

# GRANULAR DATA IS ESSENTIAL FOR SUCCESSFUL SOURCING, SAYS EFFICIO

Submitted by: Efficio

Tuesday, 31 July 2012

---

Businesses too often fail to access detailed information when carrying out sourcing projects, say procurement consultants Efficio, resulting in reduced savings and money "left on the table".

In its latest Viewpoint article, Are you leaving money on the table? Why granular is good, Efficio says that insufficient attention is typically paid to setting up a reporting structure with suppliers to collect the required level of granular data.

Efficio Principal Christo Zeller explains: "The basis of a successful sourcing initiative is the granularity of the underlying cost elements and drivers. Establishing the baseline of influence is often quite complex, but unless sufficient rigour is applied it is unlikely that strategic sourcing initiatives will have the desired impact."

Procurement professionals need a deep and analytical understanding of cost elements and related cost drivers, Zeller says. Businesses cannot solely rely on information from ERP systems or the requirements of stakeholders because these are often not aligned to commercial advantage.

Among a range of recommendations Zeller says:

- Companies should invest in IT capability so that procurement professionals are able to process large amounts of data quickly and effectively
- Procurement should start by developing a structured data request to be distributed externally and/or internally. This should be structured to collect information at a high level as well as at a more granular cost element level to allow the data to be processed and analysed quickly and effectively
- Enough time, typically 4-8 weeks or more for complex categories, should be built in to sourcing projects to collect the required information

Zeller concludes: "By following the guidelines suggested here it becomes possible to ensure that category sourcing and supplier management strategies are robust, rigorous and holistic. The business will find the information credible and will reap the reward of significant benefits."

Ends

Notes to editors:

Are you leaving money on the table? Why granular is good can be downloaded from:  
[http://www.efficioconsulting.com/\\_uploads/documents/view-point/money-on-the-table.pdf](http://www.efficioconsulting.com/_uploads/documents/view-point/money-on-the-table.pdf)

About Efficio

Efficio is a results-focused procurement consultancy with a track record of helping leading organisations achieve more value from their procurement. It is headquartered in London, UK, and has offices in France, Germany, Switzerland and the US.

Efficio combines the credentials of a top tier firm with the depth of expertise of a flexible niche player. Clients include 3i, AstraZeneca, Barclays, BAT, Biffa, British Gas, Ford, Scandic, HSBC, KKR, Nokia, National Grid, O2, Tryg and Thames Water among others.

AstraZeneca, Barclays, BAT, Biffa, Deutsche Post, Ford, Goldman Sachs, HBOS, KKR, Nokia, National Grid, O2, Philips and Thames Water.

For more information please contact:

Georgina Golding, Marketing Manager, Efficio, on:

+44 20 7550 5681 or [georgina.golding@efficioconsulting.com](mailto:georgina.golding@efficioconsulting.com)

For further information on Efficio please visit: [www.efficioconsulting.com](http://www.efficioconsulting.com)