



Procurement in 2018 is all about speed

Procurement needs to embrace agility in 2018, argues Guy Strafford

Much like Top Gun's Maverick and Goose, procurement will have a "need for speed" in 2018. Your CEO is worrying about speed and agility, so you should be worrying about it too.

AI, big data and digital are evocative phrases but they are agents – at various stages of progress – of a bigger force: the desire to accelerate change. The next year will not be about how to deploy these nascent technologies. It will be about something more fundamental: how CPOs respond to the desire to move faster.

Let's face it, speed is not an attribute often associated with our profession. Procurement can be a highly process-oriented, administratively driven opponent to speed because of the perceived need for 'seven stage sourcing' cycles.

The CEO has different priorities. Responsible for top-line growth, executing with vigour, reacting to competitive pressures and real-time changes in markets, the chief executive may not always be most concerned with the procurement team's ability to scour the globe for the cheapest possible supplier.

In my experience, the CEO's greatest frustration is watching how long it takes for decisions to convert into delivery. So they will value a procurement team that is agile, nimble and can respond quickly to immediate needs. Speed of response is the new competitive edge.

With this in mind, it's fair to question the placement of procurement in today's organisation when the senior leadership pulls it in different directions depending upon whom it reports to. Since so much of an organisation's costs are directed to external suppliers, the implementation of a CEO's vision or directive at pace is likely to be executed by suppliers anyway. It stands to reason that procurement will have greater engagement with the CEO.

That said, a change in dynamic will necessitate a significant paradigm shift. Procurement teams will need to demonstrate the ability to respond quickly, react vigorously and shed many of the old stereotypes. For example, insight needs to be available all the time, not just after an RFI.

In progressive companies across industries from financial to consumer products, we are seeing tangible evidence that this craving for speed is changing the way procurement interacts in the organisation and where procurement leaders are teams are positioned in the organisational chart.

With this in mind, in 2018 I predict:

CPO Meet CEO

We are seeing more examples of CPOs reporting directly to the CEO in industries where this reporting structure has rarely been seen. It's early days, but just recently, two prominent companies with whom we work have undergone this reporting transformation. We will see more of this.

Goodbye RFI

The months-long RFI process is getting either massively shortened or done away with altogether. Why? Speed. Internal procurement leaders are expected to stay attuned to market trends and opportunities in real time by accessing data and relying more heavily on specialist supplier intelligence. There's no time for extended information-gathering projects.

Big suppliers will be replaced by smaller more nimble ones

Across industries companies are supplier shopping, unafraid to unseat legacy suppliers in favor of smaller ones who are more nimble – perhaps more motivated – and can meet the organisation's needs with greater speed and agility.

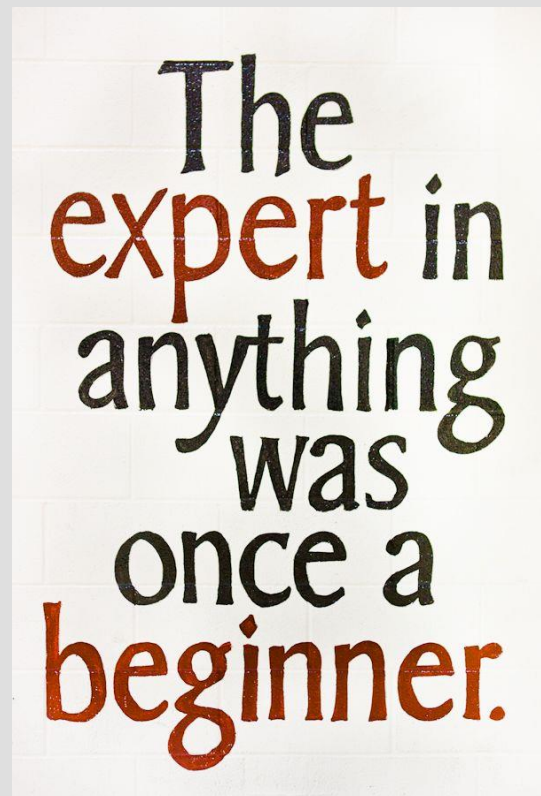
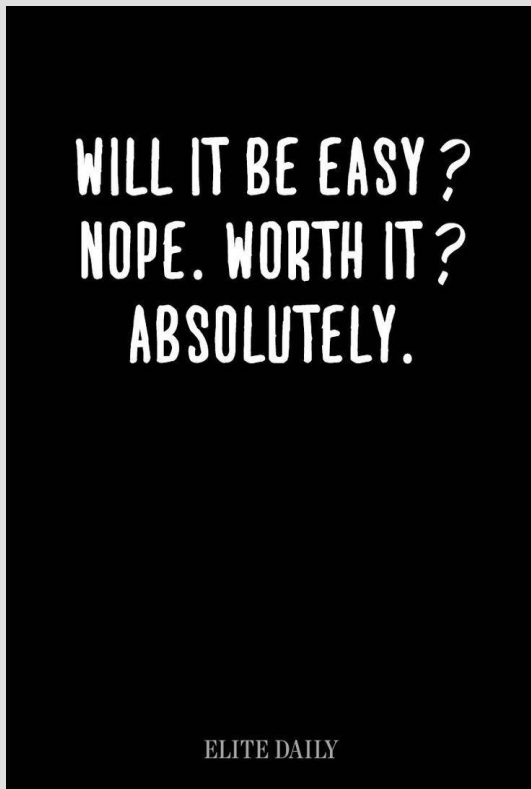
Hello commercial supplier management

Rather than leave vendor management to haphazard business practices, procurement is going to grab with both hands the opportunity to make suppliers move faster, and thereby also bring transparency to supplier performance and risk across their business.

Article extracted from <https://www.cips.org/en/supply-management/opinion/2018/january/procurement-in-2018-is-all-about-speed/>

"The sun himself is weak when he first rises, and gathers strength and courage as the day gets on."

Charles Dickens, The Old Curiosity Shop





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