



Business Advantage®

The Impact of Telecommuting on Procurement: **Drawing the Connection**

The Hackett Group's Chris Sawchuk provides his perspective on a growing trend.

Would it surprise you to know that 86 percent of organizations say at least some of their employees telecommute? Perhaps not. But it might surprise you to know that less than a third of those organizations take telecommuting into account when planning their procurement budget and strategy.

Those are some of the results uncovered in a recent [survey of procurement professionals](#) conducted by Staples Business Advantage® and My Purchasing Center earlier this year. To further analyze the survey results and the overall impact of telecommuting on procurement strategy, we recently spoke with Chris Sawchuk, procurement advisory practice leader at The Hackett Group and a featured presenter on a recent webinar entitled [Best-in-Class Sourcing: Rethinking Strategy in the Changing World of Work](#).



Q: For those who haven't reviewed the survey findings, what's the connection between telecommuting and procurement?

It's a good question and not one many procurement executives or professionals have considered according to the survey – analyzing how much of a company's spend is being done by in-office employees vs. those that are outside of the office for the majority of their time.

The survey clearly showed telecommuting is growing rapidly, even faster than I expected. It's a significant trend impacting all industries and companies and the key takeaway for procurement teams is that they have to develop a scalable strategy to support remote employees with the products and services they need that aligns with the company's broader strategy.

And this will become a more pressing issue for procurement because in the next five years, nearly one-third of organizations will have 10 percent or more of their employees telecommuting.

Q: The survey identified a number of benefits of telecommuting, including employee retention, lower overhead, and increased productivity. But from a procurement perspective, what benefits could be missed by having telecommuters buy their own supplies?

The biggest benefit being missed in this scenario is compliance to negotiated contracts and the spend visibility that it brings. If you're lacking visibility into a significant percent of your spend in a certain area, you're missing an opportunity for volume-based discounts from suppliers. Your telecommuting employees may even be buying from the preferred supplier but if it's not through the contract or visible in some other way, it won't help you when it's time to negotiate a volume-based contract.

For example, some companies provide a per diem to cover the expenses incurred by telecommuting employees. But that strategy doesn't consolidate the spend onto negotiated contracts, so it can't be leveraged. And undefined per diems are often one of the things that get eliminated during lean times for a company, which means employees wind up paying for their own supplies out of pocket.

14%

Procurement professionals that do not know what impact telecommuting is having on procurement.*

86%

Procurement professionals that say at least some of their employees telecommute.*

In fact, according to the survey, 33 percent of telecommuters are paying for business supplies out of their own pockets, and less than half of those employees get reimbursed for those expenses. That not only creates gaps in spend visibility but it could have a negative impact on employee morale. Any time you take a benefit away from employees – such as a per diem – or ask employees to spend their own money for work-related supplies, it can be seen as a negative. And while I don't think an employee would leave a company because they have to pay for their own supplies, it could be one more negative item added to a list during a company's lean times.

The impact of these issues depends greatly upon how big of a spend area this is for a company. Companies in the professional services industry may have 80 percent of their employees telecommuting and no direct materials spend. So leveraging the telecommuter spend is a bigger priority for those companies than it is for a manufacturing organization that has very few telecommuters and a large direct materials spend to leverage.

Q: What advice do you have for companies looking to manage and track the spend by telecommuters better?

Gaining spend visibility is a challenge for nearly all companies and organizations, but if they're not driving telecommuting employees to utilize standard catalogs or agreements, they won't gain visibility into that spend very easily. And according to the survey, 75 percent of organizations do not provide a standard product list or catalog to telecommuters.

The best way to get telecommuters to buy on contract is to create an environment where those employees have easy and direct access to the preferred suppliers, contracts, or catalogs. And it has to be easy for them to receive the products and services they buy. If they have to order through a variety of methods from a number of different suppliers, and then drive to a local office to pick the supplies up, they are going to be less likely to buy through that program. And of course the company gets no value from employees while they are driving around looking for supplies. So building compliance to negotiated contracts will provide visibility into the spend.

Another way to drive compliance and gain visibility into the spend is by reviewing your reimbursement policies. The more you reimburse, the more control you have over the spend. Putting some compliance and rules around reimbursement will go a long way toward driving employees to standard catalogs and contracts. And that will, in turn, provide increased visibility.



Procurement organizations that do not know how much they spend on office supplies per telecommuter.*



Procurement professionals that report telecommuters pay for supplies out of their own pockets.*

Once you have visibility into that spend, you can begin analyzing it for improvement. In fact, comparing spend by in-office employees vs. telecommuters could show some interesting buying trends and areas for improvement. Companies tend to break their spend down by category, but not in other ways such as by employee (i.e. spend per employee) or even employee type that could be used to better understand the spend. It is important to understand the drivers of demand.

Q: Beyond spend management, are there other areas where increased telecommuting may affect procurement?

Telecommuting is a broad workforce issue, so the central organization has to develop the overall strategy for telecommuting that addresses areas such as HR, IT, finance, and procurement. And the procurement strategy has to align with that overall telecommuter strategy, so it's incumbent upon the procurement organization to be informed of the corporate strategy. Is the company trying to encourage telecommuting? Is telecommuting at the company going to increase or decrease in the near future and how does that impact the contracts in place? Are there certain business requirements or projects coming up that may necessitate an increase or change in the supplies needed by telecommuters? Those are the types of questions the procurement organization must understand to work effectively with other internal organizations on the telecommuting strategy.

The key takeaway for procurement teams is that telecommuting is a growing trend – it's not going away for most companies. So they should develop a strategy to address it if they don't have one already.

For More Information

To hear more insights from Chris Sawchuk on the results of our telecommuting survey, watch the archived version of this [webcast hosted by My Purchasing Center's Susan Avery](#) and read [Telecommuting's Up: What that Means for Procurement](#).

23%

Procurement organizations that provide a standard product list or catalog to telecommuters to guide their purchases.*

36%

Procurement organizations that cite reduced travel costs as a top benefit to telecommuting.*

*Source: Staples Business Advantage survey.