

Checklist for the Chief Executive

1. do you know how much your organisation is spending externally?
2. if yes, do you know how much is spent on each category of spend and with which supplier? (A category is a range of purchases – eg. Energy, IT.)
3. do you know the total cost of the purchases you make, rather than just their price? (Such costs will include: the costs of the procurement/payment processes; the whole 'lifecycle' costs of major purchases – eg. Machines, buildings.)
4. do you know how much value your suppliers provide and create for your organisation's success and reputation?
5. do you know who your key suppliers are?
6. do you have pro-active, close relationships with your key suppliers?
7. do you understand the risks inherent in the purchases you make? Are you managing them effectively?
8. do you know what you should outsource and what you should not outsource?
9. are you outsourcing services successfully?
10. are you managing suppliers of outsourced services successfully?
11. do you know what your purchasing strategies are; are they aligned to your business strategies?
12. do you have appropriately skilled people developing and managing your purchasing strategies?
13. what proportion of your external spend is managed by your purchasing professionals?
14. if the answer to the last question is not 100 per cent, why not? And, what are you doing about it?
15. how do you support your purchasing people to ensure they achieve appropriate business benefits?
16. do you direct your purchasing people to limit their focus to reducing prices by x per cent each year or do you direct them to achieve cost-effective, risk-controlled added value?