

Understanding the Procurement challenge

Janet Curran – January 2014

A study of how Procurement are influencing internally



Estimated reading time
Full report: 30 minutes

Contents

- Executive Summary**.....4
- Background**.....5
 - The types of Procurement department who took part in the research ...5
- Procurement’s image in 2013**.....6
- Getting people to change**.....8
- Creating Benefits**10
 - What issues do stakeholders have?..... 11
 - What is the current stakeholder perception of Procurement’s value? ..12
 - What do Procurement see as the value they bring?..... 13
 - How well placed are Procurement to make Benefits?..... 14
- How Procurement are measured**.....15
- The roles Procurement can play**.....17
 - The Administrator17
 - The Advisor.....18
 - The Strategist.....18
- How Procurement open doors**19
 - Identifying who to approach19
 - Making an approach20
- What does not work**.....21
 - Don’t take control.....21
 - Having a purely cost-focused agenda.....21
 - Inappropriate behaviour21
 - Don’t go in with nothing21
- How to challenge**22
 - What do Procurement challenge on?22
 - How do Procurement challenge?22
 - The theory of collaborative challenge.....23
- What would you do if you were CPO for the day?**.....24
- Conclusions**.....14

© Huthwaite International

This document is the copyright work of Huthwaite International and may not be reproduced (in whole or in part, in any form or by any means whatever) without its prior written permission. Huthwaite International of the UK is not connected with Huthwaite Inc.

The copyright notices and trademarks on this document may not be removed or amended without the prior written consent of Huthwaite International.

Executive Summary

The world of Procurement is constantly changing, as Procurement departments evolve in terms of their maturity. The Management Consultancy Association (MCA)'s Consultancy Buyers Forum (CBF) was established in 2012 to change the way organisations procure consultancy services, through bringing procurement professionals and management consultants together to develop and promote best practice. The CBF Blueprint is now available on the MCA website to do just that.

In order for initiatives like the CBF Blueprint to be successful, Procurement departments have to be able to bring about internal change. As custodians of a process that is often seen as unwieldy and delivering no value, that is a challenge in itself. The perceived mindset of Procurement as being all about cost is also a barrier when other stakeholders in an organisation have different priorities and goals.

In this report we acknowledge the current image of Procurement, then go on to explore the different ways in which Procurement can go beyond delivering cost savings and deliver other value. This requires Procurement to take on a broader perspective and take the time to understand the challenges of the business and the stakeholders that they are trying to support. It requires them to be able to use effective behaviour to build internal relationships so that stakeholders are happy to collaborate with them, and see them as a valuable support service who can help deliver better outcomes from projects. It also requires Procurement to be brave enough to challenge thinking when appropriate. Procurement are also in a unique position to be able to share their in-depth knowledge about the supply chain, and also about what projects

are happening in other parts of the organisation that stakeholders can take advantage of.

In turn the selling of Procurement's services is not done best by Procurement themselves. By finding the right influencers or sponsors internally they have the opportunity to build their reputation through the word of others who have used them and found them to deliver value. So rather than feeling mandated and coerced to use a procurement process, internal stakeholders are inclined to approach the Procurement department because they believe in the value they can offer. That is the Procurement dream.

Background

In November 2006 Huthwaite International produced a research report on the rise of Procurement. A key finding from this research was that the biggest challenges Procurement faced were internal. Quotes like: *"Procurement are an inconvenient and unnecessary step in the buying process;"* *"nobody likes to be challenged by Procurement;"* and *"people see spend as power, so they don't like to relinquish control"* described the relationship that a lot of Procurement departments had with their organisation.

With the development of best practice materials for procuring consultancy services within the MCA's Consultancy Buyers Forum, it was recognised that if Procurement people were going to be able to use these materials to change the way their organisations bought consultancy services, then they would need to be in a position to influence effectively internally. So Huthwaite International set out to research whether Procurement departments were in a healthier position than they were seven years ago in terms of their standing in the organisation, the value they were seen to deliver, and whether they did have the relationships in place to successfully bring about internal change.

The research took the form of semi-structured interviews with nine Procurement professionals within the MCA's Consultancy Buyers Forum. The results of these detailed interviews have been analysed and are presented in this report. The findings cover:

- how Procurement believe they are perceived internally
- the issues that they believe internal stakeholders have
- how they believe they deliver value and are seen to deliver value by stakeholders

- how they are currently measured, so what drives their performance
- how they open doors and challenge internally
- what they would do if they were CPO for a day.

The types of Procurement department who took part in the research

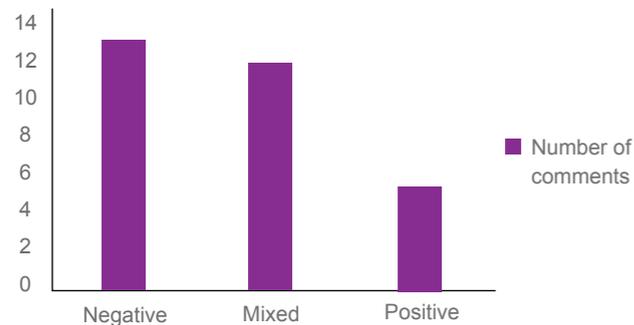
All the Procurement departments who took part in the research are members of the MCA's Consultancy Buyers Forum. Sectors represented are mining, food and drink, financial services, oil and gas, energy utilities, manufacturing and healthcare. All the Procurement departments except one are mature in that consultancy spend is a category in its own right. So nearly all the respondents were focused on buying consultancy services, although most of them also had experience in buying in other categories.

Just over half of the companies surveyed had a mandate in place that meant at least a certain percentage of consultancy spend had to come through the procurement process. The presence of a mandate clearly has an impact on how internal departments engage with Procurement, as will be seen later in this report.

Procurement's image in 2013

The image of Procurement in 2013 was largely negative to mixed, with only a small number of positive comments. The graph below shows the overall number of comments received and how they were categorised.

PROCUREMENT'S IMAGE



The negative

The negative comments included the following:

- Internal stakeholders (including senior management) cannot see how Procurement can add value.
- Internal stakeholders don't want to be challenged.
- There is general nervousness about losing power over their spend.
- There is concern that Procurement could upset their relationship with their supplier.
- Procurement are associated with a slow process, which gets in the way
- Procurement are gatekeepers.
- Procurement are a tick box exercise.
- There is a legacy of Procurement not being innovative.

The mixed

The mixed comments included the following:

- Only as good as the last project.
- Depends on how well they have delivered.
- Strong relationships with some people but not with others.
- Not everyone will engage.
- It is a challenge to be seen as a credible voice so they have to work hard to be seen and heard.
- Those with knowledge of Procurement see the value of them.
- Stakeholders are initially supportive but then forget about them.
- Variable in terms of visibility and reputation.

The positive

The positive comments included the following:

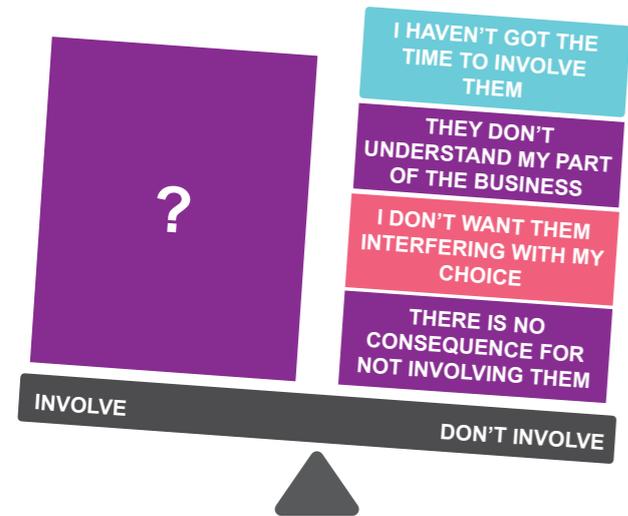
- There is real respect for everyone in the business.
- Procurement always try to add value and do get repeat business.
- Procurement are seen as helping making change happen.
- Stakeholders see the value of Procurement when things go wrong.
- Procurement are seen as helpful in general.
- Their reputation is better than before.

Summary

In summary Procurement's image may have improved a little since 2006 in that at least some stakeholders see their value, but overall they still appear to be facing the same issues and prejudices that they were facing seven years ago. The main internal challenge is still to get internal stakeholders to buy into the idea of using Procurement because they see the Procurement department's service as adding value.

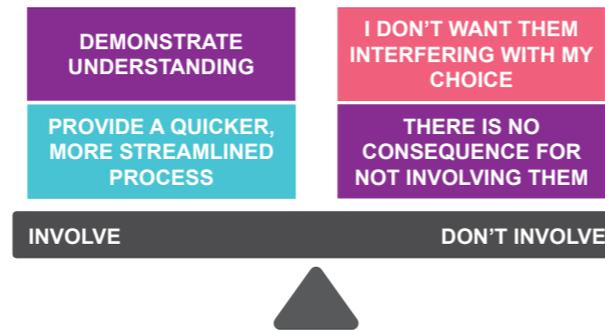
Getting people to change

Procurement departments face the challenge of getting internal stakeholders to involve them in the buying process. This can be illustrated by a balance model like the one shown below. On the right-hand side of the balance are the reasons why a stakeholder won't involve Procurement. The negative comments documented in the previous section about Procurement would all sit on the right-hand side, as illustrated.

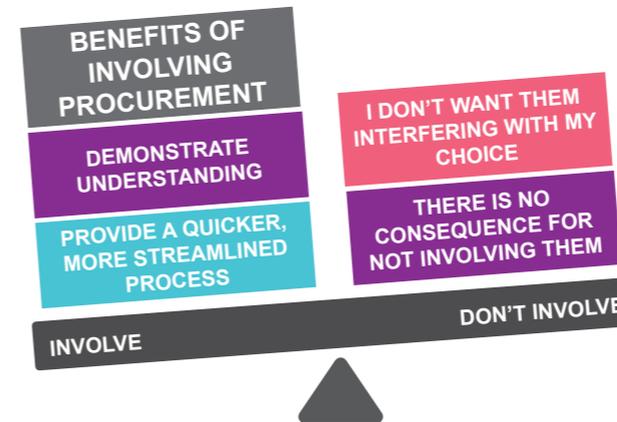


However, to get internal stakeholders to buy into doing things Procurement's way, they have to see that the benefits of involving Procurement outweigh all the factors on the right hand side. There are two ways to do this:

1. Reduce the factors on the right-hand side, e.g. take steps to reduce the time and effort involved, or provide evidence of how Procurement can actually enhance relationships with suppliers. This is likely to result in a situation as shown below, where the benefits of involving Procurement are in line with the negatives but do not necessarily swing the decision in Procurement's favour.



2. In addition to counteracting the negatives, Procurement need to build up the positive benefits of involving them on the left-hand side, as shown below. This means that Procurement need to understand what stakeholders would perceive to be a benefit.



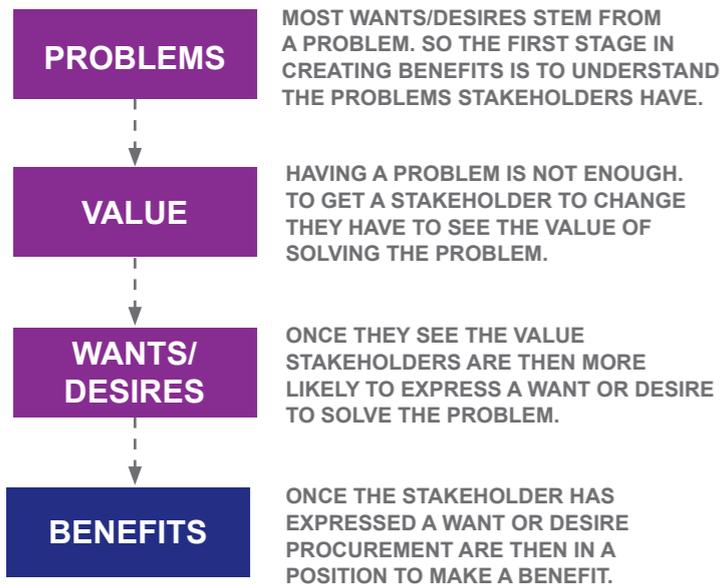
Creating Benefits

In Huthwaite we have a clear and unique definition of a Benefit, which is:

“A statement that demonstrates how your solution/ proposal meets a want or desire expressed by the other party.”

The key characteristic of a Huthwaite Benefit is that it is related to something the other person has said that they want. This is also the reason why we hear so few of them (less than 10% of seller behaviour) when we listen to sales conversations. This is because the majority of sellers fail to get their customers to articulate what it is that they want. The same happens when it comes to persuading or influencing internal stakeholders.

The process of creating a Benefit is illustrated below.

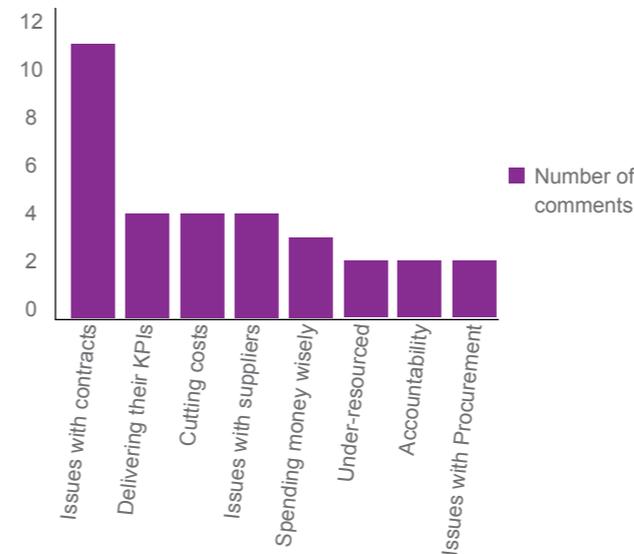


So this research report explores the issues Procurement see stakeholders as having, and the value they perceive stakeholders see in involving Procurement.

What issues do stakeholders have?

The graph below provides a summary of the different types of issues that Procurement believe their internal stakeholders have.

INTERNAL STAKEHOLDER ISSUES



By far the largest number of comments about stakeholder issues were classified as issues with the quality of the contracts that stakeholders produced. These related to factors such as: ambiguous statements of work, stakeholders failing to properly understand contracts and which ones to use, not considering all the issues/costs in the contract, and not being commercially astute. Issues that came second in popularity included the pressure to get results and deliver on KPIs, the pressure on spend and having to cut costs and issues with suppliers.

The supplier issues were of two types; not doing the due diligence with suppliers effectively but also lacking the market intelligence to go out and find new suppliers who could bring new innovation to the business.

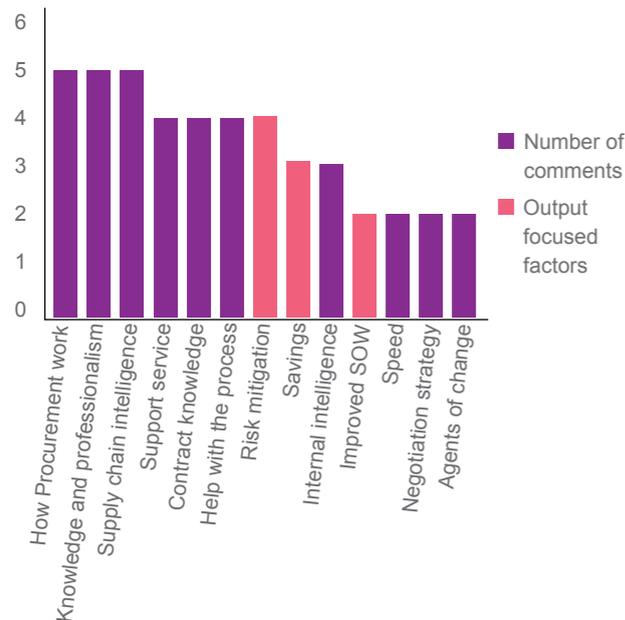
What this survey does not reveal is the relative importance of these issues to stakeholders. This would require further research with the stakeholders themselves to identify which of these problems would be at the top of their agenda to solve. This is important because at the end of the day people are happy to live with problems, particularly those that they do not see as mission critical. So whilst there are clearly issues here that Procurement can help with, we do not know whether they are the ones that stakeholders want to resolve. There is also one category which is about issues that stakeholders have with Procurement themselves in terms of them putting obstacles in the way and taking the credit for cost savings. These are issues that would have to go on the right-hand side of our balance model, so are motivators for Don't Involve, rather than providing the basis on which Procurement can build the value for what they do on the left-hand side of the balance, and so encouraging Involvement.

What is the current stakeholder perception of Procurement's value?

Identifying current stakeholder issues is only the first stage in creating the momentum for change. Once you have an understanding of somebody else's problems the next stage is to get them to see the value of doing something about solving that problem.

Further research in this area is necessary, as to date we only have Procurement's perception of the value that stakeholders see in the Procurement function. The graph below summarises their responses.

STAKEHOLDER PERCEPTION OF PROCUREMENT'S VALUE



The most popular areas relate to Procurement's role, in terms of being a consultant, broker, combining low level project management with being a more strategic advisor and working in a collaborative way; the general knowledge, integrity and professionalism that Procurement provide, and the intelligence they provide about the supply chain.

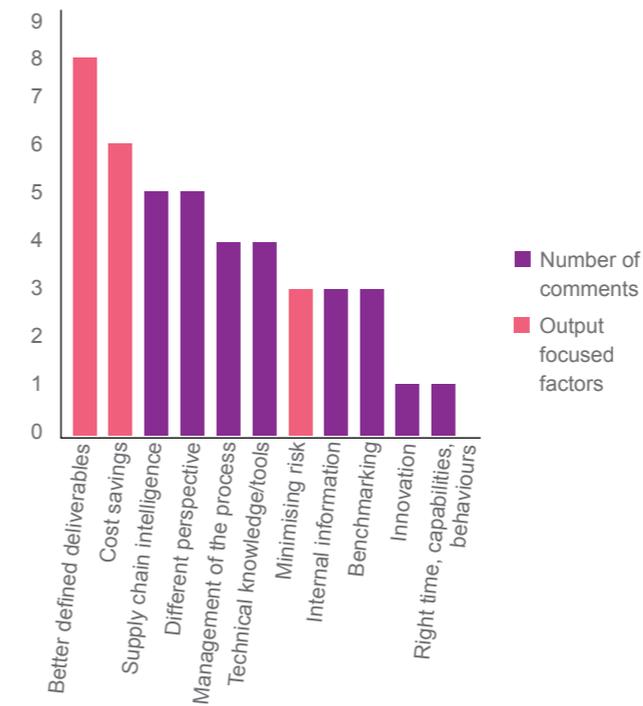
Second in importance comes the support service that they provide in terms of analytics and administration, the knowledge they provide around contracts, the support that they provide in helping people through the procurement process, and risk mitigation.

Risk mitigation, cost savings and improved statement of work (SOW) stand out as being the only factors that are what we term output-focused. Outputs mean factors that are as a result of the process. All the other factors mentioned are input-focused, which means they reflect what goes into the process, rather than the results that are achieved. For example, people say that they value the knowledge that somebody else provides. But in reality what they really value is the difference that knowledge makes to what they are able to achieve. That is the difference between being input-focused and output-focused. Procurement's true value to the organisation will only come through their ability to influence outputs.

What do Procurement see as the value they bring?

As well as asking Procurement what value they thought stakeholders would see them as bringing, we also asked them for their own perception of their value, to see if there were any differences. The graph below summarises the responses.

PROCUREMENT'S PERCEPTION OF THEIR VALUE



The most striking difference between Procurement's view of their value and what they saw as the stakeholder view is that their view of their own value is more output-focused. The largest number of comments are around having better defined deliverables in terms of the outcomes and KPIs specified for the project, yet far fewer people mentioned improved SOW when considering where stakeholders saw the value. We know that delivering against KPIs and getting results is important for stakeholders, so why is that Procurement think they deliver value in this area, but don't seem to think that the stakeholders perceive the same level of value? Perhaps Procurement don't want to be seen as taking the credit for something that is ultimately the stakeholder's responsibility, or perhaps there is resistance amongst stakeholders against Procurement getting involved in defining deliverables. It does, however, seem to be an area where Procurement have more opportunity to create value for their service.

In second place in terms of number of comments is Cost savings, another output-focused factor and one that is generally perceived as Procurement's main contribution. However, as was pointed out in the research, cost savings is not generally top of the stakeholder's list. Most Procurement people cite the need to make sure that they do not put across the message that it is all about cost.

The other output-focused factor is minimising risk. The challenge with this factor for Procurement is that it is often difficult to see the value of minimising risk in the contracting stage. Often, as was quoted in the research, internal stakeholders only see the value of Procurement when they don't use them and then things go wrong.

The two most popular input-focused factors are supply chain intelligence and Procurement's ability to provide a wider perspective, or a neutral viewpoint. Again the wider perspective is not mentioned as something that the stakeholders seemed to value. Yet potentially this could be Procurement's greatest opportunity to bring value to the organisation. The issue with offering a different perspective is having it accepted and listened to by the organisation. This is where the ability to persuade and influence thinking becomes essential.

How well placed are Procurement to make Benefits?

To summarise, when we map the stakeholder issues against the ways in which both stakeholders and Procurement see Procurement's value (from Procurement's perspective) we can see that there is the opportunity to make Benefit statements. Procurement have the potential to build value through helping people through the logistical minefield of contracts, ensuring that the right KPIs are in place to measure the outcomes, working with suppliers to not only bring market intelligence to the business but also to encourage innovation, and of

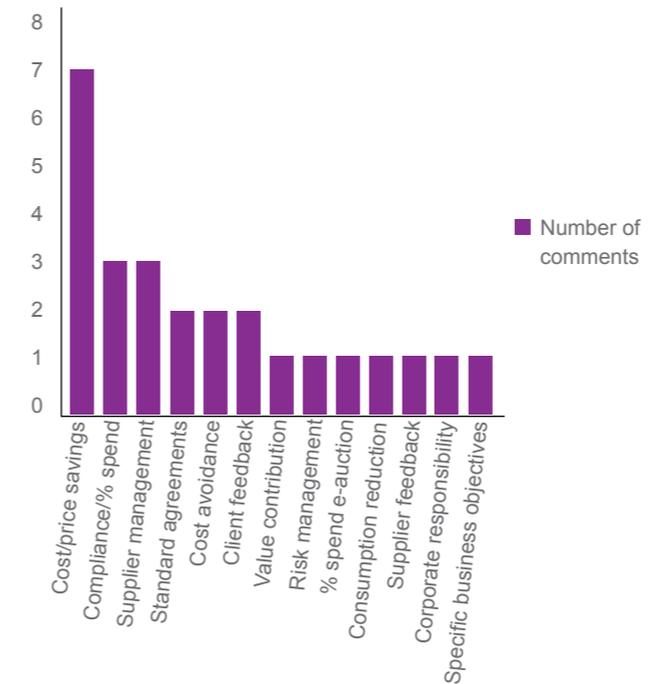
course deliver cost savings. There is a mismatch between what stakeholders seem to value and what Procurement value. Procurement need to work harder at demonstrating the value of their ability to bring a different perspective and thus generate better deliverables to help stakeholders deliver against their KPIs. This requires Procurement to consider how they are measured and what role they should have in the buying process.

STAKEHOLDER ISSUE	STAKEHOLDER VIEW OF VALUE	PROCUREMENT'S VIEW OF VALUE
Issues with contracts	Contract knowledge Help with process	Technical knowledge/ tools
Delivering KPIs	Improved SOW	Better deliverables Different perspective
Cutting costs	Savings Negotiation strategy	Cost savings
Issues with suppliers	Supply chain intelligence	Supply chain intelligence Minimising risk
Spending money wisely	Internal intelligence	Internal information Benchmarking
Under resourced	How they work Support service	Management of the process

How Procurement are measured

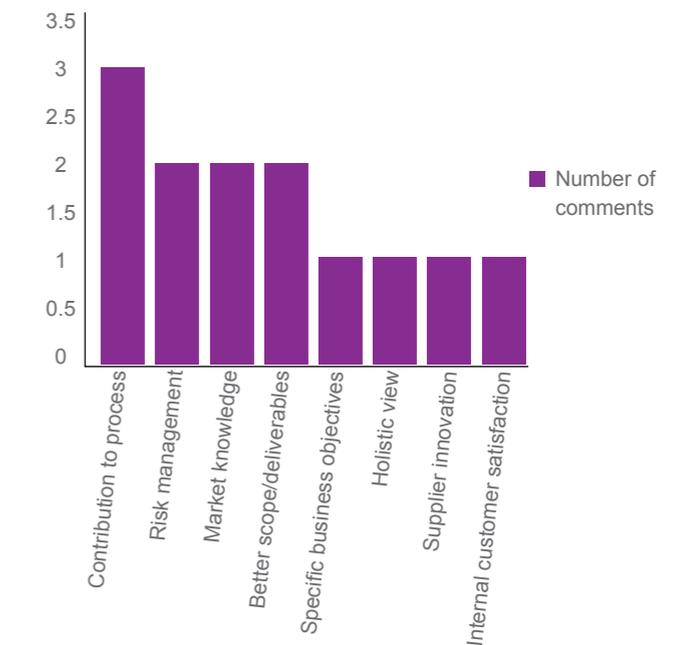
It's an old adage – what gets measured is what gets done. When asked how their performance is measured the overwhelming majority stated cost savings, followed by a myriad of other measures. Only two organisations did not mention cost; one couched their measurement in the words “value contribution” and the other stated that they had no fixed measures, but each year they agreed specific objectives with the business that then formed their KPIs. None of the respondents specifically mentioned measures that related to the quality of outcomes/deliverables.

WHAT PROCUREMENT ARE MEASURED ON



When asked what they **wanted** to be measured on a different picture emerged. Only one person stayed with the measures that were currently used, and that was the person who was measured on the specific business objectives. There was no outstandingly popular measure, but no one mentioned cost savings. Managing risk was still seen as a potential measure and relationships with suppliers also featured, as well as improvements in the scope or deliverables. The most popular category related to Procurement's contribution to the process and how they could add value through working alongside internal stakeholders.

WHAT PROCUREMENT WANT TO BE MEASURED ON

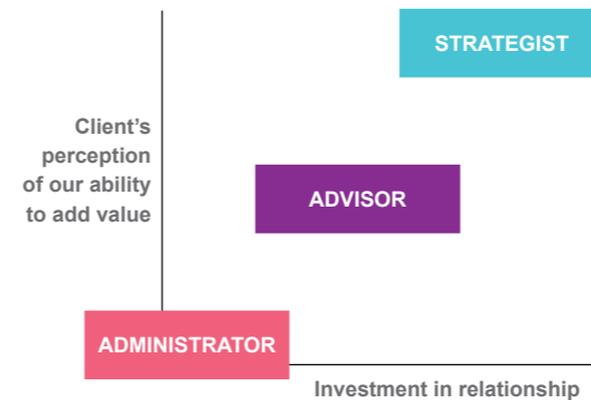


To conclude, it would seem that there is a desire within Procurement people to break away from the image that they are all just focused on cost savings. That does not mean to say that this focus will go away, nor can it when the majority of Procurement departments continue to be measured in this way. As one respondent put it: "It's not all about cost savings, but they are a hygiene factor." If Procurement want to play a bigger role within their organisations then delivering savings to the bottom line is still likely to be an essential part of the value they bring. But changing their image will also require them to think bigger and broader about what the business is trying to achieve.

Roles for Procurement

The output of this analysis has revealed that there are three potential roles for Procurement within an organisation. Each of these roles differs in the amount of investment internal departments are likely to make into the relationship with Procurement, and the value that those departments place on Procurement's contribution. The model on which this is based is taken from key account management best practice from a sales perspective. The key is to understand which role is most appropriate for the organisation in which Procurement is operating. It may also be that different departments require Procurement to operate in different roles, so Procurement need to be able to recognise which role to adopt for each internal customer.

The graph below shows the three different roles mapped against the level of investment and perception of value from the internal stakeholder.



The Administrator

In the Administrator role Procurement are there to provide tools and information to the business. An Administrator manages the "tick box exercise." They may undertake tasks such as analysing data or conducting negotiations on behalf of internal departments. They may also provide information on suppliers. Fundamentally the internal stakeholder regards them as a specialist resource and nothing more. Operating as an Administrator is appropriate when the internal stakeholder has enough commercial knowledge to be able to efficiently and effectively work their own way through the procurement process. An Administrator will be tasked with achieving cost savings, efficiencies and compliance to the process above all else. Administrators are likely to be engaged late in the buying process, and will have a transactional relationship with stakeholders.

The Advisor

In the Advisor role Procurement are there to guide and help people through the procurement process. So they don't just provide the tools, they are also working alongside the internal stakeholders to improve deliverables, ensure the most appropriate contract is in place, advise on supplier selection and minimise the risks. They may also work with suppliers to identify how those suppliers can bring more value into the business. Operating as an Advisor is appropriate when the internal stakeholder wants a guiding hand to steer them through the process. The stakeholder is likely to find value in the knowledge and advice that Procurement provide, as well as the alternative perspective that can help broaden and develop their thinking. An Advisor can be measured on the quality of the deliverables, their contribution to the process and on the innovation they generate through suppliers. Advisors should get involved earlier than Administrators at the Defining Needs stage to add most value, and will have a consultative relationship.

The Strategist

In the Strategist role Procurement are fundamental in shaping the sourcing strategy for the organisation. They are likely to be working at Board or senior level and to be active in defining processes and getting involved at an early stage in discussions around how the organisation wants to manage its supply chain. They are also likely to be involved in close partnerships with key strategic suppliers and working with them to drive innovation in how the organisation sources its requirements. Operating as a Strategist is appropriate when the organisation requires that type of guidance. A Strategist in effect operates as an agent of change and their performance needs to be measured through a series of long-term KPIs.

How Procurement open doors

For Procurement to be able to build value and spread their influence, to improve their internal image, they need to be able to open internal doors. There are two ways in which this can happen: a push approach, where Procurement go out to the business to proactively build relationships, or a pull approach, when the business comes to Procurement's door. A pull approach will only happen if the business is mandated to come to Procurement, in which case the issue of compliance becomes a big door opener, or on the strength of past work done by Procurement and the value built through that.

In essence Procurement can approach internal stakeholders in one of three ways:

- A direct push approach, which means approaching them individually with some kind of value proposition.
- A direct pull approach, which normally means the internal stakeholder is mandated to use Procurement.
- An indirect push approach, where Procurement use senior manager pressure to get involved, or other influencers within the business who can sell the value of Procurement on their behalf.

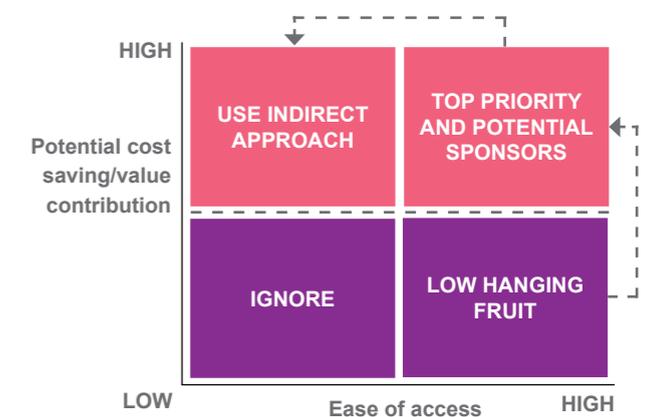
In this section we will focus more on the direct push approach, because there appeared to be more evidence of the need for push, rather than relying on pull. In addition, if Procurement want internal stakeholders to come to them willingly they have to go out and build the relationships in the first place.

Identifying who to approach

It is not feasible for Procurement to get involved in every purchase with every department, so inevitably the first step in approaching internal stakeholders is to decide who to approach and why. Some common themes emerged here:

- Start with departments who have a shared language, such as IT or Finance, as they were more likely to buy into Procurement's way of thinking; i.e. ease of access is high. Alternatively look for savings that can be made without involving internal stakeholders at all, so once again, the ease of access is high.
- Use the overall cost plan or budget setting process to identify projects or opportunities where there is the potential for the greatest savings, or value contribution to be made.

The graph below shows how opportunities can be mapped using these two criteria.



The top priority projects are those that meet both criteria in that there are good savings to be made, and they are in a department who share a language and a mindset with Procurement, so are easy to get access to.

Where there is a high potential for Procurement to add value, but it is a difficult department for Procurement to access, (Marketing being one of the examples cited in the research) an indirect approach is suggested. This means either getting the potential sponsors in the top right-hand box to gain access or go in at a more senior level. Some organisations in the research undertook stakeholder mapping to identify people who would support Procurement and be sponsors within the business on their behalf.

For opportunities where the potential to add value is small but the ease of access is high we suggest that Procurement view them as low hanging fruit that can be easily harvested. Some Procurement departments in the research talked about using small wins such as these to build credibility in the business and get them access to the more lucrative savings on offer in other areas.

Making an approach

Below is a distillation of the various tactics used by Procurement departments to get alongside internal stakeholders:

1. Be proactive – identify who you want to talk to.
2. Research them beforehand.
3. Go with a purpose (and a value proposition).
4. Get to know them and understand their pain points.
5. Understand the bigger picture and how you can add value.
6. Focus on outcomes and more for the same, rather than cost.
7. Offer advice and thoughts.
8. Ask to get involved.
9. Deliver on your promises – build credibility.
10. Let them take the credit.

Building relationships and delivering value in this way enables Procurement departments to build their own network of sponsors throughout the business who are prepared to vouch for the value that Procurement can offer. Success breeds success.

What does not work

When asked the question “*What does not work?*” some clear themes emerged.

Don't take control

Most of the comments related to making sure Procurement did not try to take control of the situation, impose themselves on people, tell them what to do or force the agenda. Interestingly this in the context of just over half the organisations having a mandate in place that meant that most internal stakeholders probably felt controlled or coerced in some way by Procurement, or at least by their process. In terms of getting them to follow a process there was at least one comment about not forcing people down a one-size fits all process, which suggests that Procurement at least recognise that there needs to be some flexibility in the approach that people take to spending the organisation's money.

Having a purely cost-focused agenda

Despite being largely measured on cost savings Procurement recognise that they cannot focus solely on cost alone.

Inappropriate behaviour

Being aggressive, patronising and condescending does not work. There was also a comment about not taking the glory or the credit for success; instead this should be attributed to the internal department. People also gave the following examples of what **not** to say:

“We're going to save you some money”

“You're paying too much”

Don't go in with nothing

Finally, Procurement need to bring something to the discussion, otherwise they will not get a seat at the table.

How to challenge

The word “challenge” created quite a stir amongst Procurement people, because on the whole, they did not like it. A lot of respondents shied away from the word, saying things like “It’s not about challenge,” or “we can’t be seen to challenge.” Only one respondent openly embraced the word, and that was because it was written into her company’s guiding principles that everybody should expect that any idea they put forward, together with the pros and cons of executing it, would be challenged internally.

In general Procurement people seem to prefer the idea that they work collaboratively with the business, going with the flow and trying to shape it gently, and challenging in a very subtle way. This is despite the fact that almost every respondent mentioned getting better deliverables as a way in which they deliver value to the business, which suggests that they need to be able to challenge thinking to some degree in order to do this.

What do Procurement challenge on?

There was no real consistency in terms of what Procurement felt they could challenge on. For some it was about challenging on commercials, different contracting scenarios and the process, and avoiding deliverables. For others it was about probing the statement of work and getting the business to think laterally and more long-term.

How do Procurement challenge?

There were three ways mentioned in which Procurement can challenge:

- Offer advice or suggestions.
- Ask critical questions.
- Provide data to show people that they are not buying optimally.

In general it was felt that Procurement needed to have established some credibility in order to challenge.

The theory of collaborative challenge

If Procurement want to truly add value it would appear that getting people to think differently about the way they buy is key. It is the act of getting people to think differently that this author would regard as “challenging” thinking. However, this research has shown that Procurement also have a pressing need to be seen to collaborate internally, by building relationships, establishing trust and credibility and supporting others to achieve their goals. This author would argue that the goal for Procurement is to integrate both challenge and collaboration as they need both to succeed. Collaboration without any challenge merely results in good working relationships, but does not in itself change thinking or add value. Challenge without the basis of a good working relationship is potentially tricky and problematic as the challenger does not have the trust of the other party for them to be able to easily accept the challenge. So again we have a balance model, but in this case we need to achieve a balance between collaboration and challenge, so one does not outweigh the other.

Collaborative challenge can be achieved by using a balance of verbal behaviours. It is beyond the scope of this research to explore all the behaviours that could be used, but we will illustrate the concept with different types of questions. The diagram below shows Clarifying Questions, Value-focused Questions and Problem-focused Questions as types that can be used to balance collaboration with challenge. Clarifying Questions seek clarification and understanding

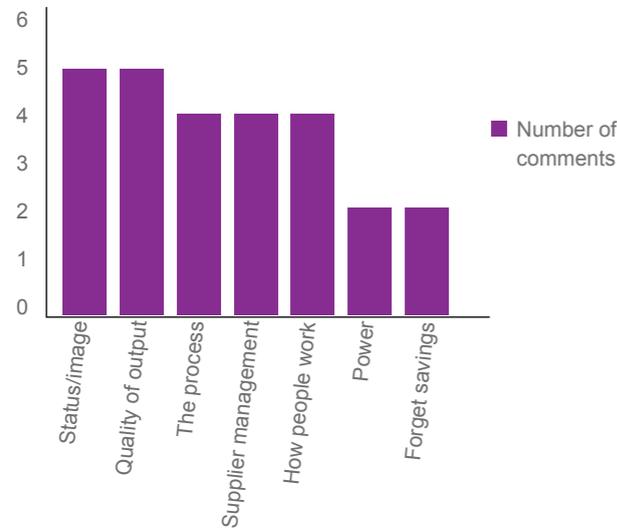
to build trust between two parties, so create collaboration. Examples of Clarifying Questions would be: “What do you mean by that?” “Are you saying that finding more money in your budget is a top priority?” Value-focused Questions and Problem-focused Questions aim to get the other person to think in a different way, so providing a challenge to their current thinking. Value-focused Questions probe for wants or desires that the other person has not thought of or thinks are unattainable, e.g. “What could you achieve if you had another £200,000 a year to spend?” Problem-focused Questions probe for problems that the other person may not have considered, e.g. “How well is your sourcing strategy helping reinforce our competitive position?”



What would you do if you were CPO for the day?

The final question in the survey asked Procurement people what they would do if they were CPO for the day. The answers are categorised below.

IF YOU WERE CPO FOR THE DAY...



The two most popular categories are improving the status/image of Procurement, which is perhaps unsurprising, given that our first question indicated that Procurement still struggle with their internal image, and improving the quality of outputs. This also corroborates with a general feel from this survey that Procurement believe they can add value in other ways apart from making cost savings, specifically in terms of delivering better outputs for the business. Again this emphasises the importance of using an approach such as collaborative challenge, where Procurement

build the relationships that enable them to have their different perspective taken seriously by important stakeholders.

Categories that came second in popularity included the process, which means ensuring that there is a process in place that people buy into and adhere to, so that there is consistency internally. Supplier management is about being structured and disciplined in how suppliers are reviewed and selected, but is also about building relationships with suppliers that can deliver value for the business. How people work includes comments about getting the right behaviour in place and also ensuring that people are clear about their goals and stick to them. Power relates to comments about having control and getting people to do things. Forget savings is about losing the focus on cost savings, which will enable Procurement to focus on other things.

Conclusions

Procurement departments are still suffering from a largely negative internal image that they have to work hard to overcome. Internal stakeholders still associate them with a process that many regard as unwieldy and adding no particular value.

In today's global marketplace Procurement have the opportunity to offer real Benefits to internal stakeholders in the following ways:

- Stakeholders struggle with the complexity of today's contracts, especially when contracting on a global scale. Procurement are able to save stakeholder's time and hassle and reduce the risk of something going wrong further down the line through the knowledge, tools and advice they can provide.
- Stakeholders are tasked with delivering results; by providing a different perspective and asking challenging questions. Procurement can help stakeholders get more out of a statement of work and get better defined deliverables that will help them deliver the results.
- Stakeholders are still under pressure to reduce costs and spend money wisely; Procurement have the knowledge, negotiation and benchmarking skills to take costs out of contracts and also have internal knowledge from projects done elsewhere in the company to avoid unnecessary spend.
- Stakeholders do have problems with suppliers; Procurement are well placed to provide information about the most appropriate suppliers to use who can bring innovation but also minimise the risk of something going wrong.

- Stakeholders are permanently under-resourced; Procurement can relieve the work pressure by providing a support service and managing the process, so allowing stakeholders to spend more time focusing on their other priorities.

Depending on the level of support required Procurement can choose whether to operate as an Administrator, Advisor or Strategist. Procurement's real opportunity to add value depends on them being able to move beyond the mindset of cost savings, and for stakeholders to realise that they can offer more, although cost savings will always be one of the potential Benefits on offer.

Procurement are clearly focused on building collaborative relationships internally; they need to make sure that they also deliver value through those relationships by challenging thinking when appropriate, and getting the right balance between collaboration and challenge through the use of appropriate behaviour.

Report author

Dr Janet Curran

Head of Thought Leadership, Huthwaite International

Janet's current role is Head of Thought Leadership at Huthwaite International, a company that has spent almost 40 years researching what constitutes best behavioural practice in sales, marketing, negotiation and leadership situations. Janet is responsible for continuing this tradition of respected research and has brought her research and analysis skills to Consultancy Buyers Forum to help shape the work of the working groups, and undertake additional research activities. She is particularly interested in how procurement people can successfully build their reputation and image within their organisations and influence and persuade their internal stakeholders effectively so that the best practice ideas of the Forum can be integrated into the organisation's processes and procedures.

Janet's other current research interests focus on the whole area of value, especially how selling teams can create value for their customers and capture value for their own organisation throughout the buying process. She also has an interest in benchmarking and validating negotiation skills using Huthwaite's renowned negotiation behavioural model.

Prior to joining Huthwaite, Janet worked as a self-employed consultant and conducted training within the banking, retail and public sectors. Her cultural awareness is excellent, having travelled the world with Huthwaite and delivered training in every continent (except Antarctica!). One of the skills she brings to her role is the ability to take a cross-cultural perspective

in identifying the current pressing challenges that global sales departments face. She has a PhD in retail marketing and speaks fluent Spanish as well as having a diploma in Spanish and Latin American studies.

Our research never stops.

If you would like to know more about our current projects follow Janet on [@janet_curran](#), or email her at jcurran@huthwaite.co.uk

For further Procurement research - [click here.](#)

Huthwaite International

+44 (0) 1709 710 081

info@huthwaite.co.uk

www.huthwaite.co.uk

t: [@Huthwaite_Intl](#)

