

INSIGHT 03

Procurement transformation: moving from reactive to strategic

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Most procurement functions are designed to process demand, not manage it. The result is a function that is busy, expensive, and adding far less value than it should. Here is what it takes to change that.

The uncomfortable reality

60–80%

of procurement team effort sits in low-value transaction handling and exception chasing

In most organisations I have worked with, the majority of procurement effort sits in low-value transaction handling and exception chasing. The performance problem is not capability — it is structure. If you do not fix flow first, any improvement initiative will just accelerate the wrong work.

What actually drove 9 months → 8 weeks

“Most delays were not happening inside steps — they were happening between them.”

The single biggest shift in taking a procurement cycle from nine months to eight weeks was removing sequential approval bottlenecks and replacing them with parallel validation and pre-approved authority thresholds.

In practice it was the combination of three things:

THE THREE CHANGES THAT DROVE THE RESULT

- Clearer delegation of authority at category level
- Tighter category-level rules reducing the need for case-by-case decisions
- Eliminating waiting time between steps, not just step complexity itself

What strategic procurement looks like day to day

In a truly strategic procurement function, the team spends less time processing transactions and far more time on three things:

Shaping demand before it becomes a request. Working with internal stakeholders to redesign what “need” looks like before it reaches procurement.

Managing supplier performance on outcomes, not compliance. Moving from “did they deliver?” to “did they deliver value?”

Designing spend before it happens. The mindset shifts from processing spend to influencing it upstream.

Year one vs year three

Year one: Fix flow. Map where time goes, remove sequential bottlenecks, establish authority thresholds, get spend visibility.

Year two: Fix the supplier relationships. Introduce SLAs, performance frameworks, and structured negotiation based on actual volume data.

Year three: Operate strategically. Procurement is shaping demand, influencing category design, and creating competitive advantage.

Where to start

Map where procurement time actually goes before changing anything else. In most cases the answer tells you everything you need to know about where to focus first. Download the Execution Clarity Diagnostic at viaclara.co.nz or contact us to discuss your procurement situation directly.