



Supply Chain Management — Why Aristotle Is More Important than Kraljic (Part 1)

NANCY CLINTON - February 9, 2015 7:38 AM |

Categories: Procurement Commentary | **Tags:** buyer supplier relationship, Communication, procurement skills



*Sigi Osagie brings us this unusual but thought-provoking look at the art of procurement influence. Sigi is a leading expert on effectiveness in Procurement & Supply Chain Management and helps organisations and individuals to achieve enhanced performance growth to accomplish their career and organisational goals. He is the author of the highly acclaimed book "**Procurement Mojo**" and can be contacted on www.sigiosagie.com*

It's an intriguing title for a supply management article, I know. Your brain is probably trying to decipher what possible connection Aristotle might have with supply chain management in general, purchasing in particular, and, even more baffling, Peter Kraljic!

Aristotle's teachings on persuasion and communication are vital for every one of us, not just purchasing folks. Persuasion and communication in various forms are at the core of our interactions as human beings, whether we realise it or not. If you pay attention you'll observe it in your interactions even with family members at home.

Yet we don't often think about theoretical concepts applied to our personal lives. We're more likely to recognise and embrace such concepts when applied to our work. And at work, one of the most common concepts purchasing people recognise and utilise routinely is the matrix model introduced by Peter Kraljic, back in the early 1980s, for segmentation of purchases and developing related supply management strategies.

The Kraljic model is, arguably, one of the most important advancements in conceptual thinking and working practices in the purchasing field in modern times. Some commentators have questioned aspects of the model over the years. Others have sought to evolve the initial 2x2 matrix into more advanced tools, perhaps better

suiting to the multifarious complexities of today's business world. Nonetheless, there can be no denying the value of the Kraljic model as one of the key elements of modern-day purchasing.

Our understanding and use of the Kraljic model, or any other technical tools for that matter, is akin to the familiarity and expertise a car mechanic builds up about, say, a hydraulic wrench or multimeter. It's a body of knowledge acquired from his training and subsequent years on the job. But you wouldn't keep taking your car to that car mechanic's garage if he had a lousy attitude and despicable behaviour. No customer would.

His knowledge and skills with technical tools like the wrench, the multimeter and being able to diagnose and fix car problems make him a 'mechanic.' But to ensure his garage business remains successful over the long term the mechanic must also be able to interact with his customers and manage their concerns with reasonable levels of consideration and decency.

This same requirement for savoir-faire with 'people' applies to purchasing practitioners also. Just as the mechanic's technical proficiency makes him a 'mechanic,' so too does our technical competency with Kraljic and other supply management tools make us 'purchasers.' And just as the mechanic needs to be good with people to keep his business successful, so too do purchasing folks need to be savvy with our stakeholders across the organisation to sustain Procurement's success and esteem in the wider enterprise.

Being organisationally savvy is fundamentally about dexterity with people-related issues – having the right 'soft' skills to navigate the organisational terrain with flair.

Our competences with the technical aspects of the purchasing job are basic. Think of technical purchasing skills as 'qualifiers' – skills that simply qualify you to play in the purchasing sandpit; whereas soft skills are 'order-winners,' the key intrapersonal and interpersonal competences that enable you to win and excel in the job. You can't possibly be a half-decent professional without the right technical skills. But to be effective and successful you must have highly developed soft skills.

And, second only to your ability to manage yourself, the most critical soft skill is your ability to manage interactions with others. This centres principally on communication (verbal and non-verbal) – most importantly, your ability to leverage persuasive communication to sell and deliver the Procurement agenda and propagate a positive Procurement brand with stakeholders across the enterprise.

Procurement provides a service. Thus, everyday, we rely on individuals in the function who liaise directly with various stakeholders across the organisation to shape and deliver that service. The quality of these Procurement people and the chemistry they have with their stakeholders is crucial. In such human interactions, 'quality' is an intangible attribute that is often based on perceptions. And inter-personal chemistry is an even more ethereal feature. Yet, more than the technical purchasing elements, Procurement's success in the enterprise is deeply dependent on these factors; because it is people's perceptions of us that determine how they react to what we say and do, and how successful we are at aligning them to our agenda and getting the results we want.

Interactions with stakeholders, wherein we shape their perceptions, typically involve some form of persuasion, whether we do it deliberately or not. And persuasion is a fundamental constituent of interpersonal dynamics. Aristotle's teachings on communication and persuasion from over two millennia ago still hold true today. "The fool tells me his reasons. The wise man persuades me with my own," the ancient Greek

philosopher said. He explained that people are social animals by nature, and we are habitually invoked to persuade others or win them over for various reasons. He identified three different kinds of proof persuasive people use – and tomorrow we will look at what these are and what we need to do to adopt them.



Supply Chain Management — Why Aristotle Is More Important than Kraljic (Part 2)

NANCY CLINTON - February 10, 2015 12:14 AM |

Categories: Procurement Commentary | **Tags:** buyer supplier relationship, Communication, supply chain management

*This is the second part to Sigi Osagie's thought-provoking article - **part 1** was published yesterday. Sigi is a leading expert on effectiveness in Procurement & Supply Chain Management. He is the author of the acclaimed book "**Procurement Mojo**" and can be contacted on www.sigiosagie.com*

Following on from yesterday's post on Aristotle's teachings on persuasion and communication and how they are vital for every one of us, these are the three kinds of proof that persuasive people use:

- **Ethos** is about the ethical dimensions of the speaker – your character, integrity, credibility, trustworthiness, sincerity and reputation are all key factors which impact your persuasiveness. Aristotle's assertion that, "We believe good men more fully and more readily than others" has stood the test of scientific research. But, remember, it is the perception of the target audience that counts; if your stakeholder perceives you as credible and sincere, you're much more likely to be able to win them over. You can influence that perception by connecting with them at a personal level.
- **Pathos** pertains to the emotions stirred up in the target audience. Persuasion and alignment may come about through the listener, when the communication arouses their emotions. Inspiration, happiness, anger, hope, fear, pity, satisfaction and so on are all emotions we each feel, including your individual stakeholders. By appealing to stakeholders' emotions you can be a lot more persuasive than otherwise. To do this successfully you must have empathy – you must be able to see things from their perspective, hence understand their feelings.
- **Logos** relates to the substance of the communication – the actual words or language used and the logic of the message. Quotations, analogies, facts, stories, data or statistics are great examples of different ways of tapping into your stakeholders' reasoning so that your communication makes sense to them. Avoid traditional purchasing jargon that often makes many stakeholders' eyes glaze over.

The ability to blend all three types of proof is a critical aptitude for persuasive communication. If you understand the motivations behind individual stakeholder's attitudes and behaviours, and you can communicate persuasively, you will find your capacity to win them over greatly increased.

Look around you and identify people who you consider to be effective operators, those who are really skilled at influencing others, and you'll see some common traits in how they operate. Effective operators are always persuasive communicators. They leverage their persuasive abilities by applying insights on human psychology which reflect universal principles. We can all learn to adopt these approaches, including the following;

- Open your mind, expand your thinking and grasp a fundamental truth: that people's attitudes, behaviours and decisions are not driven entirely by logic or reason. Emotions are always part of the mix, usually beneath the surface. You can leverage this by establishing an emotional connection with your stakeholders. Don't be fooled into thinking effective communication is simply about putting forward a logical argument. It isn't. Logic matters, but it's only one aspect of effective persuasion. How you present your case is as important as the underlying logic therein. So stay attuned to your stakeholders at an emotional level so you can moderate the tone and intensity of your argument accordingly.
- Always remember that credibility matters. But your opinion is less important than your stakeholder's perception of your credibility. You establish greater credibility – perceived and actual – through sensible opinions, shrewdness, proficiency, tactfulness and harmonic relationships. By making the effort to listen to your stakeholders and take on board their opinions, you are demonstrating empathy and enhancing your credibility. The more stakeholders trust you to understand their view and consider their best interests, the more likely they are to align to you. Rather than trying to state your position with a hard sell, confined by your own perspective, try to find common ground. Try to sell your agenda in a manner that highlights the mutual benefits; you will elicit a more positive perception and greater engagement.
- Build your position and communicate your ideas by using appropriate language and evidence. Analogies, anecdotes and examples are effective ways of supplementing data to bring your ideas alive and strengthen your case. But remember that your stakeholders' opinions are important, so be prepared to give and take. Optimal outcomes are often achieved through compromise. Demonstrating flexibility can sometimes be an effective route to appeal to stakeholders persuasively.

Aristotle enlightens us that persuasion is one of the key forces at the heart of human interactions. Procurement people can greatly enhance the effectiveness of their stakeholder management efforts by mastering this skill.

Of course, it isn't always easy to develop and hone such abilities. And ability often grows with usage. Or, put another way, we learn best by doing; or at least trying. Thankfully, the modern-day workplace provides ample opportunities for you to try out your persuasive abilities. As well as tuning in to the corporate buzz and organisational dynamics, the work environment compels us to contend with all sorts of characters. Our stakeholders are individuals with different personalities, some more agreeable than others. The greater the range of personalities you can deal with effectively, the better your chances of successful stakeholder engagements.

Being able to gauge individual stakeholders' personalities allows you to tailor your interaction style accordingly. Learn to recognise, for instance, those who prefer you to get to the point quickly, in a logical and impersonal manner; or those who prefer to explore ideas and analyse options with resourcefulness and

ingenuity; or those who prefer a lot of camaraderie. The more you can adapt your communication style to an individual stakeholder's personality, the more they'll develop an affinity for you and your ideas.

Mastering persuasive communication is vital for success in the purchasing job. You might have the highest level of expertise with the Kraljic model and other technical tools and methodologies, but if you're unable to align stakeholders to the Procurement agenda and secure buy-in you will fail. Our ability to incorporate Aristotle's wise words into how we go about the purchasing job greatly impacts the level of success we achieve at embedding Procurement in the fabric of the enterprise and boosting our personal mojos.

