

What Do We Think of What Bosses Think of Procurement?

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“Purchasing people don’t understand financials.” Purchasing is a source of problems. 37% of CFOs feel that Purchasing has either a negative impact or none at all. *“Getting Purchasing to align its work with a company’s overall approach can be a frustrating task.”*

These are some excerpts from Richard Brass’s article in Supply Management of 17 January, *“The brains trust”*. These statements highlight how poorly Purchasing must be viewed by senior executives, and it is bad for the Purchasing profession to be perceived as such, especially at a time when so much is being done to raise the profession’s profile. Such testimonials are unlikely to entice career-starters into Purchasing. Overall, it is a serious indictment of the profession.

Aside from the sound-bites above, Richard’s article raises some serious points for Purchasing professionals and practitioners. Probably the most significant of these is the assertion that Purchasing people do not understand financials. While this could be seen as the opinion of a minority of executives, my own experience as a Purchasing practitioner supports this view. Many Purchasing people are good at quantifying “savings” but less adept at understanding the rudimentary elements of business financial performance. I have come across Buyers who can not differentiate between cost reduction and cost avoidance. Also, many Buyers and Purchasing Managers focus on *cost savings* rather than delivering *value improvement*. Yet increasing value across an organisation’s expenditure base is what effective purchasing is really all about.

I imagine some Purchasing people will get defensive over these assertions, however we need a reality check – the views and opinions in Richard Brass’s article are those of senior executives who ultimately decide business priorities and the parts of their organisations they feel are supporting those priorities. Does this have implications for Purchasing as a function? Of course it does. If Purchasing is to assert itself and be seen to add the true value that it can, and frequently does, add, then it must face up to reality and address its shortcomings. Irrespective of how indignant we might feel about these points, Richard Brass’s article indicates that the executives that matter do not currently perceive the Purchasing function positively, and it is up to the profession to change this.

In today’s workplace it is just as important to be seen to be effective as it is to actually *be* effective. Purchasing professionals must manage their internal stakeholders just as well as they manage their supply pipelines. It is up to us to change the perceptions of senior executives in order to get them to better appreciate the worth of the Purchasing function and to support the function as required. My personal experience is that Purchasing people are generally bad at publicising their achievements. We tend to keep our heads down and ‘get on with the job’, which, sadly, is inadequate and inappropriate for the modern workplace.

These issues are not so much about the *value* as the *effectiveness* of the Purchasing function, and they must not be ignored. We, as a profession, must become more embedded in key business dynamics and be recognised as a critical function. This is only going to happen if we manage our stakeholders and their perceptions just as robustly as we perform our functional activities. We must ‘blow our trumpets’ and, more importantly, in a language that the people that matter understand. Purchasing is a critical business function but it is up to Purchasing practitioners to demonstrate the value and contribution they bring to businesses.

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