

Procurement Success – Five Tips for 2015 from Sigi Osagie

PETER SMITH - January 6, 2015 7:34 AM

Categories: Procurement good practice | Tags: cost vs value, L2, People, SRM, supplier relationship management



(We're delighted to feature a guest post for the New Year from Sigi Osagie, author of 'Procurement Mojo: Strengthening the Function and Raising Its Profile' (£14.99, Management Books 2000 Ltd). We loved it – see our review here – and for more information visit www.procurementmojo.com)

The demand for better supply management is likely to intensify in 2015 and beyond, as enterprises of all sorts will seek to avoid brand reputation damage, supply disruptions and other pitfalls from ineffective supply management. Procurement functions will need to up their game to meet expectations! Here, Procurement expert Sigi Osagie reveals his 5 top tips for driving your Procurement success forward in 2015!

1) IT'S PEOPLE THAT MATTER MOST

It's people that do the purchasing work, so people matter most. Focus on building your 'people capability' in 2015, with emphasis on 'soft' skills – the critical competencies to become more business savvy and embed the Procurement agenda with greater success. Talent will increasingly become the key differentiating factor between Procurement pioneers and the laggards.

2) COST IS IMPORTANT BUT VALUE IS KING

Most procurement people are frustrated with the organisational challenges of the job – trying to sell Procurement to the wider organisation; squabbles with territorial stakeholders; and educating those who think procurement is largely about "cost savings" and chasing suppliers. Expand your thinking and approach: cost is important but value is king, and value exceeds financial benefits. Sharpen your persuasive communication abilities to better educate those around you of the real value of Procurement in the broader business context.

3) DON'T BE SIDETRACKED BY FADS, EFFECTIVENESS IS YOUR GOAL

It is easy to get caught up in the latest buzz words and "best practice" approaches that promise to transform your capability overnight, but they never stand the real test of time. Chasing "world class" or "best practice" without building underlying effectiveness will lead to failure and frustration – because you can't win the lottery without buying a lottery ticket! Focus on enhancing effectiveness, i.e., doing the right things to boost your Procurement mojo.

4) LEARN TO THINK OF YOUR STAKEHOLDERS AS 'INTERNAL CUSTOMERS'

Think broadly about your Procurement function's true role and who has a valid stake in what Procurement does. How do your functional priorities reflect your obligations across these different groups? What are you delivering to each of these distinct groups – delight or pain? Remember, every user of externally-supplied materials and services, from stationery to electronic parts, IS a customer of Procurement! Learn to become a trusted business partner to your internal customers.

5) ADOPT SOUND RISK MANAGEMENT and SPRM PROCESSES

Effective procurement is not only about finding good suppliers and doing the deal; managing the supply base robustly is a vital aspect of your organisation's operational, financial and reputational wellbeing, your own ethics and Procurement's brand reputation. Deploy sensible processes to support your operations, including supply risk management and Supplier Performance & Relationship Management (SPRM). These will become increasingly critical to safeguard your enterprise.

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