

Workflow organisation: designing procurement processes in a structured way

Workflow organisation describes the temporal and logistical arrangement of work processes within a company, in particular determining who completes which tasks when and in what order. In procurement, it determines how requirements are captured, suppliers selected, orders triggered and goods receipts checked. A cleanly designed workflow organisation reduces lead times, minimises sources of error and creates transparency over costs and responsibilities. It is therefore an essential foundation for a high-performing sourcing strategy and the digital automation of processes.

Key facts

- Workflow organisation governs the temporal and logistical sequence of tasks, while structural organisation defines the responsibility and hierarchy structure.
- In procurement, it typically covers the processes from demand identification through ordering to goods receipt and invoice processing.
- Key design principles are process orientation, clear responsibilities, defined interfaces and measurable control points.
- Standardisation and automation of routine activities significantly reduce processing costs and lead times.
- The most effective workflow organisation emerges in interplay with structural organisation and is regularly reviewed for efficiency and compliance.

Definition: workflow organisation

Workflow organisation is a core concept of business administration and describes the regulation of work processes in temporal and substantive terms. It answers the questions of which activity is performed when, in what order, at which location and with which tools. In contrast, structural organisation permanently assigns tasks to persons and departments. The two levels are inseparably linked: a process can only be handled efficiently if responsibilities are clearly regulated – and conversely, the structure must reflect real-world workflows.

Distinguishing it from structural organisation

Structural organisation defines the permanent structure: departments, hierarchies, job descriptions and authority to issue instructions. Workflow organisation, by contrast, looks at the dynamic activity – i.e. the process flow along this structure. In practice, a rigid structural organisation often leads to long communication paths and interface losses, while a purely process-oriented view without clear responsibilities creates accountability gaps. Efficient companies regularly align both levels with each other and adapt the structure to changing process requirements.

Significance for the procurement process

In procurement, workflow organisation covers all steps of procurement logistics and procurement management: requisition, demand review, quotation comparison, ordering, delivery monitoring, goods receipt, invoice verification and payment release. Accompanying processes such as maintaining a requisition catalogue, approval via a procurement approval workflow or handling complaints also fall under it. A consistently organised process chain prevents media breaks and duplicate work, which in practice are frequently the main causes of delays and additional costs.

Methods and approach for designing workflow organisation

The design of workflow organisation follows a systematic approach: first, existing processes are recorded and analysed, then optimised and finally anchored in rulebooks and systems. Proven methods include process documentation according to common modelling standards, process cost analysis and workshops with the departments involved. It is important that not only procurement but also adjacent areas such as development, production, logistics and accounting are involved, as procurement processes always run across functions.

Process analysis and documentation

The starting point is the as-is assessment: which steps does a purchase requisition go through, how long does each step take, where do waiting times or duplicate loops arise? It often becomes apparent that simple C-parts orders go through the same elaborate approval process as strategic capital goods. Documentation is typically carried out in process maps or flow diagrams. In addition, metrics such as lead times, the share of manual interventions or processing costs per transaction provide objective indicators of optimisation potential.

Standardisation and approval logic

A central lever is the differentiation of workflows by criticality and value. Standardised catalogue orders can run through simplified processes with a high degree of automation, while strategic procurement requires multi-stage approvals and thorough market analysis. Approval thresholds, defined deputy rules and clearly regulated escalation paths prevent both waiting times and loss of control. Recurring requirements can also be standardised via call-off orders or framework agreements, so that the operational effort per transaction decreases.

Interface management

Procurement processes do not end at the company boundary. Coordination with suppliers – for example on delivery concepts, delivery dates or documentation obligations – is also part of workflow organisation. Clear interface agreements, defined contact persons and uniform communication channels reduce coordination effort and error rates. In supplier networks with many subcontractors, it has proven effective to regulate processes such as demand notifications, call-offs and returns on a binding and uniform basis.

Key KPIs for managing workflow organisation

Workflows can only be improved systematically if their performance is measurable. In procurement, a series of metrics has become established that reflects both the efficiency and the quality of processes. What matters is less the individual value than the development over time and the comparison with internal or industry-standard benchmarks. Measurement should be automated from the ERP or

e-procurement system so that manual recording efforts do not distort the results.

Efficiency metrics

Typical efficiency metrics are the lead time from purchase requisition to purchase order, processing costs per order and the degree of invoice automation – i.e. the share of invoice-related transactions without manual intervention. In practice, the costs of a classic paper order are frequently significantly higher than those of a fully automated catalogue order. The share of orders below a defined threshold also indicates whether the effort is proportionate to the procurement volume.

Quality and delivery metrics

Besides efficiency, reliability matters: the delivery service level measures how completely and on time suppliers honour their commitments. Supplementary metrics such as the rate of correct goods receipts, the number of quantity discrepancies or the processing time of discrepancies in the quantity discrepancy workflow provide indications of process quality. Data quality – for example the share of duplicate-free supplier and material master records – also directly influences workflows and should be checked regularly.

Risks and controls in workflow organisation

Poorly organised workflows generate not only costs but also compliance risks. A lack of segregation between requesting, ordering and approving functions can facilitate fraud, undocumented special transactions undermine controls, and unclear contract processes lead to unnoticed obligations. A sound workflow organisation therefore integrates internal controls, verification steps and documentation obligations into the process flow from the outset, rather than adding them retrospectively.

Compliance and control mechanisms

Important control instruments are segregation of duties, four-eyes principles for approvals, auditable documentation of all transactions and regular process audits. An audit checklist helps to systematically review procurement processes for compliance with policies, completeness of documentation and effectiveness of approvals. Whistleblower systems in accordance with the applicable statutory requirements can also give employees a protected reporting channel for grievances in the procurement area. Legal obligations in detail – for example on retention periods or verification duties – must be examined by qualified experts on a case-by-case basis.

Contract and delivery risks

Contractual processes also need organisation: automatic contract renewal can prevent costly missed deadlines if notice periods are monitored. In international procurement, Incoterms and documents such as the Air Waybill (AWB) in air freight define clear responsibilities along the supply chain; handling them without errors is part of the organised workflows. Payment safeguards such as the bank guarantee for advance payment transactions or construction projects also belong in defined, documented processes. Where regulations are lacking here, avoidable risks arise with advance payments or under-deliveries.

Current developments: digitalisation and automation of workflows

Today, workflow organisation is under the influence of digitalisation more than ever before. Electronic procurement platforms, workflow systems and AI-supported assistance functions shift the effort from manually processing individual transactions towards designing and monitoring processes. At the same

time, requirements from regulation and sustainability are increasing: reporting obligations along the supply chain, evidence for the EU taxonomy or supplier declarations on material compositions and standards must be integrated into the workflows.

Automation of operational processes

Routine activities such as catalogue orders, invoice approvals or order confirmations can be largely automated in practice. Content enrichment improves the quality of item data, so that operational buyers find reliable information without manual research. AI-supported applications assist with classifying requirements, suggesting suitable suppliers or forecasting demand trends, for example as part of an ABC/XYZ classification cycle. What remains important is that automated workflows remain controllable and audit-ready.

Integrating sustainability and reporting obligations

Sustainability requirements shift additional review steps into the procurement process: supplier data on emissions, certifications or targets such as Science Based Targets must be collected, updated and capable of being evaluated. To keep the effort manageable, companies integrate these requirements directly into existing processes – for example into supplier selection, framework agreement negotiations or regular supplier evaluations. Instead of separate silo solutions, this creates an extended but uniform workflow organisation.

Strategic procurement concepts as workflow building blocks

Strategic approaches also need organised workflows in order to be effective. Dual-source management requires defined qualification and reallocation processes, design-to-cost requires early buyer involvement in development projects with defined milestones, and raw material procurement is frequently oriented towards the commodity index with defined pricing and hedging rules. The minimum order quantity (MOQ) influences ordering rhythms and stock levels and should be systematically taken into account in ordering processes. The warehousing process and scheduling complete the process chain up to provision.

Typical metrics

Lead time from purchase requisition to purchase order: typically 2–5 working days with automated processes

Depending on approval levels and industry; manual processes significantly longer

Degree of invoice automation: > 80%

Share of invoice-related transactions without manual intervention; over 90% is considered leading-edge

Delivery service level: > 95%

Share of on-time and complete deliveries; frequently > 98% targeted for A-parts

Process costs per order: significantly decreasing through automation

Automated catalogue orders typically cost a fraction of manually processed orders

Practical example

A medium-sized mechanical engineering company with around 500 employees found that the lead time from purchase requisition to purchase order was typically around ten working days. The causes were multi-stage email approvals, incomplete requisition data and a uniform process for all needs – from

screw sets to special machinery. The company then introduced a differentiated workflow organisation and digitalised the approval processes. Within one year, the lead time for standard requirements fell to just a few days, while strategic procurement continued to be thoroughly reviewed.

- Introduction of a digital procurement approval workflow with graduated approval thresholds per order value
- Establishment of a structured requisition catalogue for standard materials to reduce free-text orders
- Definition of deputy and escalation rules to avoid waiting times in the absence of approvers
- Regular evaluation of lead times and the degree of invoice automation as management metrics

Conclusion

Workflow organisation is the backbone of any high-performing procurement function. It determines whether requirements are quickly and error-free transformed into orders, whether controls are effective and whether suppliers deliver reliably. Its design requires the interplay of process design, clear responsibilities, measurable metrics and appropriate system support. Companies that regularly analyse their workflows and consistently standardise them demonstrably reduce processing costs and response times. At the same time, they create the conditions to efficiently integrate new requirements from digitalisation, compliance and sustainability into existing processes.

Frequently asked questions

What is meant by workflow organisation?

Workflow organisation governs the temporal and logistical sequence of work processes: which task is completed when, in what order, by whom and with which tools. It forms the counterpart to structural organisation, which permanently defines responsibilities and hierarchies. In procurement, it governs the entire sourcing process from requisition to invoice processing.

What is the difference between structural and workflow organisation?

Structural organisation describes the permanent structure of a company – departments, positions and lines of authority. Workflow organisation describes the dynamic process activity, i.e. the flow of tasks along this structure. The two levels are interdependent: efficient processes require clear responsibilities, and the structure must meaningfully reflect real-world workflows.

How does workflow organisation influence costs in procurement?

Poorly organised workflows create waiting times, duplicate entries and media breaks, which significantly increase processing costs per transaction. Standardised and automated processes – such as catalogue orders or electronic invoice approvals – typically reduce these costs considerably. In addition, optimised workflows shorten lead times and reduce incorrect deliveries and returns.

Which metrics are suitable for assessing workflow organisation in procurement?

Key metrics include the lead time from requisition to purchase order, process costs per order, the degree of invoice automation and the delivery service level. Supplementary data on error rates, quantity discrepancies and master data quality provides valuable insights. What matters is the trend of the values over time and comparison with internal targets.

How do you go about optimising workflow organisation?

First, existing processes are documented and analysed, typically using flow diagrams and metrics on

lead times and effort. Building on this, workflows are standardised, tiered approval logics are established and interfaces to suppliers and internal departments are defined on a binding basis. Finally, the new processes are embedded in systems and regularly reviewed and adjusted.

What role does workflow organisation play in compliance?

A sound workflow organisation integrates controls directly into the process flow: segregation of duties, four-eyes principles for approvals, documented transactions and regular audits. Reporting channels such as a whistleblower system also form part of the organised compliance infrastructure. In practice, a lack of process regulations is considered one of the main causes of compliance violations in procurement.