

Procurement Taxonomy



Organization & governance	
Strategy	
Sourcing strategy	Strategy of procurement function in the organization defining key targets and development activities.
Sourcing portfolio mgt	Managing sourcing and procurement development projects
Sourcing pipeline mgt	Development and follow-up of key metrics for procurement.
Procurement KPI mgmt	Procurement KPI management involves tracking and analyzing key performance indicators to measure the efficiency, effectiveness, and value of procurement activities. It helps organizations monitor areas such as cost savings, supplier performance, contract compliance, and procurement cycle times.
Savings mgmt	Process of following up realized savings achieved by sourcing projects and development actions How do you do savings management? (cost avoidance, discounts, ..) Is it defined, what counts as a saving?
Procurement policies	Set of rules and guidelines that the organization needs to follow when buying from suppliers.
Supply chain sustainability	Capability to evaluate and manage the sustainability of the supply chain. Requirements, metrics and activities. Corporate social responsibility, HSEQ
External workforce management	Process and approach of managing external workforce for the organization

Organization & governance	
People & resources	
Worktime management	How procurement is managing their own workforce. Follow up of where worktime is used. Ensuring sufficient resources to execute and plan sourcing processes. Resource mapping to the ongoing projects, evaluation of the resource sufficiency. Is there some tracking of what types of activities the procurement personnel spend their time on? Is there a system for tracking procurement hours per project? Have there been any self assessments to estimate the proportion of working time used on different tasks? How overtime and replacements during holidays are managed?
Alternative resourcing	E.g. use of consultants to develop or execute procurement processes. Can be used to bring in rarely needed (category) competences or balance peaks in resource need.
Recruitment	Process of people management and recruiting procurement personnel Are there open positions in the organization? Are you able to get quality candidates to open positions? Is the recruitment handled centrally by HR or by the procurement organization
Education & training	Activities that develop the knowledge and skills of the procurement organization Is there standard trainings available for employees on procurement policies? Are there specific trainings available for procurement organizations? Is there a competence development plan for the procurement organization?
Organizational model	How procurement is organized in the organization Centralized/decentralized Country based / BU based / category based Dedicated / nondedicated procurement personnel
Purchasing mode	Definition of who are allowed to create a purchase order. Centralized/distributed purchasing

Organization & governance	
Stakeholder management	
Stakeholder mapping	The activities related to managing procurement organization's key cooperation partners Identifying the strategy owners and parties who have budget/ procurement needs
Relationship owners	Having specific persons in Procurement organization to ensure cooperation of key stakeholders. Are there nominated business relationship owners in the procurement organization? Is it clear to business, who to contact in procurement? Does procurement have a seat on the BU management team? Are suppliers divided per buyer?
Roles & responsibilities	Definitions and communication about procurement related roles and responsibilities in the organization. What is the master of employee data? Are procurement related roles available in (or can they be determined based on) employee master (approval limits, negotiation role, requisition workflow) How has it been agreed with business, what level of procurement activities they are allowed to perform? Is it defined, what is done by procurement only, and what stakeholders can and should do related to procurement activities?

Operations	
Strategic	
Category planning	
Spend analysis	Spend Analysis is the process of collecting cleansing classifying and analyzing expenditure data with the purpose of decreasing procurement costs improving efficiency and monitoring controls and compliance. Is Spend data readily available in a uniform way across categories and company units? Is there a process set up to extract cleanse and classify data? How often is the data refreshed? Are there external data sources included?
Supply base management	A systematic dynamic approach for strategically managing the whole supply base for a given category, which might include current suppliers, minor suppliers and potential suppliers (Melnyk et al., 2009) SBM consists of the four main elements: management of major suppliers, management of minor suppliers, scouting, and transition management. Preferred supplier status is closely linked to this activity, as well as other supplier classifications How is it evaluated, what is the correct quantity of suppliers? How is the lifecycle of a supplier determined, which should be phased out, for which should we increase spend? Are preferred suppliers identified per category? What is the process for updating preferred vendor status? Is there a standard meeting structure to organize category planning work? Are you having a discussion and plan, what suppliers will be used in a certain category?
G/L account structure	General Ledger structure is not always the same as sourcing category structure, but the difference should be made clear to people posting invoices - Is there a common G/L structure across the company? Are there clear instructions in place on how purchase invoices should be posted? What tools do invoice approvers have to use in checking the posting data? What factors contribute to the posting accuracy?

	Is your PO management system and item masterdata contributing to assisting posting? Data from PO, data added in invoice management, etc. Which elements in invoice posting data are meaningful for procurement / other stakeholders / reporting needs? Is there a clear link between sourcing categories and G/L posting? Is it clear for invoice reviewers and approvers, which accounts need to be used in posting? Is the G/L structure serving your needs? If not, is there a sourcing category tree available that is linked to G/L structure and supplier data? Is there a check in AP did the posting do correctly? Does posting of invoices produce quality spend data?
Opportunity assesment	Opportunity assesment is the activity of analyzing spend and demand data to identify sourcing projects (supplier consolidation) and their value potential. - How is sourcing project pipeline generated? Are there clear responsibilities in place to execute opportunity assesment?
Project Prioritization	Activity to prioritize identified opportunities to sourcing project execution. from reactive project planning to proactive project planning. - How is the prioritization conducted? Is there monitoring in place to alert on expiring contracts in order to plan renewal / tendering?
Category- & Subcategory plan	Documented plan for sourcing activities and managing spend in specific category and/or sub-category. - Are sourcing categories defined in a unified way across the company? Is there a template available for how to create / update a category plan?

	Is there a division/region specific plans per category in place, for which vendors are used?
Project and work allocation	Process of balancing workload for the procurement organization - Is there some balancing between team members to ensure all required projects are executed? Is there work time allotted to sourcing project execution? Is it possible to plan project execution or are there project requests coming ad-hoc from business?

Operations	
Strategic	
Market intelligence	
Supplier intelligence	Analyzing the supplier base using internal and external data. - Is the market status of key vendors being monitored? What external data sources are in use to vet existing and potential vendors? Credit rating, etc. Is there a systematic way to collect data on potential / existing suppliers? At what point in the new vendor process is data collected and how?
Category intelligence	Category intelligence is the activity of following the industry and supply base development of the category. - Is there a reporting structure in place for category managers to report on developments of their categories? Is there a process for developing category , e.g. periodic reporting on a template that should be filled about changes in the category's industry.
Process intelligence	Activities to map supplier production processes for e.g. cost modeling purposes. For example, considering how suppliers deliver their product / services / how are they managing their supply chain and how that affects their costs and subsequently your costs. (Express delivery services opposed to only option being to pick up from vendor resale network and waste employee time) - How are supplier production processes mapped?
Price benchmarking	Comparing prices internally and externally For example sharing subcontracting rate cards / keeping a record of past pricing, or buying price intelligence as a service. - Is there possibility to compare prices between divisions? Are there external price benchmarks available? At what point in the process is price comparison possible?
Risk tracking	Risk tracking refers to the continuous process of identifying, assessing, monitoring, and mitigating potential risks

	throughout the sourcing lifecycle. These risks may include supply disruptions, price volatility, geopolitical instability, compliance breaches, or supplier financial instability. By systematically tracking such risks, organizations can make informed decisions, ensure business continuity, and enhance the resilience of their supply chains. Effective risk tracking enables proactive responses and supports long-term strategic goals by maintaining alignment between sourcing strategies and risk management frameworks.

Operations	
Strategic	
Supplier management	
Supplier Innovation	Process of collaborating with suppliers to innovate processes, ways of working and new products and services
Contract amendments	The activity of managing amendments to contract and maintaining a reference summarizing the valid scope / obligations etc. - Is there a practice of amending existing contracts? Are there records for
SRM Process	Supplier relationship management. Process of managing key supplier relationships, supplier performance and satisfaction, - Is there an approach to managing vendor relations, e.g. giving a certain level of involvement / follow up based on vendor classification / segment? What practices are in place to manage vendor relations? Is the realization of the management followed up / reported on?
Segmentation	Process of segmenting suppliers based on category, preferred status and geography.
Claim management	Process of managing claims to vendors - Is there data available about the quantity of vendor claims? Are claims created in a uniform way? Are then end users aware of how to initiate a claim? Is Procurement always informed about the claims? Is there an escalation model in place?
SLA Management	Service Level Agreement management, related to services. Process of monitoring supplier performance against agreed quality and time standards - Is there systematic follow up / reporting available about vendor SLA adherence? Is there a system in place to capitalize on agreed sanctions from SLA slippage? Is there a policy of including sanctions to agreements with SLA?

	Are SLA sanctions reflecting the real impact of non-compliance?
Performance management	Process of analyzing suppliers performance based on financial and process measures. - How is vendor's performance measured? What factors are considered? Is data available from internal sources?
Supplier Risk Management	Practice of identifying, classifying and mitigating risks in the supply base. - Activities that can be put in place; Ensuring suppliers are complying with company code of conduct Monitoring supplier's financial performance Environmental/geopolitical / industry risk assesment
Supplier extranet	A system to onboard vendors, provide self service for example to updating key masterdata, preapprove suppliers to participate in bidding, facilitate electronic invoicing.
Contract compliance	Process for monitoring and ensuring that negotiated contracts are used by both internal organization and suppliers.
Supplier classification	Classifying suppliers based on business criticality and level of business to determine level of supplier management.
Demand forecasting	Demand forecasting is the process of predicting future procurement needs based on historical data, market trends, sales targets and business objectives. It enables sourcing teams to anticipate the quantity and timing of goods and services required, ensuring alignment with production plans and customer demand. Accurate forecasting helps optimize inventory levels, negotiate better supplier contracts, reduce costs, and prevent supply shortages or excesses.
Supplier onboarding & phaseout	Supplier onboarding is the process of integrating new suppliers into an organization's procurement system, ensuring they meet all compliance, quality, and operational requirements. It typically involves phases such as supplier evaluation, risk assessment, contract setup, system integration, and initial training.
Supplier development	Supplier development is a strategic process focused on improving a supplier's performance and capabilities to meet an organization's current and future business needs. It involves activities such as training, joint improvement initiatives, technology sharing, and performance feedback. The goal is to strengthen the supplier's ability to deliver better quality, cost efficiency, innovation, and reliability, ultimately creating more value for both parties in the supply chain.

Operations	
Tactical	
Project planning	
Business case	Standard model for calculating the cost/benefit of a sourcing project, taking to account must do / replacement statements, cost avoidance and procurement departments effort / opportunity cost - Is there a template available to calculate business case for a sourcing process?
Supplier market analysis	The generation of the list of suppliers that will be considered in the sourcing project. - Is spend data used to determine which vendors have supplied for the category/region in question? How are new potential vendors researched? Is there knowledge to which geographical area a current supplier is delivering to? Can your spend analysis provide a list which supplier have been used for what category?
Requirements gathering	Defining quantitative and qualitative requirements for the target of the sourcing process - Is there a process / template used to determine in sufficient detail to target of the sourcing project?
Sourcing project management	The activity of tracking the status and success of sourcing projects and resources involved. - Is there a method for tracing ongoing sourcing projects through their phases and people involved? Is there a way to calculate the success rate of the sourcing project, i.e. how the project business case has realized? Is there some follow up on sourcing project effectiveness / savings?
Award criteria	Defining criteria for selecting the winning offer in advance, especially important in public sector procurement- -

	Is there a template and practice available to define the quantitative and qualitative award criteria?
Resourcing	Ensuring that there are sufficient resources available to execute a sourcing project in the required timeframe
Spend/Supplier consolidation	Evaluating that does the sourcing project result in right direction of development in the supplier base, e.g. adding a secondary source to secure availability. - More relevant for indirect, is there visibility on parallel projects that could be bundled? What kind of possibilities are there to source frame agreements with volume commitment/ rebates? Is there possibility to use e.g. rate cards for subcontracting work to call off ad hoc T&M assignments?
Demand management	Managing demand of external goods and services. Can we reduce usage of external resources or stop buying of certain resources completely. Limiting unnecessary business travel is a good example. Ensuring that correct quantities are purchased, to avoid both obsolescence and availability risks - Is it possible to forecast future needs? Can the demand for procurement projects be impacted? Can spend data reveal demand peaks / supplier cycles where prices might be lower?
Sourcing chessboard	Toolset by Kearney to determine your course of action based on power balance of buyer and supplier

Operations	
Tactical	
Supplier selection	
RFI	
RFP	
RFQ	
RFx & eAuction questions	List of standard and optional or category specific questions that can be added to a sourcing event. - What methods are there available to run RFx Process? Email/ hardcopy/ binning tool? Any experience/investigation on eAuction? There could be cost results gained but there might be quality issues / supply risk Is there any Strategy / target for eAuction utilization?
RFx templates	Managing a library of templates that ensure quality and assist users in creating a comprehensive RFx - Are templates defined per category / type of goods? Are templates guiding the user, e.g. providing alternative questions? Is there instructions / training for the use of the templates for non-procurement department personnel?
Scoring	Definition of how tender responses are weighted on relative scales, absolute scales, and guidelines for giving a score There should be guidance on how the RFx questions are formulated to be able to give a score - Are there predefined models for comparing / scoring the received bids? Is there some system support to generate base for scoring?
Supplier collaboration	Process and tools for communicating with suppliers during a sourcing project. - How is the communication between procurement and the bidding vendors organized?

	How is the transparency of the communication secured? Are answers given to one supplier shared to other suppliers to ensure symmetrical information to provide a bid?
Lotting Strategy	Lotting strategy refers to dividing up a larger tender to either geographical sections or otherwise to award the bid to several suppliers. For example, when buying IT accessories; a) ask for discount on full volume b) ask price for different accessory types c) ask price for each country of delivery Suppliers may benefit from getting information about the volume commitment as opposed to total estimated volume Lotting can help to cover demand peaks (for example in seasonal services)
Supplier benchmarking	Getting information about a supplier from other customers
Award	The process of notifying suppliers about the result of a sourcing event - What is the method how suppliers are notified of the tender completion?

Operations	
Tactical	
Contract management	
Template mgmt	Creating and updating relevant contract templates. - Are there contract templates created? Are templates configurable or different templates per the category? Are templates stored in a searchable way? Is it ensured that contract authoring always starts from the latest approved template? How is the user guided to select the correct template?
Contract playbooks	Contract playbook refers to a guide to contract negotiation prepared by procurement but available to use by anyone authorized to negotiate a contract, therefore reducing the demand for procurement or legal involvement in negotiations while maintaining good quality and compliance to policies. A playbook might contain the preferred and then alternate acceptable clauses that are in line with procurement policy. Development in contracting may mean that initial contract review is done by comparing the acceptable clauses on both sides with help of technology
Contract automation	Contract automation refers to modern tools that assist in writing contract text and redlining according to provided rules or guiding questions.
Contract analytics & BI	Analytics of different contractual elements: commitments, usage of certain clauses etc. Analytics requires that the content of documents is available in cohesive data formats. - Case - when GDPR projects started, how would a company find all contracts where privacy is mentioned / should be mentioned? How to find the interrelations between different kinds of contract clauses? Is there data available about the contract expiration? Is there data available to view spend against contract / savings realization?
Contract review	Process/policy of ensuring relevant parties have reviewed contract content

	- Are there guidelines or process in place for contract review? Any tools to compare general terms to company policy? There are some attempts to create AI based solutions that would provide e.g. initial legal review of a contract, but nothing very sophisticated yet
Contract negotiation	Process of negotiating the final contract with selected supplier. Is there any support for facilitating negotiation, e.g. common workspace to review documents?
Signing	Methods of executing contract signing. - Is there possibility for electronic document signing?
Legal review	Guidelines on when to use internal / specified external review. Specification, which clauses are non negotiable - How is the need for legal review determined? Is there any support for the review?
Contract data management	Tools and process for making key contract data available for stakeholders. - Is there a process in place to extract metadata from contracts or search functionalities that reach contract text? If metadata is used, is the data usable, meaning filled with some quality? Classification via metadata may be outdated, development is leading more to enabling / facilitating search
Renewal management	Process of planning and executing contract renewal. - What does the process of monitoring contract expirations look like?

	Is there a systematic follow up or is the monitoring assigned to some role? Is there rules in place for planning sourcing projects for contracts up for renewal?
Handover	Handover refers to the activity of informing the end users of a contract about the content and core clauses of a contract. Typically handover is not a focus area, contract creation end with signing. The risk is that users of the contract are not aware of how they should behave in order to get the benefits negotiated in the contract. - Are the end users involved in the contract negotiations? How are end users informed of the content ? Email inform the location of the contract? A checksheet to provide in a uniform way the contract content? 'for dummies' guide for large contracts, e.g. service outsourcing
Obligations management	Obligations management means a coordinated way to collect and follow-up the obligations of both parties from contracts in a uniform way, so that checking / monitoring contract compliance would not always require reading the long text of the contract.
Drafting support	Usage of external support to draft and negotiate important contracts.
Contract archive	System of keeping retrievable records of exiting / past contract documents - Is there metadata added to the index of the archive? Is it possible to perform searches? Are expired contract available/used as reference?

Operations	
Operational	
Purchase to pay	
Catalog management	The process of populating a list of items and prices to the purchasing system Catalogs refer to solutions for end users to search and browse goods for purchase from preapproved suppliers, add to basket and create a purchase requisition or purchase order. Catalog data can be managed internally or by suppliers with an approval process.
Order Workflow management	The process of routing a purchase request through quality checks in the organization, to create an order. - What kind of checks for PO data completeness are there? Item code, posting data, tax codes, etc.
Order Approvals management	Process of ensuring that orders are approved and created according to company approval policies. - Are there rules in place for PO approval chain? Are PO limits defined in a policy / based on organization & role? Are the rules enforced via PO creation system controls? Are suppliers instructed to reject phone / freeform orders?
Order management	Order management refers to the methods of generating a binding order to a supplier, managing order confirmation and changes. An order can have several forms: Phonecall / document/ freeform email / system generated PO via email / EDI / Supplier portal - In what format are purchase orders sent to suppliers? Are there standard texts available to add to a PO?
Goods receipt	Recording that the goods on a PO have been received in quantity and quality. Link to accrual process?

	- Who is processing goods receipt on a PO? Which system is it recorded to ? Is the goods receipt based on quantity or also value? How are goods receipts for e.g. subcontracting processed / e.g. recording hour reports of subcontractors / service providers? What kind of link is there from goods receipt to Claims process? Does the goods receipt release invoice payment?
Delivery management	Activities related to managing the delivery methods of purchased goods. Managing warehouses and inventory? Tracking services, freight forwarding, international delivery handling Vendor managed inventory / MRP (ROP, etc) - based PO creation
Invoice handling	Invoice management refers to processing the invoice documents sent by suppliers to a manageable format - Scanning services? What is the proportion of paper invoices / email invoices / electronic invoices? Are paper invoices sent to a centralized address for initial processing? How is the initial processing of orders done? - Identifying if PO exists - recording reference data - determining posting suggestion
Invoice matching	Process of matching invoice to purchase order and goods receipt to avoid manual handling of invoice. - What are the matching policies in use? 3-way/ 2-way / 2,5-way match?

	Is there data about for which suppliers there is never a PO available (Exclusion list)?
Invoice Approvals management	Ruleset defining based on invoice data and determined posting data, who should review and approve invoice Policy of approval limits based on organizational role. - How is the approval policy documented? How is the approval chain implemented? How are deputies managed during e.g. holiday periods
Invoice Workflow management	The process of routing an invoice from receipt to ready to pay in the organization and between systems - Is the process defined?' Is there visibility to the invoice quantities in the different stages of the process?
Banking Management	Systems related to handling payments of invoices

Development	
Activities of the Procurement development organization	
Spend analytics development	Developing concept and capabilities to do spend analytics. - Is there a roadmap in place for improving spend analytics? Is there a pipeline for new data sources?
Risk management	Process of developing the risk management capabilities of procurement in the organization. Reporting on identifying and mitigating risks Process risks Supplier risks Business continuity management Environmental risks Macroeconomical risks Cyber risks
Process development	Development of procurement processes and activities
Procurement tools management	Managing and development of the tools and solutions used in executing procurement processes Tool examples Vendor management (external temporary labor) Travel & expense management S2P P2P S2C etc.
Supplier masterdata management	Process of creating and maintaining masterdata in all relevant systems.
Auditing	Concept and resourcing of supplier and procurement process audits
Compliance	Process and metrics to follow usage of purchasing process. For example purchase order coverage measures proportion of the spend purchased under purchase order. Contract compliance, process compliance, product compliance, price compliance

Data privacy mgmt	Follow-up and metrics of following organizations privacy policies. For example proportion of suppliers having required GDPR clauses in contract or separate data protection agreement.