

# Procurement Missing Out on Empowering Opportunities

By John Hall

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Webster defines mojo as “a power that may seem magical and that allows someone to be very effective and successful.” A new book on procurement asserts that is precisely what’s holding so many procurement organizations back from realizing their full potential.

## Neglecting the Soft Issues

The major premise of [Procurement Mojo: Strengthening the Function and Raising Its Profile](#), is this: Procurement “practitioners” and leaders have become, in a sense, emasculated by corporate obsession with cutting costs and improving their essential skills in a post-recession world. In their zeal to master the fundamentals, many are missing out on empowering opportunities to improve their capabilities. The work leads to many sleepless nights as they struggle to incorporate effectiveness to their functional activities, according to author Sigi Osagie, who dubs his book “The ‘7 Habits of Highly Effective People’ applied to the activity of procurement.”



“I found that while we mostly focus on the technical aspects of the procurement job – things like category management, e-sourcing and so on – in reality, the challenges most procurement folks struggle with are the ‘soft’ issues,” Osagie tells *My Purchasing Center*. Those so-called “soft issues” are organizational challenges such as territorial stakeholders, myriad internal cultures that sometimes marginalize the profession and the lack of a strong procurement brand.

[Procurement Mojo](#) in some respects parallels current thought among high level consultancies like the Hackett Group, whose recent [report](#) on world class procurement concludes that leading procurement organizations have become so good at cutting costs and notching purchased cost savings while proving their value nearly tenfold over the past three years that they have peaked in the most fundamental metrics of purchasing. The efforts have led many top-performing procurement organizations to further enhance their value by boosting their expertise and market intelligence, managing risk and forging far more meaningful supplier relationships. Put simply, they are moved now to act more strategically and less tactically.

Osagie believes many of the challenges boil down to people issues inside and outside the procurement organization, many of which center around “sub-optimal stakeholder relationships.” Those challenges hinder its ability to effectively lead and attract talent.

“Interestingly, these stakeholders sometimes include senior executives who misunderstand what purchasing is about, and, inadvertently, propagate a culture that undervalues procurement’s total potential contribution,” Osagie adds. “Sadly, one way this happens is the overriding focus placed on cost savings. A myopic focus like this doesn’t help procurement’s standing. Besides, as I always advise clients, it’s more effective to focus on value-for-money rather than cost savings. If you simply want to save costs, buy a Ford Fiesta or Toyota Yaris. But you won’t get the performance of a Ferrari or the luxury of a Rolls-Royce.”

## **Rags to Intellectual Riches**

Where did Osagie get the “mojo” to write his 250-page tome?

The 44-year-old London-based author attributes some of it to his impoverished childhood in Africa, where he grew up bearing witness to a corrupt business and political culture that kept much of the population in abject poverty. As Osagie explains in an interview for a speakers’ website, he originally arrived in Great Britain as a “penniless immigrant with holes in his shoes and no address book.”

Within 14 years, Osagie obtained a college education and MBA, and went on to hold senior leadership positions with several blue-chip multinationals, including customer supply chain director at Bombardier Transportation; global logistics director at GEC-Marconi; and head of procurement and supply chain at BAA Airports. He also has served for a number of European logistics think tanks. Today, Osagie spends much of his time as an “interim executive, consultant and coach.”

## **Shift Procurement Mindset to ‘value’**

So what kind of “mojo” do procurement professionals need to be more effective and successful on the job?

“We in the purchasing trade need to shift our own mindsets from cost-orientation to focus on value, and educate the wider business that ‘value’ goes beyond the dollars,” Osagie tells *My Purchasing Center*. In the book, he provides an example of an international retailer touting the artisanal qualities of one of its suppliers in its TV commercials “that leverages the supply base for corporate benefit in a way that dollars alone can’t capture – a supply base created and managed by procurement.”

Osagie says he hopes the book will enable readers to understand better the links between organizational goals and effectiveness at both functional and personal levels, and use that understanding “to fulfill the universal desire for work satisfaction, personal growth and attain organizational aspirations simultaneously.”

The author presents his case in **Procurement Mojo** through a series of five steps:

- Build an effective procurement organization;
- Deploy fit-for-purpose enablers (processes, systems and tools);
- Adopt robust supply base management;
- Apply appropriate performance frameworks; and

- Build your procurement brand.

Osagie tells *My Purchasing Center* that he believes procurement needs to change its “true value proposition by thinking of stakeholders as customers by engaging and educating them with savvy, cultivating the CFO as a procurement fan, and learning to use effective ‘PR’ to build the ‘procurement brand’ in the wider enterprise.

In the end, he believes “purchasing folks who sharpen their abilities to deal with these soft issues are those who truly excel and outclass their average peers. This will help procurement get embedded in organizations much more successfully.”

When asked whether a cursory read of the book’s summary may lead some procurement executives to think they’d be well-served to brush up on or more deeply develop “people skills,” Osagie replies, “I think that’s reasonably fair; though I’d add that those procurement executives at the top of their game inherently recognize and embody this in their leadership styles. I meet many peers in different countries and sectors, working in organizations of different sizes, who already ‘get it.’ They understand that their people are the most important item on their functional balance sheet.

“But the most important person procurement leaders should focus development effort on is themselves,” he says. “Effective self-leadership is the keystone of effective functional leadership. If you can’t manage yourself effectively, what chance do you have of managing others successfully and bringing out the best in them?”

“In the book, I repeat my frequent advice to clients requiring a revamp of their procurement: Get an effective functional leader first and foremost,” Osagie adds. “Leadership is the single most important factor affecting people’s motivation and performance at work. It’s the glue that binds everything else together. Procurement leaders who really want to up their game must stop being ‘purchasing geeks’ and learn to become ‘business leaders’ instead.

“They must master abilities like effective self-leadership, inspiring and mentoring their people, emotional intelligence, persuasive communication, nurturing and leveraging sound relationships, becoming more organizationally savvy, and fostering a culture of collective self-belief, engagement and alignment within the procurement function.”

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