

Marketing Procurement Health Check

The TrinityP3 'Marketing Procurement Health Check' is designed to allow you chart your marketing procurement capabilities.

How to use it

The criteria on the left are the main areas in which progressive Procurement teams assess themselves, but with the important addition of 'Roster'; a roster aligned to strategy instead of strategy aligned to a roster is a differentiator between the current generation of thinking and the next.

Use the chart as a practical tool to chart - by plotting a curve, examples shown - your 'now state' and 'desired future state'. Then plan your transformation as follows:

1. Choose where you want to be; think about what is realistic with the size of your organization, resources, current talent pool and the 'prizes' you will unlock in attaining your goals, i.e. it won't always be necessary to have 'Leading-Edge' as a desired future state.
2. Prioritise your goals according to the risks and rewards and the resources (people, money, time) you need to put in place. Remember, for example, that moving to a new agency can be a huge drain on these resources, so repairing relations with a right-fit agency should be your first call.

As well as hiring experienced personnel, your 'enablers' include consultancy, interim staff and training and development.

3. Draw a 5-year plan and manageable milestones to reach your goals.



Criteria	'Wild'	Basic	Intermediate	Leading-Edge
Procurement Strategy	No business awareness (i.e. "we don't know what we don't know") of potential value-add, therefore no perceived need for a dedicated Procurement resource.	'Policing' to assure spend compliance. Stretched, resources focus on contract coverage; involved in cost reduction and closing contracts. Tendency to treat agencies with suspicion.	A business partner providing structure and peace of mind; sometimes a conflict facilitator. Starting to balance marketing value with traditional Procurement priorities like cost and risk. Looking beyond the first tier for CSR compliance.	A thought leader on agency relationship methodology and a 'go-to' expert on who's who on the marketplace. Marketing Procurement has negotiated internal KPIs with CPO that depart from cost out Seen as a source of competitive advantage, helping agencies lead the innovation agenda.
Organisation & People	There is no dedicated Procurement resource for Marketing spend. Almost certainly, you have many people in your company as de facto buyers from any supplier, so some fraud risk.	Buyers are procurement all-rounders (see http://www.trinityp3.com/2013/07/evaluating-agency-performance/); tension between long-term relationships when focus on cost only. Some work done in limiting orderers.	'Category Managers' are Marketing spend generalists, will identify areas where specialized consultants are needed, e.g. pitches, relationship audits etc. Annual strategy an internal 'negotiation' between local HoP and Marketing Director.	Large Procurement teams have dedicated global experts for very specific Marketing areas - e.g. production, agency fees, media, POS, sponsorship—sharing best practice. Sell-in agreed between CPO and CMO.
Roster	Has grown from years of short to medium-term needs; some agencies are there, that would never be chosen now, being paid token retainers for no apparent reason.	'Organic' roster but new agencies are given 'hygiene factor' scrutiny by buyers prior to approval (i.e. late engagement). Local 'preferred supplier' lists.	Roster has gone through a basic level of consolidation to improve leverage and agency engagement. Procurement drives pitch structure, agency shortlisting (perhaps with outside help)	Aligned to Marketing's strategic objectives - Procurement has helped implement an optimal roster; probably the minimum possible agencies for the job. Decoupled production. Decoupled Digital.
Systems & Technology	Whatever is available to support Marketing's day-to-day work.	ERP; "no PO, no purchase" coming in. Some e-Sourcing Manual work between spreadsheets and e-mails ERP has categories and spend groups but 'dirty' spend info.	e-Catalogues or equivalent drive compliance, especially POS spend. Spreadsheets etc. used for performance reviews. Spend information is clean and sorted, and reported with structure to track against.	Multi-agency evaluation tools reap value by breaking down silos; reviews and bonus calculations don't require manual intervention. e-Catalogues and other aids genuinely make guided purchasing easier for orders.
Processes	Only the admin to support Marketing processes. A good chance your company has (unwittingly) signed up to the agencies' commercial and legal terms and conditions. POs handled by marketing and Accounts Payable.	Procurement focus on unit cost reduction on things like rate cards and overheads (see pitfalls of this here: http://www.trinityp3.com/2013/11/agency-remuneration-benchmarking/). For media agencies the focus can be more on their commission (input). You may have basic contract coverage from general templates.	Early Procurement engagement in planning stages and structuring of negotiations. Procurement monitors production process, although still run by agency. Procurement coordinates agency reviews, output criteria and bonuses. Agency-orientated KPIs look at and motivate annual value impact of Creative and Media work. Procurement competent enough to help strip out much 'no value' scope.	KPIs weighted towards impact of individual campaigns, and measure ROI on reaching the target consumer. 'Granularity' allows quick feedback and adaptation, e.g. digital. Agencies drive business goal aligned KPIs; focus on outcomes , not outputs.

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Note: since this is a 'health check' table and not a roadmap, it can be argued that the incremental movements towards the right of this table are not always prescribed 'improvements'. If we take the case of agency staff rate cards and overheads or employing e-catalogues (or other aids), the perceived benefit of today can have a potential damaging effect on Procurement-agency or Procurement-Marketing relationships in the future. Bear these pitfalls in mind with the ethos of "A little knowledge is a dangerous thing", and always strive to learn more.

Good luck!

About this Health Check Chart

The Health Check was developed for TrinityP3 by David Little, Marketing Procurement professional and a long standing colleague and an original client of TrinityP3 Marketing Management Consultants.

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