



Progress beyond

# *Procurement Process*

Handbook  
Update November 2020



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# The Procurement BSA Mission

*“Our mission is to source products and services leveraging our Scale, Expertise, and Talent in Thought Leadership, to secure sustainable Value Creation and Supply Security; but also to be smart and disruptive in creating Top Line Opportunities that directly support Solvay’s Growth and One Planet agenda”*

This handbook presents the Solvay Procurement Process, from Strategic Planning to its execution. Detailed procedures are available to support ISO accreditations and a deeper understanding of our processes for newcomers and interested internal customers.

*“It takes the same amount of energy to dream small or to dream big, so think big. Then energise people around a big dream, set and achieve goals and move with a sense of urgency, focus and discipline. And ultimately, continue to raise the bar and let everybody know about it”.*

Our top priorities center around 2 main topics: Act NOW to protect and run the business, and prepare for the FUTURE. I typically refer to this as cost, cash and beyond:



**Lynn  
de Proft**

Chief Procurement Officer

Group General Manager  
BSA Procurement Function

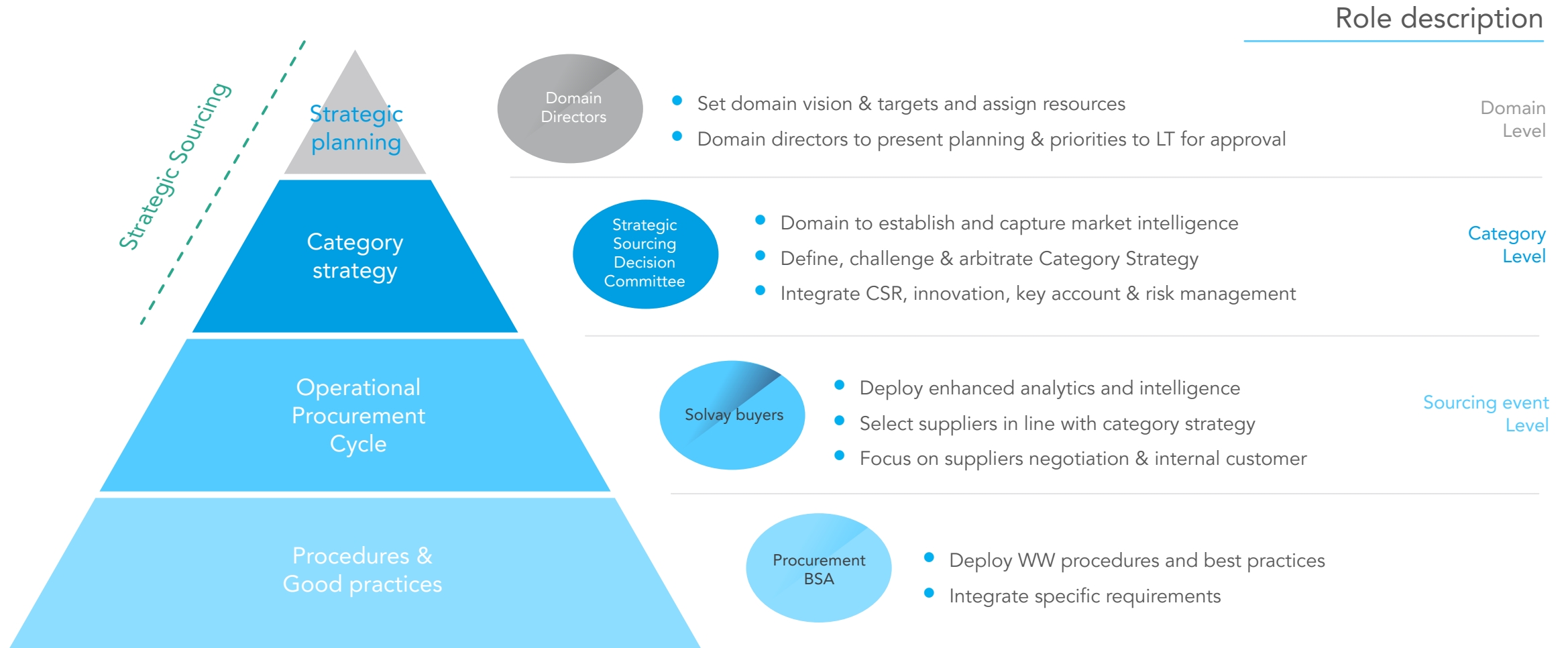
Our core competency is represented by a highly professional network of buyers and supported by a common way of working articulated by the Solvay Procurement Process.

One Solvay One team is about shared ambitions and goals, the “we” before the “me”, with our One Purpose at the center, and the necessary glue and grease to achieve those ambitions. Collaboration and high engagement - the glue - create the right foundation for smooth and controlled execution - the grease.

With our External Partners we have a powerful muscle that we can leverage to create sustainable shared value for all. Because Procurement is not JUST about spending company money wisely, as if it was your own. There is much more to it: market intelligence, innovation, realizing our sustainability ambition, while at the same time managing risk proactively and ensuring flawless compliance.

Lynn de Proft

# Strategic Sourcing Embedded in the Procurement Process



## REQUIREMENTS

GBU / FUNCTION  
needs & priorities

ISO 9001 & other  
international standards

Sustainable development  
ONE Planet

Corporate & Business  
strategies and governance

Quality, Health, Safety &  
Environment  
Solvay requirements

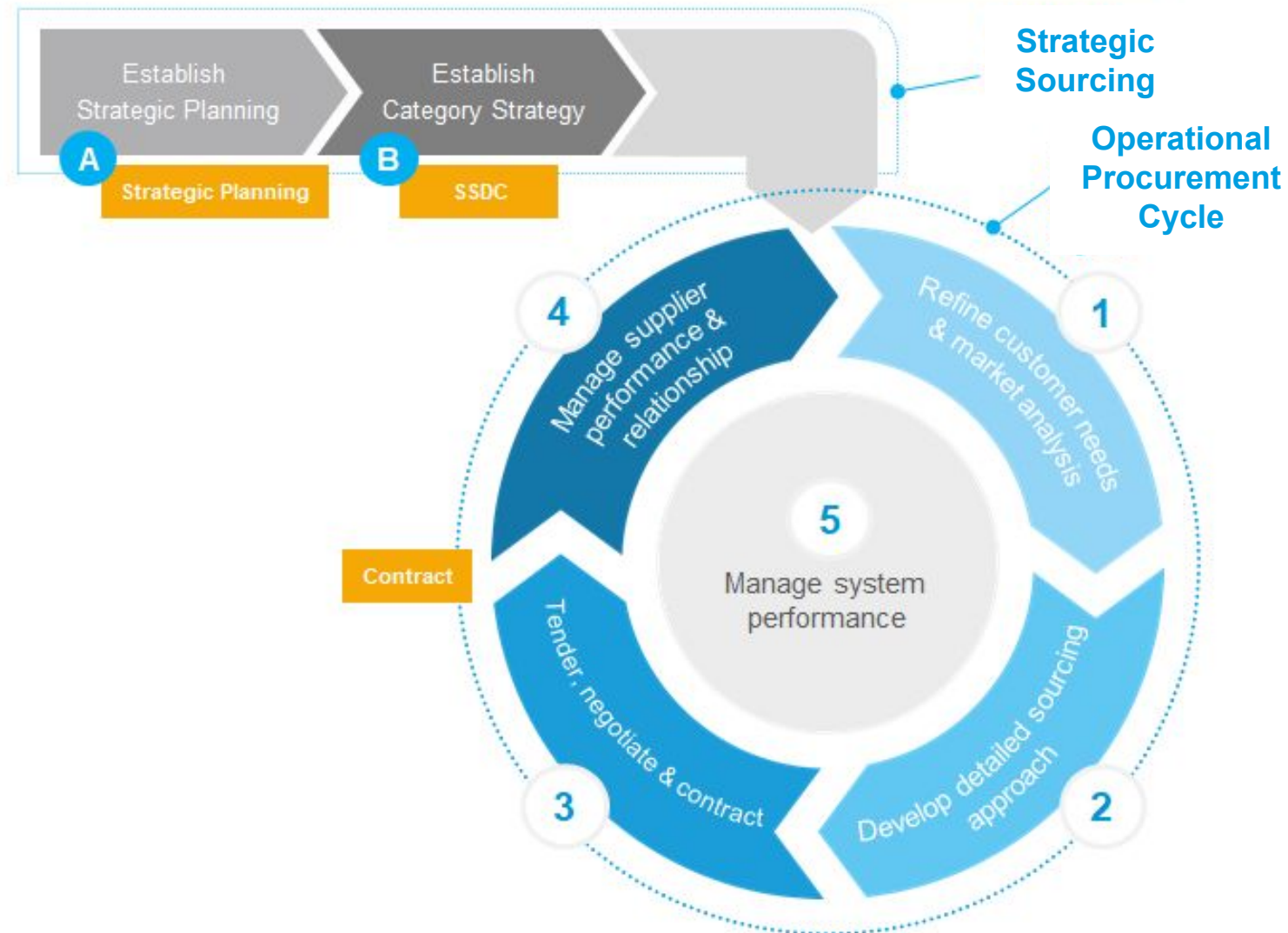
## RESOURCES

Information Systems

Documents and data management

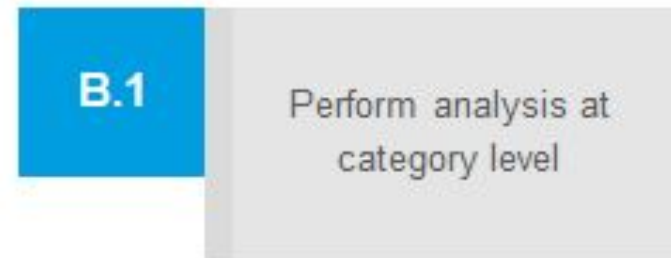
Human Resources

## PROCESS MAP





# Strategic Sourcing



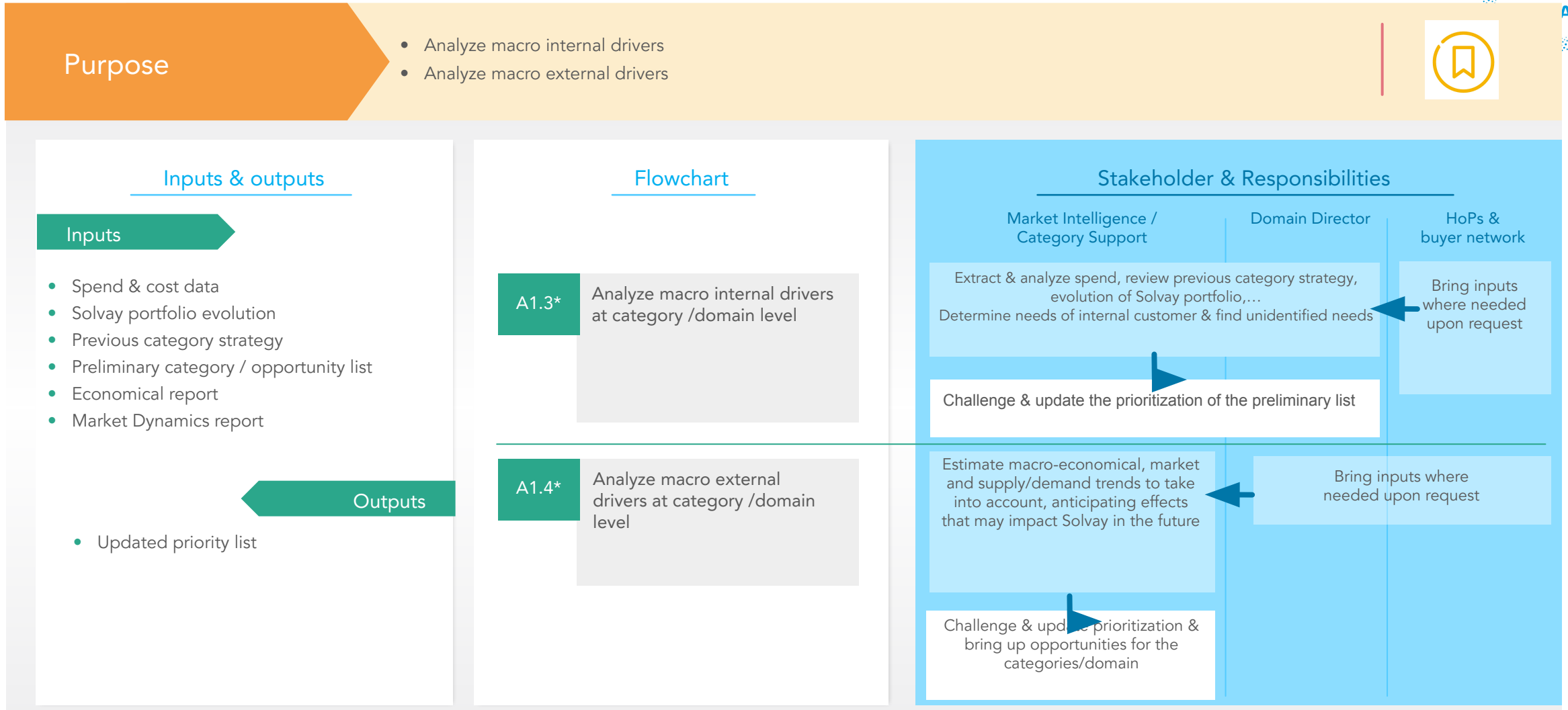
# Operational Procurement Cycle



1.1	Read the existing category strategy for the segment	2.1	Develop detailed sourcing approach	3.1	Run / Execute tender	3.5	Execute negotiation	4.1	Determine supplier classification	5.1	Assess system performance
1.2	Assess whether category strategy needs to be updated	2.2	Prequalify suppliers and develop tender documentation	3.2	Analyze the response	3.6	Establish contract & formalize	4.2	Monitor supplier non-conformance	5.2	Improve system
1.3	Understand scope, refine customer needs. and build out into more detail			3.3	Perform final tender analysis & shortlist	3.7	Deploy contract	4.3	Monitor & improve supplier performance	5.3	Communicate results & changes
				3.4	Develop negotiation approach			4.4	Manage supplier relationship	5.4	Internal audit



# How to Read the Process Map



\* A1.2, A1.3 and A1.4 can be executed semi-continuously and in parallel of each other

# A1. Assess Current Domain Situation



## Purpose

- Frame preliminary drivers for strategic planning;
- Define scope & initial prioritization.



### Inputs & outputs

#### Inputs

- Spend & cost data
- Annual budget
- Identified triggers
- Category Strategy expirations dates
- Procurement roadmap

#### Outputs

- Initial spend & needs analysis
  - By supplier;
  - By GBU;
  - By category;
  - Region;
  - ...
- Scope & initial prioritization

### Flowchart

A1.1

Frame preliminary drivers for Strategic Planning based on roadmap, domain initiatives and triggers

A1.2\*

Define scope & initial prioritization

### Stakeholder & Responsibilities

Market Intelligence /  
Category Support

GBU Heads of  
Procurement (HoP)

Domain Director

Give inputs on priorities, activities, potential /  
already identified triggers impacting planning, ...

Frame drivers and  
principles based on  
roadmap, priorities,...

Combine inputs into  
preliminary list of  
guidelines and  
triggers

Build preliminary prioritized  
list for the domain based on  
inputs (spend, contracts,  
strategies,...) & analyses

Bring inputs on  
spend and needs of  
GBU

Use inputs,  
preliminary list,  
comments & own  
experience to analyze  
different viewpoints  
to optimize the  
preliminary list

Review & refine preliminary list, adding comments  
where needed

*\* A1.2, A1.3 and A1.4 can be executed semi-continuously and in parallel of each other*

# A1. Assess Current Domain Situation (continued)



## Purpose

- Analyze macro internal drivers
- Analyze macro external drivers



### Inputs & outputs

#### Inputs

- Spend & cost data
- Solvay portfolio evolution
- Previous category strategy
- Preliminary category / opportunity list
- Economical report
- Market Dynamics report

#### Outputs

- Updated priority list

### Flowchart

A1.3\*

Analyze macro internal drivers at category / domain level

A1.4\*

Analyze macro external drivers at category / domain level

### Stakeholder & Responsibilities

Market Intelligence /  
Category Support

Domain Director

HoPs &  
buyer network

Extract & analyze spend, review previous category strategy, evolution of Solvay portfolio,...  
Determine needs of internal customer & find unidentified needs

Bring inputs where needed upon request

Challenge & update the prioritization of the preliminary list

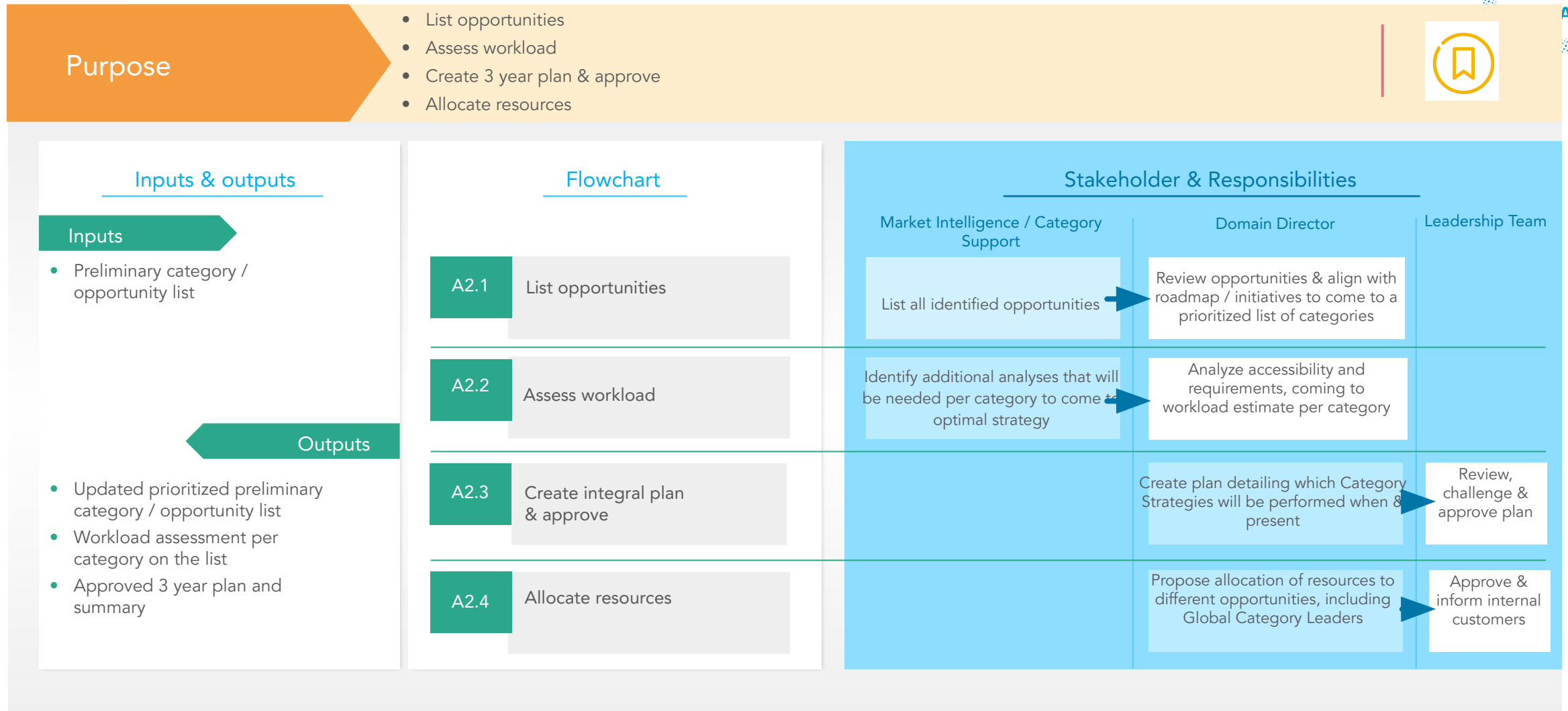
Estimate macro-economical, market and supply/demand trends to take into account, anticipating effects that may impact Solvay in the future

Bring inputs where needed upon request

Challenge & update prioritization & bring up opportunities for the categories/domain

\* A1.2, A1.3 and A1.4 can be executed semi-continuously and in parallel of each other

# A2. Prioritize Opportunities & Allocate Resources



# B1. Perform Analysis at Category Level



## Purpose

- Perform market analysis to feed category strategy
- Develop Market vision



### Inputs & outputs

#### Inputs

- Strategic planning
- Spend & cost data
- Customer needs & specifications
- Market & supplier data
- Market intelligence input (e.g. Market trends, ...)
- Sustainability requirements (TfS etc.)

#### Outputs

- Reviewed and updated market intelligence report
- List of internal customer needs & specifications
- Porter 5 forces analysis
- Future market vision

### Flowchart

B1.1

Analyze scope / spend

B1.2

Analyze Customer needs

B1.3

Current & future market vision

### Stakeholder & responsibilities

Buyer network

Provide inputs

Market Intelligence  
Category Support

Provide market analysis

Global category  
leader

Hold meeting with  
stakeholders to align on  
scope & requirements

Review and update market intelligence report

Provide inputs and  
elaborate customer needs  
in terms of pricing, risk  
mitigation etc.

Consolidate customer needs & specifications, spend,  
payment terms, contract coverage, risk mitigations,...  
and challenge cross GBU/zone

Bring inputs on  
suppliers

Provide market vision report,  
including porter's 5 forces,  
market overview, threats and  
strategic recommendations

Determine optimal position  
for Solvay together with  
MI/CS & start structuring the  
Category Strategy to find  
ways to leverage Solvay's  
position

# B1. Perform Analysis at Category Level (continued)



## Purpose

- Perform TCO modelling
- Assess market position
- Assess risk



### Inputs & outputs

#### Inputs

- Cost model
- Market intelligence report
- Detailed supplier analysis
- Internal customer needs

#### Outputs

- In-depth TCO model including opportunities
- Solvay market positioning
- Risk analysis and mitigation plan

### Flowchart

B1.4

TCO Modelling

B1.5

Market position assessment

B1.6

Risk Assessment

### Stakeholder & responsibilities

Buyer network

Market Intelligence / Category Support

Global category leader

Provide cost model

Co-create full TCO analysis taking into account shared costs and internal costs & analyze to find cost and cash opportunities

Provide market intelligence & detailed supplier analysis

Jointly define the optimal market position for Solvay in the coming years such to generate as much value as possible, by determining a.o. SAVA / Kraljic matrix & identify main levers to move to optimal position

Co-create risk assessment, taking at least these dimensions into account: Supplier risk, product risk, transportation risk, process risk, environmental risk, price risk and CSR risk & determine risk mitigation plan or actions for all identified risks



# B2. Propose & Approve Category Strategy



## Purpose

- Develop category strategy
- Obtain mandate to source
- Communicate outputs with internal stakeholders



### Inputs & outputs

#### Inputs

- Scope & spend analysis
- Internal needs
- Framed input from the Strategic Planning phase
- Market intelligence input on e.g. TCO, supplier & market insights...
- Opportunity listing

#### Outputs

- Complete Category Strategy
- Mandate to source
- Communication plan
- Pipe of actions captured

### Flowchart

B2.1

Propose category strategy

B2.2

Obtain mandate to source

B2.3

Communicate outputs with internal stakeholders

### Stakeholder & Responsibilities

Internal Customer

Global Category leader

MI/CS team & Buyer network

Domain Director / CPO<sup>1</sup>

Based on inputs, review and test the proposed Category Strategy, each stakeholder providing their own viewpoint in an iterative process of enriching the strategy, the global category leader deciding when the strategy is mature. The strategy should at least include opportunities concerning: the go-to market strategy, negotiation and contracting strategy, risks and mitigations, key terms and conditions, innovation strategy, Key account management strategy, performance targets.

Align to make sure all needs are addressed

Present proposed Category Strategy and obtain mandate to source

Challenge and approve the proposed strategy

Ensure all appropriate information is communicated to internal customers/stakeholders

1: Depending on Category Strategy approval matrix thresholds

# 1. Refine Customer Needs & Market Analysis



## Purpose

- Understand and review use of global category strategy ;
- Understand spend and internal cost drivers;
- Challenge customer needs in terms of pricing, risk mitigation, volumes, specification...
- Analyze supplier market and supplier cost drivers.



### Inputs & outputs

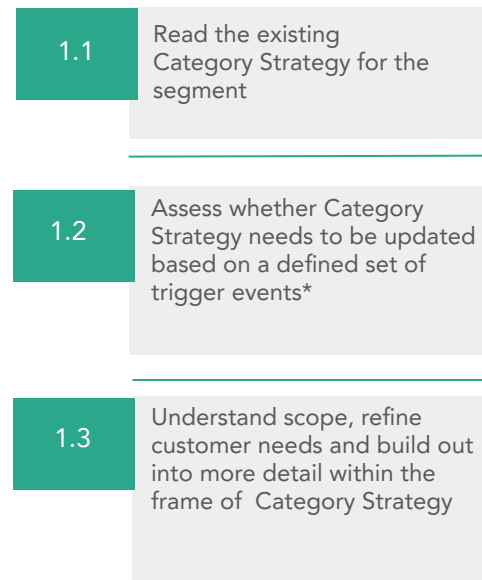
#### Inputs

- Approved Category Strategy:
  - Customer needs and specifications
  - Market & supplier data
  - Spend and cost data

#### Outputs

- Scope & spend analysis
- Specifications
- Suppliers database & market overview
- Critical suppliers identification, if applicable

### Flowchart



### Stakeholder & responsibilities

Buyer	Domain Director	Internal Customer	Market Intel. / Cat. Support
Review the existing Category Strategy			
Check to see whether the Category Strategy requires a refresh and notify Domain Director (if required)	Trigger refresh of Category Strategy (if required)		
Understand scope and spend Build out a detailed set of specification for category, ready for tendering		Provide detailed needs & specification inputs	

\* See trigger events slide in appendix

Note: If no category strategy is applicable, a project strategy is required to be approved through a Project strategy review (Projects >500k€ or CAPEX>2m€).

# 2. Develop Detailed Sourcing Approach



## Purpose

- Develop a detailed sourcing approach



### Inputs & outputs

#### Inputs

- Market intelligence
- Sourcing analysis i.e. parameters, data fields
- Approved Category Strategy:
  - Customer needs and specifications
  - Market & supplier data
  - Spend and cost data
  - Sourcing guidance and constraints
- Standard Solvay sourcing template

#### Outputs

- Sourcing approach
- Tender documentation
- Sourcing Decision Grid weights

### Flowchart

2.1

Define sourcing approach

2.2

Prequalify suppliers and develop tender documentation

### Stakeholder & Responsibilities

Buyer

Consult the category strategy and confirm the type of market event

Preparation of tender with ongoing input from internal customer including:

Refine parameters and data fields from category strategy

Formulate approach to analyzing tender responses

Define basis on which suppliers will price using guidance from category strategy

Establish how each decision grid element will be measured

Use the category strategy to determine market event platform (e.g. e-sourcing)

Prequalify supplier based on requirements such as, CSR, QHSE etc.

Formulate the rules of the tender and develop tender documentation using standard sourcing template

Share tender documentation with GBU and internal customer

Note: If no category strategy is applicable, a project strategy is required to be approved through a Project strategy review (Projects >500k€ or CAPEX>2m€).

# 3.1, 3.2 and 3.3 Execution of Tender



## Purpose

- Execute an effective tender process
- Drive adoption of electronic sourcing platforms provided



### Inputs & outputs

#### Inputs

- Sourcing Decision Grid weights
- Procurement Approval Matrix
- Supplier Code of Conduct
- Sourcing approach
- Approved Category Strategy:
  - Customer needs and specifications
  - Market & supplier data
  - Spend and cost data

#### Outputs

- Shortlist of suppliers and their proposals against the specifications

### Flowchart

3.1

Run/Execute tender\*

3.2

Analyze the response and create a supplier engagement plan\*

3.3

Perform final tender analysis & shortlist\*

### Stakeholder & Responsibilities

#### Buyer

Manage communications with all suppliers

Validate tender responses to ensure they are fully understood

Detailed analysis of tender responses against formulated sourcing approach

Measurement of suppliers against decision weights

Share decision grid weights with internal customer

Based on analysis of tender responses determine if further rounds are needed

Formulate initial supplier engagement approach

Develop a final model of possible options, including potential discounts

Based on analysis of tender responses shortlist suppliers for negotiation

\*It is recommended to use the electronic sourcing tool provided

# 3.4 and 3.5 Negotiation Preparation & Execution



## Purpose

- Understand how to prepare for negotiation
- Understand how to execute negotiations .



### Inputs & outputs

#### Inputs

- Negotiation toolbox
- Procurement Approval Matrix
- Approved category strategy
- Shortlist of supplier from tender with which to negotiate
- Supplier and market information to inform negotiation approach
- Negotiation template

#### Outputs

- Effective negotiation
- Value creation for Solvay group (cash, cost, risk mitigation & innovation)

### Flowchart



### Stakeholder & Responsibilities

#### Buyer

Prepare for negotiation including:



1: If an e-auction is being used as the event platform this entire section will need to be completed before running the auction on the electronic sourcing tools provided

2: Negotiation expert cell being implemented. Nature & ways of interaction to be further worked out

# 3.6 and 3.7 Contract



## Purpose

- Ensure that the negotiated benefits, customer needs / risks are covered by the contract;
- Ensure proper contract implementation (approvals, signature, communication, storage and deployment).



### Inputs & outputs

#### Inputs

- Contract & clauses template, approved by Legal

#### Outputs

- Awarded suppliers; classified as "critical" or not
- Signed, shared & deployed contract
- Updated contract management tool

### Flowchart

3.6

Establish contract & formalize

3.7

Deploy contract

### Stakeholder & Responsibilities

#### Contract Approver(s)

Approve contract, respecting Approval matrix thresholds

#### Buyer

Ensure contract signature and post the contract in the contract management tool

#### Legal

Approve terms and conditions and contract language

Deploy & communicate contract to relevant parties and update in systems (as required)

Connection with SBS Procurement Service Line & transactional activities  
Buyer Partner SBS Purchasing Service Line supporting buyers in securing negotiated agreements are appropriately updated in transactional systems



# 4. Manage Supplier Performance & Relationship



## Purpose

- Continuously improve supplier performance and maintain a balanced supplier relationship



### Inputs & outputs

#### Inputs

- Approved contract
- Supplier non-conformance reports
- Supplier performance assessments
- Customer feedback
- Supplier feedback
- Supplier criticality
- SBS Purchasing Service Line: issues, reports & supplier data (externalized process)

#### Outputs

- Value creation for Solvay group (cash, cost, risk mitigation & innovation)
- Optimized operational processes
- Improved relations with suppliers
- Innovation
- Visit reports

### Flowchart

4.1

Determine supplier classification

4.2

Monitor supplier non-conformance

4.3

Monitor and improve supplier performance

4.4

Manage supplier relationship

### Stakeholder & responsibilities

Leadership team / Domain Directors

Buyer

Internal Customer

Performance & SPP team

Define supplier baselines, KPIs and supplier engagement plan

Draft supplier criticality and receive confirmation from buyer

Support supplier non-conformance process

Register & treat supplier non-conformances; initiate & drive corrective action\*

Provide guidance on process deployment & consolidate reports

Lead supplier evaluation, initiate & follow-up supplier action plans

Provide feedback on supplier performance

Provide guidance on process deployment & consolidate reports

Assign Account managers

Develop supplier relation including regular feedback manage supplier innovation delivery

Support relation development

Manage supplier tools, data & registrations

# 5. Manage System Performance



## Purpose

- Continuously improve the Solvay Purchasing Process to meet customers' needs and the Solvay group strategy.



### Inputs & outputs

#### Inputs

- Performance tracking tool
- Non-conformance reviews
- Assessments, audit reports
- Customer feedback
- Supplier feedback

#### Outputs

- Updated continuous improvement plan
- Priority setting ; project resources
- Decisions impacting strategy and organization
- Newsletter, reports

### Flowchart

5.1

Review system performance

5.2

Improve system

5.3

Communicate results & changes

5.4

Internal audit

### Stakeholder & responsibilities

Leadership Team /  
Domain Directors

Perform system performance reviews

Buyer

Provide feedback on system performance

Internal Customer

Realize continuous improvement plan in cooperation with Performance & SPP team

Performance & SPP team

Plan & coordinate system performance reviews

Update & monitor continuous improvement plan

Decide & support improvement actions & allocate resources

Inform all stakeholders about system results and changes (organization, action plan, market trends, customer and supplier satisfaction rate, ....)

Agree time and scope of audit

Participate in audit

Support and correct discrepancies found



# Appendix

# Category Strategies Updates - Trigger events



## Purpose

- To help understand what set of events cause the category strategy to be updated



### Trigger events

- Category strategy expiry
- Market related trigger events:
  - Pricing events
    - Significant increases/decreases in prices
    - Significant increases/decreases in supplier input prices
    - Changes in taxes/duties (incumbent and other markets)
  - Supplier market profile events
    - New supplier entrants
    - Supplier exits
    - Supplier mergers or vertical integration
    - Incumbent supplier changes (exit or change in buyer power)
  - Adjacent market events (e.g. new substitutes)
- Internal demand related trigger events (category in question)
  - Significant specification changes
  - Significant volume changes
  - Quality/risk/delivery requirement changes
- Internal demand related trigger events (other categories)
  - Significant use of incumbent or potential supplier in another category
- Internal strategy/risk related trigger events
  - Significant change in strategic importance of category
  - Significant change in focus of category (e.g. cost reduction, innovation)
  - Significant regulatory/corporate social responsibility changes impacting category
- Supplier performance related trigger events
  - Significant underperformance by supplier

# Glossary



CSR	Corporate Social Responsibility
GBU	Global Business Unit
ISO	International Standard Organization
LT	Leadership Team
HoP	Head of Purchasing
PSL	Procurement Service Line
MI	Market Intelligence
CS	Category Support
BSA	Business Support Activity

BSA	Business Service Line
QHSE	Quality, Health, Security & Environment
SD	Sustainable Development
SSDC	Strategic Sourcing Decision Committee
SPP	Solvay Procurement Process
TCO	Total Cost of Ownership
TfS	Together for Sustainability
WW	Worldwide



Progress beyond