



The soul of the procurement organization

Organizations that remain successful over the long run always invest significant resources in nurturing their “people capability” because they “get it”—they understand that people are the heartbeat behind organizational performance.

by Sigi Osagie

Seasoned business leaders repeatedly affirm that people-related levers are the bedrock of creating and sustaining organizational success. These “soft” levers—like effective leadership, culture, employee engagement and talent management—can rarely be applied in isolation for optimal results. Like notes from a symphony, they must be harmonized in a holistic approach to unleash the magic of the human spirit for organizational benefit.

This applies to the whole enterprise, but in particular to functional areas like procurement.

For any procurement function seeking its mojo, the search will become like the pursuit of a mirage without enhanced people capability. You can never achieve sustainable procurement success without developing your people capability, even with best-in-class processes, systems and a sound strategy.

Effective talent management is one of the key conduits to nurture people capability. Your procurement function must have the appropriate talent to achieve its goals. If your procurement organization is staffed with “procurement assassins” focused on obtaining the cheapest price rather than “procurement ambassadors”—who I describe as individuals who exhibit positive attitudes, behaviors and performance—then success will remain elusive.

Taking a structured human resources development (HRD) approach helps ensure procurement attracts, develops and retains the right talent.

Incumbent procurement staff should be adequately skilled to perform their job roles. When I talk about skills here, I don’t just mean the traditional technical purchasing skills required for most

procurement roles. To be truly effective, procurement people must have a combination of technical abilities and soft skills—the key intrapersonal and interpersonal competences for effective self-management and optimal relationships with others.

Conventional approaches to skills development in procurement places too much emphasis on technical competencies. Yet the prevalent evidence shows that the most effective and successful purchasing people are those with highly developed soft skills—attributes like persuasive communication; personal effectiveness; influential; results-orientation; decision-making; strategic thinking and emotional intelligence. You can’t possibly be a half-decent purchasing professional without the right technical skills. But to be effective and outclass your average peers, you must have exceptional soft skills.

Of course, no one set of skills is best; it all depends on the requirements of an individual’s job role. Applying a formal competency model is always a good start, if done properly. And it doesn’t need to be a complex, all-singing-all-dancing tool. A simple but effective competency model can be developed on a spreadsheet.

Using a good competency model covering all roles in the procurement function will help flush out relevant skills gaps. Robust personal development plans can subsequently be followed to help individuals close the identified gaps and grow their capabilities accordingly. Figure 1 illustrates this approach.

Developing a procurement competency model is not as complicated as some consultants and HR managers might have you believe. But,

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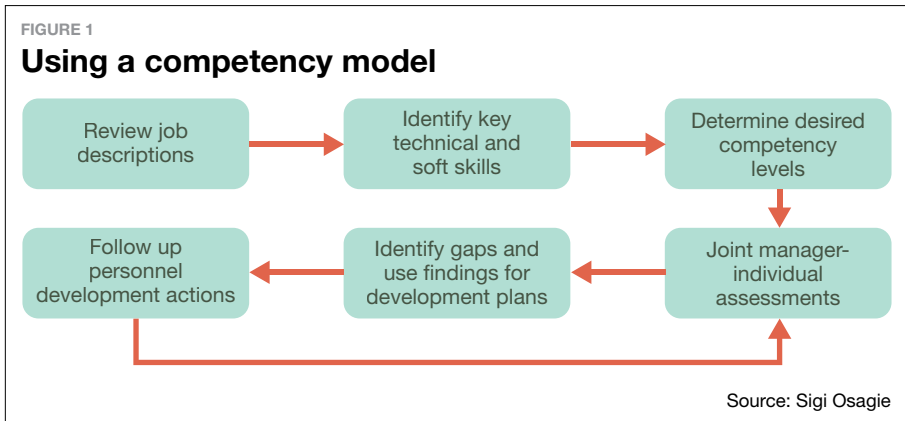


Figure 3 illustrates this application with an extract from the talent assessment at one supply management function I led. It is worth pointing out that the illustration only portrays the output of the assessment. A talent assessment should always be built up with supplementary notes of evidence of the assessed competencies.

Whether you choose to carry out a simple talent assessment or to deploy a full competency model, the key value is in making the effort to gauge the competency of your procurement team and then taking robust actions to help people up their game.

it's always sensible to take the time to develop something practical that suitably encapsulates the requisite job competencies and apply it robustly to support talent acquisition and development.

Figure 2 shows an excerpt summary of a simple competency model I used to support the turnaround of one procurement function; the resulting aggregate competency profile from the first application is illustrated graphically. It isn't the sexiest competency model in existence, but it was extremely effective. The staff all held the same job role of purchasing program manager. As the model indicates, certain behavioural competencies were far more important in the role than technical skills, especially as the transformation I was driving was centered on changing the culture and boosting performance capability.

A couple of team members never made the mark after all. This can be an unavoidable consequence of up-skilling the procurement function—some incumbents may not turn out to be the right people for the job, even with reasonable investment in employee development. Rather than trying to force things or carrying the weight of incapable individuals, it is far better to support them in finding alternative jobs that will bring out the best in them.

A full competency model is an invaluable tool for building people capability, but I have also found a simple talent assessment to be effective in some situations. When carrying out a talent assessment, my predisposition to keep things simple compels me to narrow competencies down to the three groups listed below.

- **Technical skills:** Relating to the specific technical competencies for an individual's job role
- **Soft skills.** Relating to desired behaviors and attitudes that reflect the progressive values to be instilled in the function
- **Results.** Relating to an individual's drive or orientation towards delivery of end results.

Individual staff may disagree with the procurement leader's assessment of their competencies. In some such cases, people sometimes feel they have a level of competency that exceeds the observed reality. Many of us have felt this way at one time or another, and, probably, only became aware of the disparity through the feedback we received. In other cases, people may indeed have the required skills but may not frequently demonstrate it.

I often find such situations to be valuable additions to

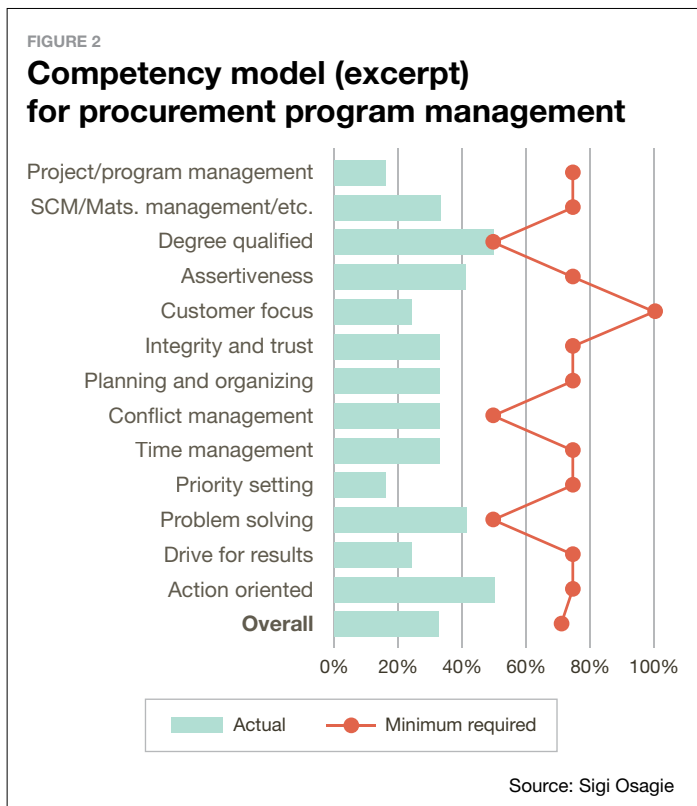


FIGURE 3

Simplified procurement talent assessment

Name	Function/role	Competency assessment			Aggregate assignment	Comments
		PSCM	"Soft" skills	Results		
BR	Procurement manager	Med	Lo-Med	Lo	Lo-Med	Support and develop management capability
PB	Category manager	Med	Lo	Med	Lo	Develop personal effectiveness
FP	Category manager	Hi	Hi	Hi	Hi	Groom for succession planning
GS	Category manager	Lo	Lo	Med	Lo	Align; replace quickly if no early improvement
RS	Category manager	Hi	Hi	Hi	Hi	High potential
BD	CAPEX procurement	Hi	Lo	Lo	Lo	Out
MI	CAPEX procurement	Hi	Med	Med	Med	Develop
TC	Buyer	Lo	Hi	Lo	Lo-Med	Train properly
DF	Buyer	Lo	Lo	Lo	Lo	Replace? Manage performance and attitude
LH	Buyer	Med	Med	Med	Med	Develop?
BS	Projects	Lo	Lo	Lo	Lo	Replace quickly
DS	Supplier development manager	Med	Lo	Lo	Lo	Manage performance and attitude
AMcC	Supplier development	Lo	Hi	Hi	Med-Hi	Develop

Legend

PSCM = Understanding of procurement and supply chain management and/or evidence of key aspects for job-role.
"Soft" skills = Competency at desired inter- and intra-personal attributes or behaviors.
Results = Drive for results, i.e. focus on/orientation towards delivery of results.

Source: Sigi Osagie

personal development plans, and I subsequently focus my effort at trying to provide adequate opportunities for the individual to show they can “walk the walk” with on-going mentoring, encouragement and constructive feedback.

Applying a procurement functional competency model properly means it should be used for employee development as well as recruitment of new staff.

Capabilities like creativity; influencing at C-level; strategic thinking; political savvy; and building trust—all critical for many procurement jobs—are usually best developed through experience underpinned with good coaching or mentoring.

Using a competency-based recruitment process for acquiring fresh talent is extremely valuable, in that individuals’ competencies can be assessed before they join the procurement team. Of course, dishonest smooth-talkers may try to lie their way through a competency-based interview by giving false examples of situations where they demonstrated the desired skills. An experienced interviewer should be able to “peel the onion” adequately to establish what is truthful and what is fantasy. Using a recruitment process where candidates are screened by several people to get a more rounded feedback

assessment is also useful to thwart dishonest types.

The degree of subjectivity inherent in some competency models does not detract from their value as a talent management tool. As with all tools, a procurement competency model can be used properly or poorly.

Even without a formal, structured competency tool it is still possible and appropriate to identify the key skills procurement staff have strengths in and those that need development attention.

Many procurement skills development efforts focus on training in technical competencies. Training is often cost-efficient for technical skills but may not always be the most cost-effective approach. Coaching and mentoring can be far more effective to achieve desired competency development outcomes in certain skill areas. Capabilities like creativity; influencing at C-level; strategic thinking; political savvy; and building trust—all critical for many procurement jobs—are usually best developed through experience underpinned with good coaching or mentoring.

Helping procurement people grow their capabilities is a crucial aspect of organizational nourishment. If you want to get your procurement function firing on all cylinders, it is vital to invest the time, capital and leadership effort in enhancing talent. It will be an investment that will yield bountiful returns; because, ultimately, the aggregated talent of your people is the most valuable component of your functional balance sheet—it is the soul of your procurement organization. ☺☺