

IN WITH THE NEW

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An expanding role for Procurement means fresh challenges in the workplace. **Andy Williams** discusses the new skills buyers may require to meet them

One thing I've always enjoyed about Purchasing is the range of knowledge and skills that the profession involves. We talk to young buyers on our introductory courses about how they should plan to build their basic armoury of skills, and the list includes, amongst others, basic negotiation, contract law, contract preparation, vendor appraisal and vendor rating. This is, if you will, the "traditional" skill set. However the world moves on. A Purchasing Manager seeking to recruit or develop staff today will be looking for people who can contribute to new and more demanding business requirements. Whilst the traditional skill set remains important, others are being added.

Influencing Skills

We still meet far too many buyers who believe that negotiation is about the exercise of raw customer power with a few tricks thrown in. However the tendency in business is to work in a more consensual, collegiate basis than in the past. It is not enough to have negotiated an excellent deal for your company, you must persuade your colleagues in other functions to use it; indeed in the world of category management, some of them would be part of the negotiation team. At the same time more contracts are of a long term, strategic nature, such as those for outsourced services; more of the spend that Purchasing is trying to influence, such as legal services or management consultancy, involve suppliers who are well used to negotiation at Board level. All this means that negotiation skills are now about influencing, diplomacy and balancing interests.

Coaching

A wider range of personnel than ever are involved in the Purchasing process and every-day contact with suppliers. They need to know that every move they make conditions suppliers' expectations and contributes to his fund of knowledge about the customer. They may, as we all know, end up creating a commitment to him before any formal negotiation has taken place. This happens as much as ever. It is not because our colleagues are trying to make life difficult but because they have not been coached in how to deal with suppliers. That, I believe, is the role of Purchasing and involves another skill set, that of coaching and training. This in turn requires something that will come in useful in many situations, Presentation Skills.

Preparing a Business Case

Strategic, long term contracts raise more skills issues. Many of the opportunities to reduce cost and improve performance through what might be called tactical purchasing (finding another source, negotiating a price reduction, exercising leverage) have already been taken. Further improvement requires that we change fundamentally how we do things. Taking outsourcing as an example, many organisations have shed manufacturing or services, in the expectation that suppliers will carry out tasks more effectively. The results, as we know from many studies, have frequently been disappointing. Often the reason is that senior management have a general strategic goal to concentrate on "core" activities, often allied to a touching belief that outsourcing invariably saves money. Suppliers are consulted, commitments made, and sometime later Purchasing are left to tidy up the details. The real work, preparing a business case, is either omitted or skimped. By this, I mean the planning steps which consist of:

- " Identification of precisely what is to be outsourced
- " Measurement of its true cost and value
- " Alignment of the proposal with organisation strategy
- " Market analysis
- " Analysis of options, their costs, benefits, risks and proposed risk management.
- " In cases involving capital expenditure, investment appraisal will be required
- " Recommendations and their presentation to management
- " Contract negotiation and management plan

Developing Skills

Here we have a mix of strategic planning, market economics, finance, risk and contract management which go beyond our traditional skills package. Developing Skills

We need more people bringing a wider range of skills into purchasing, either from a broad business qualification such as an MBA, a financial background or from experience of management in other functions. People already in Purchasing should be encouraged to develop in these areas, perhaps by further learning or by spending time working elsewhere in the organisation.

As to the development of specific skills, there are a range of options. eLearning is trendy, much favoured by training managers and entirely appropriate where the learning is based on facts and formulae (finance for example). The method is flexible and cost effective. However it is less successful in developing "soft" skills such as influential negotiation where human feedback is an essential part of the process, and here short courses are the right solution.

There is a further skill a Purchasing Manager would love to see; the ability to spot solutions where others have not; to see business opportunities and to develop them with initiative and enthusiasm. It's called, for want of a better word, Entrepreneurship. And how to teach it? I wish I knew