

Procurement Needs a New Operating Model

Part 2 of 3: Talent



"What is procurement?" is a question I am frequently asked.

The short answer is that procurement helps a company make purchasing decisions and optimizes the value from every dollar a business spends.

But the real answer is that we wear many different hats in a single day and can serve as a matchmaker, counselor, negotiator, accountant, police officer, judge, jury, and lobbyist all in one and all in the same day. Procurement professionals are entrepreneurs, innovators, visionaries, and strategists!

During my career, I've had the opportunity to build teams from scratch, transform, and elevate the performance to better support the business. One thing that has been consistent in my journey is the importance of having the right people with the right talent, diversity, team dynamics, attitude, and ambition to drive meaningful change.

In the first part of this blog, [Procurement Needs A New Operating Model, Part 1: Process](#), I made the case that procurement operating models have to evolve, but we must also consider what that means for our most crucial resource — our people.

The art of procurement is quickly evolving, from executing RF(x)'s, increasing Spend Under Management, and monitoring compliance to becoming a strategic business partner. Procurement is now responsible for managing third-party risk, driving value, innovation, and guiding companies into the future.

But becoming Scrum Masters and bringing together various cross-functional teams that manage complex business challenges require very different skills. It's quite the gap from the traditional "blocking and tackling," competitive negotiations, and deep commodity/category expertise that procurement is familiar with. Add to that disruptions from technological advancements that allow companies to capitalize on opportunities more quickly, and the need for changes in skillsets becomes apparent. Artificial Intelligence (AI), Robot Process Automation (RPA), and the digitization of the entire Procure-to-Pay process requires us to rethink what skills we genuinely need.

The Changing Skills of Procurement

The role of procurement has traditionally been about cost reduction. The [Procurement Insight Report](#) found 60% of companies believe the pandemic exacerbated their existing procurement challenges around people, processes, and technology. While this has made automation more appealing, it has also changed workforce needs. A report by APQC ranked

social and soft skills as critical, with some of the top skills including critical thinking, communication, stakeholder management, and relationship building.

Procurement teams have had to source goods (e.g., Personal Protective Equipment) in sectors where they have no experience and relationships. More teams are working remotely and with new digital capabilities. So what key traits will the practitioners of the future need?

Over the past 20+ years, I have been fortunate enough to drive transformation, establish and develop procurement, and build out teams often from the ground up. There are several criteria I seek when hiring people on the team I support:

#1 Diversity

We need more diversity in procurement. Indeed, this means diversity in the sense of gender, sexual orientation, religion, and ethnicity. But equally important is diversity in **professional background** and **education**. As a manager, I have hired people coming from sales, customer helpdesk, finance, HR, IT, an EA, and logistics.

Yes, I hired people with a strong tenure in procurement, but having the right blend of talent simply drives better business outcomes. Let's face it — procurement is not rocket science. Procurement skills are transferable and can be taught to anyone. In my experience, the best performers are often those with less procurement experience but with the right attitude, drive, desire, and passion. Characteristics like these trump decades of experience any day of the week.

Let's face it - procurement is not rocket science.

#2 Natural curiosity

People who are naturally curious about processes, people, and the world around them tend to look beyond what's right in front of them. They know how to ask the right questions, dig deeper, and are often willing to walk that extra mile to fully appreciate business requirements and explore the alternatives. This typically results in better outcomes, creates more value, discovers new and innovative solutions to business challenges and more. I myself can often measure a person's natural curiosity by learning more about their interests, hobbies, or their favorite television show (mine is "How it's Made").

#3 Emotional intelligence

As procurement must wear so many different hats, there's a strong need to resonate with different stakeholders, adapt messaging, and think strategically with the ability to act tactically. Emotional intelligence and soft skills will become increasingly important in the procurement organization of the future. This means resonating with different audiences with competing priorities at different points in time, then quickly pivoting between stakeholders with different objectives. We need a customer service mindset but at the same time have the ability to deal with ambiguity, while focusing on results and striving for excellence.

Meanwhile, procurement must operate with the ultimate goal of supporting the strategic objectives of the entire enterprise. Accenture noted that procurement organizations will have to put people first and "repurpose and reskill tactical sourcing workers to collaborate with all stakeholder groups in the design of new remediation, product development, service level fulfillment models."

#4 Project Management

Procurement needs to have the ability to manage large and complex RF(x)s, which calls for strong project management skills. Practitioners need to have the ability to create a clear timeline, assemble a group of Subject Matters Experts (SMEs), develop a RACI, have clear deliverables and hold people Responsible and Accountable. At the same it's important to ensure key stakeholders are Consulted and remain Informed, especially when it comes to making final decisions.

#5 Digital Fluency

Procurement staff needs to embrace advancements in technology as enablers and as catalysts to accelerate value creation. Future procurement practitioners will need to interpret information efficiently, apply meaning, extract value, and communicate ideas as Artificial Intelligence (AI), Robotic Process Automation (RPA), and blockchain technology accelerates.

Some of these technologies are now taking over tactical, transactional, and operational procurement, such as running RF(x)s, guided buying, spend governance, contract management, and spend analytics. Procurement teams will have to worry less about these activities and be more proactive in managing spend categories, supplier performance, risk management, and driving innovation and revenue growth. Procurement will also have access to Community Intelligence, harness peers' collective powers, and be skilled enough to turn that information into a competitive advantage.

What is the Secret to Attracting and Retaining Great Talent into Procurement?

[McKinsey noted](#) that new ways of working in procurement will not only call for more data engineers and scientists working on procurement but also to an increase in “the soft skills required to cultivate solid partnerships with suppliers and to collaborate more effectively with internal functions across the business in a more agile manner.” Winning procurement organizations “will adopt a continuous learning culture as a way of life,” McKinsey says.

When it comes to procurement education, there is not a lot to choose from, which is (slowly) changing especially given the recent focus on procurement. Most practitioners I know rolled into procurement because they discovered their passion working in another functional area like IT, Supply Chain, Finance, or Legal (e.g., I started in finance myself).

This means that to attract the right talent, procurement leaders must be creative when building their teams.

As a starting point, we must do a much better job at “making procurement cool,” as Michael Cadieux with Procurement Foundry would say. By highlighting our value proposition, how procurement drives innovation and helps companies exceed their strategic objectives, we can break through the stigma around procurement. We must move procurement from being a fallback profession to a profession of choice!

Then the fastest way to find talent is by upleveling existing resources. While this seems straightforward, it is often overlooked and results in retention challenges and friction within the team. Upleveling can be done by retraining, providing exposure, and learning on the jobs. This can take a fair amount of upfront effort, but I find it immensely satisfying to empower teams and watch them develop and mature. In my past, this has resulted in establishing high-performing teams with the ability to develop and grow as the function matures, something that is especially important as we think about procurement maturity, see the [4 Stages of Procurement Maturity](#).

It is obviously essential to have the right compensation structure and development opportunities/career progression in place to improve retention. What is often overlooked however is the importance of removing mundane, manual, and repetitive tasks by adopting technology (more on that in my next blog), replacing that with more value-added work like Category Management, Supplier Relationship, and Innovation. Job satisfaction increases when your team focuses on areas that drive real meaningful value and supports the entire organization's strategic objectives. Talent does not want to spend weeks tracking down and manually classifying spend, dealing with internal friction, and/or run a RF(x) using email and excel. Unlocking this talent and having them guide us in the continued evolution of procurement will result in procurement becoming a highly desired profession of choice. CPO already ranks #11 on the list of fastest-growing C-suite titles of 2020, with 15% growth, according to Supply Chain Dive.

Finally, I would add that utilizing your network and being open-minded regarding hiring has proven to be very productive. Place less emphasis on procurement experience and more on

important soft skills, the ability to influence decision making, agility, and the willingness to continually learn. The future procurement professional is an all-around athlete, not a deep subject matter expert with hardcore negotiation skills!



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