

Sourcing Management

Organizing Demand and Key
Information



Agenda

- Meeting the Challenges
- Public Frameworks
- Demand Management Organization
- 5 Steps Model
- Practical Approach
- Conclusions

Meeting the Challenges



Meeting the Challenges

- **Strategic Control**
 - Maintain agility
 - Safeguard future developments
 - Chosen dependency level
- **Steering**
 - Plan and manage the conditions to realize sourcing objectives within the constraints of strategic control
- **Delivery**
 - Plan and manage delivery of services and issue resolution
- **Closure**
 - Manage Service Transition points to correctly terminate services and / or service delivery

Public Frameworks



Public Frameworks exist, but ...

- **Public Frameworks**
 - ISPL: Information Systems Procurement Library
 - European Framework
 - Focus on “Sourcing Project”
 - “Light” on Sourcing Management
 - E-SCM: e-Sourcing Capability Model
 - Maturity Based Approach (CMMI – Carnegie Mellon)
 - Sound approach on capabilities
 - Lacks detail for implementation
- **Conclusion**
 - Public Frameworks are important input, but lack global consistency
 - DMO & 5 Steps Model are General Frameworks wherein public frameworks find their place (Umbrella Approach)

Demand Management Organization D.M.O.



DMO: The Model



DMO: Strategic Control

- **Objective**
 - Define and agree on critical survival elements for value creation
 - Formalize Corporate Strategic Input into tangible Sourcing Criteria
- **Content**
 - Supplier Portfolio: generic selection criteria
 - Financial Policy: financial decision drivers
 - Sourcing Strategy: Lots & Cluster Policy
 - IS Architecture: basic constraints and knowledge management



- Objective
 - Plan and Manage information ensuring correct delivery of Services
 - Define and provide techniques and methods for delivery
- Content
 - Requirements Management: functional conditions of satisfaction
 - Scope Management: boundaries of accountability
 - Service Planning: quantitative planning
 - Process Alignment: coordination agreements
 - Service Level Management: KPI's and improvement



- **Objective**
 - Monitor and Control effective delivery of services
 - Manage the power to intervene to facilitate solutions
 - Manage User relationships
- **Content**
 - Operational Alignment: manage escalations
 - Service Review and Adaptation: continual improvement
 - Complaint Management: manage service exceptions
 - Request Management: manage user exceptions
 - Audit & Evaluation: verify organizational ability



- **Objective**
 - Manage transitions in Supplier and/or Contractual relations
 - Close Down correctly service supply, including knowledge and competencies transfer
- **Content**
 - Settlement: manage termination with supplier, including property rights, knowledge and competencies
 - Service Ending: manage termination of service with business and users (optional: providing guidance to new services)



DMO: Techniques

Scope: Lots & Clusters

- Technique for analyzing accountability units and deciding about “clusters” of accountability
- Visual representation
 - Horizontal: service lifecycle (or more detail)
 - Vertical: business and / or technical service domains

Process Alignment

- Technique for clarifying relationships between actors, activities and their role in processes
- Options
 - RACI and variants
 - Service Impact Analysis
- Links with Scope (Lots & Clusters)

5 Steps Model

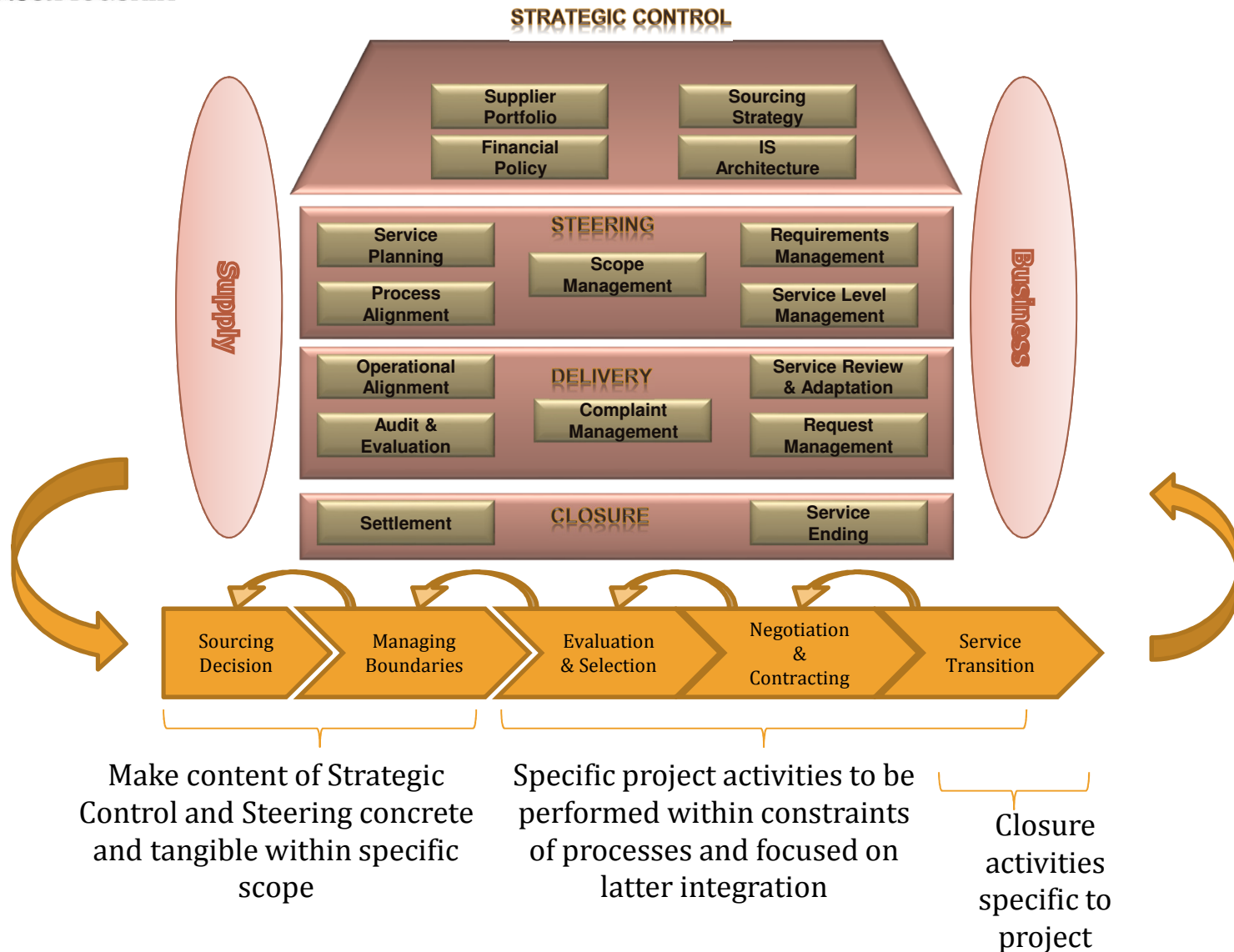


Overview 5 Steps Model

- **Objective**
 - Provide (project specific) guidance for managing outsourcing projects
 - Step-stone for sound quality management
- **Why a specific Steps Approach?**
 - Scope, criticality or change of some outsourcing moves are justifying / requiring specific management attention
 - Specific activities need to be performed, requiring specific (additional) resources



D.M.O. with the 5 Steps Model



Practical Approach

Situation Dependent Proposals



- Outsourcing Project
- Proposal
 - Application 5-Steps Model
 - Quick Assessment
 - Getting control on the actual situation
 - Avoiding double-work: re-use existing
 - Complete management or assistance, as desired
 - Optional services
 - Economic benchmarks
 - Legal support

- Specific issues with a supplier
- Proposal
 - Assessment & Root Cause Analysis
 - Strategy Decision (advice)
 - Getting control with the actual supplier
 - Implement a policy to structurally change
 - Complete management or assistance, as desired
 - Optional services
 - Economic benchmarks
 - Legal support

- Cost-effectiveness and control on Vendor relations and procurement
- Proposal
 - Economic & Maturity Assessment
 - Demand & Procurement Management
 - Economic & administrative processes
 - Financial Impact
 - Definition of Quick-Wins and structural improvements
 - Guidance on implementation and continual improvement

Conclusions



- Sourcing Management is a profession which needs to be organized and gradually win in maturity
- Process Models help acquiring maturity serving as reference basis
- D.M.O. and the 5 Steps Model are integrated process models, covering the complete sourcing area
- Both models are complete and comprehensive representations of Sourcing organizations, based on public practices
- Demets&Heuskin can boost your procurement performance by implementing sound demand management translated into effective procurement

Questions & Answers





Contact



www.demetsheuskin.eu

BRUSSELS

Bergensesteenweg 421
1600 Sint-Pieters-Leeuw
+32 2 333 80 40

LUXEMBOURG

2 Route d'Arlon
8399 Windhof
+352 26 44 17 92

PARIS

37, rue d'Amsterdam
75008 Paris
+33 1 53 32 50 51