BEST PRACTICES

Consolidate purchasing power efficiently with BPM

Purchasing is a critical business function. Monitoring and managing purchasing distributed throughout the company can generate better profitability.

Use these tips to implement business process management to better manage your purchasing.

1. Stop using paper

According to some studies, the cost of processing a paper invoice is estimated to be around $18 (USD). Going paperless can save up to $13 (USD) per invoice, not to mention the faster transmission time and lower environmental impact.

Go to a paperless procurement process to streamline the steps – and make sure that none of your suppliers are waiting for payment of an invoice lying forgotten on someone's desk.

2. Standardize ordering

The lack of control over the items ordered or requests for service is an invitation for creativity. Create a catalog of standard items, and of authorized services, that can be ordered company-wide. This gives you better leverage to negotiate effectively for large volumes.

3. Make validation dynamic

To optimize the purchasing chain, limit the number of approvals an order has to go through. Instead of forcing multiple approvals at different levels, clearly define the approval rules and integrate them into the system. You can be sure that purchases are made with proper authorization.

"One person out and nothing moves," might be what your employees think whenever one person with approval authority is absent. But with appropriate management delegation in your BPM process, approval requests are automatically re-assigned to an authorized alternate.

4. Integrate your purchasing process with your other systems

The value of a good BPM suite is its ability to integrate effectively into the entire IT ecosystem of your business.

Connect your buying process with your ERP (SAP, Microsoft Dynamics, or OpenERP, for example), accounting system, logistics system, and other IT applications. Eliminate duplicate data entry, minimize errors, and improve control.

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Be Efficient

5. Handle all requests with the same process

Invoices arrive in different formats (paper, PDF, XML, EDI, etc) and suppliers take orders through various channels. With BPM, you can define a common processing of all orders, and clarify the procedure for your teams.

6. Implement compliance rules directly inside the purchase process

Company compliance rules are often poorly understood and difficult to control when processes are not supervised.

Implementation of a BPM to drive your buying process presents a real opportunity to assure compliance in your purchasing chain.

7. Define your Key Performance Indicators (KPIs)

One of the keys to a successful BPM project is clear measurement via performance indicators in the process. Set KPIs at the beginning of the project that allow you to measure the improvement in your buying process.

Implementing business process management to drive your purchases will allow you to automatically generate reports to help you track process improvement along with purchases.

8. Involve your users

Your users are your internal customers and a management tool for purchasing is only effective if used. Involve your "end users" as you develop the project to help ensure their enthusiastic adoption of the new system.

You will be able to create a web interface that meets their needs. The flexibility of business process management solutions, compared to the rigidly of conventional systems, will surprise and delight them.

9. Turn your suppliers into your partners

Engage your suppliers by presenting your purchasing strategy as a "win-win" approach. By involving them in your BPM purchase project, you can offer them the many benefits of optimizing your relationship.

Paperless purchase orders and invoices will cut costs for your partners, and the suppliers who participate willingly in your BPM project will benefit from the opportunity to be key partners.

10. Use professional services when needed

Make use of external experts (such as Bonitasoft consultants and partners) to get better results faster than if you manage the implementation of the BPM solution entirely in-house. The main advantage is of course the experience they bring. This is particularly beneficial in the case of software implementation, where a miscalculation could lead to serious problems and affect the overall investment. The use of an outside consultant may be more expensive initially, but their expertise pays off in the long term.

For more information about BPM and Purchasing, see our web site at www.bonitasoft.com.

GET STARTED WITH BPM
IN YOUR PURCHASING PROCESSES

Bonitasoft provides a customizable **Procurement** process template. See www.bonitasoft.com for details.