E-Procurement
Lessons Learned

Key stakeholders from four different companies share their procurement automation experiences and insights.
“A little experience upsets a lot of theory.”

– SAMUEL PARKES CADMAN

When it comes to leading a procurement transformation initiative, there is no substitute for experience. The Shelby Group would like to express its sincere appreciation to each of the client executives who shared insights and experiences from their journey to procurement automation for this publication.

As leaders of change within their respective organizations, Scott Whitehill of Blackstone, Todd Dooley of H&R Block, Dale Welcome of World Vision and Leslie Townsend of Edwards Lifesciences each developed a vision for the role that e-procurement could play in addressing unique organizational challenges and opportunities. Just as importantly, they each built the stakeholder alliances and the infrastructure needed to translate their vision into reality.

The procurement discipline has long suffered from an image problem. It is still seen by many as a cost management function. However, Todd, Scott, Dale, Leslie and many others who share their passion are changing the image of procurement. By addressing fundamental business issues such as operational efficiency, competitive advantage and bottom-line profitability, today’s procurement and supply chain leaders are catalysts for change and strategic enablement. They see their domain as not just managing the flow of transactions, but as optimizing the exchange of value between buyers and suppliers to improve organizational effectiveness.

At The Shelby Group, we see procurement as a journey. We hope that the experience-based insights in this publication help make your procurement journey more productive and rewarding.
Increasing the global scalability and efficiency of procurement operations at Blackstone

Scott Whitehill is SVP of Finance at Blackstone (NYSE:BX), an alternative asset management company based in New York City. The firm has more than 2,200 employees in 20 offices worldwide and manages more than $370 billion in assets for public and corporate pension funds, as well as academic, cultural and charitable organizations.

In 2014, Blackstone embarked upon a procurement transformation program designed to increase spend visibility, automate manual processes and drive smarter spend management across the company’s global operations.

Whitehill, who led the procurement automation initiative, knew that stakeholder buy-in was critical to success. “Our goal from the outset was to help deal professionals spend less time processing paper and more time making decisions based on the increased spend visibility we can obtain through the P2P platform,” he said.

The project has been an overwhelming success, with significant annualized savings, more than 90 percent of invoices received electronically and mobile-enabled approval workflows for traveling executives. According to Whitehill, “We are processing more, lowering our costs to get it done and we now have more scalable, efficient processes that enable growth.”

SCOPING & ANALYTICS: For each business unit, the team identified ways to reduce the friction, hassle and delays associated with manual processes and approvals. The analytics tool exposed opportunities for savings through volume discounts and strategic sourcing.

SUPPLIER MANAGEMENT: Building an accurate database of supplier information was one of the most time-consuming and difficult tasks. However, once this was completed, vendors quickly embraced the new system because it provided clear and immediate benefits.

CHANGE MANAGEMENT: Champions were selected within each business unit to facilitate communications and take part in a train-the-trainer program. A firm-wide communications campaign was combined with frequently held training sessions to ensure broad awareness and participation. Reference cards were also distributed with easy-to-follow instructions.
Todd Dooley was the VP of Operations and Productivity at H&R Block, a global consumer tax services provider that has prepared more than 680 million tax returns since 1955. H&R Block has approximately 12,000 company-owned and franchise retail locations in all 50 states, Puerto Rico and other U.S. territories, and on U.S. military bases around the world. An H&R Block-branded retail office is located within five miles of most Americans.

In 2016, Dooley launched a procurement transformation strategy to improve operational readiness at each of its locations, 80% of which are seasonal and staffed by over 80,000 employees. The program involved moving from a distributed procurement model, where every business owner follows manual processes for ordering everything from forms to window banners, to a centrally managed system that anticipates the unique needs of each office.

The project team utilized demand forecasting and predictive analytics to pre-populate bulk orders that will deliver 500,000 line items to field offices within an eight-hour window. The system, which went live in 2017, enables field offices to provide input to orders, while driving spend to controlled, pre-sourced pathways.

According to Dooley, “Our solution greatly simplifies life for the buyer, speeds time to tax season readiness and will drive significant savings over the next three years.”

**E-Procurement Lessons Learned at H&R Block**

**STAKEHOLDER ENABLEMENT:** Saving time and making life easier for field buyers, while enabling them to edit and approve pre-populated orders, were crucial factors in ensuring accountability for bringing spend under management.

**“KNOW ME” CONCEPT:** A proactive approach to demand forecasting, called “Know Me,” uses analytics to anticipate the unique needs of each field office to pre-populate orders that can be modified by field personnel, as needed, in the review and approval process.

**IMPACT AND VALUE:** By creating an intuitive tool that helps seasonal workers make sure they have what they need to service clients, the team increased field office accountability while driving savings through pre-sourced pathways.
Transforming global operations to empower people out of poverty at World Vision

Dale Welcome is the director for e-procurement at World Vision, a Christian humanitarian organization conducting relief, development and advocacy activities in nearly 100 countries. The organization helps build brighter futures for children, their families and communities by empowering people out of poverty.

In 2015, World Vision began an initiative for transforming global procurement and supply chain operations in 70 countries to improve the efficiency and effectiveness of its humanitarian operations. With an annual spend of more than $600M, World Vision operates under extreme conditions in remote, impoverished and imperiled regions where the acquisition of goods and services to support its work requires navigating myriad logistical, communications, transactional and bureaucratic challenges. Overcoming these challenges speeds relief efforts and is vital to World Vision’s mission.

With 30 countries live on the platform in 2017 and 33 more slated for 2018, the program has generated impressive results. These include a 32% improvement in PR to PO cycle times and a 17% improvement in invoice processing times. Commenting on the success of the program to date, Welcome says, “We’re turning procurement operations into a powerful business enabler that accelerates our delivery of vital humanitarian relief and meets donor expectations for greater transparency, efficiency and trust.”

E-Procurement Lessons Learned at World Vision

**STRATEGIC ALIGNMENT:** World Vision’s federated business model is both a challenge and an opportunity. Making the business case to each country requires understanding the needs of stakeholders and demonstrating concrete business benefits to incentivize participation.

**ROLLOUT STRATEGY:** Each country rollout consists of a carefully managed set of milestones and change management activities to be completed before the scheduled go-live date. Analytics are used for measuring countries against peers to facilitate, manage and evolve program adoption.

**GLOBAL PROCUREMENT CORE:** Standard processes and configurations were designed to achieve strategic global objectives. Support functions include in-country implementation, hands-on training and an online portal that serves as a one-stop shop for users.
Simplifying spend management to enable innovation and global growth at Edwards Lifesciences

Leslie Townsend is VP for Global Internal Audit at Edwards Lifesciences, the global leader in patient-focused medical innovations for structural heart disease, as well as critical care and surgical monitoring. Driven by a passion to help patients, the company collaborates with the world’s leading clinicians and researchers to address unmet healthcare needs, working to improve patient outcomes and enhance lives.

The Edwards procurement initiative came from comments in an employee engagement survey in 2016. Compliance with internal requirements for indirect spend had become complicated and contrary to Edwards’ culture of innovation.

This procurement initiative was created to ensure a tenacious reinvention of procurement operations. Townsend said, “moving from a non-P.O. state to a ‘no-P.O., no-pay’ state affected all levels of the organization and our entire indirect supply chain.” Sourcing, due diligence, AP, and contract and supplier management functions were automated for almost all categories of indirect spend.

The U.S. and Europe went live on the new platform in mid-2017 with Asia and Latin America scheduled for year-end. Townsend sums up Edwards’ strategy as follows. “We’re transforming procurement to create efficiencies, value and cost savings that will ultimately drive increased investment in R&D to benefit our patients and shareholders.”

E-Procurement Lessons Learned at Edwards Lifesciences

**Simplify:** The team reduced 87 steps required for contract- or P.O.-based spend to approximately 10 automated steps or processes on the new e-procurement platform. A new global $100 self-authorizing spend policy was implemented along with integrating supplier due diligence, amongst other enhancements.

**Dream Big:** Setting auspicious goals for the transformation initiatives that were deeply rooted in Edwards’ patient-focused culture was critical to getting internal stakeholders’ support and vital to maximizing the value created through partnerships with key suppliers.

**Expect Surprises:** The initial U.S. launch date was delayed 30 days in order to enhance support for training, stakeholder engagement and change management. The opportunity to proactively estimate taxes concurrent with P.O. issuance wasn’t in the initial project plan, but proved to be an efficient way to improve forecast accuracy and reduce back-office burden.
Accelerate procurement success with platform-enabled solutions from Shelby

Procurement departments everywhere face a common challenge. How can you increase transparency, control and compliance in order to deliver measurable business benefits to your organization? Today’s cloud-based procurement platforms offer powerful and flexible tools to integrate best practices into daily operations. However, a low utilization of features and misalignment with business processes can negatively impact your success.

The Shelby Group is the global leader in platform-enabled procurement optimization. With hundreds of platform implementation and support engagements to our credit, Shelby can help accelerate your success through each step of your journey with Platform Implementation, Program Optimization and Procurement Operations solutions.