



# PROCUREMENT ESSENTIALS

## *4 Competencies of Great Procurement Leaders*

A substantial change in how consumers acquire goods and services has made procurement a central strategy for many firms. Even for companies whose strategies lie elsewhere, procurement has shifted from being about supplier control to being about product and process innovation. Procurement professionals are influencing at a higher level than ever, here are four competencies we regularly observe in the best procurement leaders:

### **1. Wider Commercial Perspective**

You would expect procurement leaders to have strong commercial acumen. But too often decisions are made solely on cost. Two things result; added value is missed and suppliers care less about the relationship. Great procurement leaders remain objective and seek to understand supplier drivers to create long term supplier relationships. They ultimately generate greater value for their organisations than lowest-cost-only decisions.

### **2. Stakeholder Management Skills**

Effective procurement leaders focus on continuous improvement in supplier relationships. They separate performance management from relationship management. This leads to greater trust and opportunity for mutual benefit. Great procurement professionals are strong collaborators, able to lead out on automation, efficiency drives, cost reduction and supply line improvements with internal stakeholders.

### **3. Change Leadership**

Procurement teams live in a demanding, dynamic, pressurised climate. Agility and adaptability are essential competencies. The ability to drive change

effectively is the mark of any strong leader but particularly in procurement, where they must streamline or pivot, suppliers and systems, with regularity. Procurement professionals must also be able to effect change within supplier organisations, empathising with their challenges, reducing the tension that can arise when an outsider (even an important customer) seeks to influence a supplier's internal operations.

### **4. Contingency 'Paranoia'**

The pace of change and quantum of variables that organisations in every sector face means having a contingency plan is simply no longer enough. The layers of "what-ifs" that great procurement professionals go through, means they must always be on the offensive around developing new and alternate supply lines on their most critical materials or services. Many procurement teams use scenario modelling and predictive analytics to understand what might occur, how early they can spot the triggers and what their response should be to ensure BAU for their own firms.

It is interesting in particular to note the growth in influence and importance of procurement teams within the services sector. While the need to create advantage from supplier efficiencies has placed procurement to the centre of a lot of manufacturing supply chain functions, many of our financial, business and professional services clients are updating their procurement capability. Procurement sits for many of these firms at the centre of their lean and efficiency programmes as many services become semi-commoditised and the ability to create added value becomes the differentiator here also.