Sourcing wave plan: A time-phased procurement strategy for stable supply chains

The sourcing wave plan is a time-phased planning method with which companies bundle several procurement initiatives into successive waves and implement them sequentially. Instead of launching all tenders and supplier selection processes at the same time, the procurement plan defines defined time windows in which defined material groups, sites or categories are handled. This creates a continuous working rhythm that conserves resources, systematically exploits market prices and keeps supplier relationships plannable.

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Key facts at a glance

01 The sourcing wave plan time-phases procurement initiatives into successive waves instead of launching all projects in parallel.

02 Typical segmentation criteria are commodity groups, sites, supplier risks or cyclical price windows.

03 In practice, a wave often spans three to twelve months, aligned to budget and forecast cycles.

04 The method combines strategic sourcing with operational demand control such as min-max control or demand bundling.

05 Core benefits are a more stable workload distribution in procurement, a better negotiating position and plannable savings.

06 KPIs such as wave schedule precision, savings forecast hit rate and supplier coverage steer the implementation.

Definition: sourcing wave plan

A sourcing wave plan is a time-structured rollout scheme according to which a company divides its sourcing projects into waves over a planning horizon – typically twelve months. Each wave bundles

several procurement initiatives of a similar character, such as one commodity group, one site or one supply market.

Distinction from the classic sourcing annual plan

A classic annual plan lists projects without a fixed sequence; the wave plan, by contrast, sets binding start, tender and completion windows. This makes sourcing progress monitorable wave by wave, and schedule slips become visible early. The wave plan thus also serves as a control instrument for procurement cost centre reporting, as savings can be allocated per wave.

Position within procurement planning

The wave plan sits between strategic category management and operational order scheduling. Demand planning provides the volume and timing basis; the wave plan translates it into concrete tendering and negotiation phases. Operational control methods such as min-max control continue independently, but are periodically updated by the wave results – for example new framework agreements.

Structure and elements of a sourcing wave plan

A practically viable wave plan defines, per wave, the projects included, responsibilities, milestones and expected outcomes. Depending on company size, it is maintained as a simple table or as part of the procurement planning system.

Wave criteria and bundling logic

Waves are formed according to shared characteristics to create synergies and negotiating leverage. Common criteria are commodity groups with similar supplier markets, identical sites or comparable contract types. Demand bundling across several plants increases the volume per wave and thereby improves the position in RFX in procurement – i.e. enquiry, tender and negotiation. The question of spot purchase vs. framework agreement is also decided uniformly per wave rather than case by case.

Time horizon and cadence

In practice, wave lengths of three to twelve months have proven successful, aligned to budget, forecast and QBR cycles. Supplier-oriented companies synchronise waves with the quarterly business review (QBR), so that negotiation results feed directly into performance reviews. A cadence in quarters has established itself as a benchmark because it facilitates budget adjustments and savings forecast updates.

Roles and responsibilities

Per wave, a wave owner, category manager, technical departments and, where required, quality owners are named. For new suppliers, vendor onboarding runs in parallel and needs sufficient lead time before contract award. The preferred supplier policy defines which providers are prioritised for invitations and what hurdles apply to new sources of supply.

Methods and approach for wave planning

Planning follows a repeatable process: prioritisation of the project portfolio, shaping of the waves, definition of the methodology per project and continuous progress monitoring. Preparation accompanied by RFX in procurement ensures comparable tender quality across all waves.

Prioritising the sourcing portfolio

Projects are assessed by savings potential, risk level, implementation effort and contract dates. Materials with high price risk or contracts expiring in the near term move into early waves. Standardised parts with stable demand can follow later, as min-max control secures supply in the interim. This prioritisation is deliberately not static: market price spikes or supply failures can shift the sequence within the year.

Tendering and negotiation logic per wave

Within a wave, the process typically starts with a requirement specification, followed by RFI/RFP stages and a structured bid comparison. For early exploration, a non-binding offer is often sufficient to check market prices and capacities before binding tenders follow. Where projects are customer-specific, project procurement adds milestone and payment schedules; project procurement then requires closer coordination with development and quality, for example regarding special characteristics on the drawings.

Hedging and financial aspects

With volatile raw material and energy prices, companies consider supplementary hedging; instruments such as forwards & swaps or hedging strategies are usually assessed jointly with Treasury. The wave plan provides the timing anchor: price hedges are scheduled to match the contract renewal windows. Legal building blocks such as the jurisdiction clause and agreed Incoterms are standardised across waves to reduce negotiation effort – the legal implementation should be reviewed case by case.

Key KPIs for controlling the sourcing wave plan

The wave plan only works if its progress is measurable. Key metrics concern schedule precision, outcome quality and supply security during wave implementation.

Process and schedule metrics

Typically measured are the wave completion rate (proportion of projects completed on time), average project lead time and the share of projects that run through all phases without rescheduling. In practice, completion rates above 90% per wave are regarded as a solid benchmark; what matters, however, is the trend across several waves. In addition, the savings forecast hit rate shows how realistically the planned savings were estimated.

Outcome and delivery metrics

Outcome-oriented metrics include realised savings per wave, contract coverage of demand (proportion of volume under framework agreement rather than spot purchase) and the number of qualified bids per tender. During the transition to new suppliers, on-time delivery rate and complaint rates are the most important watchdogs. For newly onboarded partners, the debit note provides early warning signals in the event of quality problems during series ramp-up; a missed delivery date indicates capacity problems that may need to be communicated to sales via capable to promise (CTP).

Risks and controls in wave operation

Phasing carries its own risks: sourcing too late risks supply gaps; cutting waves too large overloads the team. Controls and buffers keep the system stable.

Supply risks between waves

Until a new wave is completed, legacy contracts or contingency processes remain in place. Critical parts require a transition strategy: safety stock, qualified second suppliers or short-notice spot purchases. In the event of failures, the debit note can secure formal claims against suppliers; for schedule criticality it should also be clarified whether the supplier is set up as an RTO supplier with return and recall flows. Pooling with sister companies can open up additional sources of supply in bottleneck situations.

Consortium and cost control

Large waves generate many parallel negotiations; without clear caps, budget overruns loom. Periodic procurement cost centre reporting reveals deviations between wave budget and actual spend. For international waves with test phases at one site, the question arises as to which test costs headquarters bears – here a defined debit note logic for separate test expenditure also helps. All contractual commitments (volumes, prices, domestic/export) should pass through an approval step before conclusion.

Quality and supplier changeovers

Every supplier change within a wave requires qualification effort: measurement system capability per Gage R&R, release measurements and, for safety-relevant characteristics, defined special characteristics with increased inspection rigour. The wave plan must plan these qualification lead times realistically, otherwise entire waves shift. A complete packing list-compliant delivery documentation and gap-free traceability are minimum requirements during ramp-up.

Current developments: digitalisation and dynamic waves

Digital procurement platforms and data analytics make the wave plan more dynamic: instead of rigid annual blocks, rolling plans emerge that respond to price indices, supplier risks and demand signals.

Data-driven wave triggering

Price indices, stock and demand data can act as triggers: if a material index crosses a threshold, the associated commodity group moves into the next wave. Outsourcing scenarios can also be triggered this way when in-house production capacity becomes scarcer – the outsourced work is then assessed as its own source within the wave project. Such mechanisms require clean master data and clear decision logic, otherwise there is a risk of wave churn without real added value.

Integration with sales and supply chain

Leading organisations synchronise the sourcing wave plan with sales promotion planning and with supply chain forecasts. Demand peaks are thus factored into waves early, before bottlenecks arise. For demand peaks beyond framework volumes, capable to promise (CTP) remains the link between supplier capacity and delivery commitment. Modern planning tools support this but do not replace the methodological discipline of the wave plan.

Typical metrics

Metric	Typical value
Wave completion rate	> 90% *Proportion of projects completed on time per wave*
Savings forecast hit rate	> 85% *Deviation between planned and realised savings*
Contract coverage	> 80% *Proportion of demand volume covered by framework agreement rather than spot purchase*
Project lead time	8–16 weeks *typical benchmark per sourcing project within a wave*
On-time delivery rate of new suppliers	> 95% *Control metric during ramp-up following a supplier change*

Practical example

A medium-sized mechanical engineering company with three plants and around 4,000 actively procured parts introduced a sourcing wave plan with four quarterly waves. Previously, tenders were launched in an uncoordinated manner, so the team was temporarily overloaded and contracts expired uncontrollably. After introduction, all projects were bundled by commodity group and managed with fixed milestones and a monthly progress review.

- Waves 1 and 2 prioritised for materials with expiring contracts and high price risk, including demand bundling across all three plants

- Uniform RFX templates, standardised Incoterms and jurisdiction clause used per wave
- Transitional min-max control with increased safety stock for critical parts during the supplier changeover
- Savings per wave evidenced in procurement cost centre reporting and reconciled with the savings forecast

Conclusion

The sourcing wave plan turns an unmanageable project list into a controllable, fast-cadence implementation plan. It bundles volume, smooths the workload in procurement and makes savings plannable and demonstrable. What matters are realistic qualification lead times, transition strategies for critical parts and measurable control via defined KPIs. Those who interlock the wave plan with demand planning, QBR cycles and digital triggers create a procurement function that responds to market changes without jeopardising operational supply. For medium-sized manufacturers, it is therefore one of the most effective instruments for actually implementing strategic sourcing.

Frequently asked questions

? What is a sourcing wave plan?

A sourcing wave plan is a time-phased implementation plan for procurement initiatives in which several projects are bundled into successive waves and executed sequentially. Each wave typically covers one commodity group, one site or one supplier market with fixed start and completion windows. This bundles negotiating leverage and smooths the workload in procurement.

? How long should a sourcing wave last?

In practice, wave lengths of three to twelve months have proven successful, often aligned to quarterly and budget cycles. Short waves increase flexibility, long waves reduce rescheduling effort. It is important to plan realistic qualification lead times for new suppliers.

? What is the difference between a sourcing wave plan and a category plan?

The category plan describes the long-term strategy per commodity group, whereas the wave plan describes the timing of several sourcing projects across all categories. The wave plan operationalises the category strategy by setting fixed tendering and negotiation windows. Both tools complement each other and should be based on the same priorities.

? Which KPIs are suitable for the sourcing wave plan?

Key metrics are the wave completion rate, project lead time, realised savings per wave and the hit rate of the savings forecast. In addition, on-time delivery rate and complaint rate show whether supplier changes are running stably. What matters is the trend across several waves, not a single value.

? How many projects belong in one wave?

That depends on team capacity and project scope; companies commonly manage between five and fifteen projects per wave. What matters is that tendering, negotiation and contract conclusion remain manageable in parallel. Better to complete fewer projects cleanly than to start many in parallel.

? How does the wave plan respond to short-term market changes?

Modern wave plans are rolling: price indices, supply failures or demand peaks can move projects into earlier waves within the year. Backup mechanisms such as safety stock, spot purchases or qualified second suppliers secure supply between waves. A fixed but not rigid cadence combines stability with responsiveness.

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