



Procurement Strategy
ILO Forum - 24th September 2024
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Audit Report on High Value Contracts - Dec.23:

Observations
considered as
major risks

Procurement
response

Formalise a **strategy**
for M/L term and
develop **KPIs** to assess
progress

Draft a set of **key**
policies to support
strategy

- Strategy will be drafted in 2024.
- KPIs (e.g. no more than x% of single source...)
- Policies to be drafted in 2024:
 - Supplier's management
 - Contract management
 - Communication
 - Personnel development
 - Sourcing?

SWOT analysis

STRENGTHS

- Knowledge, expertise, diversity of team
- Long track-record of delivery
- Mature procurement processes, rules, framework, and documentation
- Fully centralized function

WEAKNESSES

- Risk management could be reinforced
- Limited resources
- Limited sourcing and business intelligence
- Administrative burden on vendors

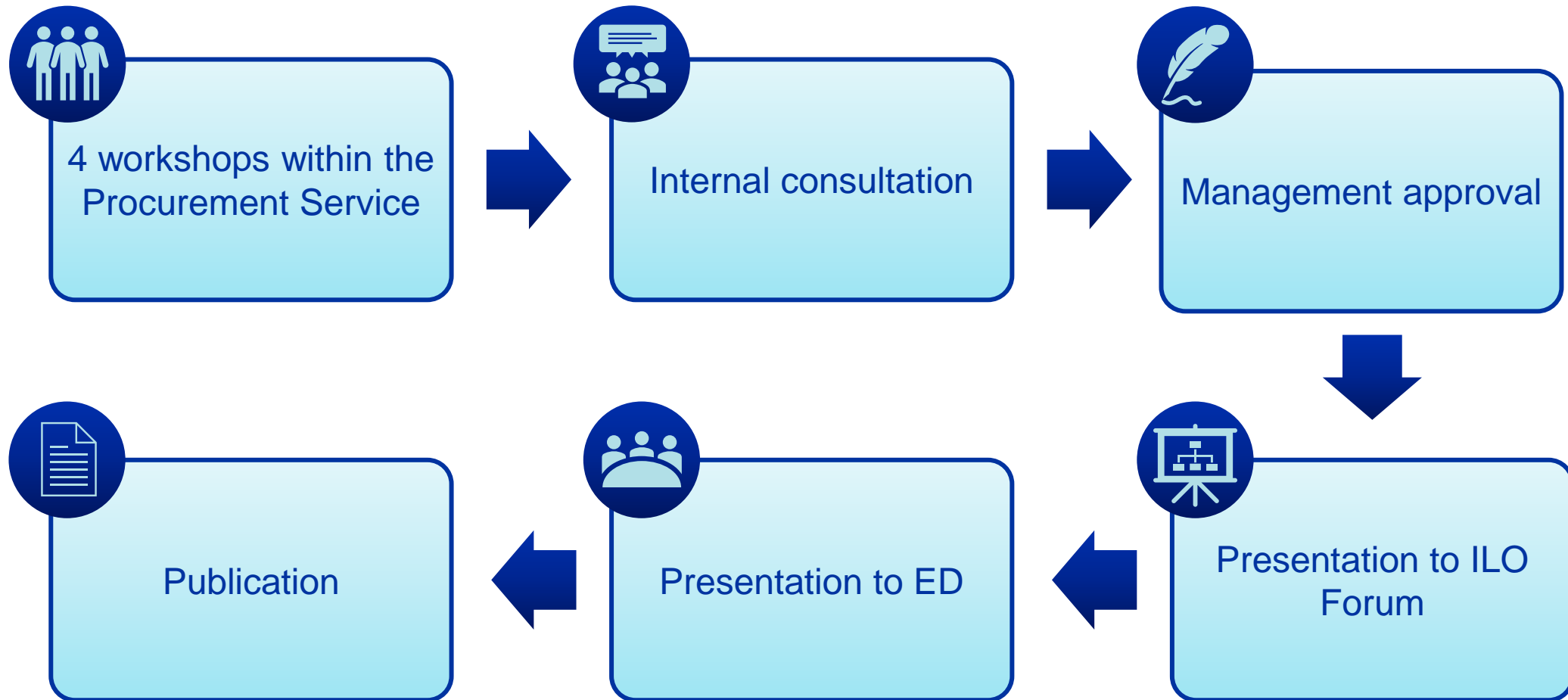
THREATS

- Geopolitical context / global challenges:
 - climate change;
 - COVID-19 pandemic;
 - energy crisis;
 - war;
 - inflation;
 - recession;
 - supply-chain disruptions

OPPORTUNITIES

- FCC Procurement
- Increased visibility to procurement added value with context (e.g., environmental responsibility)
- Geographical enlargement gives access to bigger markets
- AI & new tools with help improve processes and market intelligence

Process followed for the establishment of a Procurement Strategy



Procurement values: PROCURE

- Your colleagues,
- your client,
- your contractor



- Be a trusted procurement partner
- Seek solutions
- Work with integrity, always in the interest of the Organization

- Support each other
- Work in the interest of the Organization
- Help young professionals to grow
- Share your experience

- Think outside the box
- Be creative
- Test new ideas
- Consider alternative perspectives

CERN's three top-level objectives for 2021-2025:



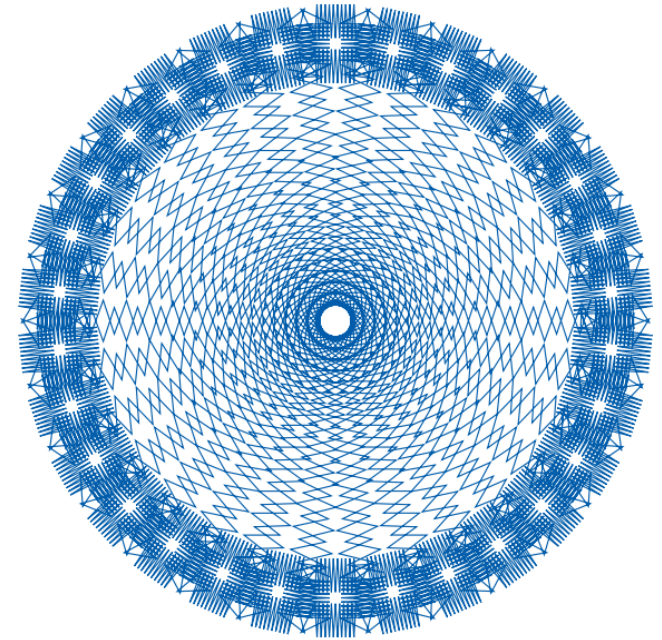
To deliver world-class scientific results and knowledge



To increase the return to Member States and Associate Member States



To strengthen CERN's impact on society



CERN'S Main Objectives
for the period 2021-2025



This document describes the CERN Management's vision for the period 2021-2025, its term of office. The objectives envisaged cover CERN's scientific programme and other strategic activities that are crucial to the mission and future of the Organization.

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[Link](#)

Procurement's Strategic objectives (2025-2030):



Deliver a best-in-class procurement service



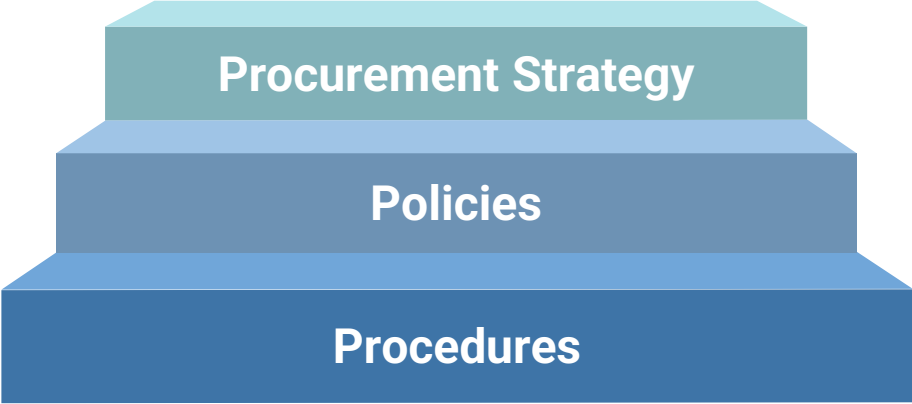
Promote fair competition and better balance industrial return to MS and AMS



Support the Organization in its sustainability initiatives

Procurement VISION

to be a first class, innovative and trusted procurement partner delivering best value for the Organisation and its stakeholders



How to deliver this strategy:

To achieve the above objectives, the strategy will focus on the following five pillars:



OUR PEOPLE



**INNOVATION AND
EXCELLENCE**



**SUPPLIER AND
CONTRACT
MANAGEMENT**



**RESPONSIBLE
PROCUREMENT**



**COMMUNICATION
AND OUTREACH**

Why this is important



OUR PEOPLE

Diverse, knowledgeable and experience team necessary to better defend CERN interest

Team ensures that all procurement activities comply with CERN's rules, regulations, ethical standards and protect CERN from contractual and reputational risks

Team optimizes the overall cost for CERN by negotiating contracts that ensure CERN's resources are used optimally

Organization by sections specialized in categories or disciplines, enable the team to become experts in these markets

What we will do and continue to strengthen



OUR PEOPLE

- Invest in regular training programs to keep the procurement team updated on the latest industry trends, technologies and best practices.
- Coach and mentor our junior staff to help them navigate CERN ways of working.
- Monitor workload and anticipate resource requirements.
- Regular knowledge sharing opportunities, both internal and external.
- Develop and launch a periodic employee engagement survey with HR support.
- Establish a talent management policy and a succession plan.



KPI

All junior team members will be offered a partially funded training programme



Why this is important



INNOVATION AND
EXCELLENCE

To increase efficiency and ensure best use of our resources.

Continuously improve our service where opportunities to be more efficient or impacting are identified.

Adaptability to the future

What we will do and continue to strengthen



INNOVATION AND
EXCELLENCE

- **Drive digitalization through a new e-procurement system and supplier portal.**
- **Adopt advanced procurement tools that harness the power of AI.**
- **Carry out regular reviews of our processes and procedures against industry best practices.**
- **Develop policies, including a sourcing, sustainable procurement, contract management and supplier management, communication, talent management, etc.**
- **Continue to publish the annual procurement report.**
- **Maintain an updated Internal Control System (ICS).**
- **Publish customer satisfaction surveys to monitor our clients' satisfaction.**



KPI

Customer satisfaction: at least 80% of satisfied/very satisfied clients



KPI

Annual objective in savings (including claims and costs avoidance): at least double than the cost of our Group



KPI

95% of order to be approved within 5 working days



Why this is important



SUPPLIER &
CONTRACT
MANAGEMENT

To mitigate risks for CERN

To increase supplier performance and innovation

Better managed supply chains lead to better outcomes for CERN

What we will do and continue to strengthen



SUPPLIER &
CONTRACT
MANAGEMENT

- **Promote the use of Limited Tendering procedures.**
- **Identify and classify strategic suppliers and contracts.**
- **Keep developing and maintaining tailored management plans for strategic suppliers and contracts.**
- **Monitor performance of contract identified as strategic and critical on an annual basis.**
- **Carry-out a lessons learnt exercise for contracts identified as strategic and critical.**
- **Monitor performance of suppliers identified as strategic and critical.**
- **Develop and implement a risk-based approach policy for contract management.**



KPI

At least 20 LT procedures will be carried out annually



KPI

All contracts identified as strategic and critical will have a risk assessment and contract management plan



Why this is important



RESPONSIBLE
PROCUREMENT

To align with CERN objective to strengthen its impact on society

To respond to our stakeholders' expectations

What we will do and continue to strengthen



RESPONSIBLE
PROCUREMENT

- **Implement an ESG assessment process for key suppliers.**
- **Incorporate ESG criteria in the procurement procedures.**
- **Assess and report on CERN scope 3 emissions.**
- **Work with top suppliers to develop initiatives to reduce environmental impact of the products and services.**
- **Launch Supplier Code of Conduct.**



KPI

At least 50 suppliers will be assessed on sustainability performance each year



KPI

25 out of the top-emitting suppliers will report on scope 3 emissions by end of 2025



KPI

Training material developed and minimum two workshops per year with internal stakeholders on sustainable procurement



Why this is important



COMMUNICATION
AND OUTREACH

Transparency is key principle to bring confidence on our work

Internally: regular communication builds strong relationships
and increase understanding of our processes

Externally: increases rate of participation in our tendering
procedures, increases competitiveness

What we will do and continue to strengthen



COMMUNICATION
AND OUTREACH

- Provide regular updates and detailed reports on procurement activities.
- Outreach programs to engage with suppliers, industry partners via webinars and industry events.
- Utilize social media and LinkedIn to increase CERN procurement visibility and promote forthcoming needs and opportunities.
- Continue with procurement trainings for technical teams.
- Conduct regular impact surveys and report on CERN's impact via procurement.
- Organize a procurement conference event at CERN for relevant procurement professionals from similar organizations.



KPI

Obtain 2000 followers on LinkedIn by end of 2025



KPI

Minimum 2 industry webinar events held/year



KPI

Decrease by 20% the number of no responses following a tendering procedure by end of 2028



