



# Green Papers - How to create a powerful relationship with procurement

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## The following is an opinion piece

The relationship between marketing and procurement is evolving as both strive to deliver greater value across the business, with greater alignment this relationship can transform in to a powerful partnership.

Navigating the many challenges of today's marketing landscape has certainly tested marketer's ability to deliver value and be seen as a key contributor to the bottom-line.

Yet, the past twelve months has seen brand marketers and agencies struggle to deal with issues around a lack of transparency and trust when it comes to data and value. With marketing often the largest indirect spend category in a business and budgets tightening, the pressure is on for marketing to achieve more with less while still being as innovative and efficient as possible.

So where to start? With marketing departments looking externally for expertise to help them meet the demands of both their customers and the business, how can they successfully balance innovation and creativity at a reasonable cost while delivering greater marketing effectiveness? Cue procurement.

While the two functions can often sit on opposing sides of the same fence, procurement's analytical skills and strategic process driven decision-making is what marketers need to support them in the hunt for greater value. So how do we bridge the gap between the two functions and ensure stronger marketing and procurement alignment?

### A friend not a foe

A recurring issue is that procurement is still widely maligned as just a check-the-box cost reduction function and a decision barrier. This perception can often start procurement on the back-foot as they have to placate concerns they have been brought to the table just to reduce spend. Mature relationships between the two can bring a strategic value that stretches further than standard cost savings to more effective marketing operations, supplier relationship management and more efficient ways of working. Often, procurement is not included early enough in the purchasing process and its involvement from the outset can help marketing make more data-informed decisions and create a leaner more agile marketing eco-system.

### Breaking down communication barriers

A lack of a common language, one-way communication, misaligned objectives and inflexible processes are common barriers to a more effective working relationship. First off, both functions need to have an open dialogue and align their strategic goals to ensure they are both working towards a common agenda.

Secondly, together both functions need to establish a clear working process that effectively meets their individual interests. Marketers sometimes fear the rigidity of procurement with concern that they may have tunnel vision by only using pre-approved vendor lists limiting the choice of vendor, or taking a protracted amount of time to make a decision or being too risk adverse for more out-of-the-box creative thinking. However, marketing should work with the procurement department to define a process that is flexible and adaptable to industry trends and changing priorities, which follows best practice, provides opportunity for the right vendor fit and allows for timely decisions.

Thirdly, marketing and procurement need to read from the same script. Marketing is a long-term investment and different types of spend should be measured differently with this measurement not always necessarily cost-centric. Marketers think in terms of cost per lead and cost per acquisition, which enables them to calculate the effectiveness of their campaign ROI (return of investment). However, this can often lead to a disconnect with procurement when they reduce marketing spend and investment just to price benchmarking. What marketing can learn from procurement is the importance of setting objectives and service level agreements for suppliers and partners that reflect the overall business goals. These objectives can then be used to create performance-based metrics to ensure optimum value is achieved. Such stronger alignment will make for more harmonious relationships that focus on the greater value rather than cost.

### Power of a greater partnership

From a marketing perspective, digital innovation can be difficult to manage, as marketers seek to implement new technologies and innovation quickly to meet the growing demands of their customers. It can be a challenging and complex spend area, full of risk, costly in time and difficult to measure the impact as implementations can be delayed, sub-standard and outside of budget.

Procurement can draw from its full breadth of scale to help with this and optimize delivery of innovation from both a product and process perspective. Working closely with marketing to understand their requirements, procurement can search for an appropriate supplier that offers an optimum delivery model. In addition, with procurement managing the entire lifecycle of the supplier relationship from onboarding to delivery, there is greater transparency that will help mitigate risk and set clear service level expectations and deliverables.

The Digital Asset Management (DAM), eCatalogs and eProcurement technology that procurement brings to the table are invaluable for marketers, as they help reduce the administrative burden and time spent by streamlining processes. This technology also provides clearer analytic insight in terms of usage, resource capacity and spend, improving overall efficiency and effectiveness allowing marketers to concentrate on more strategic marketing endeavors.

The field of analytics continues to demand specialist attention from both marketing and procurement as data driven business decision-making grows in significance. Marketers need to have the correct tools and processes in place to measure and analyze their activities. The technology, as well as the controlled and specialist input procurement provides enables clear and concise reporting. This deeper more focused insight into marketing effectiveness can ultimately lead to more targeted reinvestment, which is what every marketer wants.

### Rethinking the marketing and procurement relationship

In many ways, marketers can benefit from changing the way they engage with procurement, they are not the big bad wolf in the room. Procurement can help build sustainable relationships with suppliers and agency partners, support agency and supplier governance and lifecycle management, increase process efficiency, provide more comprehensive metrics, benchmark skillsets and suppliers, provide greater cost reductions and in turn drive more focused reinvestment.

The value-add procurement brings to marketing far outweighs the amount of perceived value the function takes away in cost cutting initiatives, although these are sometimes necessary to achieve more – they do not define the relationship. To achieve a more fruitful partnership with marketing, procurement needs to ensure that their processes allow for flexibility in terms of the changing landscape, sourcing the right fit vendor and enabling more timely decisions. The marketing and procurement relationship can be a powerful partnership as long as both are on the same page.