

What is Strategic Sourcing?

Definition: A systematic and fact-based approach for optimizing an organization's supply base and improving the overall value proposition.

What it is	What it is NOT
Focused on the Total Cost of Ownership (TCO) incorporating customer needs, organizational goals, and market conditions	Focused ONLY on cost
Getting the best product/service at the best value	Getting the cheapest product/service
Driven by a rigorous and collaborative approach	Ad-hoc activities involving only purchasing
Addresses all levers for savings	Focused on “beating up suppliers”
Decisions based on fact based analysis and market intelligence	Decisions based on opinion, unjustified preference, or complacency
A continuous process	A one-time project or decision

Scope of Strategic Sourcing?

The scope of strategic sourcing extends beyond supplier price negotiation and takes into account the total cost of ownership



Advantages of Strategic Sourcing?



Objectives of Strategic Sourcing?

Objectives of strategic sourcing surround the reduction of cost while maintaining or improving quality

