## 'World Class' Procurement in an increasingly competitive market

Through specialising in procurement & supply chain recruitment, Barclay Meade has undertaken many recruitment campaigns where the objective for our clients has been to create a 'world class' procurement & supply chain function. This is a far cry from 10 years ago and demonstrates just how much procurement & supply chain has evolved in a relatively short space of time.

The need for businesses to be more competitive and more profitable is ever increasing and thus driving down costs. Therefore, an efficient and effective procurement & supply chain functions is more crucial than ever to add real value to an organisation.

So what does it mean to have a 'world class' procurement & supply chain function and can it actually be achieved? To answer this question we need to assess the components of any successful procurement & supply chain function:

- The Organisation
- The People
- The Processes & Technology
- Leadership
- The Suppliers

### The Organisation

If the organisation is striving towards 'world class' status then 'world class' procurement & supply chain is about making a significant contribution towards the organisation's overall performance and supporting corporate goals. The function must be fully integrated and aligned with the overall business strategy. Just as importantly, the organisation must buy into the procurement & supply chain strategy with board level backing and support, thereby allowing procurement & supply chain to drive continuous improvement.

## The People:

Most team members are not stars, they are often just good, solid performers whether that be in areas such as contracts experience, negotiation, supplier assessment or category specialism. In the past these skills alone were enough, but not anymore. Procurement & supply chain professionals need to be able to engage with key stakeholders and sell a strategy. To do this they must have the softer skills and competencies that are vital in order to be 'world class'. Communication skills for example are essential to engage with stakeholders and sell a strategy and without individuals who have these softer skills a procurement & supply chain function can never be truly 'world class'.

## The Processes & Technology:

For a procurement process to be effective it must be simple. It needs to consider who the people are that will be using it as not all will be in procurement. Staff in other functions need something they can use and understand. If this is not the case, these staff members won't buy into it and ultimately may not use it. This will result in increased rogue spend and diminishing cost efficiencies.

The right technology will assist the speed at which the processes get adopted. The process and systems must tie in all the functions of the business otherwise everyone is working separately.

## Leadership:

To develop a 'world class' function it must come from the top. If the CEO and the Board do not believe in it then no one else in the organisation will. Once it is driven from the top you need effective leaders within the function to drive through the strategy. This becomes ever more challenging in multi-sited global organisations and leader development with procurement & supply chain is a crucial strategy.

### The Suppliers:

Any organisation depends on its suppliers to succeed; it is their expertise that you are buying to add value to your supply chain. The best practice is to keep the supply chain as short as possible with the right suppliers for each category or commodity. A 'world class' procurement & supply chain function needs to be out working with the suppliers, engaging with them and forming collaborative partnerships so they feel part of what you are trying to achieve and thus contribute more fully towards it. This helps the organisation evolve and improve by learning from their supplier's innovation.

#### **Conclusions:**

The value added from a 'world class' procurement & supply chain function is both tangible and intangible, whether it is procuring at the lowest total cost, learning, adapting and benefiting from supplier innovation or gaining competitive advantage through buying better than the competition. But that is not all, it also is about mitigating risk. Any third party introduced to a business imports an element of risk and part of the role of procurement & supply chain is mitigating that risk.

So does achieving all this mean your organisation is 'world class, and can you ever truly achieve 'world class' status or indeed do you even need to? This will differ from organisation to organisation because it has to be aligned to the business goals. If the function is having a substantial impact on business performance then maybe yes.

If you are not 'world class' but are aligned to the needs of the business with regards to category management, strategic sourcing, p2p or supplier relationship management then this may be enough. However, even if you think you have got there you have already fallen behind. Your customers and competitors will have already moved on by improving and evolving. Like most things in business, you can never settle for what you have or you will be left behind.

# So what do Procurement & Supply Chain Professionals think 'world class' is....

"A 'world class' Procurement & Supply Chain function in one that is moving in the right direction, it has standardised processes and a finalised strategic plan. It must demonstrate financial improvements year on year and promote best practice"

Mark Ratcliffe Supply Chain Divisional Cobham Mission Equipment

"A 'world class' procurement function has a vision of what can be achieved with the ability, aptitude and experience to implement the vision. In addition it needs professionals who are excellent at not only procurement but selling the benefits of procurement as well"

Richard Oldfield Accordeus

"World class' Procurement has to be seen by the Executive Board of an organisation as a key contributor to corporate strategy. As agents for change Procurement has to maintain expertise in direct and indirect supply markets and be skilled in process management and have superior influencing skills. By maintaining an objective view to the end to end process from sourcing to delivery it supports strategic management by providing an internal, apolitical, consultancy service."

Bob Rodwell

Head of Marketing Procurement British Gas

"A 'world class' Procurement & Supply Chain function requires long-term strategic support form the top of the organisation, access to the resources required to implement and sustainably develop ecommerce and most importantly it needs to be staffed by MCIPS professionally qualified, experienced staff with the skills required to both support and protect the organisation"

Vince Pross Associate Director of Finance Procurement St Georges Healthcare NHS Trust

"'World Class Procurement'....... to my mind this comprises an appropriate 'mix' of team characteristics, skills and processes. World class Personal Characteristics would include excellent stakeholder management and influencing abilities. For Skills I'd say a tenacious yet "reasonable" negotiation style and a command of the latest strategic tools. For processs, 'world class' to me would include a fully functioning embedded Strategic Relationship Management capability - it is this that defines the procurement leaders from the pack.

Ian Connor CPO at SouthWest One