

Procurement Guide: Framework for Procurement and Supplier Management

A procurement guide is an internal company reference work that defines rules, processes and responsibilities for procurement in a binding manner. It consolidates procurement policies, approval routes, sourcing criteria and communication standards into a single, practice-oriented reference. For buyers, functional departments and managers, it creates transparency on how procurement decisions are prepared, made and documented. The procurement guide is therefore a central governance instrument of strategic and operational purchasing.

Key facts

- A procurement guide defines binding rules for procurement processes, competencies and sourcing principles within the company.
- It combines policies, process descriptions and templates into a central reference for all stakeholders.
- Typical components include competency matrices, approval thresholds, supplier criteria and compliance requirements.
- In practice, thresholds are often tiered so that above certain amounts multiple quotations or bidder meetings must be obtained.
- A well-maintained guide shortens lead times, reduces leakage and supports audit obligations, for example under the Supply Chain Due Diligence Act.
- It should be updated annually and adapted to new processes such as digital procurement or supply chain due diligence.

Definition: Procurement guide

A procurement guide is an internal set of rules that summarises the principles, processes and responsibilities of procurement in one document or knowledge portal. It serves as orientation for buyers, functional departments and managers and ensures that procurement decisions are made according to uniform criteria.

Distinction from policy and process description

The procurement policy sets binding objectives and prohibitions, such as approval requirements or compliance rules. The process description documents individual workflows in detail. The procurement guide combines both: it is the backbone document that references policies, explains processes in abbreviated form and consolidates work instructions and templates. In practice, it increasingly replaces loose document collections on network drives.

Addressees and scope of application

Target audiences are newcomers to purchasing, non-specialist requisitioners in departments, managers with approval authority, and internal and external auditors. The scope typically covers all direct and indirect procurement, from raw materials and purchased parts through capital goods to services. A clear

delineation is important: what falls under the guide, and which special cases – such as group procurement or emergency procurement – apply differently?

Structure and content of a procurement guide

A practical procurement guide follows the procurement process from demand notification to invoice clearance. It should remain lean and refer to detailed documents so that updates do not fail because of the overall document.

Competencies and Delegation of Authority

A core chapter describes who may make which decisions. A Delegation of Authority specifies in writing which order value may be approved by which hierarchy levels and how delegation rules apply in the event of absence. Typical in practice are tiered approval thresholds: small amounts approved by the functional department, medium amounts by procurement leadership, high amounts by management or supervisory bodies. This shortens the signature process without losing control.

Sourcing principles and supplier selection

The guide defines above which amounts quotations must be obtained, how many suppliers are typically to be contacted and when an open tendering process or bidder meeting is required. Criteria of procurement portfolio analysis, such as classifying suppliers by business importance and supply market risk, also belong here. Standards for the sourcing file are likewise defined: which documents must be requested, reviewed and retained.

Supplier management and compliance

A further chapter governs collaboration with suppliers: criteria for supplier identification, requirements for supplier feasibility review before new business, and rules for complaint management in the event of quality issues. Compliance topics such as corruption prevention, antitrust law guidance, data protection and documentation obligations under the Supply Chain Due Diligence Act should be prominently placed and refer to the responsible specialist units.

Methods and approach for creating a procurement guide

A procurement guide is rarely created in one pass. An iterative approach with clear ownership, review rounds and pilot phases has proven effective.

Baseline assessment and objective definition

At the outset, existing rules, shadow processes and friction points are surveyed: where do delays, duplicate orders or verbal agreements arise? From this, objectives are derived, such as shorter lead times, a higher catalogue rate for indirect materials or clear escalation routes. The baseline analysis of initial categories provides the data basis for which procurement volumes and risk areas the guide should prioritise.

Editing, review and sign-off

The draft is ideally created by a core team of procurement leadership, compliance, financial accounting and IT. Each chapter should have a named content owner. After specialist review, formal sign-off follows via the Delegation of Authority, followed by user training. Short training videos, checklists and an FAQ section significantly increase practical acceptance.

Maintenance and updating

A guide quickly becomes outdated if it is not maintained. An annual review cycle plus event-driven updates for process changes, new systems or regulatory requirements has proven effective. A change log with version number, approval date and change history creates traceability and is helpful in audits. Old versions should be archived so that legal evidence remains available.

Key KPIs for the impact of the procurement guide

The success of a procurement guide can be measured. Metrics that capture both process quality and behavioural change are useful – not every metric suits every company, so values should be understood as benchmarks.

Process and compliance metrics

Key indicators are the share of orders running through approved processes, the share of verbal advance agreements and the rate of complete sourcing files. The maverick buying rate – orders outside the regular process – also often visibly falls in practice when a guide is introduced and lived. In addition, the lead time from demand notification to order submission shows the efficiency of the regulated route.

Economic metrics

Economically, savings from consolidated procurement, the catalogue rate for recurring demands and adherence to negotiated terms can be used. The expedite rate, i.e. the share of accelerated parts deliveries, shows how well demand planning and guide processes interact. Supplier delivery punctuality and the parts per million (PPM) rate at goods receipt also reflect whether the supplier criteria anchored in the guide are effective.

Risks and controls

A procurement guide reduces risks but creates new ones itself: if rules are too rigid, users work around them; if they remain too general, they have no effect. Controls and a good ratio of effort to benefit are therefore decisive.

Typical risks

Common pitfalls are oversized documents that nobody reads, contradictory rules between the guide and existing policies, and lack of currency. A further risk: if approval thresholds are set too high, emergency orders accumulate; if they are too low, small demands drown in approval loops. Verbal agreements at the supplier interface, such as on terms or quantities like the minimum order quantity (MOQ), also circumvent the guide if there are no clear communication rules.

Controls and audit notes

Effective controls are spot checks of sourcing files, the four-eyes principle for approvals and automated workflows in digital procurement that block inconsistent orders. Internal audit and compliance should regularly draw samples. Legal statements – for example on antitrust law, tendering obligations or supply chain due diligence obligations – should be formulated in general terms in the guide; case-by-case legal review is required.

Integration into systems and data quality

A guide is most effective when its rules are anchored in systems: approval thresholds in the order

workflow, supplier master data with a unique supplier identifier, a clean golden record in master data management. Only then can catalogue purchasing instead of free-text ordering, automatic quotation requests and traceable approvals be reliably enforced.

Current developments and outlook

The procurement guide is increasingly migrating from the static PDF to digital knowledge and process systems. At the same time, sustainability and supply chain topics are significantly expanding its content.

Digitalisation and AI support

Digital procurement shifts guide content into workflows, chatbots and online help: ordering rules are enforced by the system rather than merely read. AI-supported enquiry tools can pre-structure enquiries according to guide criteria and automate simple spot purchases. The guide remains the reference against which the automation is configured – it loses its paper form, not its relevance.

Sustainability and supply chain due diligence

Professional requirements for suppliers are expanding to include environmental and social standards, risk transparency down to the second and third tier, and reporting obligations. The guide should anchor requirements on supply risk management and supply chain documentation and reference the Supply Chain Due Diligence Act. Topics such as global sourcing and supplier relocation to risk countries also require clear escalation and review rules.

Collaboration and development orientation

Modern guides increasingly understand purchasing as a connecting link: rules on supplier co-innovation describe how suppliers are involved early in developments, while technology assessment in procurement and supplier feasibility reviews support structured decisions on new manufacturing processes. The guide makes such complex formats manageable by stipulating process, owners and documentation.

Typical metrics

Maverick buying rate: < 5 %

Share of orders placed outside the regulated process; typical benchmark after guide introduction

Sourcing file rate: > 95 %

Share of complete sourcing files above the threshold value

Catalogue rate: > 70 %

Share of catalogue orders in indirect procurement; typical target figure

Lead time from demand to order: 3–5 working days

Standard cases without special approvals; practical benchmark

Practical example

A mid-sized mechanical engineering company with around 350 employees previously had no uniform procurement rules: departments ordered directly, quotation comparisons took place only sporadically, and the purchasing department often learned of supplier contacts only when complaints arose. After introducing a procurement guide, order thresholds, approval routes and supplier criteria were made

binding. Within one year, the catalogue rate in indirect procurement rose, the number of suppliers was reduced through consolidation, and the lead time from demand notification to order shortened noticeably.

- Introduction of a Delegation of Authority with tiered approval thresholds
- Mandatory documentation of the sourcing file above defined order values
- Standards for supplier feasibility review and complaint management
- Anchoring the thresholds in the order workflow of digital procurement

Conclusion

A procurement guide is far more than a drafting document: it translates procurement strategy into binding rules and makes day-to-day work predictable for buyers, requisitioners and managers. Its benefits show in shorter lead times, less maverick buying and robust sourcing files. What is required is a lean, well-maintained document with clear ownership and system-side anchoring. Regular updating – for example on supply chain due diligence and digital workflows – keeps the guide fit for practice. Those who follow this approach gain governance, efficiency and negotiating power with a single instrument.

Frequently asked questions

What belongs in a procurement guide?

Typical chapters cover responsibilities and approval thresholds (Delegation of Authority), sourcing principles, supplier criteria, compliance rules, as well as templates and checklists. In addition, the guide should include references to policies, process documents and system requirements. What matters is a lean structure with a clearly named owner for each chapter. Detailed rules belong in attached work instructions, not in the core text.

Who creates a procurement guide within a company?

Typically, a core team consisting of procurement leadership, compliance, accounting and IT is formed, moderated by the Head of Purchasing or Supply Chain Management. Functional departments should be involved in review rounds, as they are affected as requisitioners. Formal sign-off is granted by management in accordance with the Delegation of Authority. Responsibility for maintenance and updates should be assigned in writing.

How often should a procurement guide be updated?

An annual review cycle supplemented by event-driven updates has proven effective. Triggers include new systems, regulatory changes such as requirements under the Supply Chain Due Diligence Act, organisational changes or findings from complaints and audits. Each version should be numbered consecutively and the previous version archived. A change log facilitates internal and external audits.

What benefits does a procurement guide offer SMEs?

SMEs benefit above all from clear responsibilities, less maverick buying and faster approvals. A guide makes procurement knowledge independent of individual people and facilitates onboarding of new employees. It also provides evidence for audits and supports compliance requirements. In practice, costs also fall because consolidation and catalogue usage are made binding.

Difference between a procurement guide and a procurement policy?

The procurement policy is the binding set of rules with objectives, prohibitions and approval

requirements – often formally issued by management. The procurement guide is the practice-oriented implementation: it explains processes, consolidates templates and references the policy. The two complement each other; the guide does not replace the policy but operationalises it for day-to-day work.