The Pitfalls of Poor Item Data

By Sheila Wolney, Director of Purchasing for DSSI LLC

You have a new purchasing system and you feel ready to execute seamless purchasing transactions, improve spend visibility and support program compliance. Unfortunately, your team tells you that the item data is a mess and this is creating a host of processing and supplier settlement errors. How did this happen?

Observation 1: There is little foresight into the future value of item data.

Users tend to set-up item records with just enough information to create a requisition. Too, users may avoid setting up an item record all together because their spot buy feature allows them to create a requisition by inputting a few item details.

It has to be appreciated that detailed item data is valuable. It supports meaningful spend analysis and reporting which leads to improved supplier deals. It also streamlines the reorder process.

Observation 2: This is a costly concern

Here are a few examples of where lacking item data can drive additional costs.

1. You are in your "shopping cart application" but you are not quite sure which item description to select because several of the descriptions are nearly identical or do not included the details necessary to ensure proper selection.
2. You process a requisition that results in the wrong item getting ordered.
3. You receive the wrong item causing you to process a return.
4. You receive an invoice but the price does not match the order amount and you are unable to verify the quoted amount because it was quoted off-line or not at all.
5. You get a new item quoted but struggle to get the item added to your system because the supplier is not set-up in your system.

It is easy to think that these errors are overblown and that they don't really consume that much resource. However, when you consider the tens or hundreds of people in your company that make thousands of purchases, this quickly becomes a big deal. Poor item data creates efficiency leaks that increase costs. If you have access to hundreds of suppliers, then the problem is amplified.

Observation 3: User frustration can limit system use

You anticipated seeing all that spend flowing through the new system. It never materializes but you notice p-card spend is way up. If you decide to eliminate p-cards, the system may still remain underutilized while more time is consumed on purchasing activities and less on the higher level activities people were hired to perform. When users get frustrated they find an alternative approach to getting what they need. A purchasing system that is supported by meaningful item data reduces user frustration.

Summary

Consider the following points when establishing your catalog data requirements:

- "Garbage In – Garbage Out" Establish what you intend to use the data for prior to establishing content capture requirements.
- Take the time to create item records even if the future use of the item is unknown. P cards, text requisitions and other order types that allow an item to be ordered without an item record limit the value of the work effort required to source the item. Complete item records simplify reordering and support reporting.

- Suppliers are the best source for item details. Too, they often maintain their own web-based catalogs.

- Don't downplay the value of an on-going maintenance process. The value of your catalog will diminish rapidly, if not maintained.

About Sheila Wolney

Sheila has a long career with DSSI, LLC holding many positions within Client Management, Strategic Sourcing and Purchasing. As the original architect of Epic™ Sheila has maintained responsibility for Business Process Development in addition to her current role as Director of Purchasing, Customer and Supplier Support and Project Management. She is also a management representative for DSSI's Quality Management System.