

# Branding Procurement to Improve Communication, Increase Spend Influence

By Robert Derocher and Laura Gibbons

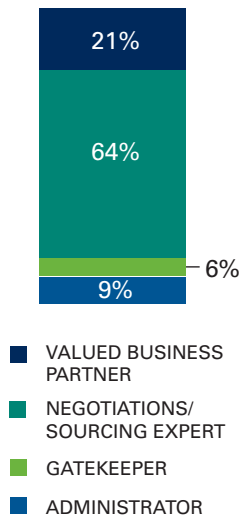
## Executive Summary

According to Hackett Group data, 62% of procurement organizations are currently conducting a brand transformation to raise awareness of their crucial role within the enterprise and with suppliers. Successful approaches to branding incorporate understanding the needs and expectations of stakeholders, developing the elements of the brand identity, communicating the message in ways tailored to different audiences, and keeping stakeholders engaged in the process and after the brand launch.

## Procurement Organizations Struggling to Communicate Their Value Proposition

Although many procurement organizations are capable of acting as trusted business advisors, most are still viewed only as sourcing experts (or worse, as gatekeepers and administrators). Just 21% of procurement organizations are viewed as valued business partners by their stakeholders (Fig. 1). One reason for the misalignment is that procurement leaders struggle to communicate their capabilities. Lack of communication with internal customers, suppliers and their own employees can cause confusion or lead to incorrect assumptions of what procurement can and cannot offer.

**FIG. 1 Role of procurement in supporting business**



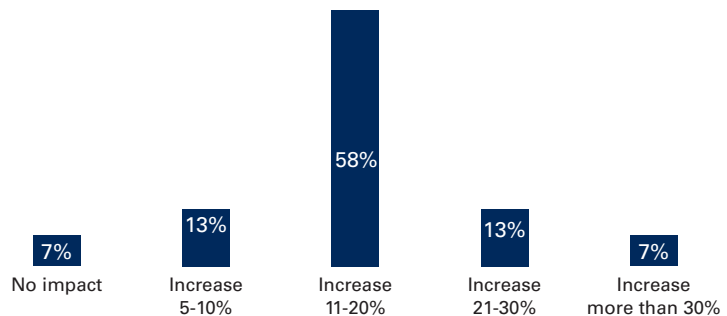
Source: The Hackett Group, 2016

## The Benefits of Branding

Branding can be an important step toward enabling a smooth-running procurement operation. Without it, the full potential of a transformation or leadership change can be difficult to achieve. The greatest benefits of branding are:

- Internal customers and stakeholders are clear about the scope of services provided by procurement and the service levels that can be expected.
- The business engages with procurement earlier, enabling end-to-end support stretching from budgeting/forecasting, requirements identification, RFP development, sourcing preparation and negotiations to contract implementation. Further, 78% of organizations estimate better brand awareness would increase spend influenced by over 10% (Fig. 2).

**FIG. 2 Estimated effects of brand awareness on spend influenced**



Source: Procurement Leadership Forum, The Hackett Group, 2016

## Basics of branding

The Hackett Group has compiled a list of principles based primarily on two reports: *The Basics of Branding* (Entrepreneur) and *Twelve Principles of Great Brand Design* (Forbes, 2014). While there are many elements to evaluate, below are key activities procurement organizations should consider in order to build and sustain a strong brand:

1. Develop a distinctive logo.
2. Create a “voice” for the organization that reflects its brand.
3. Develop a tagline that succinctly summarizes procurement’s brand promise.
4. Design templates and create brand standards for marketing materials.
5. Be consistent and true to the brand in everything the organization does.

Successful procurement organizations go to great lengths to build a compelling brand image, supported by a well-defined vision, services that exceed internal customer expectations and a formal measurement program to ensure ongoing improvement. If these steps are not taken, procurement groups can plateau in their operational efficiency and effectiveness despite having the capabilities to operate at a much higher level.

## Steps and Considerations When Launching a New Procurement Brand

Defining a brand is an important concept for procurement organizations because it makes their purpose and identity more comprehensible for stakeholders. The process starts by understanding who these people are and what the organization has to offer them.

Below are four key steps that make up a successful procurement brand, supported by ongoing internal input (Fig. 3).

**FIG. 3 Four key steps to branding procurement**



Source: The Hackett Group

### 1. Understand the key areas of importance for stakeholders

The procurement brand should highlight procurement’s desire to support its stakeholders and its ability to act as a valued business partner. This means having a solid understanding of what is important to stakeholders. For example, they might want more help with negotiations, identification of new suppliers, spot buying, or reporting. Most often, they just want procurement to excel at delivering basic services.

An important step in this process is to open the lines of communication directly with stakeholders. Face-to-face conversations with executives and upper management will help identify and better understand their needs. Similarly, survey questionnaires will help procurement with the big picture of where gaps in its services are and what stakeholders want from procurement. Once the main focus areas are clear, follow-up conversations can help obtain more detailed descriptions of needs. For instance, with reporting, stakeholders might be looking to have on-demand access to detailed reports on spend, transaction volumes and error rates.

### 2. Define process details and procurement’s new role

This is the time to clearly define the roles and responsibilities of procurement and make this information easily accessible to both the procurement group and its stakeholders. Start by developing a clear vision and simple set of guiding principles to communicate the goals of the organization. Other activities include:

- Develop mission statement, vision, values and goals to define procurement’s new role.
- Delineate the support services that procurement provides to internal customers; ensure these align to their needs and requirements.
- Provide clear definitions of the activities and tasks performed for each support service, along with the service levels provided (e.g., cycle time, error rates).
- Determine the business segments and departments that procurement can support.
- Match existing staff and their skill sets to procurement’s services.

### **Activities that facilitate the partnership relationship**

While this list of practices to excel in will vary by organization, common goals include:

- Increasing responsiveness and agility.
- Honing client-facing skills.
- Aligning procurement scorecards with stakeholder success metrics.
- Streamlining the buying experience.
- Designing the organization to support stakeholders.

### **3. Create marketing materials and release initial communications**

In this stage, procurement matches the desired stakeholder experience with its future behaviors. Since people respond differently to various methods of communication, consider creating an “omnichannel,” personalized stakeholder experience to allow broad access to the procurement process; make it possible to buy or pay from any location and get real-time information. Common activities include:

- Develop a new brand identity and a logo if one is desired.
- Determine the way communication with internal customers and stakeholders will be handled, such as email, phone and in-person support.
- Deploy an intranet portal that lets internal customers communicate with procurement and conduct self-service activities. Consider setting up a similar site for suppliers.
- Develop marketing materials for various stakeholder groups, making certain that overall messaging is consistent.
- Define and document related changes to the organization, such as new employee titles.

It is important to avoid reinventing the wheel in this stage. Build on brand elements of the enterprise, tailoring different attributes for procurement’s needs. This prevents confusion caused by conflicting brand messages and also limits added work. Because the nature of these activities is creative, be sure to seek input from marketing or from the appropriate internal resources. For example, if branding goals include appealing to millennial workers, consult with some of them when developing these materials.

### **4. Engage and communicate with all stakeholders regularly**

Multiple channels of communication should always be open for both internal customers and suppliers to reach out, get questions answered, or further develop the relationship. There are various ways to engage with stakeholders, not all of which make sense for every company. Some of these activities include:

- Face-to-face road shows with business executives, such as ongoing conference calls or one-on-one calls.
- Face-to-face road shows with middle management/operations followed by regular calls to ensure procurement is meeting objectives.
- Email distributions on a regular basis that include policy updates and metrics showcasing procurement’s performance.

### **Begin and End the Branding Process by Gathering Continued Internal Buy-In**

Procurement employees should be involved very early in the brand-development process. Including them will increase their enthusiasm for changes, making them more likely to deliver results. While this might be a subtle step in the process, it is crucial for success. The key to an effective internal branding strategy is to start by considering staff and how best to work with them.

## About the Advisors

### Robert P. Derocher

*Principal, Sourcing & Procurement Practice Leader, Strategy & Operations Consulting*



Mr. Derocher has over 22 years of consulting experience, working with Fortune 1000 clients in the areas of operations improvement, sourcing and procurement, supply chain, merger integration and cost optimization. He was previously a partner with KPMG and Deloitte Consulting in their Business Improvement practices and a co-founder of Archstone Consulting (acquired by The Hackett Group in 2009). He is the author of a number of publications on business-to-business procurement and supply chain topics.

### Laura Gibbons

*Research Director, Procurement Executive Advisory Program*



Ms. Gibbons has industry and consulting experience in areas such as purchase-to-pay, strategic sourcing, payment strategies, manufacturing operations, economic impact analysis, and organizational and process design. She previously worked in The Hackett Group's Strategy & Operations consulting practice, where she specialized in sourcing, procurement and supply chain. Before joining The Hackett Group, Ms. Gibbons served as Strategy & Operations Associate at Groupon.

The Hackett Group (NASDAQ: HCKT) is an intellectual property-based strategic consultancy and leading enterprise benchmarking and best practices implementation firm to global companies. Services include business transformation, enterprise performance management, working capital management, and global business services. The Hackett Group also provides dedicated expertise in business strategy, operations, finance, human capital management, strategic sourcing, procurement and information technology, including its award-winning Oracle EPM and SAP practices.

The Hackett Group has completed more than 11,000 benchmarking studies with major corporations and government agencies, including 93% of the Dow Jones Industrials, 86% of the Fortune 100, 87% of the DAX 30 and 52% of the FTSE 100. These studies drive its Best Practice Intelligence Center™, which includes the firm's benchmarking metrics, best practices repository, and best practice configuration guides and process flows. It is this intellectual capital that enables The Hackett Group's clients and partners to achieve world-class performance.



Email: [info@thehackettgroup.com](mailto:info@thehackettgroup.com)  
[www.thehackettgroup.com](http://www.thehackettgroup.com)

Atlanta +1 770 225 3600  
London +44 20 7398 9100  
Sydney +61 2 9299 8830

Atlanta, Chicago, Frankfurt, Hyderabad,  
London, Miami, Montevideo, New York,  
Paris, Philadelphia, San Francisco, Sydney,  
Vancouver