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Innovation in Procurement

Marcin Zborowski, 6th November 2019, eBF, Ostrava

LED: in-/outdoor drivers, L2 modules
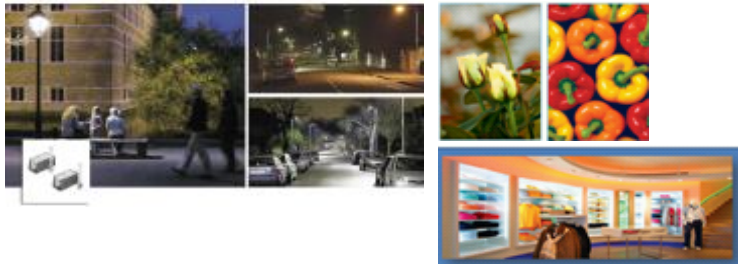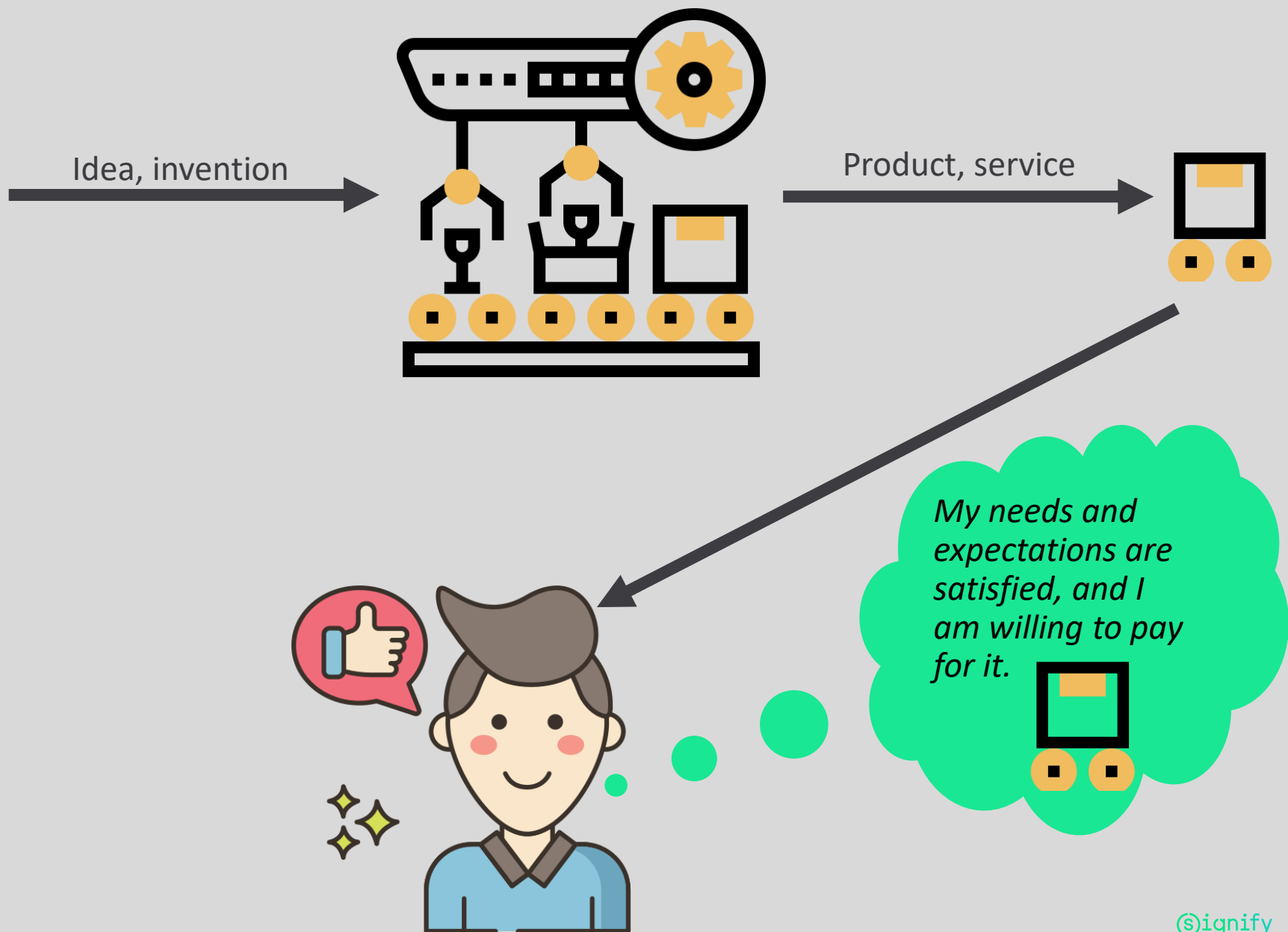
Application

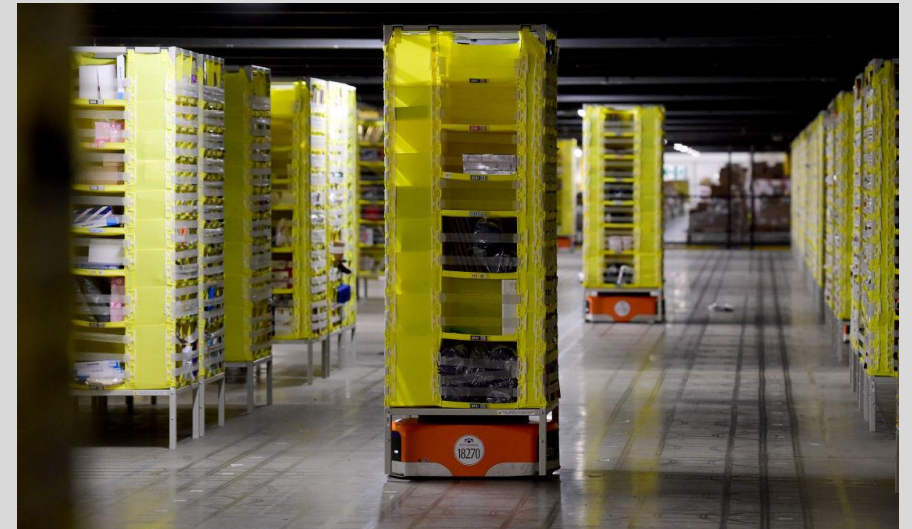**eFluo:** Fixed output & Dimming

eHID: Indoor & Outdoor

Innovation

Idea, invention

Product, service

My needs and expectations are satisfied, and I am willing to pay for it.
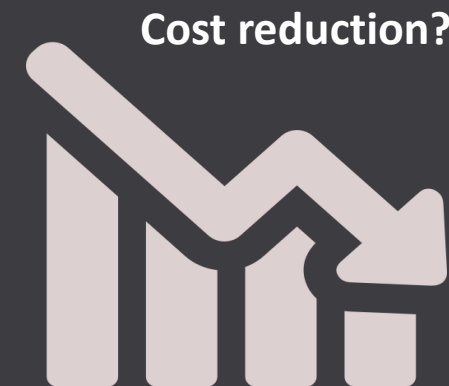
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Industry 4.0 is about combining **information technologies** with **production engineering** and **creating new innovative products** and **solutions**.

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What are your company's short, medium and long term priorities?

Growth?

Cost reduction?

Cash?

Other?

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Value proposition - the groundwork for development of meaningful innovation

It's a balance of 3 perspectives:

The Opportunity

The Value Offer

The Business Rationale

The Business Rationale:
"What's in it for our company"

The Value Statement:
"What's in it for the Customer"

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Innovation levers

Front end innovation
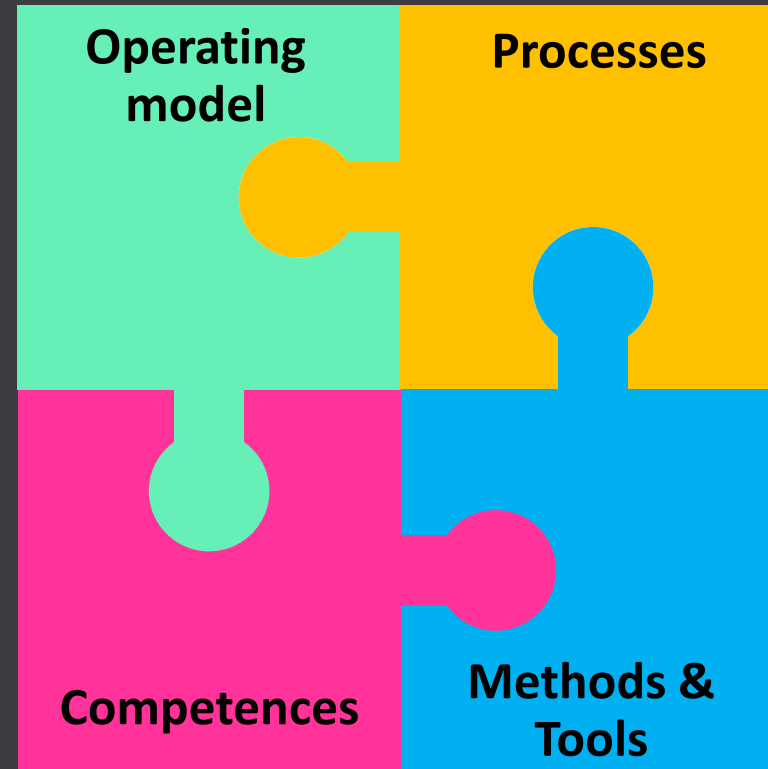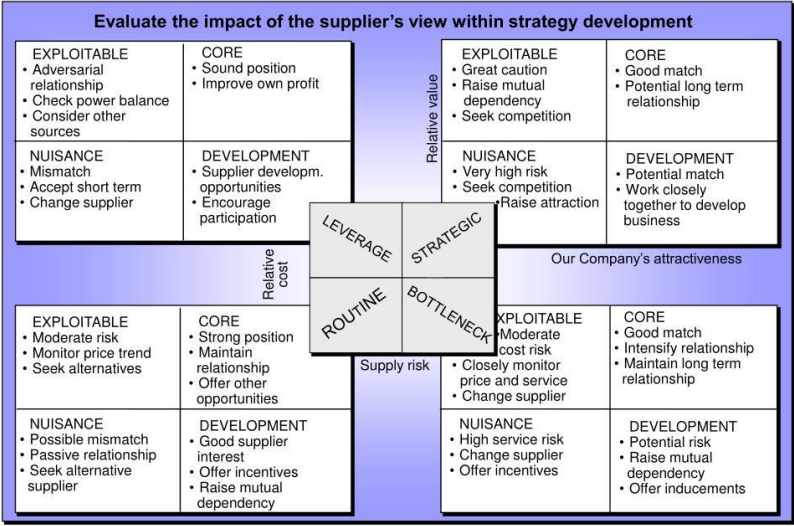

New offer development

Adaptation existing offers

Is your procurement function ready to contribute to innovation process?

Operating model	Processes
Competences	Methods & Tools

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Innovation – part of supplier relationship management and collaboration

Purchasing Portfolio Management

Evaluate the impact of the supplier's view within strategy development

Relative value

EXPLOITABLE
- Adversarial relationship
- Check power balance
- Consider other sources

CORE
- Sound position
- Improve own profit

EXPLOITABLE
- Great caution
- Raise mutual dependency
- Seek competition

CORE
- Good match
- Potential long term relationship

NUISANCE
- Mismatch
- Accept short term
- Change supplier

DEVELOPMENT
- Supplier developm. opportunities
- Encourage participation

NUISANCE
- Very high risk
- Seek competition
- Raise attraction

DEVELOPMENT
- Potential match
- Work closely together to develop business

LEVERAGE STRATEGIC
ROUTINE BOTTLENECK

Relative cost

Our Company's attractiveness

Supply risk

EXPLOITABLE
- Moderate risk
- Monitor price trend
- Seek alternatives

CORE
- Strong position
- Maintain relationship
- Offer other opportunities

EXPLOITABLE
- Moderate cost risk
- Closely monitor price and service
- Change supplier

CORE
- Good match
- Intensify relationship
- Maintain long term relationship

NUISANCE
- Possible mismatch
- Passive relationship
- Seek alternative supplier

DEVELOPMENT
- Good supplier interest
- Offer incentives
- Raise mutual dependency

NUISANCE
- High service risk
- Change supplier
- Offer incentives

DEVELOPMENT
- Potential risk
- Raise mutual dependency
- Offer inducements

Co-development? or Co-design/Early Supplier involvement? or Co-making?
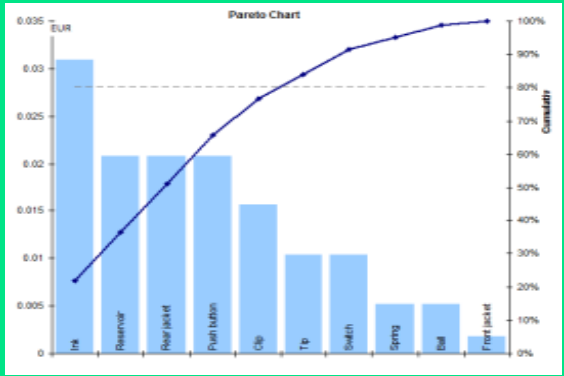
Rapid innovation workshops with key suppliers

ODM

Innovation as part of supplier rating system

Metric	Points	Frequency
Quality	30	M
Delivery	25	M
Innovation	15	Q
Responsiveness	15	Q
Cost	15	Q

		Weight
1.	Supplier pro-actively and timely provides technical roadmaps (e.g. in time to be used during Business review Meetings (BRM)).	25%
2.	Supplier pro-actively contributes in an early stage of the development process (Early Supplier Involvement / PCP Product creation).	25%
3.	Supplier pro-actively supports in new developments (e.g. co-design, management of changes, qualifications of part, samples).	25%
4.	Suppliers shows required innovation capabilities.	25%

Methods & Tools for procurement to stimulate innovation
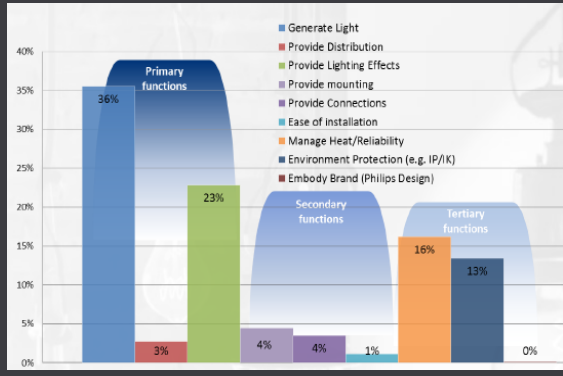
Spend analysis

Supplier Cost Breakdown

Value Analysis

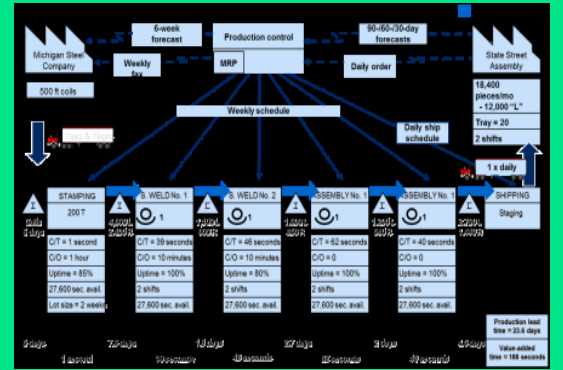
Reverse Engineering

Design for Manufacture and Assembly

Traditional design approach (11 parts)
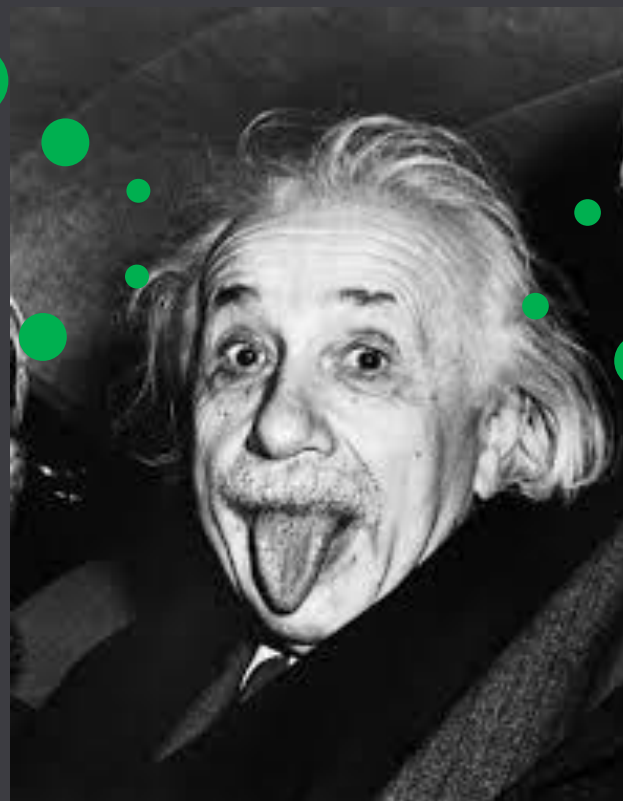
DFMA approach (Single part)

Value Chain Mapping

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Thank you for your attention
Děkuji za pozornost
Dziękuję za uwagę