Category Management Strategy Implementation Guide

Only very mature procurement functions can successfully pull off executing a robust category management strategy.

However, for those organizations that get it right the value it brings can’t be overstated.

Most companies develop category strategies with good intentions, but those are often left on paper, never being brought to practice.

That’s where technology comes into play. A category management solution is the key to taking your strategy from paper to practice and scaling it in a practical and measurable way.

But, like any digital project, implementation can be a roadblock. You have to know what not to do, what to do and how to build a framework to get started.

In this guide you'll get our best practices from working with customers to successfully implement category management solutions and enable your strategies.
The Implementation Journey

Research & Development
The road to a successful implementation starts before you even think about the technology.

The technology is a tool that helps you to enact your strategy but implementing without a plan will just lead to a wasted investment.

- Research frameworks to decide what you want to build from
- Make it your own. Build around company objectives, make sure to build into your framework a plan to go from category segmentation to designing and implementation
- Define your goals; be specific and thorough on exactly what you want to achieve
- Take a holistic, cross-functional approach. Map out how your strategy and other stakeholder strategies affect each other.
- Define a standardized process and framework for building your category strategies. Ensure that it’s repeatable and scalable for different categories.
- Discuss with other procurement leaders how to use a category framework approach to guide your entire procurement function
01 | Aligning Framework with Technology

This should really come in two main areas.

The first should be to focus on internal training and documentation. You want to make sure your new strategy is adopted and the best way to do that is training and visibility. This is an important piece of organizational change management. Training and educating people on the overarching strategy and framework is as important as training them to use a new solution.

- Create a knowledge management site for best practices, guides and templates to boost adoption and employee buy-in. This encourages the strategy and framework throughout the business.
- If you use JAGGAER you can take advantage of our Adopt solution to provide in-depth analytics to get visibility into where processes are breaking down and who may need extra support.

The second piece is your actual category management solution. It’s important to discuss with your vendor the specifics of your strategy to ensure that your goals and the solution capabilities align fully. Your solution should help you to:

- Take your strategy from paper to practice.
- Realize maximum return and value.
- Make a repeatable and scalable approach for category managers to adopt and use.
- Align category management framework with an entire strategic procurement suite (S2C) to scale and bring the strategy to life.
- Automate category management and strategy but also ties together and illustrates all of the value procurement can bring to the larger organization.
02 | Launch the Basics

Don’t make the mistake of doing too much too soon. That’s a surefire way to crush your implementation efforts with unrealistic expectations, burnout and poor user adoption.

Instead, start small. Get your basics set up first, make sure everything works as desired, begin basic user training and then scale up. It’ll make the process much smoother.

For starters:

- Create a small test group to test and train on the new system
- Create a central repository for your category strategies (global, regional, high value, etc.)
- Set your essential data fields for tracking, reporting and analytics – link directly to the value your strategies are delivering to show key leadership
- Training to walk users through creating their first strategy and completing the basic information
- Test, test, test and then look at possible enhancements or add-ons
Collaboration and Approvals

Everything works for your test group – that’s great! Now comes the difficult part.

It’s time to move from a small group to your entire procurement function and then the whole organization. You want to focus on digital adoption, collaboration and removing any friction from your processes.

- Move from a small test group to the larger organization
- Encourage adoption and usage of the platform. JAGGAER customers can leverage our new Adopt solution for this!
- Encourage collaboration within the platform with other stakeholders and procurement colleagues to develop new strategies

Aside from helping with digital adoption, JAGGAER also offers functionality to encourage collaboration and ensure that your approvals process is as automated as possible.

- Using the team function, category managers can build out a “team” of collaborators to develop and implement a category strategy from start to finish while keeping all key decision makers in the loop instead of being an afterthought
- Embed SMEs and promote internal discussion within the platform that’s both trackable and visible
- Automate the required approvals process to speed up approvals, boost efficiency and reduce friction. Easily push strategy recommendations to leadership for approval and launch
Enable the Full Procurement Framework

Your category framework has been brought to life, people are collaborating, you’re saving money, boosting efficiency, all because of your category management framework.

But why stop there?

Category management – when done properly – can be a powerful thing, but it’s only the tip of the iceberg. When you align your category strategy with the rest of your procurement function, that’s when things get interesting.

We’ve debated between specialist solutions and suite providers for years, but recently Spend Matters settled it once and for all (you can read the full report here). Their answer? A modular suite, that allows you to scale up over time.

Category management, when aligned with a full suite – or specific modules – can take a procurement function to new heights with better strategic alignment, cross-functional analytics, enhanced integrations and increased visibility.

Strategic modules to consider initially with category management are:

1. Sourcing
2. Supplier Management

- Map out a long-term plan and set an action plan for the entire procurement spectrum
- Emphasize tracking your activities and measuring performance. Double down on what’s working, cut out (or optimize) what’s not and start focusing on goals
- Use this tracking to move from a strategy launch mindset to specific actions within a project with full visibility
- The benefits of a single suite strategic procurement solution are that everything is connected, strategies can be aligned, and analytics are available in one place
- Leverage these insights to drive decisions, tailor new and different strategies, and keep pushing for further savings and value
- Track the value of a strategy from ideation to implementation and throughout the entire lifecycle to further report on procurements strategic value
05 | Embrace and Look for Future Innovations

The key to unlocking more of procurement’s strategic value is in digital transformation.

When you take away a lot of the mundane, repetitive and manual tasks that procurement is often associated with it leads to a new procurement.

We don’t want procurement to be a desktop function, but one where relationship management is a focus. Where strategic negotiations are commonplace, and we become more of an advisor and coach to business stakeholders.

To do that, we have to recognize the vision of autonomous procurement. The name may scare some at first, but really it is about changing the procurement function to be more strategic. Not taking away jobs from people but changing them to become more fulfilling and value adding.

We wrote a step-by-step guide to help you achieve this vision, but here are some technologies that should be on your radar now and in the future.

- AI
- Recommendation engines
- JAGGAER Adopt, Assist and Advise
- Embedded intelligence platforms
- Guided strategy wizards to walk through the lifecycle
- Cognitive automation to speed up time to value

Get in touch today to discuss how JAGGAER can help bring your category strategies to life and bring more innovation to your procurement function!