



Budgeting

# 5 REASONS

Why you need a  
Procurement Budget?



## **1. YOU KNOW YOUR PURCHASING STRATEGY.**

A procurement budget will determine what you can and cannot afford depending on the set budget.



## **2.SIGNALS WARNINGS WHEN FINANCES ARE OUT OF CONTROL.**

**It identifies when over-spending occurs that could affect the procurement process.**



### **3.ENSURES TRANSPARENCY ACROSS DEPARTMENTS.**

Procurement budgets makes the procurement department accountable for its finances.



## **4. MANAGE PROCUREMENT FINANCES MORE EFFECTIVELY.**

A budget allows you to allocate appropriate resources to procurement projects.



## **5. PROVIDES INSIGHTS FOR DECISION-MAKING.**

Data from the procurement budget such as spend trends can help you make better decisions.

## Role of Procurement in Building a Better Budget



Provide detailed insights into costs.



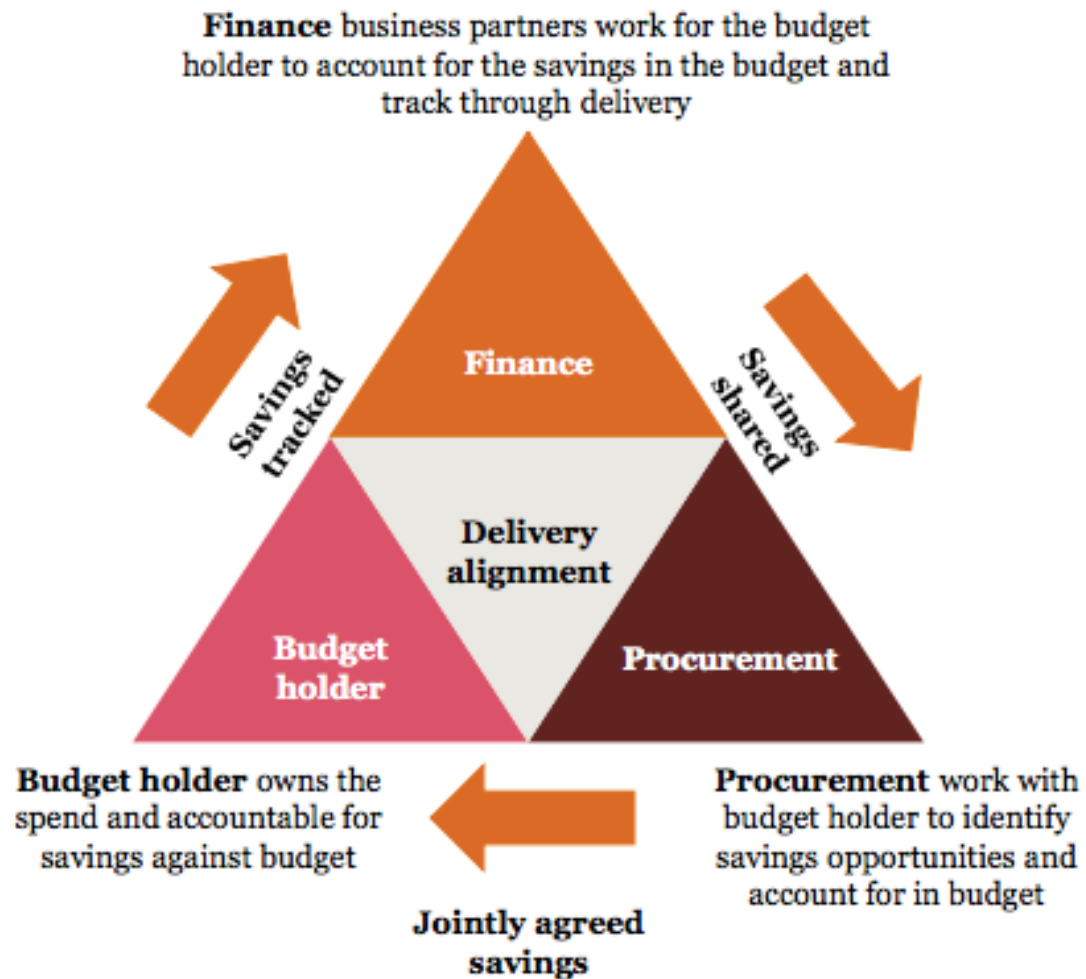
Deliver detailed view of past spend.



Analyze price volatility.

### Budgeting

- Companies can create a more accurate budget, plan for supply chain setbacks, and find the optimal way to carry out their plans by taking advantage of the procurement function.



- As business grows, the role of budget planning expands, too. There are more people in the mix, more departments, and higher costs.
- The whole goal of budget planning is to be prepared to handle all operating costs—while keeping the bottom line in good health.
- The above visual perfectly illustrates the relationship between the procurement team, finance, and the budget holder.





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### **HOW TO MAKE PROCUREMENT BUDGET?**

1. Identify the goods and services you need
2. Get buy-in from other stakeholders
3. Research vendor options
4. Incorporate your budget availability into the purchase requisition process.
5. Use technology which provides a 360 degree view of procurement spend,

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