

Lean-Agile Procurement

Your guide to demystifying and understanding
Lean-Agile Procurement.



What is **Lean-Agile Procurement (LAP)** and what does it mean?



LAP is a way to procure goods or services when there is a high level of complexity and uncertainty. It focusses on **5 core values** to achieve this by:

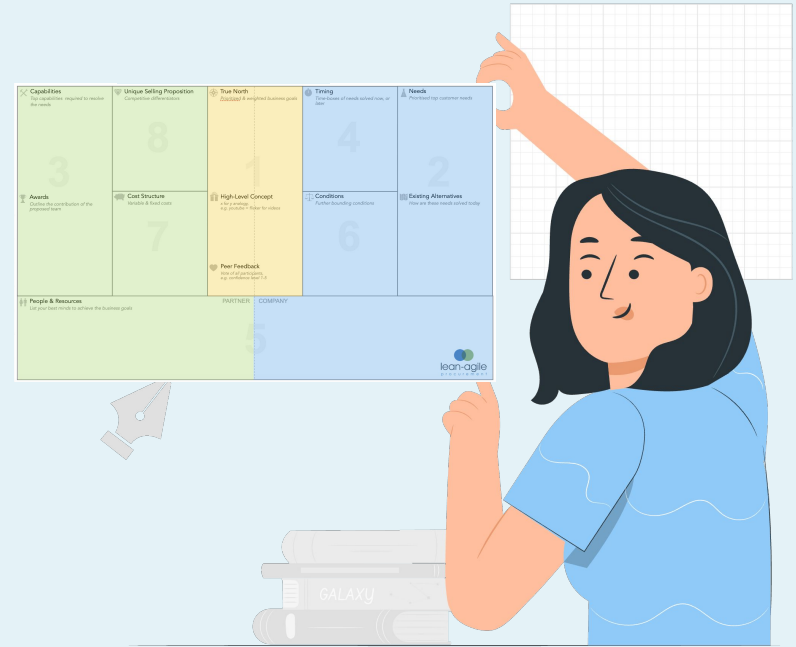
- reducing sourcing timeframes to deliver value sooner (**Days instead of Months**)
- focussing on customer needs rather than solutions up front (**Needs instead of Wants**)
- focusing on value to iteratively find the best possible approach (**Adaptive instead of Fixed**)
- fostering cross-company collaboration into the delivery phase (**Partnership instead of Relationship**)
- ensuring people are happily engaged throughout the process (**Fun instead of Pain**)

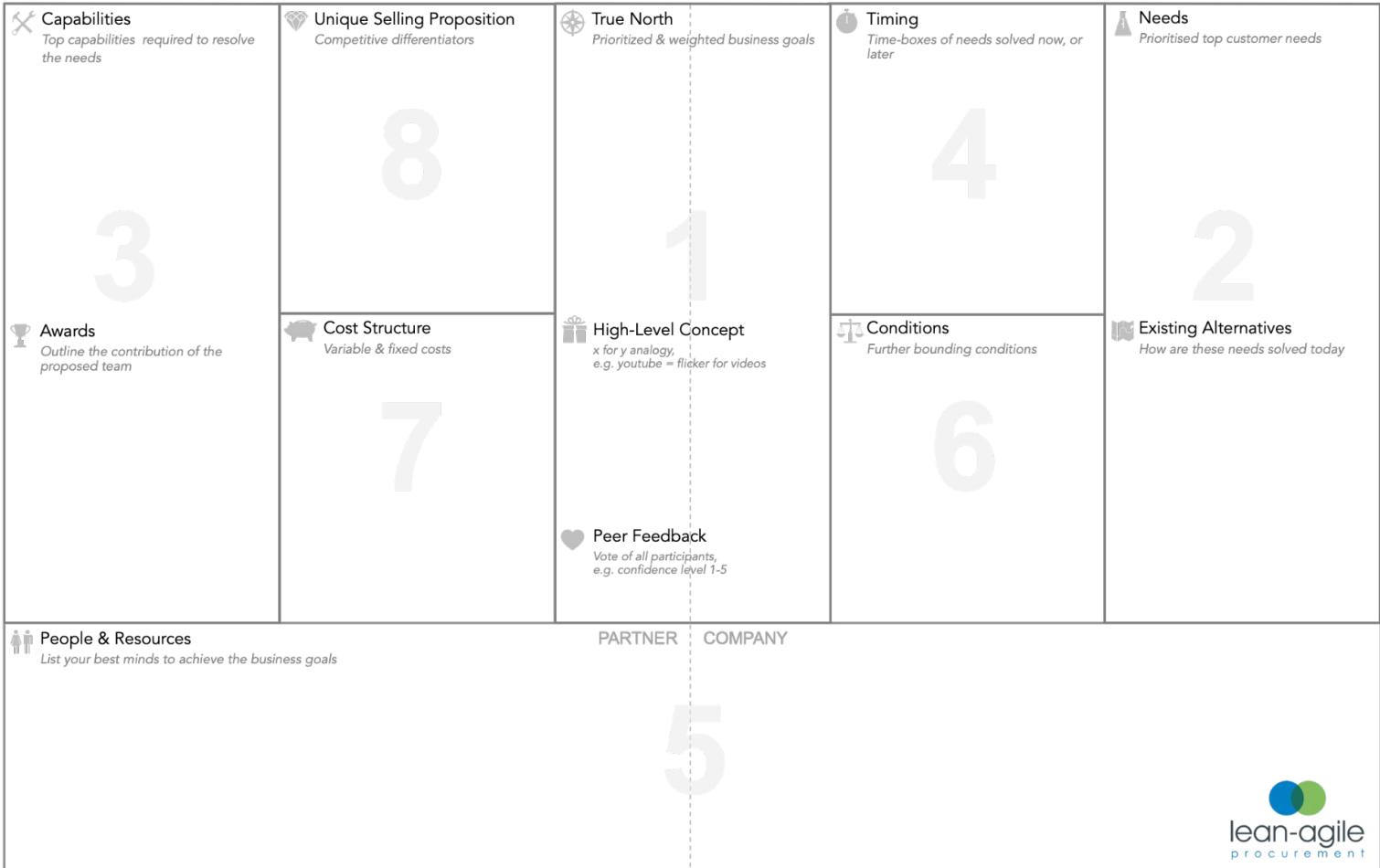
In LAP an RFP stands for **Request for Participation** rather than a Request for Proposal

In LAP, the **Lean Procurement Canvas** is our key artefact

The Canvas serves as our **single source of truth**. It is living document that is iterated upon throughout the process.

It acts as a summary, capturing the most important information and enabling **prioritisation, alignment** and **collaboration**.





Lean Procurement Canvas

- Is **concise** - capturing clear intent and ensuring alignment as to the **Why, What, How** and **Who**
- Is a **living artefact** - supporting collaboration and innovation
- Makes evaluation **comparable** between suppliers
- Is the basis of the partnership **contract**

The Canvas helps answer the following questions:

- Are we aligned on what we want to achieve?
- What are our most important business goals and customer needs?
- Have we identified key constraints (e.g. timing, budget)? Can the supplier work within them?
- Does our potential partner have the right capabilities to help us achieve our goals?
- Do we have the right supplier - culturally, and behaviourally? Are they a good team fit?
- Does the supplier have potential for a future partnership?






Partner facing

Who will be on the partner delivery team and **How** they would look to solve the customer needs, their cost structure, and, what makes them stand out from other suppliers..



Focus

Why we need this partnership - the vision and business goals that will shape and align. How can the buyer and supplier come together in a partnership to achieve these together?



Customer facing

What we'd like to solve with this partnership - customer needs, timing and constraints that will shape how we would deliver. **Who** will be on the team that would form the partnership.

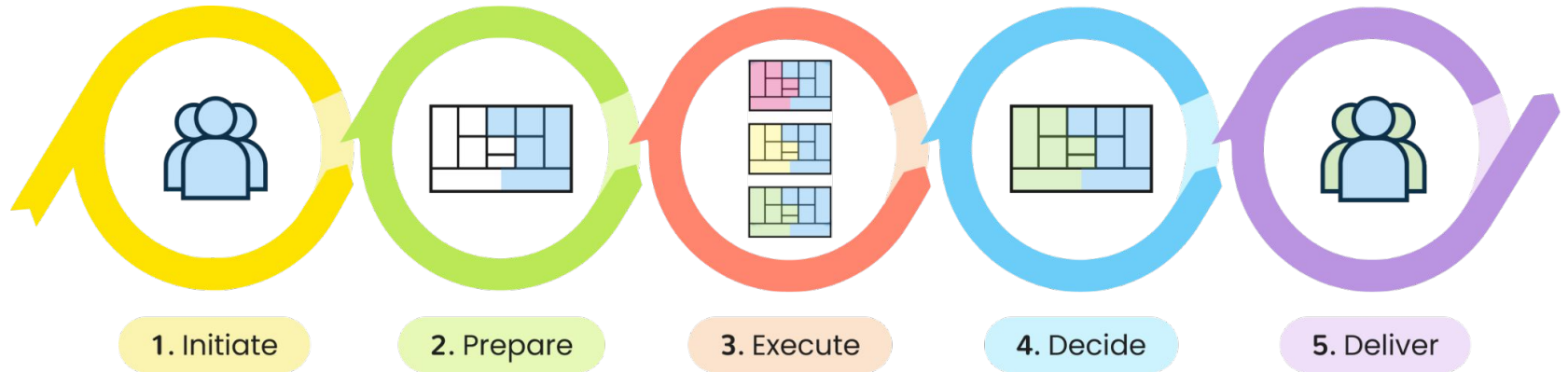


The five steps of LAP

LAP is not a prescriptive process. There are 5 iterative steps (aka patterns) which act as a guide. Sometimes you step through quickly, sometimes slowly, sometime you step back or iterate.

The key is to start early and validate often, focusing on interactions between the procurement team, stakeholders and suppliers/partners.

The 5 iterative steps of LAP

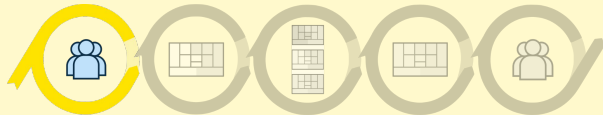


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Initiate

Set up your internal cross-functional team and align to business goals.

- Establish and empower your internal cross-functional delivery team
- Use the Lean Procurement Canvas to identify and align team and stakeholders on vision and business goals
- Identify and test (validate/invalidate) any high risk assumptions
- Understand the current state
- Carry out market analysis and supplier research
- Confirm sourcing strategy



2 Prepare

Create a Lean Procurement Canvas and prepare for a Big Room Workshop. The guiding question being: what do we want to **achieve** and how will we **evaluate** suppliers?

- Populate the Customer (right-hand) side of the Lean Procurement Canvas
- Confirm customer and business needs
- Prioritize 1 - 3 User Stories (that describe the need from a customer's perspective) for use in the workshop
- Generate a shortlist of suppliers (potential partners) and invite them to the Big Room Workshop
- Start work with legal contract framework that can be used as a Minimum Viable Contract
- Brief the shortlisted suppliers on what you're trying to achieve and expectations for the workshop
- Plan logistics for the Big Room Workshop, (e.g. in-person/virtual), the agenda with timings and rehearse
- Agree supplier selection criteria and guidelines for evaluators



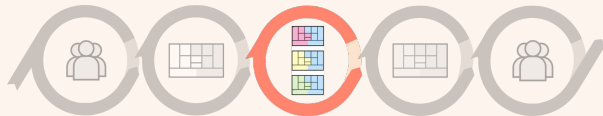
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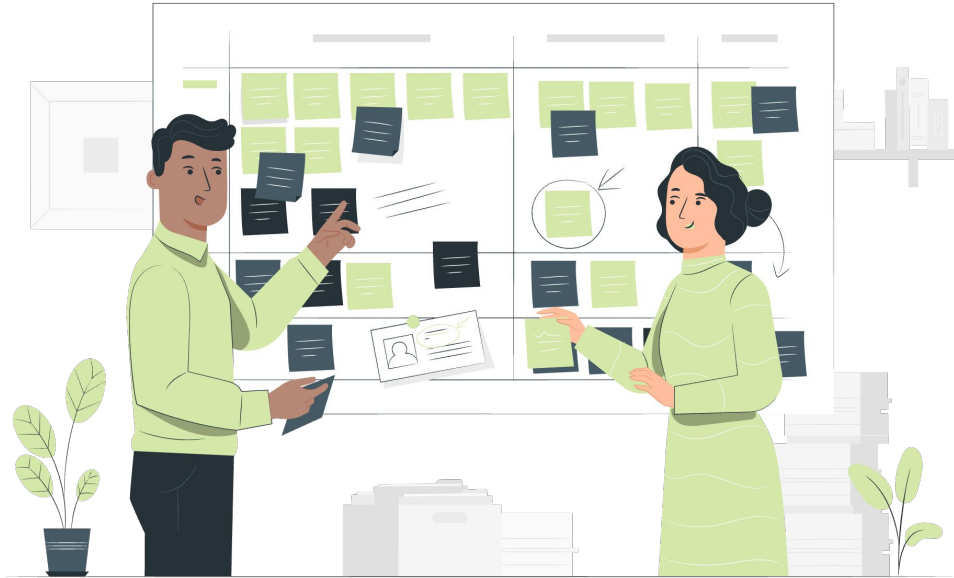
Execute

Run the Big Room Workshop with 2-4 shortlisted suppliers.

Rather than eliminate the least-promising proposals, your focus is on ensuring proposals can be iterated and improved, then selecting the best one.

- All suppliers in one room except for confidential discussions
- Encourage suppliers to challenge the canvas and assumptions, through open dialogue to enable clarity and innovation
- Suppliers walkthrough and iterate their Canvas and solution approach to the User Stories
- Give timely peer feedback (using the 'Decide' step) on supplier proposals to enable them to iterate and improve
- Learn about the supplier's delivery team and their proposed approach, you are evaluating a team/culture and solution fit
 - Does this solve our key challenges?
 - Can they do this?
 - Can we work with them to achieve this?
- Evaluate suppliers and select your preferred partner





Big Room Workshop

This is about getting **the right people together in one room**, having direct interaction between supplier and customer delivery teams to create the best possible proposal.

Big Room Workshop topics

The workshop itself should be tightly facilitated and timeboxed, as it iterates through the 'Execute' and 'Decide' steps. LAP does not prescribe a single agenda or practices to cover, but there are topics to consider.

- **Introduce** the customer and supplier delivery teams
- Present the **customer-facing** side of the Canvas to all suppliers
- Present **partner-facing** side of the Canvas and look for risks and matches through open dialogue
- **Demo** the solutions for **User Stories**, allow for multiple modes e.g. demos, individual break-out sessions, prototypes, or undertake a Proof of Concept for more uncertain aspects
- **Iterate and align** the canvas' and approach
- Present **additional User Story** during the event to evaluate suppliers ability to work under time constraints
- **Commercial** and **legal** reviews and discussions
- Give timely and actionable peer **feedback** to the suppliers through the 'Decide' step
- Make a **decision**, select the best solution and partner

4 Decide

Intentional peer feedback to inform collective decision making. This step is an ongoing iterative improvement loop for the 'Execute' and 'Deliver' steps.

Encourage the raising of honest observations, concerns and questions to ensure continuous improvement.

- Peer feedback to suppliers during the Execute step to help iteratively create the best possible proposals
- The final peer feedback session in the Big Room Workshop is the selection of the partner and product/service:
 - Commit to a cross-company team partnership that promotes trust, collaboration and flexibility using the Canvas as the basis for your partnership agreement
 - Not signing with a supplier is still a decision. Keep them informed, try to let them know within 1-2 days
- Run a Retrospective on the process and Big Room Workshop and identify how you might improve
- Partnership feedback during the Deliver step, to help grow cross-company team collaboration and delivery of value



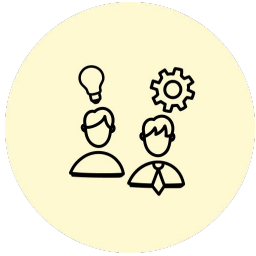
5 Deliver

The team is now a cross-company delivery team. Invest in the relationship. Deliver the product and/or service incrementally.

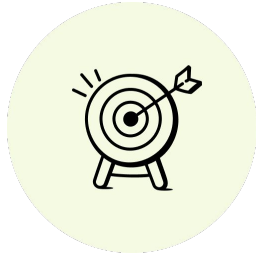
- Grow the cross-functional team into a joint cross-company team to own the delivery of the product and/or services
- Iteratively and incrementally deliver product and/or services
- Deliver value early to your customers and users
- Continue to work in *and* on the relationship. Engage regularly and seek feedback from your customers and partner
- The Decide step enables continuous improvement on teamwork and product/service outcomes, as both parties give timely, honest and actionable feedback to one another



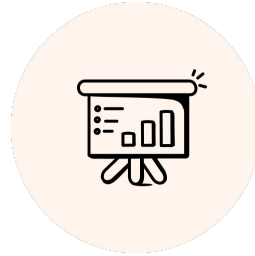
LAP in summary



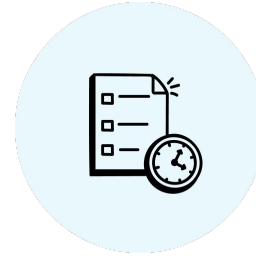
Establish a cross-functional team and a **collaborative** environment. The key people who will do the work and derive value from it are involved from **the very beginning**.



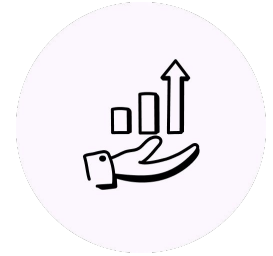
Use a **Lean Procurement Canvas** to align people (internally, then externally) around **business goals** and identify and prioritize **customer needs** before looking at solutions.



Issue a **Request for Participation** instead of a drawn-out document based RfP process. Bring company and supplier delivery teams together in a focussed **Big Room Workshop**.



Select a partner and create an agreement through timely, actionable and iterative **peer feedback in days instead of months**.



Enable a partnership that delivers **outcomes** that meet the customer needs by **delivering value early and incrementally** together.

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