic vision, moving away from a perceived image of a cost-cutting function to a strategic partner.



III. UPSKILL WITH AI & AUTOMATION

PROCUREMENT AI

AI and automation offer unprecedented opportunities for Procurement to streamline operations and deliver efficiencies. However, it is crucial to address resistance to change within the organisation to fully unleash the benefits and instil a culture that embraces change and continual improvement.

“With any adoption of new technology, the key here is change management. Embrace the need for change management and first and foremost identify your goals and metrics of successfully implementing and adopting AI. Keep in mind that every department, discipline, role will have a different need.”

Temeena Hussain, Specialist in Strategic Partnerships & Collaboration, Rule 3

“The appetite for AI is there from a very simple perspective of competitive advantage. If you can make decisions faster than your competition, then that allows you to get ahead.”

Alun Rafique, Procurement Tech CEO, Rule 2

Examples of AI-driven procurement processes

AI-powered and autonomous sourcing: streamline many aspects of the sourcing process, such as automating request creation, bid evaluation, and supplier negotiation. This can lead to faster timelines, increased accuracy, greater transparency, and a reduced administrative burden for Procurement teams.

Enhanced integration and compliance: Ensure compliance, minimise risks, and improve supplier relationships with automated supplier onboarding and AI assisted sourcing.

AI-driven supplier support: AI chatbots can provide quick and effective responses to supplier enquiries, improving response times and freeing up Procurement professionals to focus on more complex or strategic tasks.

Assisted learning: AI can power intuitive tools that provide templates, automated prompts and award scenarios, guiding users through each stage of the sourcing workflow. This can help bridge the skills gap and expedite the procurement process.

Advanced analytics and decision support: By analysing large datasets, AI can provide predictive insights and support data-driven decision-making, enabling Procurement teams to optimise their strategies and make more informed choices. Specific applications include analysing spend data, market trends, and contractual information to identify patterns and potential opportunities.

Spend analysis and supplier discovery: AI can analyse spending patterns to identify cost-saving opportunities, improve budget allocation, and provide decision support by identifying the most appropriate suppliers based on weighted considerations of both cost and wider value.

PROCUREMENT AI

AI IS NOT MAGIC,
IT'S A TOOL

“AI is fantastic, it’s going to change technology, it’s going to change business processes, it’s going to change people’s lives. There’s no question about it.

But as always, when we talk about AI, we go way too far. We create way too many expectations just to be disappointed a few months after, and that’s already happening.

AI is not magic, it’s a tool, it does what it’s supposed to do and that’s it.

At Market Dojo and Esker, we’re trying to build technology that responds to people’s needs, with as little hype as possible, and focused on what the business requirements of the people we work for (our customers) are. And that’s our way to help the people that we work with in the Finance and Procurement departments. Technology works for people. And if people do not embrace technology, then it’s no use to anyone. It serves no purpose. So you have to get people to embrace technology.”

Emmanuel Olivier, FinTech, Automation and AI COO, Rule 2

“AI needs to take some of the more manual activity away, freeing up people to climb the value ladder; to do more of the creative engagement; to work in the nuance. That’s what we’re good at. That’s where supplier relationships flourish.”

Sheldon Mydatt, Procurement and Supplier Relationship Evangelist, Rule 3

Upskilling and preparing the workforce for technological integration with AI tools is essential to ensure a smooth transition. However, the goal is value creation, not implementing AI technology just for the sake of it.

To aid adoption, success criteria should be clearly defined, considering factors such as processes, data requirements, key performance metrics, and the necessary skills needed to optimise these new technologies.

Learn more about the [power of AI and automation for sourcing and supplier onboarding](#).



Supplier
Onboarding

SUPPLIER ONBOARDING

Accelerate supplier onboarding from weeks to days using [Market Dojo Supplier Onboarding](#)

Seamlessly integrated into Market Dojo's suite of eProcurement solutions, Supplier Onboarding is designed to support fast-paced and efficient induction of vendors.

Gain total visibility into suppliers' onboarding status to effectively manage risks and ensure compliance. Learn more about our automated supplier onboarding solution at marketdojo.com/supplieronboarding



AGGREKO ACHIEVES 'BEST IN CLASS' SUPPLIER ONBOARDING WITH MARKET DOJO

Within months, we migrated 8,500 existing suppliers and onboarded 3,000 new ones. We also migrated 55,000 documents which provided comfort to stakeholders in knowing that they hadn't lost the last four years of work.

[Read Aggreko's story](#)



IV. BUILD A FUTURE-PROOF PROCUREMENT TEAM

PEOPLE POWER

Attracting, maximising value creation and retaining top talent is crucial for Procurement's success in the Age of Intelligence.

To achieve this, Procurement teams must first identify the skills and mindset needed for future success. This involves focusing on upskilling current employees while also attracting new talent with the requisite skills and mindset.

Fostering a culture of continuous learning is essential for building a future-proof procurement team. Such a culture might include providing ongoing training opportunities, encouraging professional development, and promoting a learning-oriented environment.

Here are some examples of how to foster a culture of continuous learning.

- Implement a strategy that prioritises talent development and skills acquisition
- Provide employees with training opportunities focused on new technologies
- Invest in equipping employees with the latest procurement technology tools and training such as AI-powered and autonomous sourcing tools (to streamline and free up people's time spent on manual, repetitive tasks) and spend and category management solutions (to give teams data-driven visibility into spending and procurement activities facilitating more informed decision-making)
- Empower and provide career opportunities for Procurement professionals, for example talent development programmes and mentoring initiatives
- Cultivate a positive, diverse, and supportive work environment that values employee contributions and celebrates both individual and team accomplishments

CUSTOMER ADVISORY BOARD (CAB)

Market Dojo is committed to providing our customers with tools that optimise value delivery and make their lives easier... and there's no better evidence than the fact that 80% of our product roadmap is led from customer innovation projects.

Recent examples have been the release of AI questionnaires and automated online negotiations.

This new AI functionality is just the beginning of the impactful applications and limitless potential we envision for the future of sourcing automation.

To find out how to join Market Dojo's CAB, speak with your Account Manager or visit marketdojo.com

80%
**OF OUR PRODUCT
ROADMAP IS LED BY
CUSTOMER INNOVATION
PROJECTS.**

**SHAPE THE FUTURE
OF PROCUREMENT AI**



JOIN THE MOVEMENT
**BECOME A
CHANGEMAKER**



GENERATE **YOUR** VALUE CREATION MODEL

Now it's over to you...

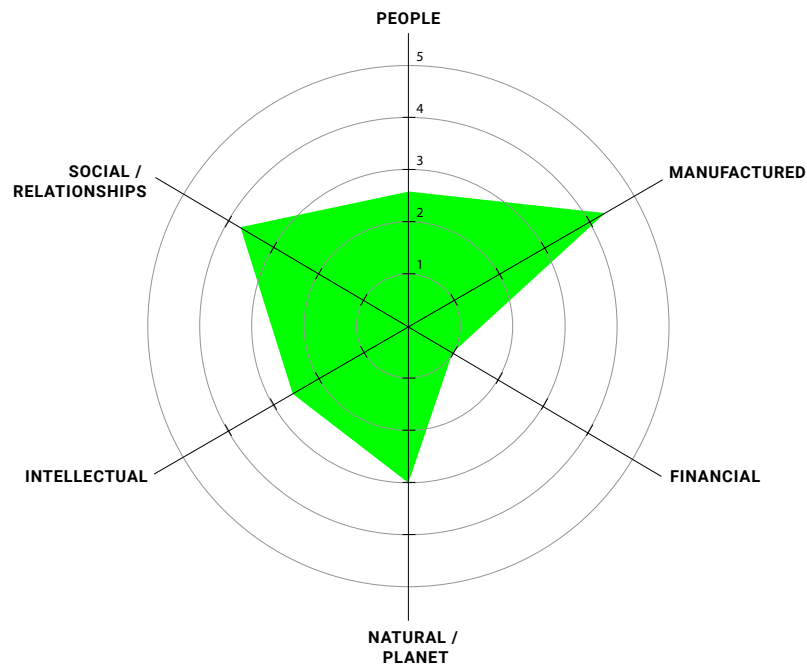
Your next step is to evaluate and benchmark your value creation maturity.

Read on for details on the online New Rules Benchmark Assessment tool.

HOW TO ASSESS **YOUR** VALUE

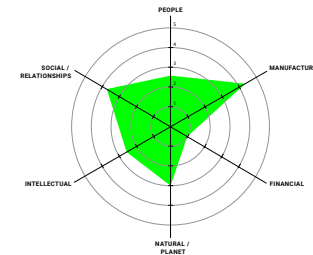
Discover how your procurement function measures up across six key value creation dimensions (shown below). Unlock new opportunities for growth and business value.

Take the online benchmark assessment and receive a personalised report with tailored insights, conclusions, and actionable recommendations to enhance your procurement performance.



BENCHMARK ASSESSMENT RESULTS

Below is a summary of your results. We have emailed you a comprehensive report.



Your overall score is

56%

You are **Maturity level 2 / Builder category**
Builders are categorised as having a moderately mature Procurement function with successful sourcing processes in place and a strong vision for an enterprise-wide system.

[DOWNLOAD REPORT](#)

CONCLUSION

Your assessment shows that your procurement function is making good progress, with established processes and strategies in several areas. However, there is still significant room for growth to achieve full maturity.

While you've implemented basic technologies and strategies, further refinement and deeper integration are necessary to fully align your procurement function with your organisation's strategic goals.

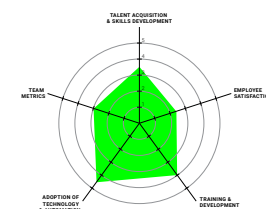
To advance to the next level, consider expanding your use of advanced procurement tools from Market Dojo. These tools can help you optimise efficiency, enhance supplier relationships, and drive greater innovation and sustainability.

By focusing on continuous improvement and leveraging Market Dojo's solutions, you can move closer to a fully mature procurement function that consistently delivers value and drives competitive advantage.

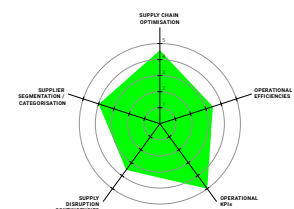
VALUE SCORES

Detailed breakdown of your individual value scores for each assessment measure

PEOPLE INPUTS



MANUFACTURED INPUTS



ARE YOU READY?

THE NEW RULES

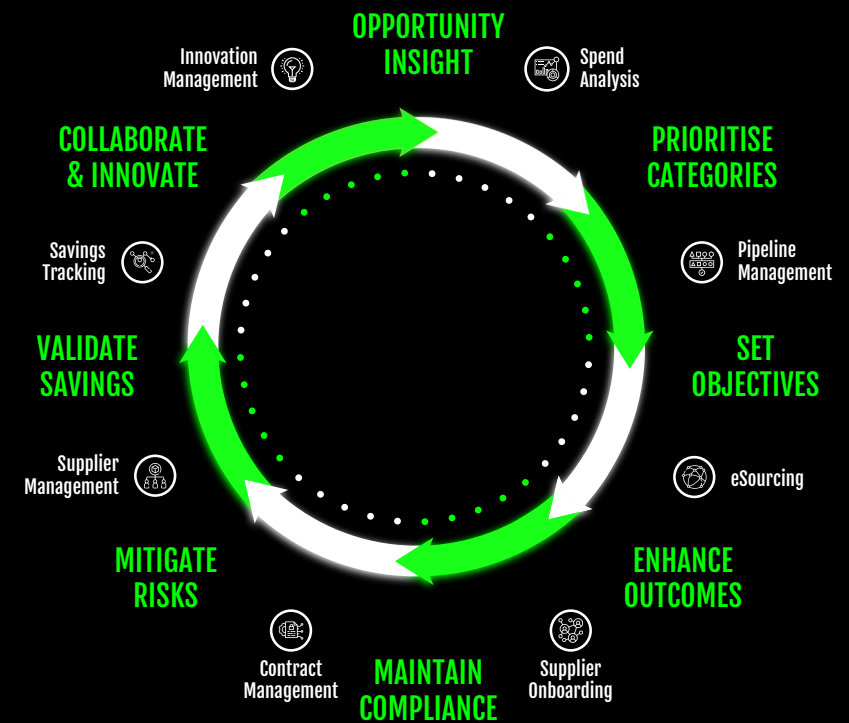
BENCHMARK ASSESSMENT

ACCESS NOW

NEXT STEPS

8 SIMPLE STEPS TO CONNECTED, AUTOMATED STRATEGIC SOURCING & SUPPLIER PERFORMANCE

- 1 Evaluate your sourcing strategy** to define market risk and opportunity with MD Opportunity Analysis.
- 2 Access competitive markets** with MD's integrated best-of-breed partner marketplace for Supplier Discovery.
- 3 Rapidly Go-To-Market**, ensure the best price and drive adoption. Leverage intuitive AI driven RFx, eAuctions and Quick Quotes with MD Sourcing.
- 4 Seamlessly Onboard Suppliers** fast to accelerate time to value and robustly screen for compliance and ESG with MD Supplier Onboarding.
- 5 Effortlessly manage your Contract Lifecycles**, align policy and ensure opportunity value is not missed with MD Contract Management.
- 6 Centralise and maintain data integrity**. Track supplier performance and risk whilst ensuring resilience, diversity and ESG success with MD Supplier Management.
- 7 Evaluate savings and performance**. Leverage predictive analytics and powerful actionable data to make smarter, faster decisions with MD BI Reporting.
- 8 Collaborate to innovate**. Refine, enhance and respond to the ever-changing markets with MD Supplier Innovation.



GO DEEPER - CONNECT S2P VALUE

LEVEL UP

Coming soon...

THE NEW RULES

Benchmark Assessment Results!

Measure procurement maturity and value creation with industry peers.

[Register here to join the movement](#)

Want support in fast tracking your transformation journey?
Speak to our procurement professionals or simply self serve with our intuitive range of procurement best-of-breed tools.

Visit marketdojo.com to book a demo or create an account to try out the solutions for yourself.

“Market Dojo lead the market in on-demand eSourcing and supplier management”

“Fantastic company to work with great software and an extremely knowledgeable and friendly team in support.”

“The products are designed in such a way that they are very easy to set up and use. We have successfully used the product with both SMEs and big multinational companies.”



DO YOU HAVE WHAT IT TAKES TO BE A CHANGEMAKER? JOIN THE MOVEMENT.

marketdojo.com/new-rules

info@marketdojo.com

Created by procurement experts for procurement experts, Market Dojo's mission is to democratise technology to help procurement teams of all sizes accelerate value creation, access decision ready data, mitigate risk and strengthen supplier relationships.

Our **on demand**, accessible, leading edge procurement tech rapidly evolve procurement from a reactive, back office function to a proactive, strategic enterprise resource.



marketdojo.com