



## Great procurement **protects the organization from risk**

Risk is rarely predictable, never singular and always constant. By restructuring and reevaluating risk, CPOs can enhance security, while transforming today's challenges into real-time opportunity. Here are four ways to advance:

### Segment and prioritize

Organizations that proactively segment risk gain the insight to prioritize those that matter most, and identify the suppliers and components that are critical to effectively and efficiently protect the business. Segmentation creates a nuanced view, helping to speed response and mitigate these challenges.

**Procurement Benefits:** Segmentation significantly reduces time and cost inefficiencies. By prioritizing the most critical risks and suppliers, procurement can refocus its resources on driving increased value and cutting risk across the business.

**Business Benefits:** Focusing awareness on high-value business streams introduces the clarity required to identify the biggest potential risks and design a robust plan to manage them.

### Trust and verify

Secure lines of supply are built on strong relationships. But true risk assessment relies on tangible data, not handshakes. Risk measurement is never a one-time event. To remain effective, you need to create a process that keeps data current, useful and actionable.

**Procurement Benefits:** Performing its own due diligence both amplifies procurement's real-time market knowledge and increases awareness of predictive risk factors that may herald significant challenges ahead.

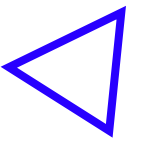
**Business Benefits:** A deeper view of supplier relationships helps the business understand commodity and geographical exposure; calculate trade-offs between concentrated supplier spend and diversification; and develop contingency plans for "black swan" events that threaten revenues and highest value product lines.

### Put technology to work

In the highly digitized, high-speed world of now, spreadsheets and surveys can't deliver a robust procurement plan. Technology allows you to reduce the complexity surrounding risk monitoring and assessment, and visually represent data in ways that executives can quickly understand and accept.

**Procurement Benefits:** Technology removes historically labor intensive activities, transforming risk management into a real-time and repeatable program, with reporting, alerts and tools to support the proactive management of risk.

**Business Benefits:** Technology provides an essential health check; helping the business to sense and monitor potential risks, and to move forward confidently, knowing there are plans in place to respond with increased speed and effectiveness.



## You are your reputation

When it comes to regulations, laws and industry compliance, the responsibility lies with you – not the supplier. In today’s progressively complex and globalizing markets, your reputation is increasingly tied to and influenced by the actions of others.

**Procurement Benefits:** By establishing vigorous supplier screening, and shaping the plans and procedures to respond to future risk, procurement can further its reputation for protecting the business, the brand and ultimately, the reputation of the organization as a whole.

**Business Benefits:** Proactive procurement can help the entire organization gain a broader and deeper appreciation of risk and an understanding that everyone has a responsibility to protect essential operations as well as the business’ brand and reputation.

