future purchasing

CATEGORY MANAGEMENT IN ACTION: A STUDY OF IMPLEMENTATION AND IMPACT ACROSS INDUSTRY



FINDINGS FROM THE 2022 GLOBAL CATEGORY MANAGEMENT LEADERSHIP REPORT

Henley Business School
UNIVERSITY OF READING

A research collaboration with Henley Business School University of Reading

MISSION: "TO BUILD THE WORLD'S BEST PROCUREMENT TEAMS"

WE ARE EXPERTS IN BUSINESS-WIDE TRANSFORMATION OF:
OPERATING MODEL TRANSFORMATION
CATEGORY MANAGEMENT
SUPPLIER MANAGEMENT
BUSINESS PARTNERING

20 YEARS
TRACK RECORD OF DESIGNING AND IMPLEMENTING PROCUREMENT CHANGE

150 PROJECTS

19 SECTORS

25 COUNTRIES

80+ SPECIALISTS

BASED IN THE UK WITH PARTNERS IN
US
NORDICS
NETHERLANDS
GERMANY

Find out more
www.futurepurchasing.com



EVENT SPEAKER



mwebb@futurepurchasing.com
+44 7974 018022

Mark Webb, Managing Director, Future Purchasing

Mark's career began at Mobil Oil and PwC. In 2003 he set up Future Purchasing and has helped more than 100 private and public sector organisation to implement category and supplier management.

AGENDA

1 CatMan performance

2 Value impact

3 How to accelerate capability and value delivery

4 Breakouts

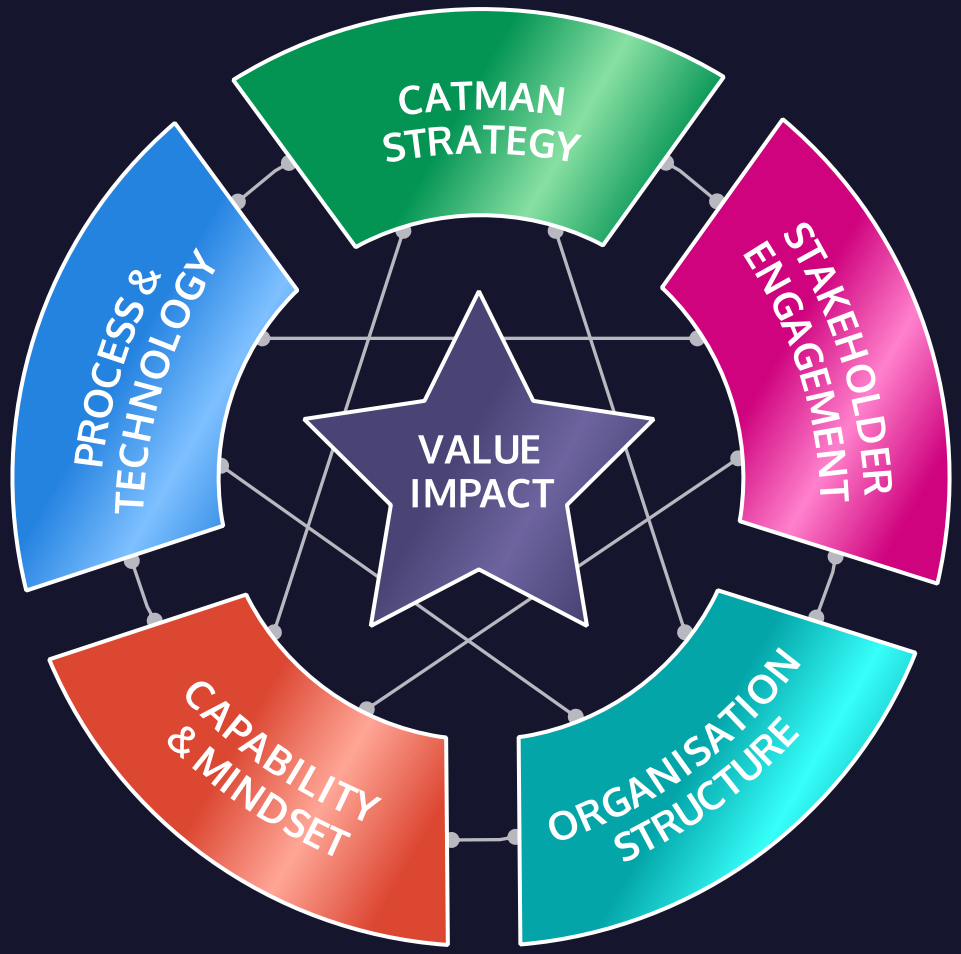
DEFINITION

Category management is the strategic end-to-end process for managing categories of similar or related products and services.

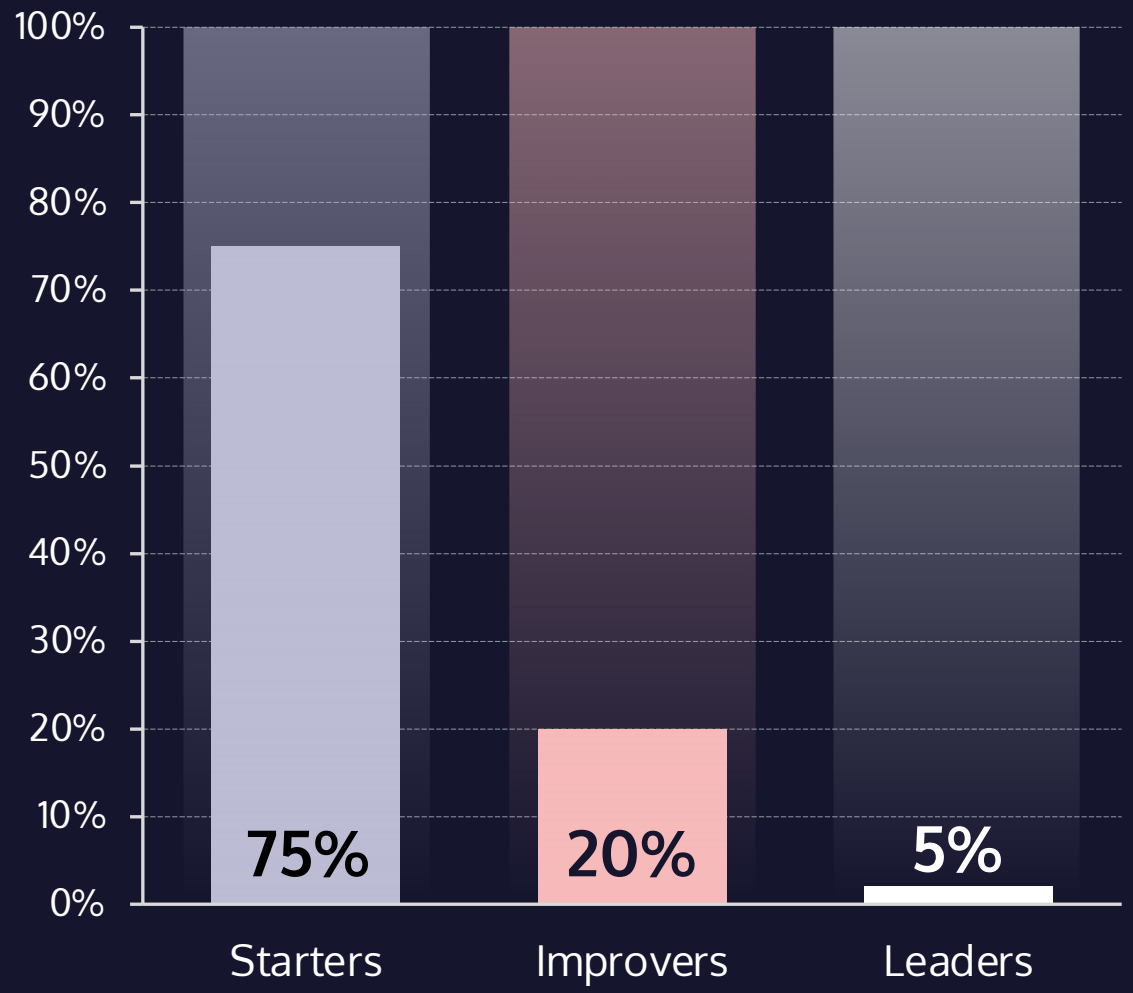
It provides ongoing alignment of business goals and requirements with supply market capability.

It transforms the short-medium-long term value achieved from an organisation's total supplier spend and delivers a blend of value including improved service, reduced risk, lower cost, higher revenue and ultimately better organisational performance.

RESEARCH STRUCTURE



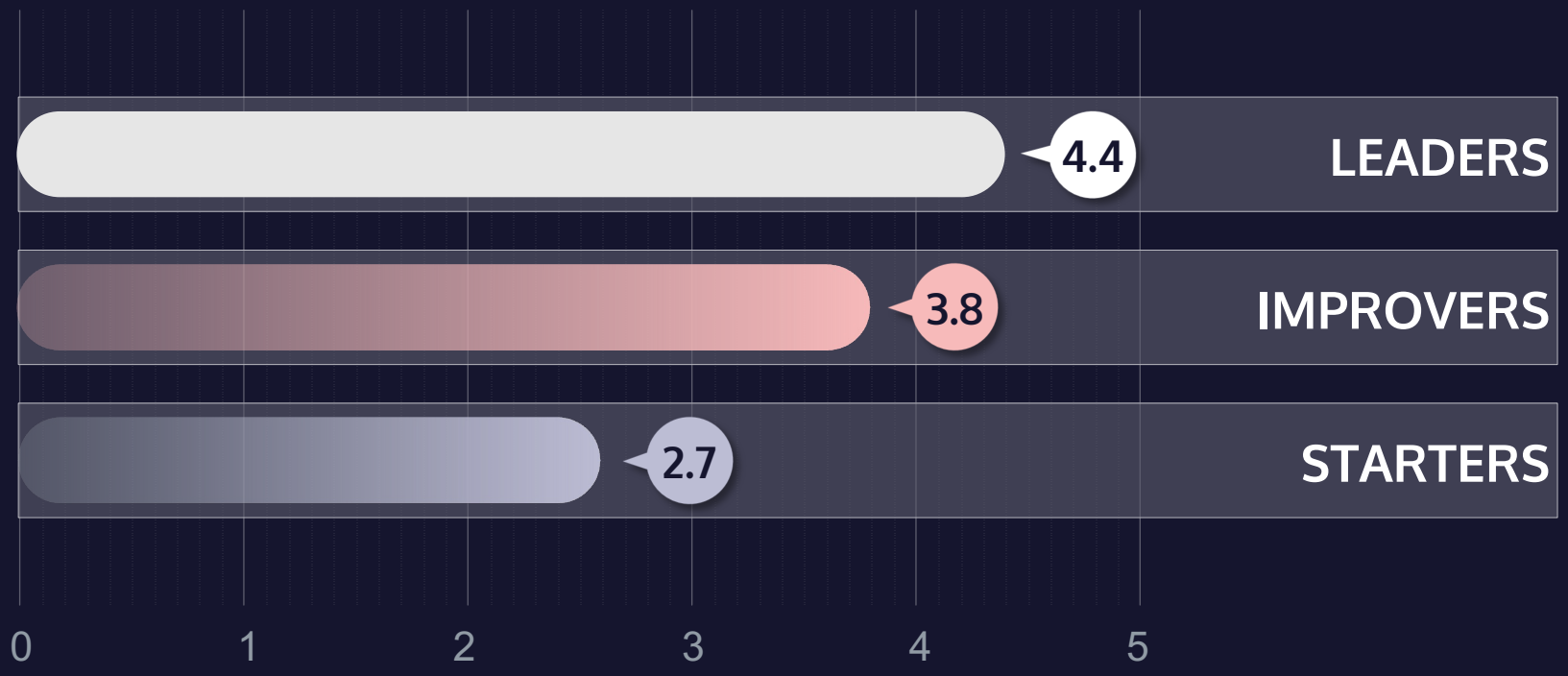
RESPONDENT MATURITY GROUPS



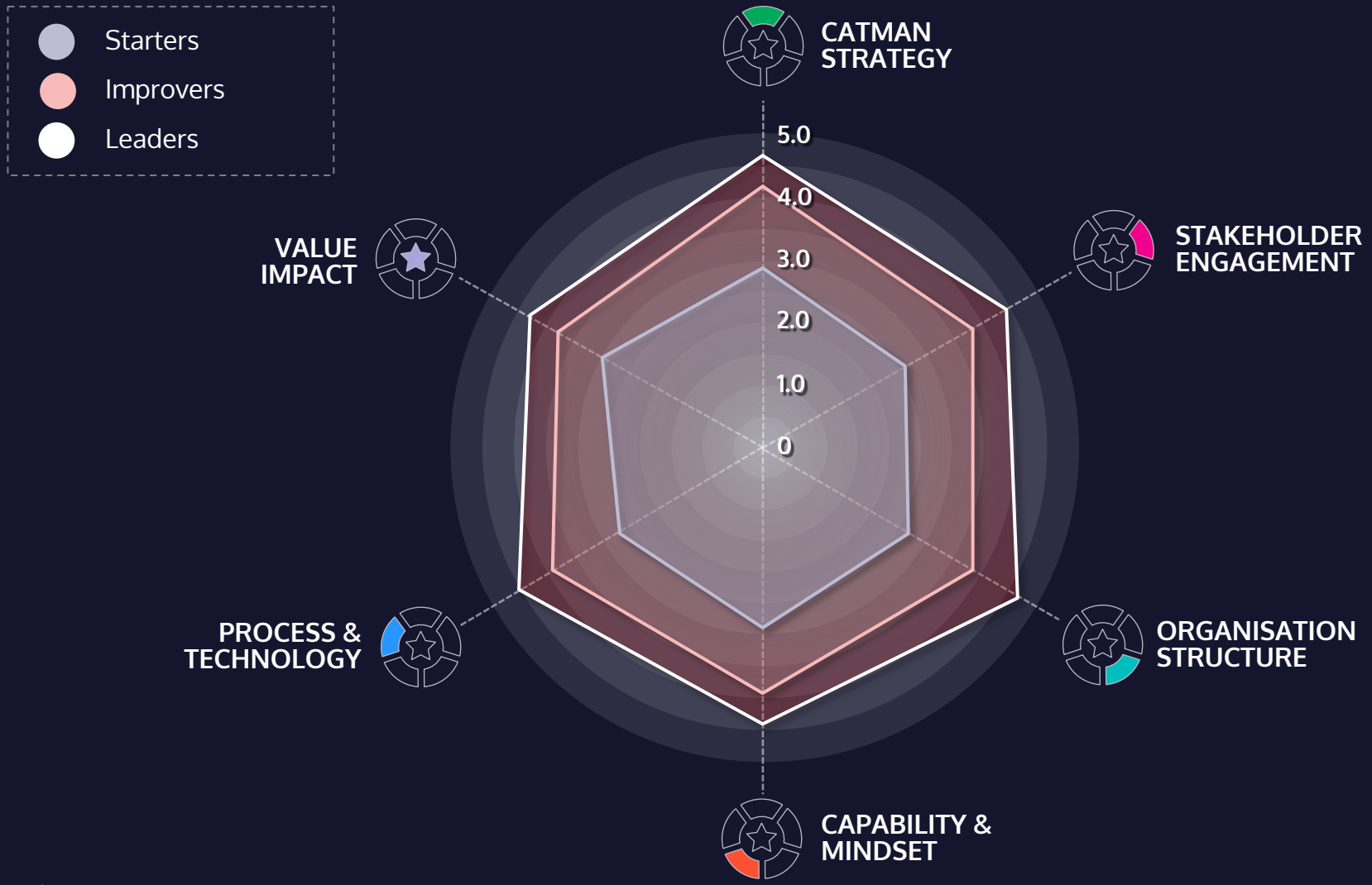
PROFILING STARTERS, IMPROVERS AND LEADERS

Profile Criteria	Starters	Improvers	Leaders	Average
Supplier spend (€m)	3,886	4,234	10,938	4,308
Supplier numbers	17,712	14,340	7,750	16,540
Category managers as % of procurement headcount	34%	34%	41%	34%
Average spend/category manager (€m)	74	53	145	73

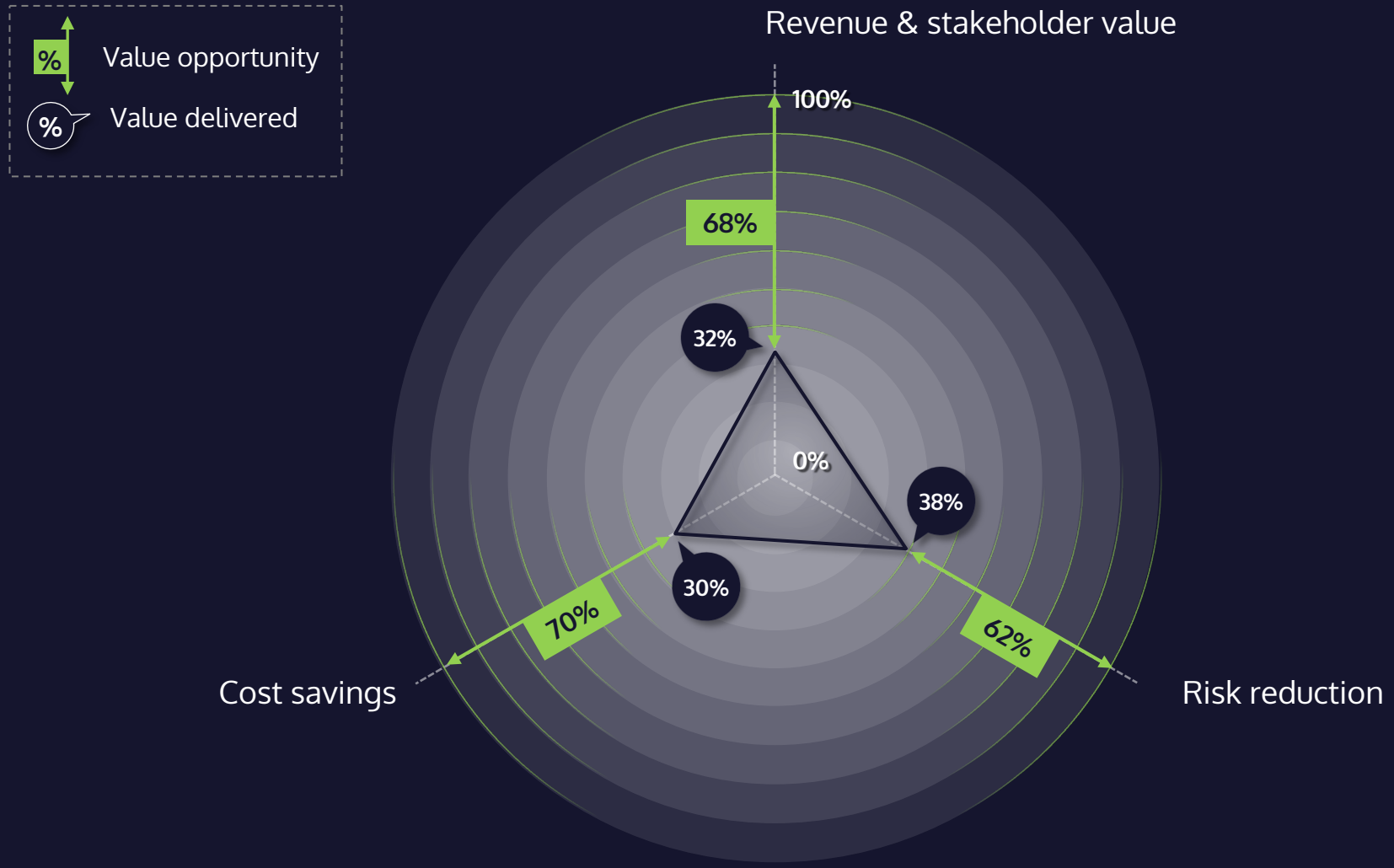
CATEGORY MANAGEMENT - OVERALL INDEX SCORES



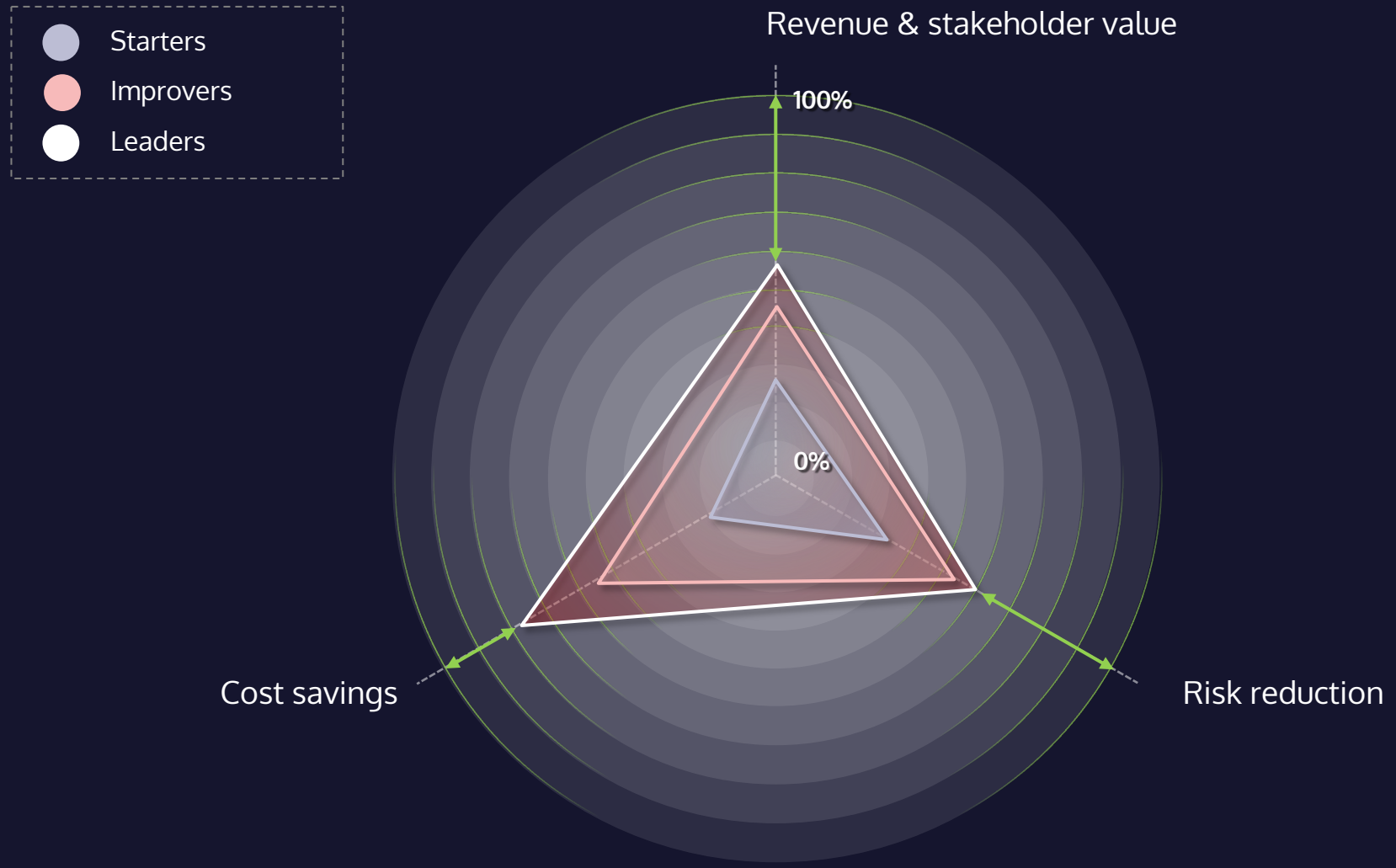
CATEGORY MANAGEMENT - CAPABILITY SCORES



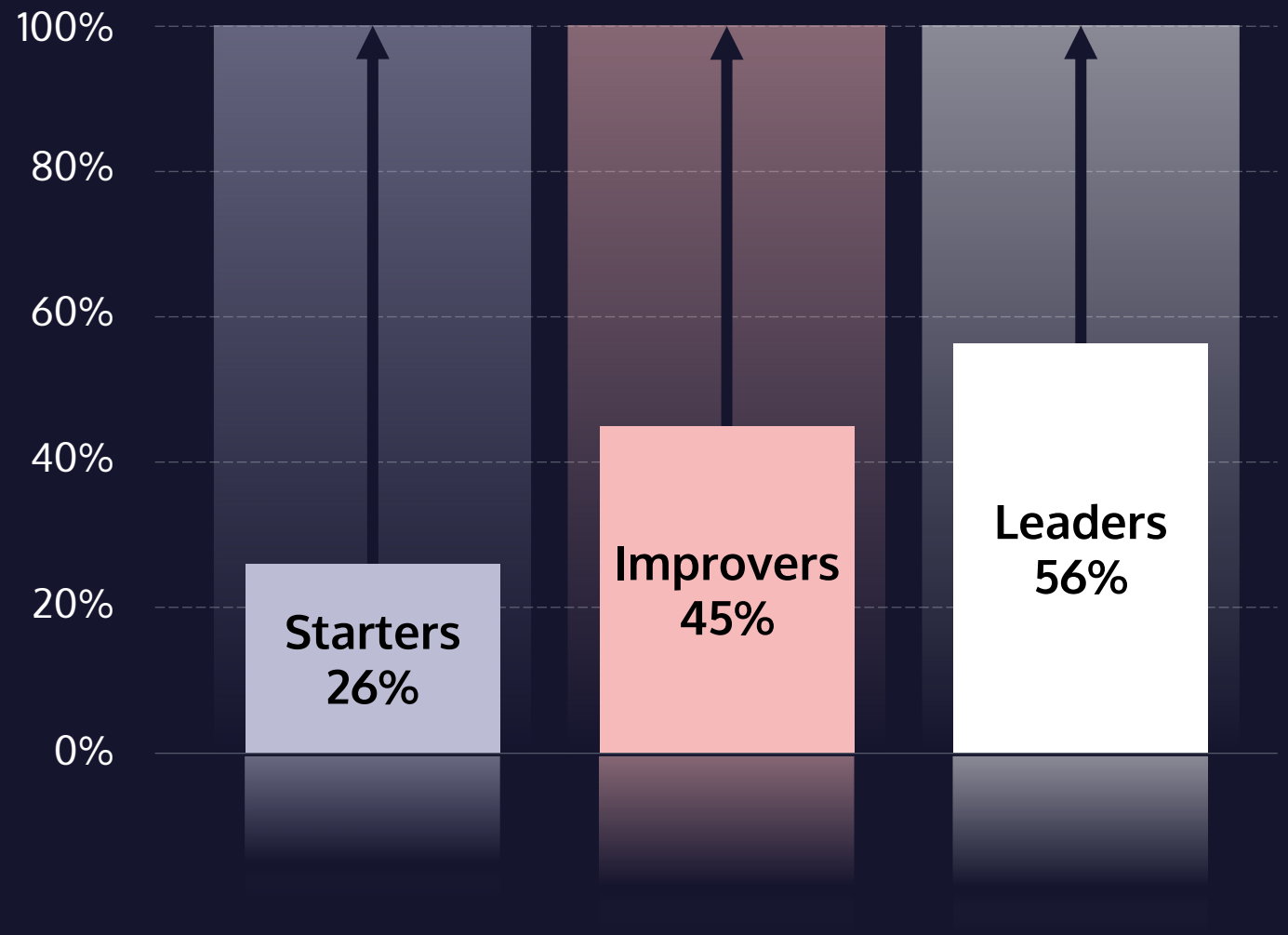
67% OF VALUE REMAINS AVAILABLE



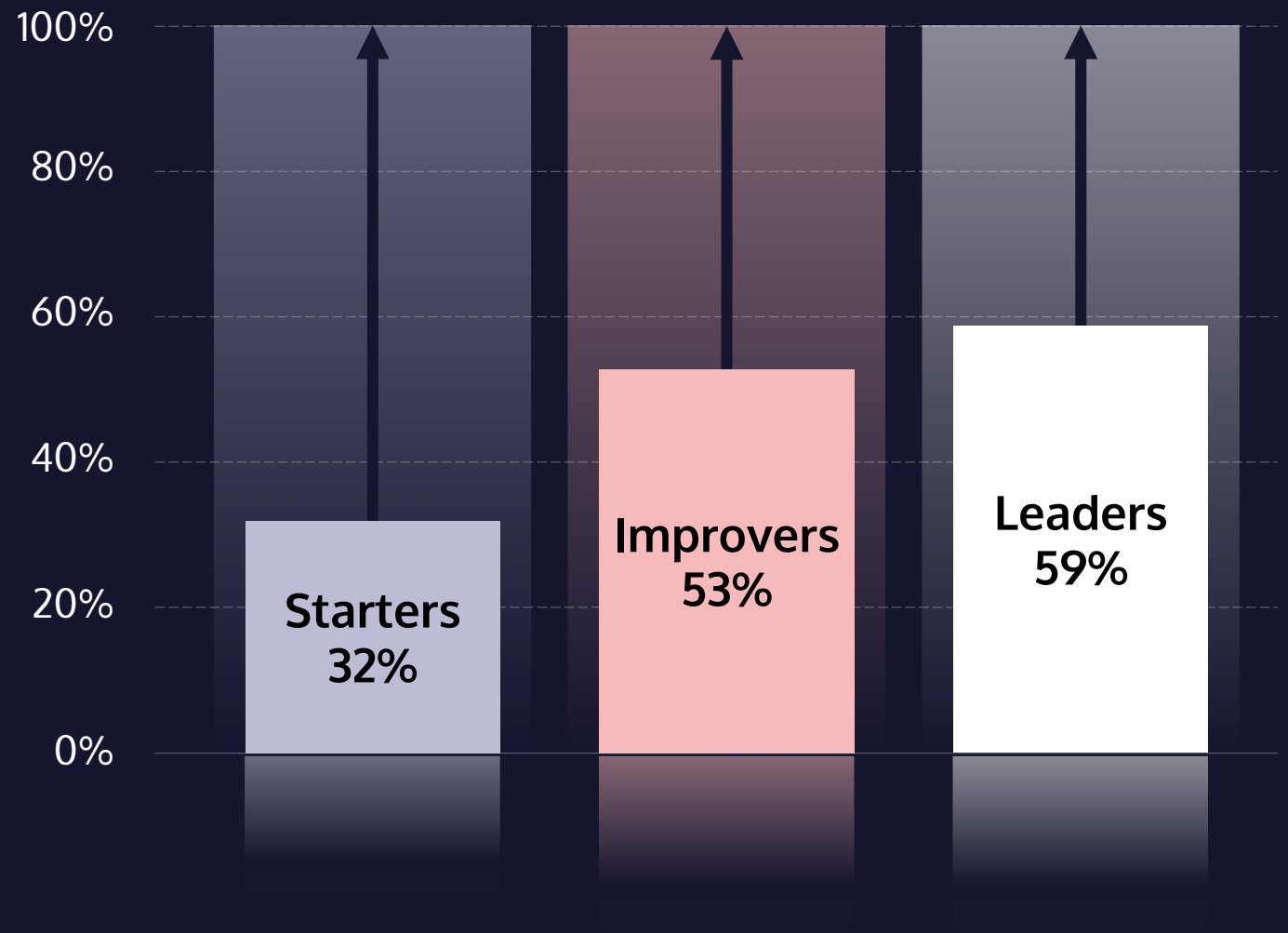
VALUE DELIVERY BY MATURITY GROUP



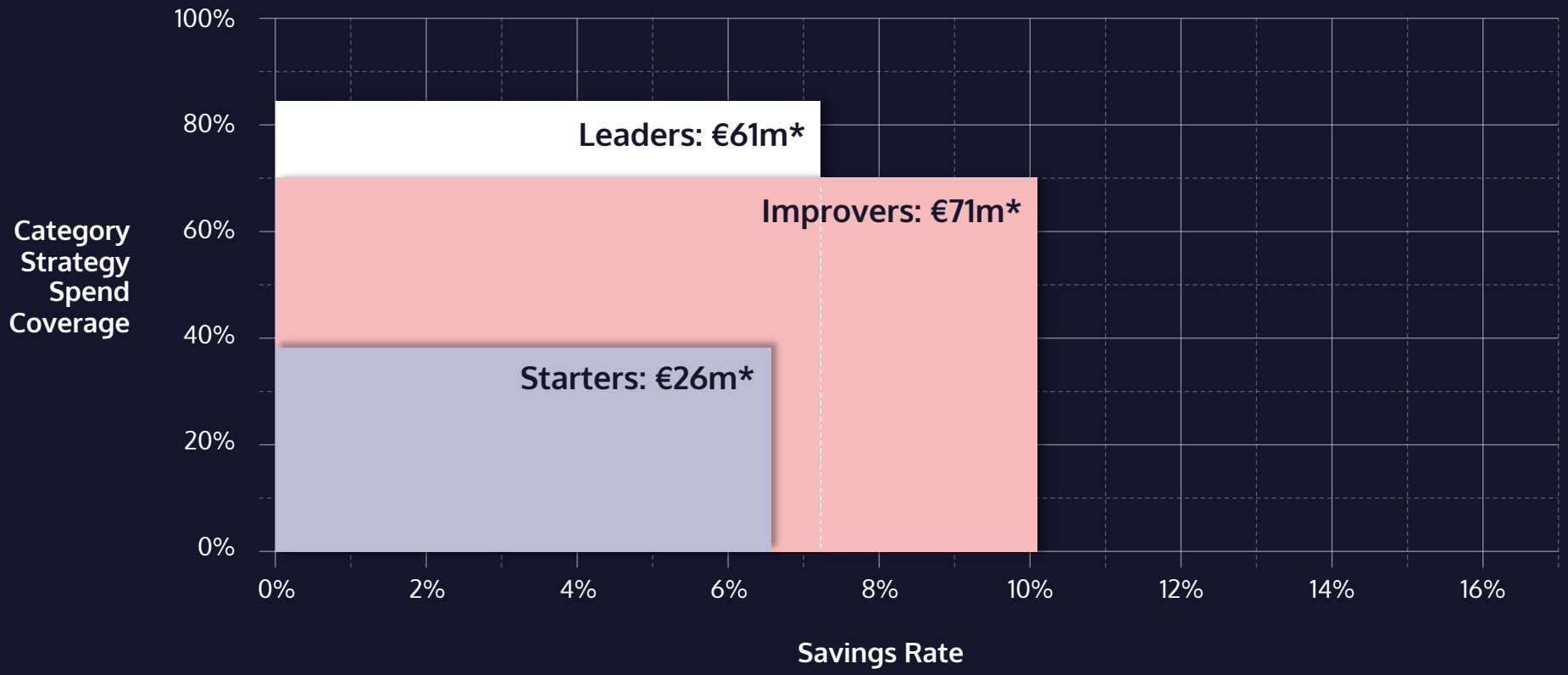
REVENUE & STAKEHOLDER VALUE DELIVERED = **32%**



RISK VALUE DELIVERED = **38%**

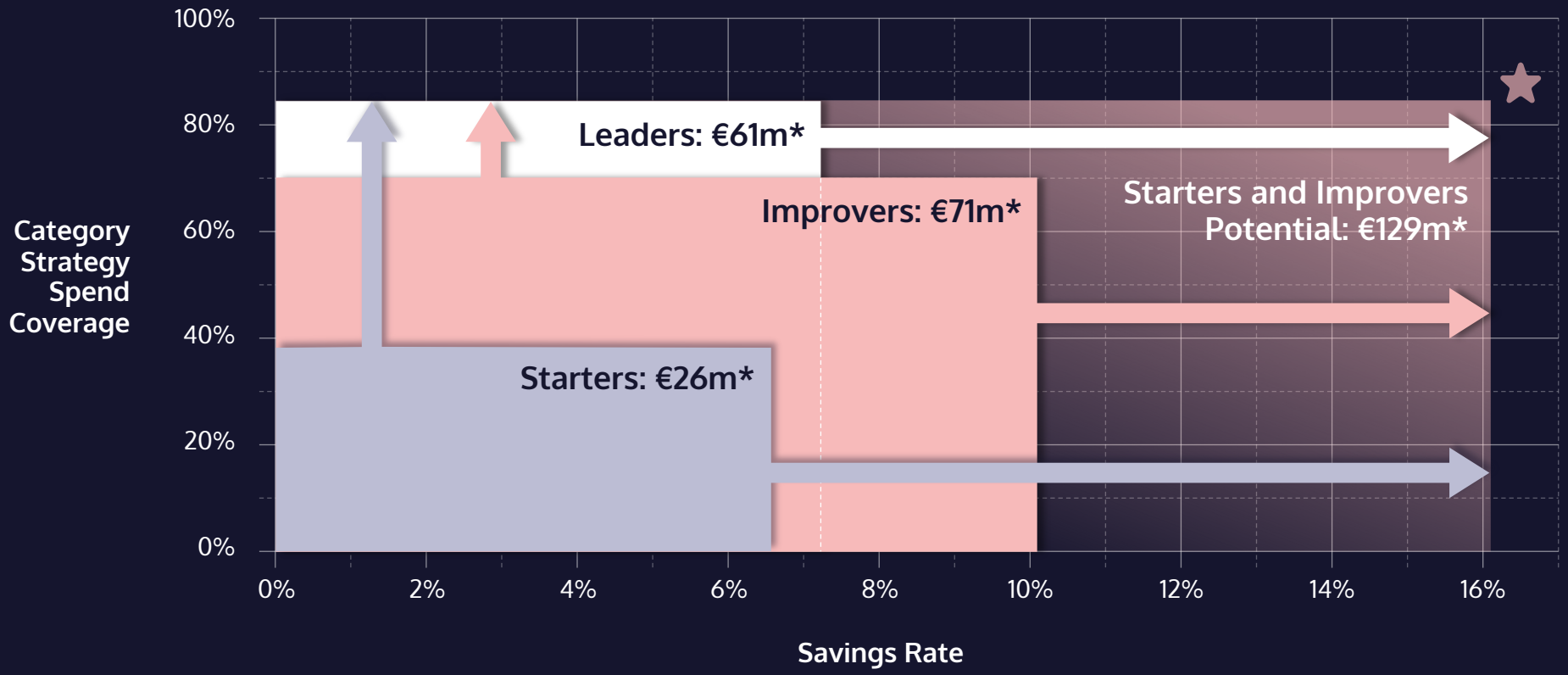


COST SAVINGS VALUE DELIVERED = **3.6%**



* Total savings achieved per €1 billion spend

POTENTIAL COST SAVINGS AVAILABLE

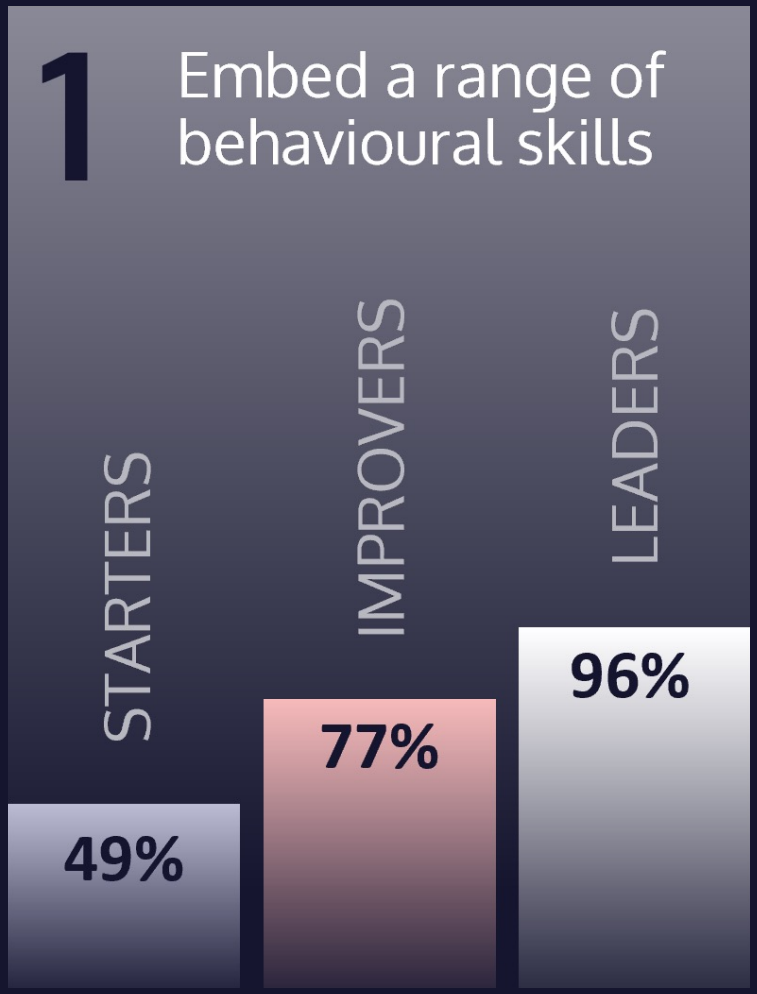


* Total savings achieved per €1 billion spend

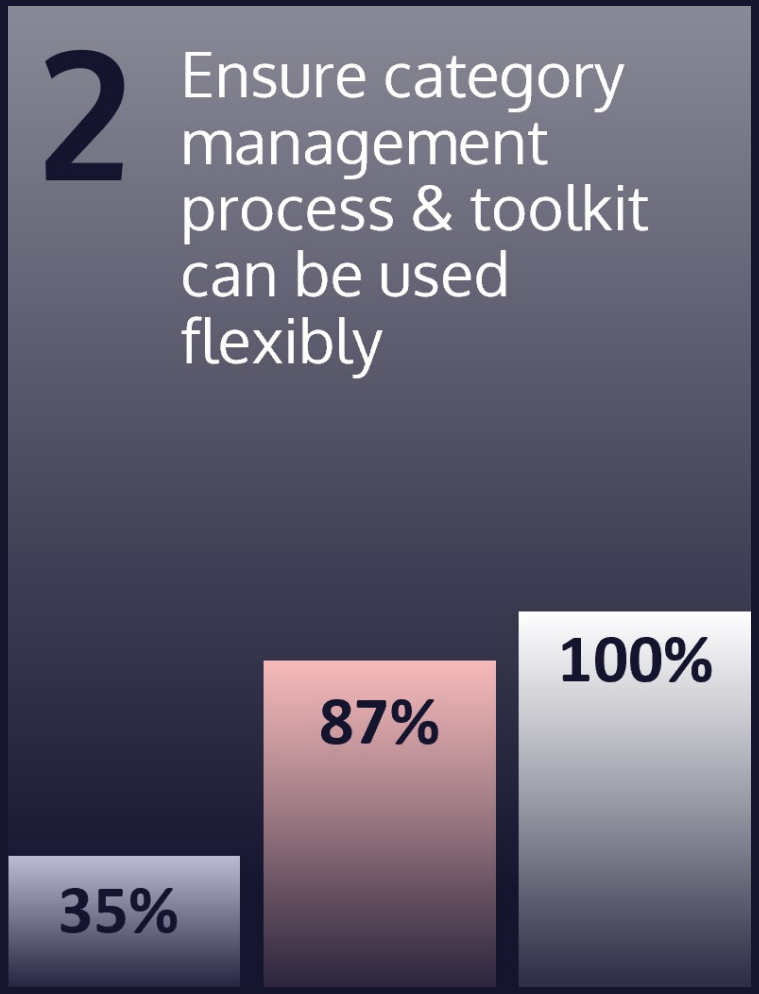
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

Rank	Recommendation	Starters Score	Improvers Scores	Leaders Scores
1	Embed a range of behavioural skills	49%	77%	96%
2	Ensure category management process & toolkit can be used flexibly	35%	87%	100%
3	Develop value lever model to identify all available value opportunities	32%	87%	100%
4	Define category strategy quality standards that show "what a good strategy looks like"	27%	81%	100%
5	Align category management with organisation's broader strategic objectives	48%	100%	100%
6	Implement an excellent category management process and toolkit	22%	77%	100%
7	Ensure your business stakeholders have an excellent understanding of CatMan	8%	55%	71%
8	Ensure CatMan is well aligned with related business processes	23%	87%	100%
9	Create a formal category strategy approval process with defined criteria	33%	94%	100%
10	Fully resource core team driving your category management capability building	12%	61%	100%

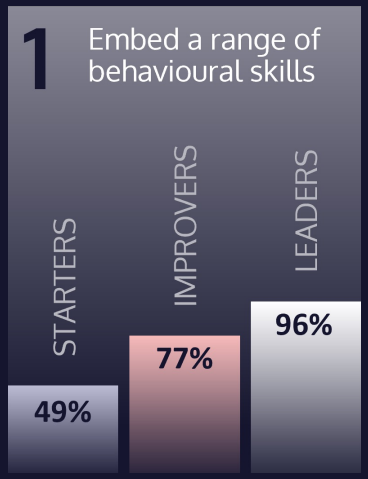
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED



TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

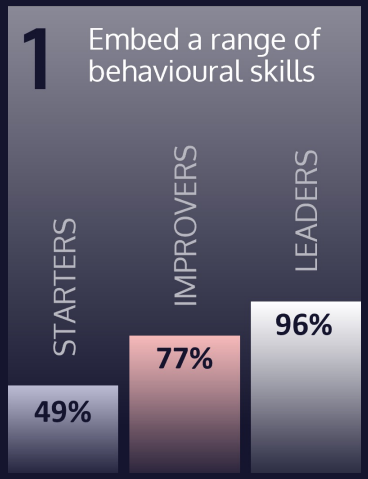


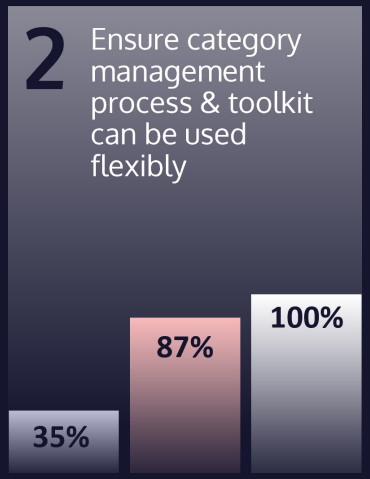
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED





TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

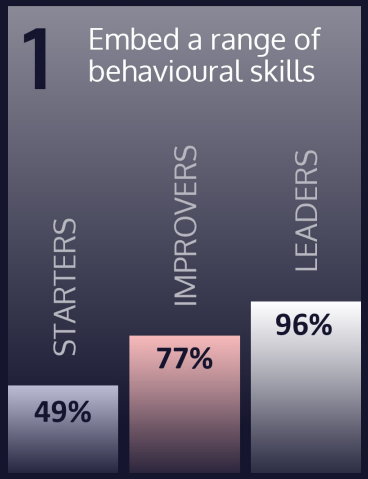


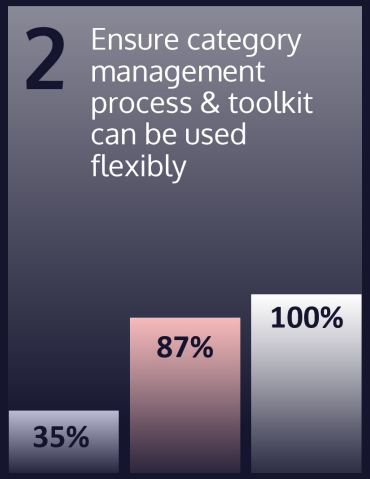






TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED



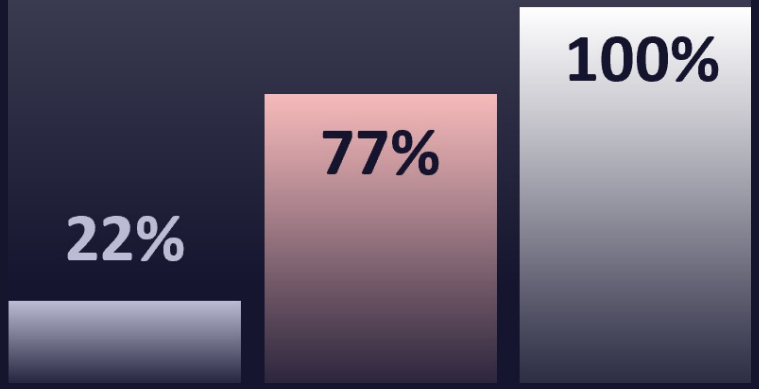




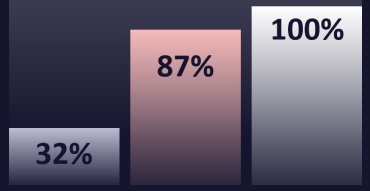


TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

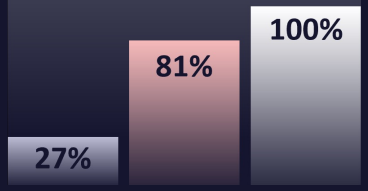
6 Implement an excellent category management process and toolkit



3 Develop value lever model to identify all available value opportunities



4 Define category strategy quality standards that show "what a good strategy looks like"



5 Align category management with organisation's broader strategic objectives

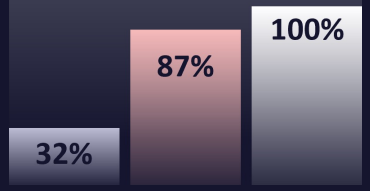


TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

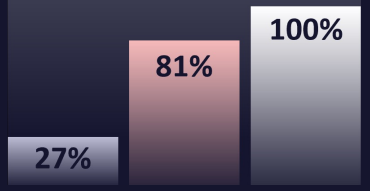
7 Ensure your business stakeholders have an excellent understanding of CatMan



3 Develop value lever model to identify all available value opportunities



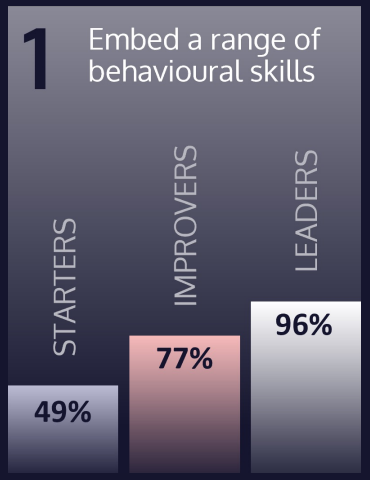
4 Define category strategy quality standards that show "what a good strategy looks like"

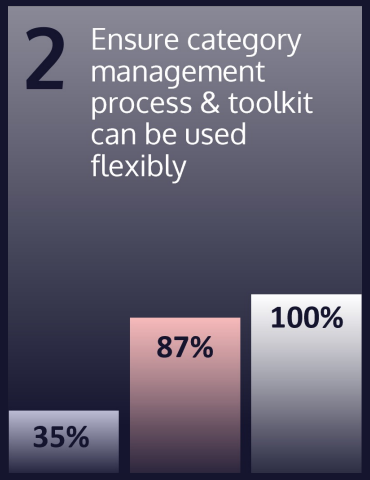


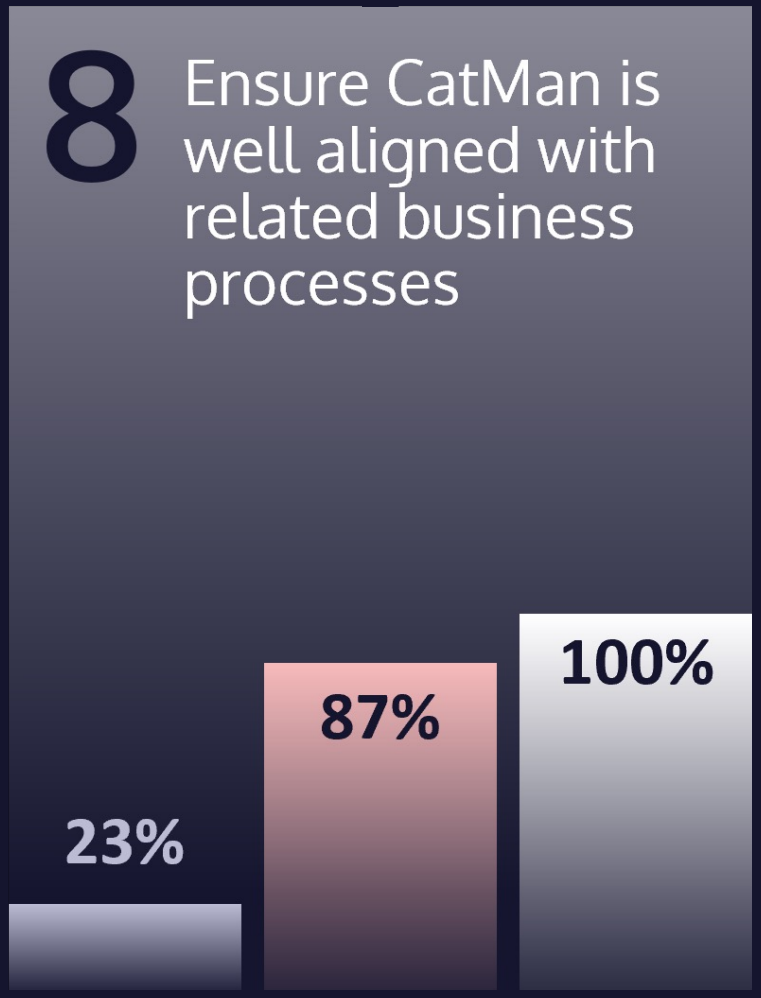
5 Align category management with organisation's broader strategic objectives



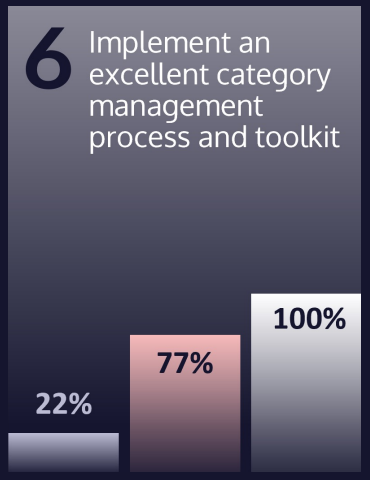
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED





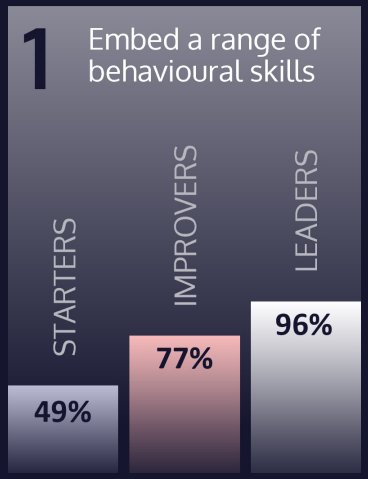


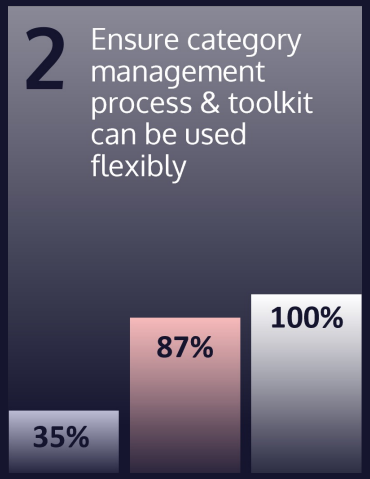




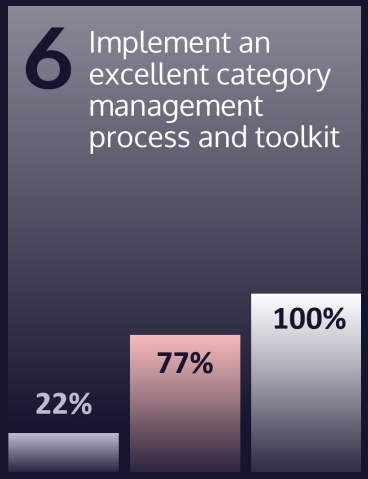


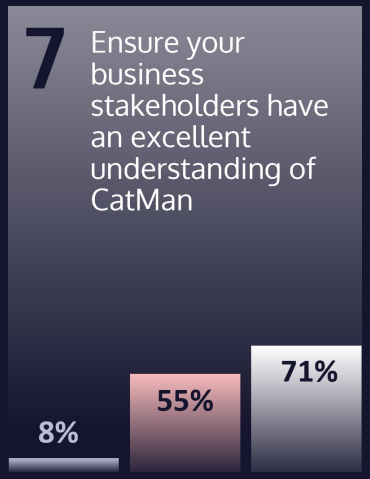
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED



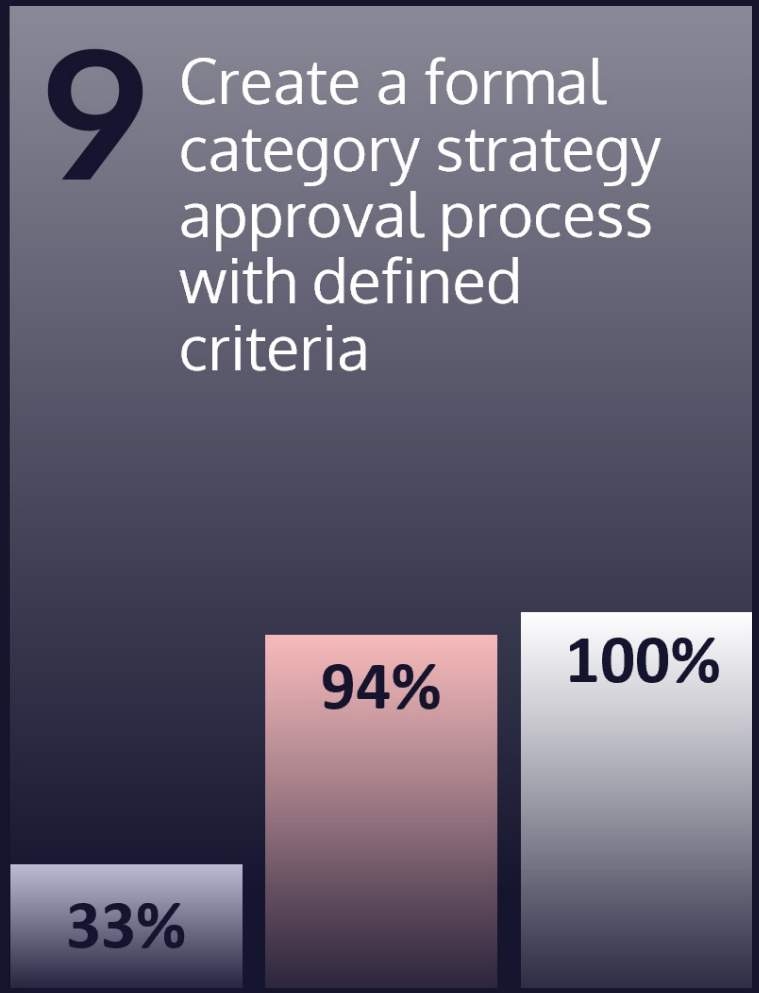




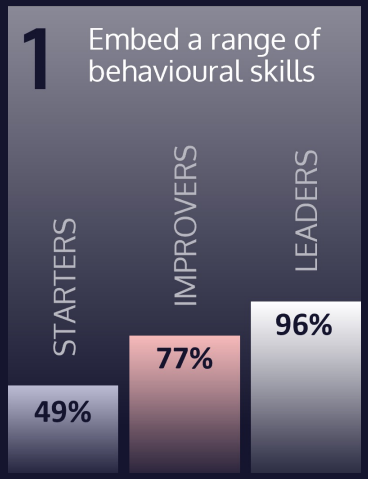


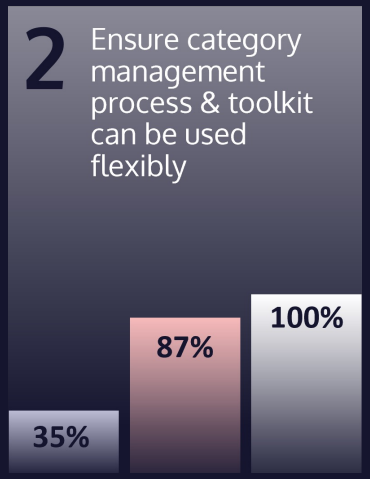




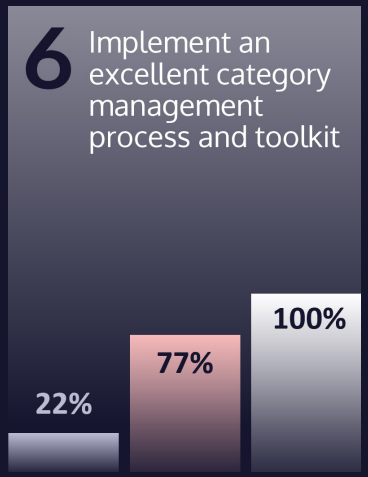


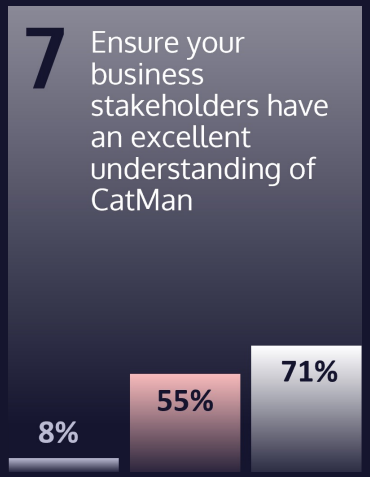
TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED







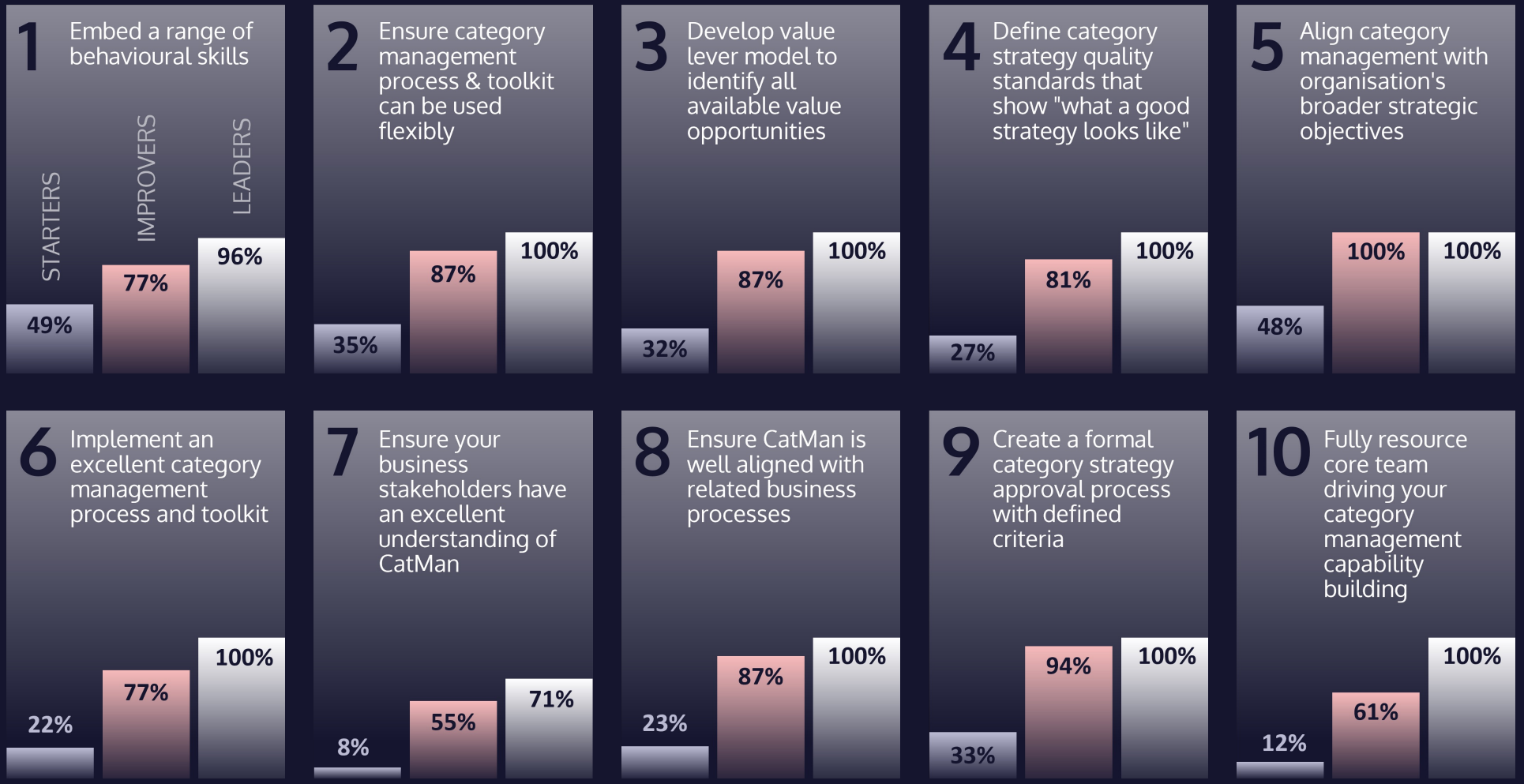








TOP 10 CATEGORY MANAGEMENT BEST PRACTICES RANKED

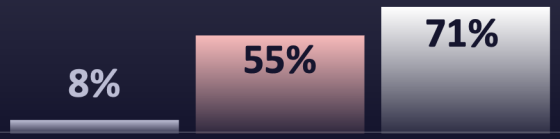


LOWEST SCORE BEST PRACTICES BY DIMENSION



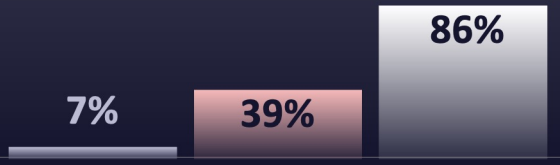
CatMan Strategy

Business stakeholders have formal objectives for category management



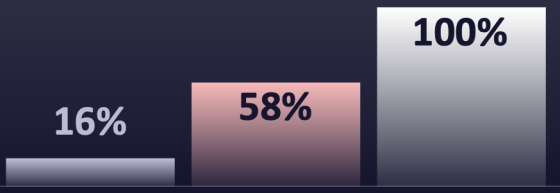
Stakeholder Engagement

Stakeholders have sufficient work time for category management activities



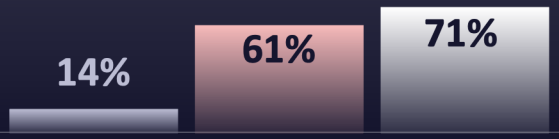
Organisation Structure

Our category manager resource level is sufficient and correctly balanced with resources allocated to sourcing & supplier management



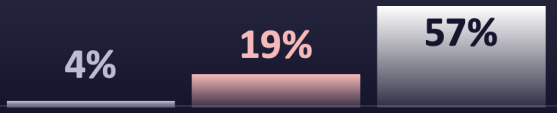
Capability & Mindset

Our category management formal training is rated by participants as excellent



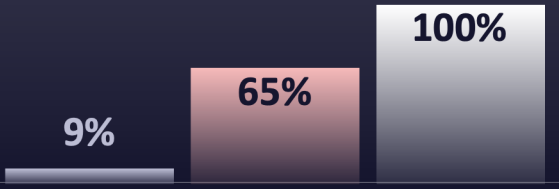
Process & Technology

Our category management process and toolkit is digitalised and uses artificial intelligence



Value Impact

The quality of our current category strategies is excellent



POTENTIAL STRATEGIC METRICS FOR CATEGORY MANAGEMENT

Strategy Spend Coverage



100% of targeted category spend covered by documented category strategies

Financial Benefits



100% of targeted annual savings achieved

Non-Financial Benefits



>5 risk and stakeholder value opportunities identified and realised from each category strategy

Stakeholder Support



100% of category stakeholders 'Agree' that the category strategy delivers their objectives

Strategy Quality



100% of category strategies formally assessed as 'Pass' minimum

Team Capability



90% of category managers confident to undertake key Cat Man activities

THE 2024 GLOBAL CATEGORY MANAGEMENT SURVEY

Influence The Future

Take part in our 2024 Global Category Management Leadership Survey and make a difference:

- Access to the Full Report on publication
- Receive an instant online maturity assessment
- Donate £10 to a choice of charities

TAKE THE SURVEY

Breakout Activities

Question 1

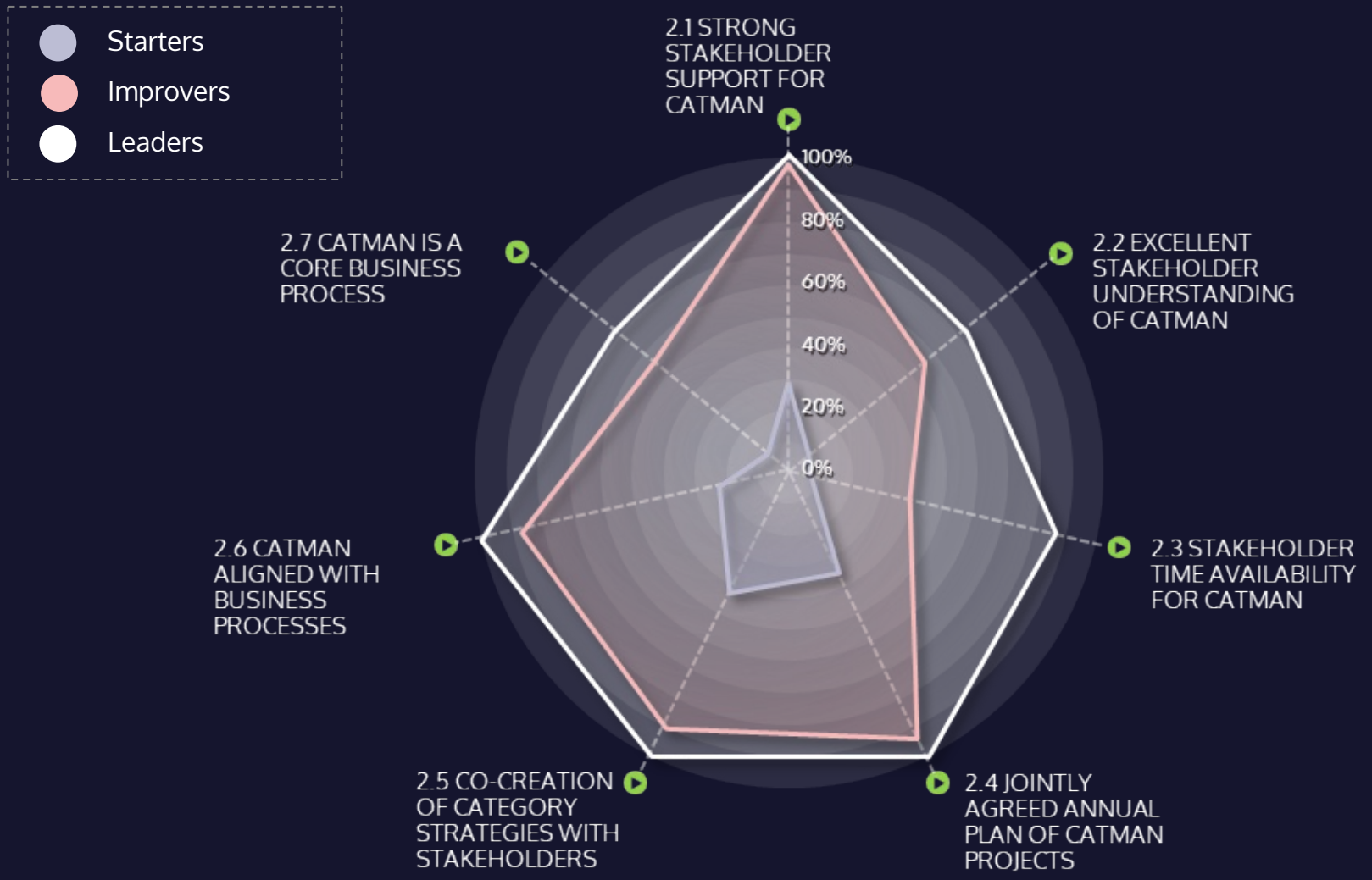
How can procurement achieve greater stakeholder engagement and buy in?

Question 2

How can AI support Category Management to deliver more

value and impact across cost, risk, sustainability, innovation, quality, time, resilience and revenue

STAKEHOLDER ENGAGEMENT - RESULTS



SAP Category Management

