

Sourcing Wave Plan: Bundled Demand, Scheduled Procurement

A sourcing wave plan is a time-phased action plan that determines which purchased material groups, components or services are bundled, tendered and awarded in which wave. It translates strategic procurement planning into a concrete sequence with responsibilities, deadlines and milestones. In doing so, it prevents individual departments from purchasing in an uncoordinated manner and with little market power. The wave plan is at once a steering instrument and a communication basis between procurement, engineering, production and executive management.

Key facts

- A sourcing wave plan bundles demand over time into tender waves in order to exploit economies of scale and negotiating power.
- Waves are typically prioritised by criticality, savings potential and implementation effort.
- The plan bindingly defines dates, owners, sourcing strategy and success objectives for each wave.
- In practice, a wave often covers three to twelve material groups and runs over eight to sixteen weeks.
- Progress is regularly steered via KPIs such as savings realisation and wave completion rate.
- The wave plan is harmonised with instruments such as the supplier portfolio, negotiation management and supplier rating.

Definition: Sourcing Wave Plan

The sourcing wave plan is a rolling, usually quarterly or annual roadmap that divides all of a company's planned sourcing initiatives into consecutive waves over time. Each wave combines several material groups, components or services that are analysed, tendered and negotiated together.

Distinction from the Classic Sourcing Guide

A classic sourcing guide describes the generic approach for a single material group, for example the category strategy with market analysis and negotiation approach. The wave plan, by contrast, arranges many such initiatives over time and prioritises them against one another. It answers the question of who addresses which category when with which resources, not how a single category is handled. The two instruments therefore complement each other: the guide provides the methodology, the wave plan the scheduling and prioritisation.

Origin and Classification

The concept originates from the strategic procurement of large corporations but is increasingly also used by mid-sized industrial companies. It is closely related to the sourcing board, a body that monitors ongoing sourcing projects. While the board makes operational course corrections, the wave plan defines the sequential planning for six to eighteen months. It is thus the link between the annual procurement strategy and day-to-day execution in tactical purchasing.

Structure and Components of a Wave Plan

A practical wave plan is transparently structured and contains the same master information for every wave. Only then can progress be tracked comparably across multiple waves and reported to management.

Master Data per Wave

For each wave, the following are typically recorded: the material groups and volumes included, the assigned buyers and interface partners, the intended sourcing strategy and a firm time frame. The time frame includes milestones such as completion of analysis, issue of enquiry, round of bids, negotiation and award decision. In addition, the savings target and measurement method are defined, for example bottom-up versus budget comparison. Without a binding measurement method, savings reports are not robust later on.

Prioritisation of the Waves

The sequence is determined in practice by a matrix that weights savings potential, criticality for production, market dynamics and implementation effort. Categories with high potential and manageable effort usually go into an early wave in order to show quick wins. Highly critical categories with high implementation effort, such as qualification-intensive bought-in parts, are deliberately scheduled later and given more preparation time. This logic resembles the prioritisation in the supplier portfolio, which visualises dependencies and market position.

Roles and Bodies

A wave plan lives on clear governance. There is usually a wave plan owner in strategic procurement, wave leads per wave and a monthly steering meeting with executive management or divisional leadership. These bodies make award decisions, resolve resource conflicts and decide on wave postponements. It is important that internal customers from engineering and production are also represented, as specification changes are the most common stumbling block in sourcing projects.

Methods and Approach to Wave Planning

Creating the wave plan follows a repeatable process: stocktaking, potential analysis, bundling and scheduling. Each step has clear outputs that feed into the plan.

Demand and Potential Analysis

The starting point is an evaluation of spend data, consumption volumes and supply structures, usually going back two to three years. Instruments such as slow-mover analysis help identify small and irregular demand that is particularly well suited to bundling. In parallel, a market model provides assessments of price drivers, the supplier landscape and price transparency. The potential per category then results from volume, price and process levers, often supported by a should-cost analysis for complex parts.

Bundling into Waves

Categories are bundled so that synergies arise in the handling: the same supplier base, similar technology or the same locations. A wave of turned parts across five suppliers can be processed efficiently with the same enquiry template and bid matrix. At the same time, the bundling must remain operationally feasible; waves that are too large overload the team and the suppliers. Typical size in practice is three to twelve material groups per wave.

Scheduling and Resource Planning

Waves are started staggered in time so that the analysis, enquiry and negotiation phases do not overlap and the team is not overloaded. There is usually a buffer of two to four weeks between waves for follow-up work and awards. The wave plan is closely interlinked with capital expenditure and investment planning as well as with development projects: where a pilot run or a design change is pending, the sourcing wave must fit the timing. Parameter maintenance (MRP) and master data quality should be cleaned up before the enquiry, otherwise comparability of bids fails.

Key KPIs and Steering of the Wave Plan

The wave plan only works if its progress is measurable and reported regularly. A lean set of KPIs maintained in the monthly steering meeting has proved effective.

Progress and Schedule Metrics

Key metrics are the planned-vs-actual milestone schedule adherence, the completion rate of waves within the target period and the average lead time from analysis to award. Additionally, the number of open escalations or blocked decisions is counted. These metrics show early whether a wave is slipping and give the steering body time to take countermeasures. In practice, the target schedule adherence is over 90 per cent per milestone.

Result Metrics

The most important output metric is realised savings, broken down into planned, negotiated and effective in the profit and loss account. In practice there is often a gap between the negotiated and the effective value due to volume and demand deviations; therefore procurement cost centre reporting should evidence the savings at cost centre level. Further KPIs are supplier coverage after award, the share of dual sourcing in critical categories and the number of award-ready award files.

Supplier and Quality Metrics

After a wave is completed, the focus shifts to impact: delivery performance, complaint rate and the development of supplier rating scores of the newly appointed suppliers. These values round off the wave report and feed the next planning cycle. This is how the team learns which bundling approaches have proved successful and which categories are better handled individually or in greater depth.

Risks and Controls in the Wave Plan Process

In practice, wave plans rarely fail because of the methodology but because of organisation, data quality and conflicts of interest. These risks can be controlled with targeted checks.

Typical Risks

Most common risks: unclear or changing specifications from engineering, lack of resources in the team, outdated volume assumptions and internal resistance from stakeholders defending existing supplier relationships. An overly ambitious cadence can also derail waves if enquiries go out incomplete. Finally, concentrating several categories on one supplier within a short time can create dependencies that were not apparent in the planning.

Controls and Safeguards

Effective controls are: binding sign-off of the specification before the enquiry is issued, volume validation

with sales and production, formal award decisions in the governance body and documented award files for traceability and audit readiness. Supplier selection follows documented, traceable criteria; documents such as a supplier self-assessment and, where appropriate, a whistleblowing system at the supplier support the review of compliance and integrity. Legal obligations, especially for public contracts or cartel law matters, must be examined case by case.

Supplier Communication and Fairness

The bundled call-off of many categories noticeably changes the business of existing suppliers. Fair, early and uniform communication is therefore mandatory: equal levels of information, comprehensible evaluation schemes and clear feedback commitments. E-auctions only make sense with genuinely comparable specifications and transparent rules; otherwise they damage relationships without any real competitive advantage. A supplier innovation day or structured innovation requests can complement the wave with positive incentives.

Current Developments and Digital Implementation

Wave plans are increasingly managed digitally and linked to sustainability and resilience objectives. This changes the structure and steering of the waves.

Digital Wave Plan Tools

Many companies run the wave plan in simple spreadsheets or in their existing supplier portal and tendering tool. More important than the choice of tool is the data logic: unambiguous category IDs, status fields per milestone and automated progress reports. AI support today helps mainly with the pre-qualification of suppliers and the preparation of bid data; decisions remain with humans. Promotion of individual vendors is deliberately omitted here, as the tool question is company-specific.

Sustainability and Resilience as Planning Criteria

In more recent wave plans, ESG criteria are entering prioritisation: questions such as material substitution (ESG), recycled content in plastic parts or recyclability of packaging are assessed as potential levers alongside price. Resilience also counts: the planned increase in dual-sourcing share or localisation of critical components are run as waves with their own objectives. In this way, the wave plan links cost, risk and sustainability objectives in one cadence.

Innovation and Supplier Development

Waves are increasingly also used as an innovation platform. Formats such as a supplier innovation day or a targeted innovation funnel for suppliers' technology proposals are embedded in suitable waves so that new solutions can be examined directly in tenders. This turns a cost instrument into a value-creation instrument that also provides the basis for outsourcing considerations and make-or-buy reviews.

Typical metrics

Milestone schedule adherence: > 90%

Proportion of wave milestones met on time in the steering report

Wave completion rate: > 85%

Proportion of waves completed within the planning year

Lead time per wave: 8–16 weeks

From completion of analysis to award decision; longer for complex categories

Realised savings: 3–15% depending on category

The share effective in the profit and loss account, not just the negotiated value

Dual-sourcing share (critical categories): typically > 50%

Resilience target, increasingly run as its own wave

Practical Example

A mid-sized mechanical engineering company with direct purchasing volume of around €180 million introduced a sourcing wave plan with four waves over twelve months after years of decentralised awards. The first wave bundled standard purchased parts such as standard and fastening elements, bearings and seals, because a market model showed clear price transparency here. The second wave covered sheet metal working and welded assemblies, the third turned parts and the fourth critical electronics with a focus on dual-sourcing share rather than pure price.

- Mandatory specification sign-off by engineering before every enquiry and clean-up of parameter maintenance (MRP)
- Uniform bid matrix and comparison scheme per wave, supplemented by an e-auction for standard parts
- Monthly steering with executive management, engineering and production for the award decision and escalation of blockers
- Savings verification via procurement cost centre reporting, separating negotiated and realised values

Conclusion

The sourcing wave plan turns a list of sourcing ideas into a binding implementation roadmap. It bundles demand into powerful waves, prioritises by potential and criticality and creates the cadence with which a procurement team actually works rather than merely plans. Clear governance, clean data quality before every enquiry launch and measurable steering through progress and result KPIs are decisive. Those who additionally link the plan to sustainability and resilience objectives significantly increase its value. Companies that consistently source in waves achieve not only higher savings in practice but also faster awards and more robust supplier decisions.

Frequently asked questions

What is a sourcing wave plan?

A sourcing wave plan is a time-phased roadmap that divides all of a company's planned sourcing initiatives into consecutive waves. Each wave bundles several material groups or components with shared dates, owners and objectives. It links procurement strategy with operational execution.

How many categories belong in a sourcing wave?

In practice, three to twelve material groups per wave have proven effective, depending on complexity and team resources. What matters is that the categories offer synergies, such as a common supplier base or similar specification logic. Waves that are too large overload the team and extend the lead time.

Which KPIs are used for a sourcing wave plan?

Typical KPIs are milestone schedule adherence, wave completion rate, lead time to award and realised savings split between negotiated and profit-and-loss-effective. In addition, supplier rating, complaint rate and dual-sourcing share show the impact in the supplier domain. A predefined, consistent savings measurement methodology is essential.

How long does a sourcing wave run?

A wave typically lasts eight to sixteen weeks from analysis to award; for complex, qualification-intensive categories it can take considerably longer. There is usually a buffer of two to four weeks between waves for follow-up work. The overall plan typically rolls over six to eighteen months and is updated regularly.

How does a wave plan differ from a category strategy?

The category strategy describes the how for a material group: market analysis, supplier strategy and negotiation approach. The wave plan describes the when and who: which categories are addressed in which order, with which resources and objectives. The two instruments complement each other and should draw on the same category building block.

Is a sourcing wave plan also worthwhile for SMEs?

Yes, SMEs in particular benefit because bundling gives them market power that they lack individually. The effort can be kept lean: one team, four waves a year and a monthly steering meeting are often sufficient. What matters is less tool complexity than discipline on deadlines, specifications and measurement.