

Category Management is 'Not' Strategic Sourcing

Category management is not to be confused with strategic sourcing, although category management evolved from the overall strategic sourcing approach. Some of the main differences between category management and strategic sourcing include the following:



Strategic Sourcing

- Analysis conducted for immediate requirements
- One time event
- May not include aspects of Suppliers and Contract Management
- Typically, no Demand Management Program
- Typically, no Supplier Development Program
- Occurs in a silo within the organization



Category Management

- Analysis continually refreshed
- End-to-end process
- Includes robust Supplier Management Program
- Includes Demand Management
- Supplier Development is key component
- Occurs with full supply chain input

Category management conducts continual analysis to stay ahead of trends, risk, demands or supply changes.

Category managers play a crucial role in optimizing the procurement process for goods and services within a company. To be effective, they must possess a detailed understanding of spend, demand, providers, and markets, which enables them to challenge traditional methods of acquiring and delivering goods and services.

In addition to analytical skills, category managers must also be able to implement strategic plans that are aligned with the goals of the business.

Finally, soft skills such as communication and negotiation are also critical for a category manager's success.

In summary, a successful category manager must possess a combination of hard analytical and soft communication and negotiation skills.

Category management offers several benefits to organizations like

- Cost savings
- Improved supplier relationships
- Increased efficiency
- Better risk management
- Enhanced innovation
- Greater visibility and control

Overall, category management is a powerful tool that can help organizations to achieve significant benefits. By implementing it effectively, organizations can reduce costs, improve efficiency, and drive growth.

Excerpts from <https://sig.org/blog/guide-understanding-category-management>

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