



# Effectiveness is the Conduit to Sustainable Procurement Success

**T**here is an adage that says, “If you swing at nothing, you will hit it.” I love the simplicity of this statement and how it gets one thinking. It illustrates a basic tenet of effectiveness in the pursuit of success, whatever “success” means to us. Success comes from being clear on our desired outcome, first and foremost, and then taking a swing at it, i.e., channelling our efforts towards that outcome. The success most Procurement functions desire can be summarised as;

- The internal capability to deliver on their functional obligations
- The ‘organisational space’ to get on with delivering those obligations, and
- Recognition of Procurement’s value-add across the wider organisation.

Achieving this success demands effectiveness – doing the right things, or taking the right actions, to get those outcomes. The right things are not always the most popular or widely accepted actions. For instance, savvy CPOs know that building people capability is an investment in the only true asset the Procurement function has; it is one of the paramount ‘right actions’ to create Procurement success, a key point repeatedly emphasised in the book, *Procurement Mojo – Strengthening the Function and Raising Its Profile*. Yet evidence suggests that many Procurement functions remain laggards in this regard.

It appears that some Procurement leaders still don’t recognise the building blocks of Procurement effectiveness as essential priorities. Or, perhaps, their best intents are negated by toxic organisational cultures, typically manifested as inept senior executives and tyrannical stakeholders in the wider organisation.

Interestingly, if you examine instances of Procurement functions playing their true role in supporting enterprise success optimally, you will find the five embodiments of Procurement effectiveness;

“Having great technical purchasing competency is no longer what distinguishes top-notch Procurement functions from those that are mediocre or run-of-the-mill.”

1. An effective Procurement organisation
2. Enablers (processes, systems and tools) that are fit-for-purpose
3. Robust supply base management
4. Appropriate performance frameworks, and
5. A consistent endeavour to build the Procurement brand.

Focussing on effectiveness is the foundational conduit Procurement leaders and practitioners must integrate to their modus operandi. It is particularly vital to overcome many of the organisational barriers stemming from outside the Procurement function which drive purchasing people to frustration.

The underlying precepts of Procurement effectiveness apply universally. Adopting these tenets requires a paradigm shift in the conventional notions of 'good purchasing' held by some purchasing folks and those outside Procurement alike. At a functional level, it demands a shift of focus that places greater emphasis on issues such as;

- Developing a Procurement value proposition that imbibes an attractive return on investment for the enterprise, where the 'return' exceeds financial benefits
- Aligning Procurement goals and key activities to the corporate agenda
- Recognising the criticality of people capability, and the importance of soft skills and progressive attitudes and behaviours relative to technical ability
- Becoming more organisationally savvy
- Entrenching customer-centricity in the ethos of all that Procurement does, and
- Developing and protecting the Procurement brand.

The Procurement function is made up of individuals. Thus, the paradigm shift is only possible at functional level if purchasing people are able to shift focus at an individual level, building competency in areas such as;

- Effective self-leadership
- Strategic thinking
- Managing successful change
- Persuasive communication and influencing others
- Effective intra- and inter-personal engagement, and
- 'Walking the talk' by living the values of effectiveness.

Ultimately, it's always imperative that you question what your Procurement function focuses on and how you, as an individual Procurement Ambassador, operate. Will your current modus operandi give you the key outcomes of strengthening your Procurement function and raising awareness of its value-add in the enterprise?

If you cast your net in the sea of effectiveness, you'll hook the golden fishes of success swimming in there.

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Today, "best-practice" purchasing is often expounded as a set of technical competences, processes or tools, e.g., spend analytics; strategic sourcing; category management; P2P process; and e-procurement, to name a few. But deploying best practices in the technical purchasing domain will not necessarily deliver long-term sustainable success. The effectiveness of those practices and how well they are aligned with the non-technical dimensions of success is far more important. In fact, what best-practice purchasing is really about is Procurement playing its true role in the enterprise: safely and ethically harnessing the power of supply markets to support enterprise goals. It is more about leveraging organisational dynamics and managing relationships than the technical purchasing activity itself.

Having great technical purchasing competency is no longer what distinguishes top-notch Procurement functions from those that are mediocre or run-of-the-mill. How we build and nurture that competency and leverage it in the enterprise is crucial to success.

Enhancing Procurement effectiveness is what creates sustainable success. Procurement functions that continue to rely on, or focus on, technical competency alone will increasingly find organisational life frustrating. As well as being technically adept, we must be able to influence the environment Procurement operates in. Hence, we must be competent at the requisite strategies to enable that.

Procurement effectiveness is much more than the traditional and myopic focus on delivering "cost savings". Cost is important but value is king. The true essence of Procurement's role in the enterprise is to continuously deliver value from third-party spend. This means Procurement must deliver today's results and build capability to deliver tomorrow's by aligning to the enterprise agenda. The only route to achieving this is through Procurement effectiveness; and it starts with the creation of an effective Procurement organisation.

An effective Procurement organisation is the bedrock of your Procurement mojo. Coupled with the other four effectiveness-enhancing steps, it provides the foundations for enduring Procurement success. If you have any doubts, I invite you to do two things;

1. Try it. Try incorporating the principles of Procurement effectiveness and see what results you achieve. After all, they do say experience is the best teacher.
2. Do some real benchmarking. Talk to people who have created or been part of real Procurement success. Find out not just what they did but how they did it. Gaining knowledge of others' experience is another way to learn.

Today, more and more Procurement functions are getting things right. But, sadly, Procurement functions that are truly successful are in the minority. Many trade surveys, industry reports and blog comments repeatedly confirm that a lot of Procurement functions are neither positioned nor perform in a strategic capacity in their organisations. Consequently, they are not acknowledged as a bona fide business partner function that truly supports enterprise strategic goals. They live out an organisational existence of endless battles to influence the broader enterprise meaningfully.

Procurement functions that are struggling to become more meaningful and gain kudos in the enterprise must unleash their mojo – to enjoy functional success, you must enhance your Procurement effectiveness.

Procurement effectiveness relates as much to what you do as to how you do it. You can chase "cost savings" in a blinkered way, unwittingly damaging stakeholder relationships and, thus, Procurement's reputation, along the way. Or you can deliver the Procurement agenda with panache, ensuring it's aligned to enterprise priorities, and nurturing favourable perceptions of the function and yourself simultaneously.