

Top tips for procurement success in 2015



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The recent global recession and several other critical business factors have put Procurement in the spotlight in 2014. Tesco's on-going debacle with supplier payments; the horsemeat scandal that engulfed a number of supermarkets; and slave wages in the supply chain of some clothes retailers are just a few examples.

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 suboptimal supply management. Procurement functions will need to up their game to meet expectations!

Here are some top tips for propelling your Procurement success in 2015;

Think 'PEOPLE' Not Purchasing – It is people that do the purchasing work, not computers, strategies or PowerPoints; so people matter most! Make sure your focus in 2015 is about building your 'people capability' with particular emphasis on enhancing 'soft' skills – the intrapersonal and interpersonal competencies critical to become more business savvy and sell the Procurement agenda with flair. Talent will increasingly become the key differentiating factor between Procurement pioneers and the laggards or mediocre.

Focus on 'VALUE' Not Cost Savings – Many procurement people are frustrated with the challenges of trying to sell Procurement to the wider business; dealing with territorial stakeholders; and educating those who think procurement is just a tactical activity for "cost savings" and chasing suppliers. Think about how you can better educate those around you of the real value of Procurement in the wider business context. Expand your thinking and approach: cost is important but value is king, and value exceeds financial benefits.

TALK BUSINESS

Success

Strategy

Money

Marketing

Technology

People

Franchise

Talk Retail

Forget Fads and Think 'EFFECTIVENESS' – 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. Those that seek “procurement excellence” without building underlying effectiveness will discover that you can’t draw water with a sieve. Focus on enhancing effectiveness, i.e., doing the right things to boost your Procurement mojo.

Think 'INTERNAL CUSTOMERS' Not Stakeholders – 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 trying to achieve for 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 internal customers.

Embrace 'RISK MANAGEMENT and SPRM' – Good purchasing is not just about doing the deal or chasing “savings”; managing the supply pipeline robustly is critical for your organisation’s financial and operational health, your own personal ethics and the reputation of your Procurement function. Adopt sound processes that simplify your purchasing operations, including supply risk management and Supplier Performance & Relationship Management (SPRM). These will become increasingly critical to safeguard your enterprise.

WALK the Walk Not Just Talk the Talk – Whether or not you lead a Procurement team, we all have an obligation to support our Procurement function in finding its mojo. You must do your part to address organisational ineffectiveness because it drains value, the very thing Procurement should be delivering to the wider enterprise. Are you doing enough to champion this cause and what more could you do in 2015?

Sigi Osagie is the author of *'Procurement Mojo: Strengthening the Function and Raising Its Profile'* (£14.99, Management Books 2000 Ltd). For more information visit www.procurementmojo.com

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