

Still Trying to Get a Seat at the Table

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Abstract. This article and future presentation asks the question, “Why after all of these years, some supply departments and staff still are not recognized as a critical assets to their organizations?” This paper provides steps in getting on senior management radar screen as well as how to stay there. It also highlights many of the ways supply professionals contribute value to their organizations and how to speak the language of senior management.

Background. Purchasing has truly come a long way. There are, of course, situations where those in the supply department are still really paper pushing. The bulk of the supplier selection and ordering is performed by other departments. Just the formality of placing a purchase order is carried out by the buyers.

Purchasing professionals have worked hard and long to gain skills, knowledge, and personal attributes to step into their 21st century strategic role. These skills include a global perspective, forecasting capabilities, negotiation skills, strategic sourcing, cost reduction initiatives, economic understanding, materials management, etc. Many supply professionals have found no outlet for their educational efforts including C.P.M. and now CPSM certifications. It is great to become more efficient in all aspects of procurement, and it is disappointing to work in an organization where much of these skills cannot be used effectively. What’s the use! It is, also, tough to change positions in a down economy; so many professionals find themselves unable to make the contributions they would like.

Why After All of These Years. There are some progressive organizations that look at supply as a critical area for not just cost savings, but for new ideas, global impacts, risk identification, logistics considerations, new product development costs, global supply management, etc.

Some organizations still work with silo mentality. No one knows or understands what anyone else does. Often senior management is so removed from the day-to-day activities of their own organization that they, too, do not know what their own employees can offer.

Many may have an old-fashioned view of the buyer of years ago, who was more tactical then strategic. Also, some of the ethical issues experienced in past years have flavored how others see the procurement department.

Another reason is that the supply group has not taken the lead on building their place in the organization. Purchasing professionals often wear a lot of hats: sourcing, supplier management, tactical activities, small order management, cost/price analysis, special projects, negotiation preparation, technology implementation, etc.

Taking on this additional initiative of marketing the supply area will need time and effort. However, how much time do supply members spend on handling problems because of lack of

early purchasing involvement, non-purchasing purchases, problem suppliers selected by other departments, redundancies, lack of information, designs with only one supplier, etc.

This is really about educating senior management and the internal customer to the value of purchasing in helping them meet their goals and objectives. Other people in the organization have their own challenges and resource constraints. The way to reach them is to help them see that their supply department can help them with these challenges and make their job simpler.

Marketing the Supply Function. Supply department managers may identify and plan for various strategic initiatives. These may include a cost reduction, supplier management, strategic sourcing, educational, and performance management programs. Building an awareness of purchasing and its contribution is also an important initiative for the supply department.

The department head and the staff should design and document a plan of action just as if they were marketing a product or service to the ultimate customer. The customer, however, is senior management and the internal customer base.

Again, it is about showing them how supply is a critical asset in meeting their goals and objectives. Make it about them.

The Plan. The plan should include a schedule for getting out, meeting with, and talking to the internal customer base. This may include one-on-one sessions where the goal is to find out about future plans, challenges, and how the supply department may help. It may be as simple as offering to help with providing material costs for their yearly department budget.

Some purchasing departments have delivered a series of introductions over a period of time inviting departments to meet and discuss collaborative opportunities. Again, the focus should be first on the department's needs and challenges and then discussing the contribution of the supply department and its capabilities and education level.

Knowing the mission, objectives, goals, and challenges of the organization is a good starting point for determining what senior management needs from their supply department. Supply strategies should loudly support the organizational strategies.

Other marketing initiatives should include educational opportunities such as in-house trade shows, technology demonstrations, new product idea presentations by suppliers, and problem solving opportunities.

When supply understands future projects they are able to forward information and suppliers early on in the process to those departments.

Cost savings reports should be sent to senior management in the language they speak such as bottom line or earnings per share. A \$100,000 savings means something different to senior management than it means to purchasing agent.

Also, since purchasing is very close to what is happening in the marketplace, it should look at itself as a critical source of marketplace knowledge. Generating a report on lead time, cost structures, marketplace capacities, global situations, etc. to senior management would certainly get supply noticed as a proactive source of information.

Such a report may also be generated to the Finance Department as well as customized reports for other departments.

Documenting Supply's Value. How does and can supply contribute in these challenging times?

Global ability and perspective of the supply department has a lot to offer. By beginning immediately to identify and circulate total landed or delivered costs in importing and exporting products so that upper management, product development, marketing, and sales gain a better perspective in what it really costs to manage in the global arena. Purchasing needs to get those costs and the implications in front of their faces before we take on the next wave of offshoring. Many organizations found they did not save money in the outsourcing efforts simply because they did not understand the cost factors.

Senior management needs to know supply has set up strategies to handle onshoring, offshoring and/or nearshoring based on the dollar and logistics costs.

Purchasing can also keep management aware of emerging countries as future outsourcing opportunities as well as present a country study of these locations in an effort to guide the organization to make informed decisions.

Another opportunity for supply to shine is to get ahead of the green movement. Presenting information on what recycling, reuse, carbon imprint, reverse logistics, etc. initiatives other organizations are performing and ideas on how to implement these in the company is making it easy for senior management to consider how to join this effort.

Letting senior management know that supply has set up strategies to support the organization's business model as well as its mission, objectives, goals, and challenges. This sets the purchasing department apart as a strategic area knowledgeable about the organization and where it is headed.

Even the difficult economic environment could be used to enhance the importance of the supply arena. Letting internal customers and upper management know how purchasing was creating their own stimulus package to improve the bottom line would again purchasing in a proactive leadership role.

These are just a few of the many possibilities to supply may use to get a seat at the table.

If it is to be, then it is up to the purchasing department to take the leap and get out and get known. This is not the time for modesty. Tough times require forward-thinking professionals.

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