



Back to Basics: Understanding the Fundamentals

Lyubomira Mihaylova of ScaleFocus UK talks to sourcingfocus about the fundamentals of sourcing and adapting to the digital age.

How have buyers of sourcing services adapted to the underlying changes of the industry? Are they driving the change or is technology and innovation?

Very few companies have the true willpower and readiness to change. No matter the business imperatives, regulations, competition, threat of staying-in/going-out of business, etc., a broad range of industries and industry representatives are more talking about than acting upon, adopting and adapting to the impact of disruption. A typical situation is of a heavy organisation where agility is a buzz word, though few truly care to move beyond the comfort zone leaving critical business decisions on the back burner. Furthermore, all are getting into the could of, would of, should of situation... when the “unexpected” difficulties could have been easily prevented a long time ago with timely decisions, vigorous actions and transparent responsibilities. So, there is still a long way to go when it comes to changes and committing to the digital, cloud and data analytics disruptions.

How important is it to have a universal standard for sourcing, such as the global sourcing standard in an increasingly globalised and disruptive industry?

As with everything in life – walking the walk is the one critical detail that makes all the difference. Same with applying knowledge – when not used, it is wasted.

Let us say a company is implementing a CRM system – unless data is uploaded correctly and strictly, and processes are followed, with the aim

of ensuring traceability, transparency, an ability to make business decisions in real time, knowing the customers and caring in a personalized manner, etc., it is just a tool not an enabler and facilitator.

Back to sourcing – a universal standard is paramount for stable and complications-free engagements. How many companies can pride themselves with that?

It will always be the case of talking, rather than acting until standards are not just enforced in an organisation, but all employees understand them and apply them as something they stand for.

How would you describe the importance of having strong fundamentals in sourcing in an increasingly digital age?

No matter how much we talk about digitalisation we will inevitably get back to talking about the basics. Before you can think of getting to the next level you should ensure you have everything that is needed to grow, innovate and thrive. Say a company has issues with redundant processes, data warehousing performance bottlenecks or any fundamental technology, infrastructure or business issue – would the digital journey be efficient if you skip addressing the fundamental flaws?

Another example – if two employees had to print, sign, scan and upload two documents for a process or part of a process and the company invests in replacing that with two simple clicks per employee – what will be the ROI of the company’s investment if these employees care little to click and play the ‘I am busy’ game? Having a culture of true caring, process transparency and strong business fundamentals is what enables companies to fly when they embrace the digitalisation accelerator.

How do you build a successful sourcing contract in the age of the digital economy?

The perfect contract is the one that eliminates excuses to procrastinate and gives clear responsibilities, sets standards, reaction times and communication channels. A contract where commitments, deliverables and outcomes are clear. It ensures that parties will not deviate from the ‘right track’ and interpret vague formulations. The perfect contract is when both parties are putting something in the game. Especially when the relationship is facilitated and accelerated by the digital economy. Sourcing contracts are becoming more transparent and demanding. Once basics like ‘paying your dues on time’, ‘chasing quality and deliveries’, ‘responding timely’ and ‘keeping your promises’ are no-brainers and just in place, precious time and energy is not wasted. Then and only then the relationship focuses on true innovation, R&D, experimenting with business models, joint go-to-market strategies and profit sharing, etc. etc.

We spoke to Lyubomira Mihaylova, Managing Director, Scalefocus, at the GSA Symposium to discuss how the fundamentals of sourcing have changed and the success of ScaleFocus, click below for the full interview.

