

# Leading Supply Management Transformation: Key Success Factors & Pitfalls

**Robert A. Rudzki**  
**President, Greybeard Advisors LLC**  
**Former SVP & CPO Bayer Corp., Bethlehem Steel Corp.**  
**412 – 874 – 8410; [Rudzki@GreybeardAdvisors.com](mailto:Rudzki@GreybeardAdvisors.com)**

**95th Annual International Supply Management Conference, April 2010**

## **Abstract:**

One challenge that procurement executives face is the lack of senior management understanding regarding the strategic opportunity procurement can provide. Leveraging his extensive experience leading procurement transformations as a Fortune 500 Chief Procurement Officer, and his experience working with client firms, Bob Rudzki will share insights on building the case for procurement transformation, and constructing a winning transformation roadmap and business case for senior management. He will also highlight key success factors and pitfalls.

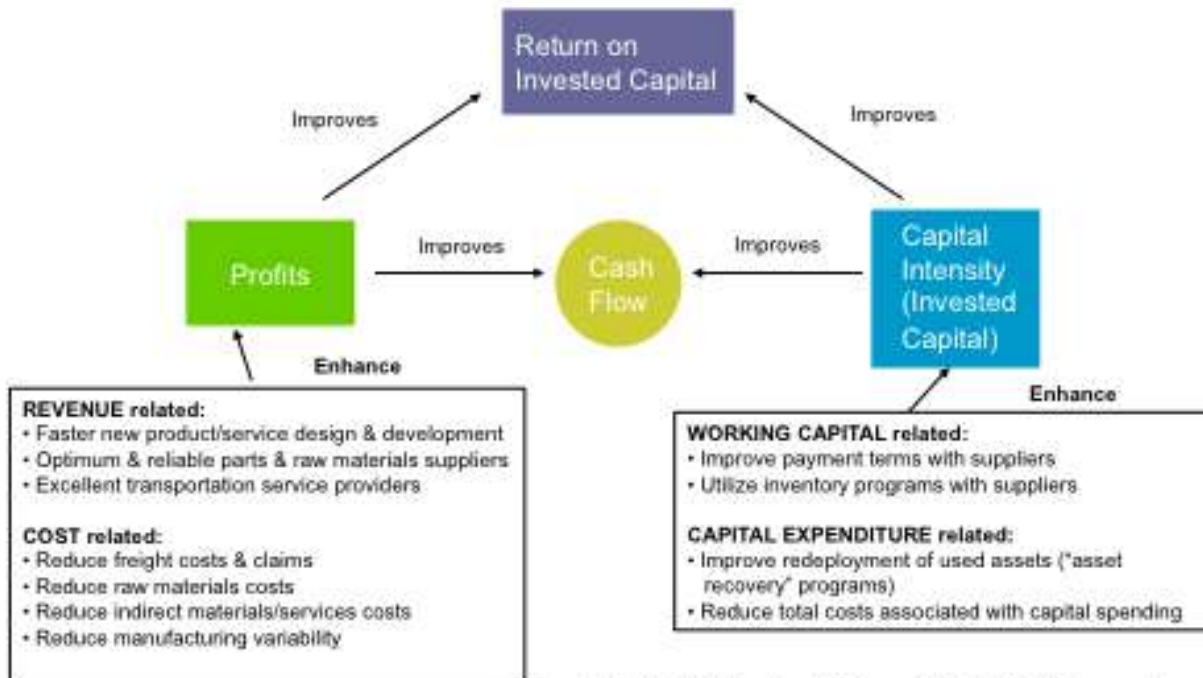
The audience will benefit from the following key learnings:

- Exactly how can supply management and procurement make a significant contribution to corporate objectives (both top-line growth and bottom-line performance)?
- How can supply management and procurement enhance our firm's competitive advantage?
- How best to explain the opportunities to senior management, to gain their support?
- What is the best way to begin the transformation effort?
- What does a transformation roadmap look like? The business case?
- What processes and tools will be critical for success?
- What are the pitfalls to avoid?
- How to get senior executives (i.e., the CEO, COO, CFO) to support supply management?

## **A Fundamental Picture that Supports the Transformation Journey:**

World-class supply management organizations increase their odds of success by “speaking and writing in the language of the executive suite.” The purpose is to link the initiatives and opportunities afforded by world-class supply management to the key financial objectives of senior executives (e.g. ROIC, EPS, Cash Flow, Risk Management, etc.). This linkage, shown in the chart below, can greatly aid the establishment of an effective communication process with senior management, and form the basis for obtaining senior management support and buy-in for an overall transformation plan and its specific initiatives.

# Speak and Write in the Language of the Executive Suite

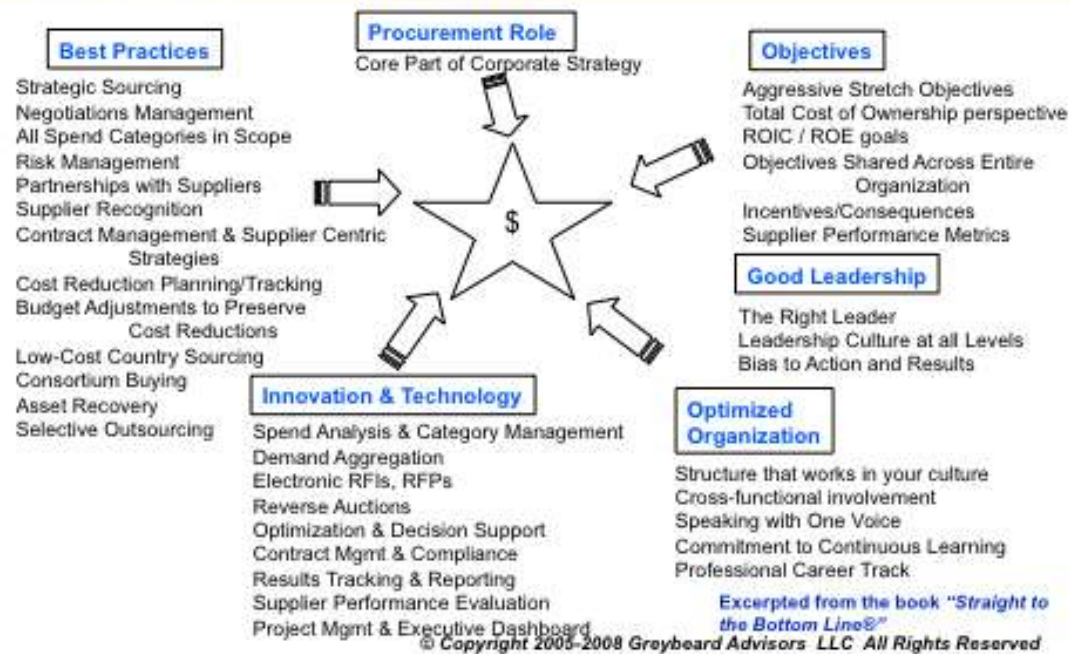


© Copyright 2005-2008 Greybeard Advisors LLC All Rights Reserved

## Greybeard Advisors "Star Chart" Transformation Framework

Companies that have successfully achieved – and sustained – world-class status in procurement and supply management have addressed numerous initiatives in six key areas (see next chart).

# Achieving World-Class, Sustainable Results Requires Attention to Transformation Initiatives Across Six Key Dimensions



Companies that try to implement "sourcing programs" without the supporting framework noted above typically experience suboptimal results, or even "evaporating results" as shown on the next chart.

## Conventional “Sourcing Programs” Often Fail to Sustain their Initial Results Over Time



© Copyright 2005-2008 Graybeard Advisors LLC All Rights Reserved

**Many Implications.** There are many specific and practical implications of these three framework charts, and they will be discussed during the presentation. In addition, success factors for creating an effective transformation roadmap and a credible business case will be discussed.

## Successful Organizations Boil the Transformation Business Case Down to a ROI

| Option   | Cumul. est. results (\$ Mil) in excess of the “As-is” | Cumul. est. total investments / costs (sum of columns to the right) | Cumul. incremental internal resources / full-time FTEs | Cumul. external resources for transf. guidance and process/ commodity expertise | Est. travel and related expenses | Cumul. est. cost of eTools |
|----------|---|---|--|---|----------------------------------|----------------------------|
| Slow     | \$ x  | \$ a  | \$ a   | \$ a  | \$ a                             | \$ a                       |
| Moderate | \$ y  | \$ b  | \$ b   | \$ b  | \$ b                             | \$ b                       |
| Fast     | \$ z  | \$ c  | \$ c   | \$ c  | \$ c                             | \$ c                       |

↑  
**The \$ Return**

↑  
**The \$ Investment**

**The Presenter Is Available for Questions, and for a Book Signing.** The presenter will be available after his presentation to respond to questions. Note: If you own a copy of *Straight to the Bottom Line®*, *On-Demand Supply Management*, or *Beat the Odds*, bring it with you to the ISM conference and the presenter will autograph your copy.

## CONTACT INFORMATION

**Name:** Robert A. Rudzki  
**Phone:** 412-874-8410  
**Email:** [Rudzki@GreybeardAdvisors.com](mailto:Rudzki@GreybeardAdvisors.com)  
**Websites:** [www.GreybeardAdvisors.com](http://www.GreybeardAdvisors.com)  
[www.StraightToTheBottomLine.com](http://www.StraightToTheBottomLine.com)

## A BRIEF NOTE ABOUT GREYBEARD ADVISORS, LLC ([www.GreybeardAdvisors.com](http://www.GreybeardAdvisors.com))

Tired of being burned by conventional consulting firms? Greybeard Advisors is an advisory firm comprised entirely of deep-experienced practitioners of strategic procurement, from a wide range of industries. Greybeard's senior advisors each have a minimum of 20 years corporate experience in supply management and procurement, before joining Greybeard. We use NO junior consultants learning on the job at your expense. You get the A-team, from start to finish.

Greybeard works **with** your procurement and supply management staff to enable their success. This can take several forms. Often, as a first phase, it involves helping create senior management awareness of the top-line and bottom-line opportunity from embarking on supply management transformation. Greybeard helps create that executive awareness, including assessing the current state, and preparing opportunity assessments and business cases that are needed to achieve senior management support of your efforts.

Greybeard has significant experience creating detailed and relevant transformation roadmaps, in support of the opportunity assessment, to guide your efforts during the next 1 to 3 years. And, we provide staff training in Strategic Sourcing & Negotiations Management, and team coaching with subject matter experts, as key elements of a comprehensive transformation plan.

## BOOK REFERENCES

Rudzki, Smock, Katzorke, Stewart. ***Straight to the Bottom Line®: An Executive's Roadmap to World-Class Supply Management***, J. Ross Publishing, Ft. Lauderdale, Florida, 2005.

Smock, Rudzki, Rogers. ***On-Demand Supply Management: World-Class Strategies, Practices and Technologies***, J. Ross Publishing, Ft. Lauderdale, Florida, 2007

Rudzki. ***Beat the Odds: Avoid Corporate Death & Build a Resilient Enterprise***. J. Ross Publishing, Ft. Lauderdale, Florida, 2007