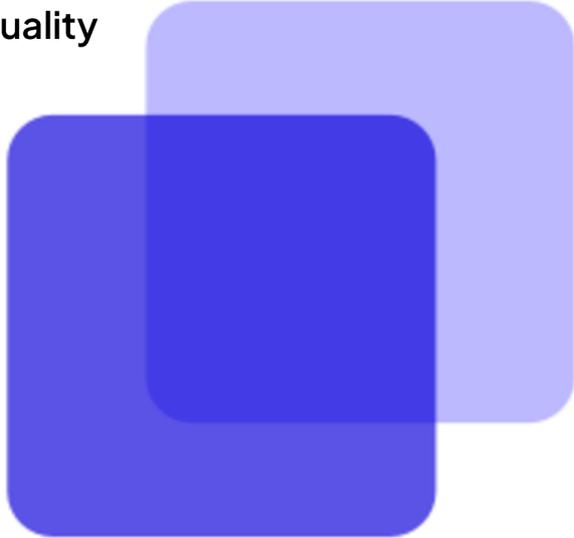




**Cotiss**

# The procurement paradox

Defining success: Balancing cost, quality  
and strategic value



Procurement isn't just about getting the best deal—it's about driving real value for your organisation. Too often, the focus on cost savings overshadows the bigger picture: quality, vendor relationships, and alignment with strategic goals. This document dives into how procurement teams can shift the narrative, leveraging smarter metrics and sharper strategies to transform procurement into a powerhouse for business success. It's time to break free from outdated mindsets and redefine what great procurement looks like.

## Introduction

Procurement is at a crossroads. For too long, it's been pigeonholed as a cost-cutting exercise, measured in dollars saved and contracts renegotiated. But in today's complex and fast-moving business environment, that's not enough. The stakes are higher in critical industries where supply chain failures or poor vendor choices can lead to catastrophic consequences.

This paper challenges traditional approaches and explores how procurement professionals can drive value far beyond cost, aligning their efforts with the priorities that truly matter to the business.

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# 01

## Quantifying cost savings in Procurement

Cost savings may be the easiest metric to track, but it's rarely the most meaningful. True procurement value comes from understanding and demonstrating how those savings contribute to broader business goals.

Cost savings are just the beginning. To prove value, procurement needs to connect those savings to strategic outcomes that resonate across the organisation.

Here's how procurement teams can quantify and communicate cost savings effectively:



### Anchor to the right benchmarks

Use historical data, industry benchmarks, and market trends to ground your savings calculations in reality. This ensures your numbers carry weight with stakeholders.



### Go beyond the sticker price

Factor in the Total Cost of Ownership (TCO)—including ongoing maintenance, operational costs, and potential risks. It's about the big picture, not just the upfront numbers.



### Spot the hidden opportunities

Time is money. Automating repetitive tasks or streamlining workflows can free up resources for high-impact activities, showcasing procurement's role in operational efficiency.



### Make the data work for you

Advanced analytics and procurement platforms can uncover trends and opportunities, turning raw numbers into actionable insights.

# 02

## Balancing cost savings with quality

Let's face it: cheap decisions often come with expensive consequences. Whether it's crumbling infrastructure or frustrated stakeholders, an overemphasis on cost can backfire.

Striking the right balance between cost savings and quality requires a strategic approach:

### Shift to weighted evaluations

Balance cost, quality, and performance metrics to ensure decisions are as strategic as they are economical. Procurement is about finding the right fit, not just the lowest price.

#### Why weighted evaluations

- Optimises decisions: Balances cost, quality, and performance for effective vendor choices.
- Aligns with goals: Links procurement decisions to long-term business priorities.
- Ensures transparency: Provides a clear, defensible framework for vendor selection.

### Vet your vendors like a pro

Build robust qualification processes to avoid surprises down the road. This includes reviewing past performance, reliability, and their ability to meet standards consistently.

#### Key steps to vendor validation

- Check their track record: Ensure vendors have a history of reliability and meeting deadlines.
- Assess their capabilities: Use pre-qualification tools to confirm they meet your standards.
- Verify financial health: Review financial stability to ensure long-term reliability.

# 02

## Balancing cost savings with quality

### Test under pressure

Model vendor performance in high-stakes scenarios to see who can deliver when it really matters. Think beyond normal operations to assess resilience.

#### Ways to stress test your vendors

- Simulate crisis scenarios: Evaluate vendor response to hypothetical disruptions like supply chain breakdowns or sudden demand spikes.
- Assess contingency plans: Review the vendor's preparedness with backup systems, alternative vendors, and risk mitigation strategies.
- Monitor real-time adaptability: Test how quickly vendors can adapt to changes in scope, deadlines, or resource constraints.

### Set the bar for quality

Collaborate with internal stakeholders to define success metrics that go beyond vague promises and deliver measurable outcomes.

#### Define and deliver on quality

- Engage stakeholders early: Involve key teams to identify critical quality metrics and expectations.
- Use measurable benchmarks: Establish clear, quantifiable standards like defect rates or on-time delivery percentages.
- Align metrics with outcomes: Ensure quality goals directly support project and organisational success.

Quality isn't a luxury—it's the foundation for scalable, reliable, and sustainable operations. Procurement teams that champion quality drive better outcomes for everyone involved.

# 03

## The human impact of procurement relationships

Procurement isn't just about contracts—it's about connections. Strong vendor relationships can be the difference between thriving in a crisis or falling apart under pressure.

These relationships require intentional effort to build and maintain:

**When vendors feel valued and understood, they become more than vendors—they become partners in your success.**



### Make Time for Conversations

Use historical data, industry benchmarks, and market trends to ground your savings calculations in reality. This ensures your numbers carry weight with stakeholders.



### Invest in Mutual Growth

Support your vendors with training or resources that help them succeed—and watch that value flow back to you in improved performance and innovation.



### Recognise the Wins

Acknowledge vendors who go above and beyond. This strengthens partnerships and encourages excellence.



### Create Feedback Loops

Encourage open dialogue to tackle issues head-on and continuously improve. Honest conversations lead to stronger, more adaptive relationships.

# 04

## Challenges in indirect procurement

Indirect procurement—covering areas like IT infrastructure, marketing, and office supplies—poses unique challenges. Unlike direct procurement, its value isn't always obvious, but its impact is significant.

Here's how procurement teams can overcome these challenges:

**With the right approach, indirect procurement can shift from a reactive, overlooked function to a strategic enabler of business success.**

1

### Untangle the web

Use centralised tools to bring order to fragmented spend categories. A clear view of spend data enables better decisions.

2

### Bridge the silos

Work closely with internal teams to align goals and avoid missteps. Collaboration ensures procurement is solving the right problems.

3

### Shine a light on value

Indirect spend may be harder to quantify, but it's just as critical. Use data and storytelling to showcase its impact on operational success.

# 05

## Strategic alignment and measuring success

Procurement's true power lies in its ability to support and drive business priorities.

To achieve this, procurement teams must redefine how they measure and communicate success:

**When procurement aligns with what matters most to the organisation, it stops being a back-office function and starts being a strategic partner.**

1

### Start with the big picture

Align procurement objectives with overarching business goals like sustainability, market growth, or operational efficiency.

2

### Define departmental wins

Work with teams across the organisation to pinpoint their priorities—from faster delivery times to better vendor innovation.

3

### Show, don't just tell

Use visual dashboards and compelling success stories to communicate your wins clearly and persuasively.

4

### Start with the big picture

Ensure every KPI is Specific, Measurable, Achievable, Relevant, and Time-bound. Clear metrics drive accountability and alignment.

5

### Double down on transparency

Leverage technology to make procurement's impact visible and undeniable, ensuring every stakeholder sees the value added.

# 06

## Examples of procurement excellence

Critical medical equipment supply during emergencies. Hospitals often require reliable vendors for critical medical equipment. During emergencies, resilient supply chains that ensure uninterrupted delivery can mean the difference between life and death. Procurement strategies should account for contingency plans, alternative vendors, and logistical flexibility.

### Scenario One

When a hospital faces a sudden influx of patients, such as during a pandemic, the ability to procure ventilators, oxygen tanks, and personal protective equipment (PPE) quickly is paramount.

By establishing agreements with vendors who can expedite delivery and maintain consistent stock levels, procurement teams ensure access to life-saving resources during critical moments. For example, sourcing from regional vendors can minimise delays caused by global transportation challenges.

### Scenario Two

Beyond equipment, procurement teams must also focus on securing services like equipment maintenance and repair.

In an emergency, having pre-vetted service providers on standby ensures that essential devices, such as dialysis machines or imaging systems, remain operational. Hospitals that proactively partner with vendors offering 24/7 emergency support can mitigate the risks of equipment failure when it matters most.

# 06

## Examples of procurement excellence

Energy procurement for sustainability goals. Companies transitioning to renewable energy sources need procurement strategies that balance cost with environmental impact. For instance, selecting a slightly more expensive renewable energy provider can align with broader sustainability objectives while reducing long-term regulatory and reputational risks.

### Scenario One

A global retailer aiming to achieve net-zero emissions might procure solar power from a local energy cooperative.

While initially more costly than traditional energy contracts, this decision reduces the company's carbon footprint and enhances its reputation with environmentally conscious consumers. Over time, these renewable energy investments also provide stability as they shield the company from fluctuating fossil fuel prices.

### Scenario Two

In the industrial sector, businesses can integrate renewable energy procurement into their operational strategy by choosing hybrid energy models.

For instance, a manufacturer might contract both wind energy and natural gas to balance reliability and sustainability. This approach not only aligns with green energy goals but also ensures uninterrupted power supply during periods of low renewable generation, such as windless days.

# 06

## Examples of procurement excellence

Infrastructure maintenance contracts.

For industries reliant on continuous operations, such as telecommunications or utilities, selecting maintenance contractors who can perform under adverse conditions is crucial. Evaluating vendors not just on cost but also on their capacity to deliver during crises ensures operational resilience.

### Scenario One

A water utility company might partner with contractors capable of responding to pipeline bursts during heavy storms.

By vetting vendors based on their ability to deploy resources quickly and operate under challenging weather conditions, the utility ensures that essential services are restored promptly, avoiding disruptions for thousands of households.

### Scenario Two

In telecommunications, maintaining cell towers during natural disasters highlights the importance of resilience-focused procurement.

For example, selecting contractors with specialised equipment for operating in remote or inaccessible areas ensures that critical communication networks remain operational. This is particularly crucial for emergency services reliant on these networks during crises.

# 06

## Examples of procurement excellence

Software as a strategic asset.

For organisations investing in software, procurement teams should ensure vendors provide robust support, scalability, and clear metrics for success. By integrating vendor evaluations with project outcomes, teams can justify investments based on long-term value rather than upfront cost.

### Scenario One

A retail chain adopting a new inventory management system must evaluate how well the software integrates with existing tools.

For example, choosing a solution that automates reporting and offers predictive analytics can save countless hours while reducing errors in forecasting. Procurement teams should focus on vendors that offer seamless integration and future-proof features, ensuring the software remains relevant as business needs evolve.

### Scenario Two

Post-implementation support is equally critical. A logistics company, for instance, might prioritise software vendors that provide ongoing training and customer support to ensure staff can fully utilise advanced features.

This proactive approach avoids the common pitfall of underused software and maximises return on investment by empowering employees to leverage the platform effectively.

# 07

## Conclusion and Recommendations

Procurement professionals have a choice: stay stuck in outdated cost-saving metrics or step into a bigger, bolder role.

By focusing on quality, building stronger vendor relationships, and aligning with strategic goals, procurement can transform from a transactional function into a driver of organisational success.

The future of procurement is **strategic, impactful, and collaborative**. With the right approach, procurement teams can lead the charge toward **resilient operations** and **long-term value creation**

## Key Insights

- **Resilience and scalability** are just as important as price when selecting vendors, particularly in critical industries.
- **Quality is non-negotiable**—prioritising cost alone often leads to greater risks and hidden costs.
- Procurement's true value lies in **solving problems**, fostering **collaborative relationships**, and delivering **measurable outcomes**.
- Success starts with **alignment from the C-suite to the front line**. Aligning across teams and objectives, ensures procurement efforts support both **strategic goals** and **day-to-day needs**.



## About Us



Cotiss is building a world where anyone, anywhere can effortlessly unlock the power of procurement for their organization.

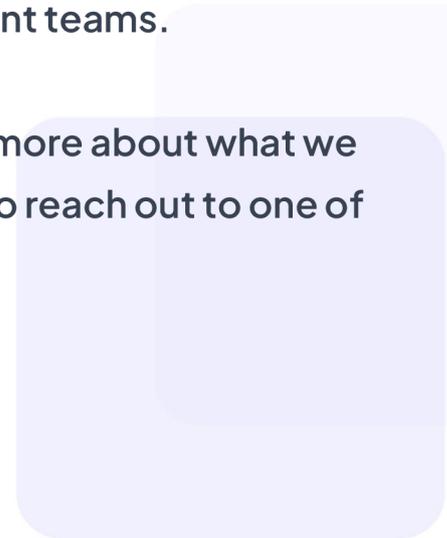
We make the world's easiest to use, end-to-end procurement software for small to medium procurement teams.

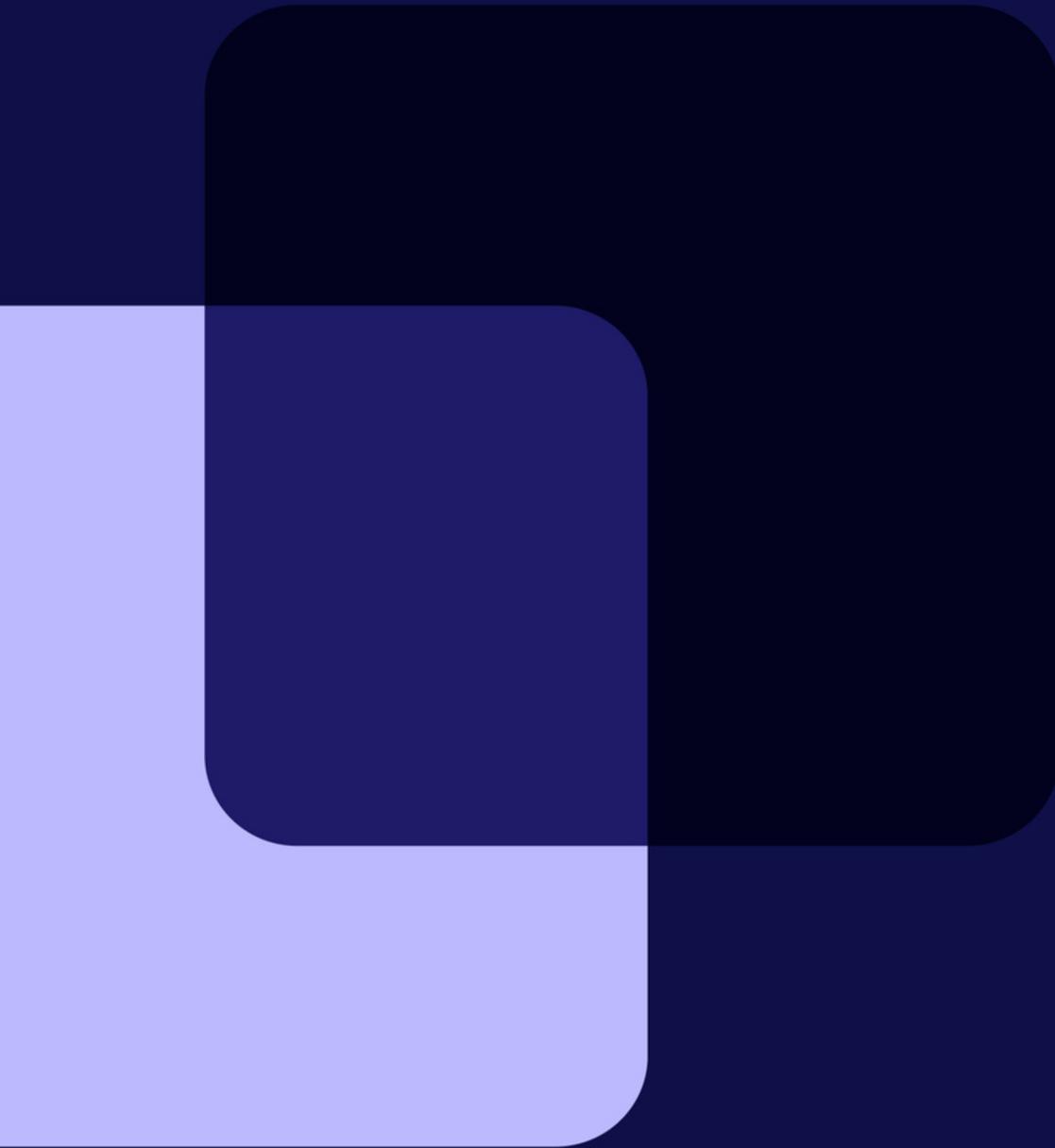
If you'd like to hear more about what we are doing feel free to reach out to one of our team.

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