

# **PROCUREMENT MOJO**

## **Strengthening the Function and Raising Its Profile**

by

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(Excerpts)

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### **Introduction**

...I would come to learn that effectiveness was far more important than anything else in achieving long-term success... It took me several painful efforts trying to build successful functional teams before I truly appreciated this... My first attempt would have been an excellent episode of the phantom sitcom, *How Not to Win Friends and Influence People!* ...

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...Organisations are indeed about people... many Procurement functions today struggle with three critical challenges, all people-related: effective functional leadership; skills and competency of purchasing staff; and sub-optimal stakeholder relationships – all of which detract from Procurement's value-add in organisations....

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... most purchasing people seem to agree that what Procurement wants boils down to three things fundamentally:

- (1) The capability to deliver on its functional obligations
- (2) The 'organisational space' to get on with delivering those obligations, and

(3) Recognition of Procurement's value-add across the wider organisation...

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...Purchasing professionals in such organisations are usually frustrated by the myriad of problems this brings in their organisational life. They sense that things can be better, and yearn for an organisational existence wherein their Procurement function can fulfil its true potential in the enterprise. This book reveals the basic steps Procurement functions can take to redress these issues and find their Procurement mojo.

Enhancing Procurement effectiveness is the only way to strengthen the function and raise its profile in the enterprise...

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...Like all organisational activities, purchasing is carried out by people. They may be aided by technology and other enablers, but people are the fundamental creators or destroyers of organisational performance success...

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## **Why 'Procurement Effectiveness'?**

...it's quite a simple notion to grasp: if you want to move forward, you take a step forward; if you want to head off to your right, then you take a step in that direction; if you want a clean car, you wash it yourself or take it to the carwash; if you want some dangerous excitement in your marital life, you get a lover...

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...the suppliers we bring to the table in procuring goods and services for our organisations are, in effect, extensions of our organisations. If they are sub-standard suppliers, so will our organisation become eventually. If they are stellar performers, we will reap stellar benefits too...

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... If developing sexy sourcing strategies, implementing a best-practice P2P process or delivering bucket-loads of savings do not yield improved functional capability or heightened recognition of Procurement's value-add in the enterprise, then you must go back to the drawing board...

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...As Abraham Lincoln is said to have put it, "Things may come to those who wait, but only the things left by those who hustle". Waiting for your Procurement mojo to materialise without doing the right things to manifest it is like waiting for a ship at the airport...

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**Procurement effectiveness is about taking the right actions to achieve the outcomes we want. You can't win the lottery without buying a lottery ticket!**

...Procurement functions that are serious about 'winning their lottery', achieving the functional outcomes they thirst for – where the function is strengthened and has high regard in the wider organisation – must take the right actions to bring about those outcomes; they must find their Procurement mojo.

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## **STEP 1: Build an Effective Procurement Organisation**

...Procurement functions, like all organisations, are about people. It is people who do the work and deliver results, not computers, strategies or processes. Those things are simply tools or enablers we employ to get the work done.

I often try to get this critical point across to clients by explaining that if you take the strategies, processes, computers and so on out of any business but leave the people in, the business will still find a way to function; after all, businesses and non-profit organisations existed before the invention of computers, PowerPoint and whatnot. But do the reverse – take the people out and leave the computers, strategies, et al. behind – and the enterprise will come to a stop...

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...Organisations that 'get it', those that stay attuned to the message, understand that, in reality, Operational Excellence, TQM, Lean, strategic sourcing, category management, et al. are simply tools. You or I can pick up any kitchen tool or utensil – potato masher, egg whisk, serving spoon, chopping board, etc. – but using the tool does not necessarily guarantee that our cooking will come out like Gordon Ramsay's or Nigella Lawson's. In the same way, any Procurement function can implement strategic sourcing, e-auctions, category management and so on, but that doesn't mean they will become consistent high performers over the long-term....

**Those that seek "procurement excellence" without building underlying organisational effectiveness will discover that you can't draw water with a sieve.**

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...effective functional leadership is the keystone of building an effective Procurement organisation; because a fish rots from the head down.

Leadership is the glue that binds together the other components of an effective organisation. It is the single most important factor affecting people's motivation and performance at work...

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...Not having goals for any organisation is equivalent to setting out on a journey without a destination. Or, put another way, if you swing at nothing you will hit it.

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...Talented and engaged Procurement people who feel part of something special, something that feels magical, will always seek to recreate that magic in their interactions with others outside Procurement... Building people capability is intrinsic to creating an effective Procurement organisation; because, as I have mentioned earlier, it is people that do the work, so people matter most.

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It is important to remember that 'performance' is not just about the numbers or hard, tangible results. It also relates to the behaviours exhibited in achieving those numbers.

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...The culture in your Procurement organisation says more than any scorecard, sourcing strategy or P2P process. It reflects what your Procurement function is about... culture is the embodiment of who we are collectively and what we stand for – our organisational DNA...

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...what about you – are you a 'Procurement Ambassador' or a 'Procurement Assassin'?...

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## **STEP 5: Build Your Procurement Brand**

...purchasing people must develop organisational savvy and create a strong brand positioning for Procurement... it's more to do with a range of soft skills that underpin organisational success...

Purchasing folks can learn a lot from successful consumer product brands; they must develop organisational savvy and create a strong brand positioning for Procurement.

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...Positioning Procurement appropriately is not about becoming a political animal... it's about developing insights to organisational dynamics and using that understanding to further Procurement's agenda. If you bear this in mind all the time, it becomes easier to develop into a valued business partner to your internal customers...

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...Get in bed with your key stakeholders and you will gain rich insights on how you can be more meaningful to them, and what levers you can exploit to sell and deliver purchasing value more successfully....

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- ...the critical factors that create internal customer satisfaction and help position Procurement positively are the progressive attitudes and behaviours of purchasing people, not primarily their technical expertise
- ...Procurement's true positioning in the enterprise is largely determined by the perceptions of stakeholders, not necessarily the enterprise organisational structure. The more stakeholders *feel* that Procurement is meaningful to their organisational activities and existence, the better Procurement's brand position.

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...Thinking of stakeholders as 'customers' is a nifty trick that can do wonders for your mindset. If you were running your own business and these stakeholders were your

customers, how would you handle them, knowing they are the source of your daily bread?...

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...Whether it's HR, Finance or other stakeholder functions, the need to communicate with stakeholders in terms they understand is vital. Avoid boring or irking them with Procurement jargon; don't use purchasing buzzwords or technical lingo they might not understand...

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...PR is about reputation management... Think about Procurement's PR effort as a sustained endeavour to protect the function's brand reputation... As a purchasing person, everything you do and say, and what stakeholders think, feel and say about you, impacts Procurement's brand reputation...

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...PR efforts to enhance Procurement's brand image are part of the overall drive to position the function in the fabric of the enterprise and promote the Procurement agenda...

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...Procurement PR must incorporate several media. Perhaps a few of examples will help to illustrate how some of these media can be exploited effectively... This last example is particularly useful in illustrating many of the principles and tactics I have explained in this book;

- ...notice how the story centres on Procurement's contribution to the corporate key priority of business profitability – the subliminal message is: "We are supporting the business with its key goal".
- ...the story doesn't mention "strategic sourcing" – because the target audience weren't versed in purchasing jargon, but they fully understood the business drive to improve profitability.

- Plugging in the CFO's feedback reflected my efforts to turn him into a Procurement cheerleader... To the wider audience in the company, his feedback indicated that Procurement was deemed important at the top table.
- ...those results were achieved by people. So giving my Procurement managers visibility at a corporate level (by naming them, displaying their photographs and including their comments) was a great way to boost motivation and engagement in the regional teams...
- Publicly acknowledging that our stakeholders were supporting our efforts was a fantastic means of nurturing the relationships with those who were already Supporters and encouraging those who weren't yet...

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Selling a Procurement brand proposition that does not match the delivery capability is like selling a sports car to a punter only for him to discover it's been built with a scooter engine...

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