



# Collaborating produces better procurement results

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Too many people talk about cost savings as the core measure of procurement value, but increasing revenue and decreasing expenses are just table stakes. What is more important is to understand and support the top goals and objectives of the business you are supporting. If they need speed, you need to be fast. If they need quality, you need to ensure your suppliers are delivering quality. If they need innovation, you need to foster innovation and flow of ideas from your suppliers.

If procurement isn't aligning its activity with company goals, then you must ask, "Why does procurement exist?"

These needs will change over time. Startup organizations need speed and growth. So, early stage procurement teams should do everything possible to avoid friction, add speed, stay out of the way, and 'clean up the mess.' As organizations mature, growth and speed begins to be balanced with a growing business requirement for controls. One of these critical controls focus for the business is to mitigate supplier and other third-party risks. With GDPR and CCPA, even small organizations need to understand and manage these risks. For many reasons, it's unwise to allow departments and employees to make supplier decisions without proper reviews and approval. The risk of a data breach or violation of privacy law is a serious consideration for companies of every size. This has pulled forward the need for all companies to do a better job reviewing the risks suppliers bring to their business.

Often each of these risk teams reaches out to suppliers individually with questionnaires that suppliers must complete. It's not uncommon to have three to five teams in the company reaching out to the supplier to gather initial data and business information.

Not only is this confusing and frustrating to suppliers, but it's also very difficult for any participant in the process to keep track of what's happening. These layers of separation can cause significant delays in supplier onboarding. It is not uncommon for risk teams to have three months or more backlog. Since businesses can't halt operations, requesters and project managers begin working with suppliers before the procurement process is complete, without properly evaluating risk.



Rather than accept this lack of process, procurement teams, risk teams, and suppliers must work together. By using a single onboarding platform, risk teams can easily see the full scope of suppliers being used across the company. They can get involved early in the consideration of using a new supplier. Procurement teams can view key risks when evaluating potential suppliers. Together, these cross-functional teams can monitor risk over time along with the completion of supplier risk-remediation. This also brings the requester into the process of understanding and mitigating the risks 'their' supplier brings to the company.

Nirvana you say? Sure, but it is possible. It simply requires a commitment to collaboration. And, of course, all this is simplified with a great technology solution. Here are the key components the solution needs to make this work:

## Dynamic questionnaires

You shouldn't require your suppliers to spend their time answering questions that are irrelevant to their business. Nor should you be wasting time sending, reading, and processing irrelevant answers. You need a quick and easy way to determine what data and documents are required for a particular supplier situation and only ask the supplier what you truly need to qualify, evaluate risk, and onboard. As teams automate information gathering, the first mistake is to err on the side of extra caution. It's easy to ask lots of questions, and if it's helpful or interesting, teams add an excessive amount of questions to standard reviews. But later, when you look at the review process, you're only reviewing a portion of the data and documents. STOP. Start with zero questions and only add a question if it's absolutely necessary.



There are two dimensions to this. First, knowing more about the supplier in advance allows you to modify the depth and breadth of the onboarding survey, based on information like spend-category, region, expected spend, expected use, and scope of any shared data or IP. Second, questions presented to the supplier should adapt dynamically as each question is answered. Nested questions should be hidden and only displayed if relevant based on the supplier's answers. While this sounds simple, many companies use static forms that require the user to wade through intimidating and confusing surveys.

## One-time ask for data and documents

Required documents from separate teams should be gathered once but contextually displayed where needed for review.





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### **Automated risk reviews**

With basic information from the requester and supplier, your company-specific algorithm should easily identify low-risk cases and filter them out of the process. This allows your risk teams to focus limited resources where it matters most. At the same time, it's important to document this initial filter and automated review. You need to clearly demonstrate that you are evaluating risk across 100% of your suppliers. Not just the 20% that have been determined to be higher risk.

As your risk teams review supplier data and documents, they need to be able to engage directly with suppliers through the platform. Follow up questions and answers are important evidence of the work completed. That evidence helps 'tune' the risk dials but is also critical for internal or external audits and investigations. When things go wrong, it's critical to have a comprehensive view of the reviews and decisions to allow for effective continuous improvement to identify and mitigate risks.

### **Continual but easy risk reviews**

To adequately manage risk, suppliers need to be rescreened at regular intervals based on the risk they represent. However, this needs to be easy—suppliers shouldn't start from scratch and risk reviewers should have quick and easy access to previous reviews and risk remediations.

Having a history of supplier data changes, along with supplier messages, is critical for a quality audit trail, as well as to recognize changes in data or patterns that could indicate potential fraudulent changes.

## Collaboration tools to support cross-team efforts

Your process should support easy back-and-forth messaging, internal notes, and reminders to keep data and documents up-to-date. When procurement has early visibility to changes in supplier risk profiles or can see a lack of supplier engagement on remediation tasks, they may choose to block the supplier, hold POs, or hold payment. By working closely with procurement, the risk team has leverage to get suppliers to provide updated information or to take required action to mitigate risk. This simple alignment between risk and procurement is in direct support of core business success.

When procurement and risk teams work in the same platform these triggers, signals, and reminders can easily flow back and forth, with efficiency gained through automation. This makes it easy for procurement teams to communicate and engage with suppliers in a unified way with risk teams, and vice versa.

## One team. One voice. Much better results.

Everyone understands intuitively that working together is a good idea. As procurement and risk teams interact with suppliers, working together makes all the difference. Unfortunately, that level of collaboration isn't always natural or easy. But an automated solution that addresses the individual needs of each function as well as optimizes collaboration between the teams will help get you there.

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Curious to find out how graphiteConnect can help your company create robust collaboration between procurement, suppliers and your risk teams? Please reach out to us and our sales team at [contact@graphiteconnect.com](mailto:contact@graphiteconnect.com) or at (385) 484-8741. We're happy to lend our years of procurement experience to assist you in reaching your goals.

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