

# P&SM: Promoting the Procurement and Supply Management Function



Proactively publicising the strategic importance and potential contribution of P&SM professionals through their own professional conduct and the effective marketing of the P&SM function



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### Introduction

The CIPS' practice documents are written as a statement in time. They are a collection of views on good practice within a particular subject area and are intended to provide direction on good practice with some guidance for context and interest. The reader is encouraged to use the CIPS practice documents for their own purposes, such as writing policy statements, guidance or procedures. This particular practice statement has been written primarily for the benefit of full-time purchasing and supply management professionals, but can be used by anyone associated with, or interested in, purchasing and supply management (P&SM).

This document is about promoting the P&SM function.

### Definition

CIPS defines promoting the P&SM function as 'proactively publicising the strategic importance and potential contribution of P&SM professionals through their own professional conduct and the effective marketing of the P&SM function'.

### Background

The P&SM function has been gaining more and more recognition over the past few decades, particularly with the advance of technology used in professional P&SM to automate many of the processes. An example of automation is the use of reverse auctions for low risk purchases. The rise in profile has enabled P&SM professionals to take more of an active role in contributing to their organisations aims and objectives and thereby providing business benefits.

### Explanation

The CIPS position is that P&SM professionals should take every opportunity to promote their profession. To this end, P&SM professionals should be 'outward' looking and customer focused within their role. This 'outward' focus should include aligning with the organisation's corporate strategy and plan and proactively helping internal customers to manage their requirements by using their expertise in a manner that demonstrably improves value for money.

### Aligning strategy

#### i) Aligning P&SM with the corporate plan

P&SM professionals should ensure that their role is in harmony with their organisation's vision and corporate plan. Furthermore, P&SM strategic objectives should dovetail with the organisation's objectives. This should be a proactive process involving the senior P&SM professional approaching the organisation's Board of Directors (or equivalent) to obtain a thorough understanding of the corporate plan and its supporting strategies.

P&SM professionals should learn to communicate in the language of the Board and, where possible, contribute to the development of the corporate plan.

CIPS believes that P&SM professionals should plan what they do, i.e. their service, in the context of the issues facing the business; this is of course a strategic planning activity but it is also something which can change on a regular basis. For instance, the global market can change, unexpected threats can appear, and market share can be lost. P&SM professionals

need to keep abreast of such changes and maintain the dialogue with the Board in order that the P&SM function is fully supportive of the organisation at all times.

### **ii) Potential problems in aligning strategies**

In some cases it is difficult to align the P&SM strategy with corporate objectives, and hence it may become necessary to rely on tactical aims or action plans in order to find suitable values or performance targets. CIPS believes that it is of critical importance, when promoting P&SM, to be able to demonstrate how the P&SM strategy directly supports the organisation's corporate plan and is an effective component in the business planning process.

CIPS recognises, however, that in some organisations the Board of Directors are yet to be interested in P&SM. This should not prevent the P&SM function aligning itself with the organisation's corporate objectives; indeed this process itself should have the effect of raising the profile of P&SM. P&SM professionals must ensure their strategy supports the overall organisation, but this should not preclude them from adapting their service on a tactical basis to suit genuine and legitimate individual business unit objectives.

A common problem encountered by P&SM professionals is that the senior stakeholders, e.g. the Board or its equivalent, require one set of objectives from P&SM in line with the corporate plan, yet the end users, the budget holders, etc. require a service that may differ from the original concept of the Board. By ensuring that the P&SM strategy supports the organisation's overall corporate plan, the P&SM professional will be able to demonstrate their value to all stakeholders, by using their persuading and influencing skills to meet all expectations.

### **iii) Some suggested solutions for profile raising**

CIPS advocates that P&SM professionals develop a 'procurement advisory panel' that includes key stakeholders, a champion, sponsors, influencers etc. This panel will enable P&SM to maintain a high profile and consistent visibility in its support and endorsement of the P&SM strategy and the corporate plan. The panel should meet on a regular basis to receive reports on progress from the Head of P&SM, discuss new ideas and approaches for the P&SM strategy, help to prioritise projects and identify opportunities for improvement. The panel should develop a "performance promise" that supports not only the objectives of the corporate plan but also the training needs and development of the wider P&SM community within the organisation.

The panel can also be used to raise the profile of P&SM with the Board on issues that require top level endorsement, for example, mandating policies, procedures that improve the overall efficiency of the function.

## **Elevator statement**

An elevator statement is a few sentences that have great impact and can be delivered in a relatively short space of time i.e. the time it would take to travel in a lift (elevator in American usage) to the top floor of a tall building.

CIPS encourages P&SM professionals to develop their own elevator speeches. These key points can be used as and when an opportunity arises to impress a stakeholder such as the organisation's CEO, or a potential new internal customer.

CIPS recommends that elevator statements should include a brief statement of what P&SM does and its position in the organisation. It should also contain a short case study or example demonstrating the value that the P&SM function adds to the business.

CIPS recognises that such speeches need to reflect the culture of an organisation, its resources, and attitude towards P&SM. There is no universal panacea and P&SM professionals must develop their own approach as is appropriate to their organisation and to their own personal style.

The content of elevator statements can be used in internal and external marketing communications in order to promote P&SM.

CIPS recommends that, when preparing an elevator statement, the P&SM professional:

- Takes into account the current objectives of the business so that they can succinctly identify what P&SM delivers and the value add that they create.
- Develops a mini-business case for P&SM to use as appropriate that demonstrates their successes.
- Treats all colleagues as potential or existing customers

The elevator statement should be reviewed on a regular basis to ensure its currency and relevancy to the business.

## Customer Relationship Management (CRM)

### i) CRM and P&SM strategy

CIPS recommends that any P&SM strategy should be in alignment with the corporate strategy and objectives and include:

- Customer satisfaction
- Financial performance
- Sustainable growth
- People
- Safety and reliability
- Risk Management
- Security of supply
- Standards and legal competence
- Governance framework

Customers to P&SM are identified as anyone who interfaces with the function. This is often a very wide audience and care must be taken to include all relevant stakeholders when identifying customer need.

### ii) CRM and part-time buyers

In many organisations, part-time buyers or order placers, i.e. individuals for whom 'buying' is not a core function, sometimes carry out purchasing activities without training in negotiation or an understanding of the related ethical or legal issues. The P&SM professional will assist these individuals, where appropriate, so ensuring that all purchasing activities are conducted in a professional manner. The key to customer satisfaction is to understand their perception

and perspective, show empathy and to undertake relationship management in order to meet, and whenever possible exceed, their expectations.

CIPS suggests that P&SM professionals should work with the part-time buyers, provide training and support and enable them to support the P&SM strategy whilst continuing to be in charge of their own expenditure. This process will help the part-time buyers to avoid “ad-hoc” or maverick purchasing that often results in purchases that are “off-contract” and therefore outside of the organisations normal purchasing frameworks.

However, there will also be some customers to whom no amount of relationship management will make a difference and who persist in non-compliance. Part of the P&SM strategy must be to have in place an arrangement whereby their non-compliance can be escalated to their management for the individual to have their behaviour corrected. This is probably best done by having compliant procurement actions made part of internal customers' competencies, though CIPS appreciates that not all organisations will have this discipline.

### **iii) Customer expectations**

In many cases, different customers have conflicting expectations for the same requirement. For example, the Finance Director may require a significant cost saving from a project; the project manager may require on-time delivery and the consumer/end user may be demanding the best quality available.

The P&SM professional should identify these conflicting expectations and, if possible, reconcile them in a positive fashion and thereby promote the value of professional P&SM; otherwise all three customers in the example will be disappointed, possibly resulting in long-term disenchantment with professional P&SM. One method of addressing this problem is ‘Sponsor Mapping’.

‘Sponsor Mapping’ (also known as ‘Client Management’) involves identifying the different customers and their individual needs, perceptions, perspectives and expectations. It involves working with them to ascertain these whilst educating them about the importance of security of supply, for example, or the value of leverage across the whole organisation. Customers should be categorised, or ‘segmented’, into groups so that those customers with similar needs can be targeted with a particular proposal, e.g. an invitation to join a cross-functional team to source a contract for IT services.

There may be occasions when it is not possible to reconcile all requirements and expectations and so, as appropriate, the P&SM professional must highlight and communicate this lack of cohesion to the relevant customers and the cross-functional project team.

### **iv) P&SM professionals and perception of customer requirements**

Although P&SM professionals should demonstrate empathy towards a customer's needs, they should actively challenge the need; this might involve analysing the requirement and extracting higher quality at a lower cost or at the very least questioning and clarifying the requirement.

The P&SM professional should take the initiative and lead the in-house team. There has been a marked shift in emphasis on professional buyers having strong technical empathy with the specialism in which they operate, towards much more focus on commercial expertise, negotiation skills and supplier management.

A final point is that P&SM professionals should take care not to fall into the trap of 'over-selling' and then 'under-delivering': this can easily occur when there is a hostile and constructively inhibiting customer base.

### **v) Speaking the customer's language**

CIPS believes that the P&SM function should avoid the use of jargon and provide an explanation every time it is necessary to use an ambiguous term. Equally, they should select an appropriate name for their service; different expressions mean different things, for example, 'procurement' in the US means expediting and 'supplies' often conjures up images of stores and low value goods, etc. It is important that when promoting purchasing the P&SM professional speaks the language of the customer and designs supporting literature accordingly; they must also set out to facilitate their interpretation by logical and consistent use of terminology.

### **vi) P&SM within the organisation**

CIPS recommends that an effective strategy for promoting P&SM is to select an 'easy win' procurement project so that it is executed well, value is added, and the customer is delighted. By involving the customer at the outset and throughout the procurement project (especially at the decision-making stages) the customer should take ownership of the project and be proud of the results. The successful project can then be used as a case study within the organisation. CIPS suggests that the case study be published within the organisation with details of the benefits, along with a testimonial from the satisfied customer.

Effective communication of successes is a key aspect of promoting P&SM. This can be achieved by means of the promotion on the organisation's intranet; a newsletter, 'road shows' within the organisation, presentations to potential new customers and so on. P&SM professionals should not be afraid to publicise their successes but, when doing so, they must utilise the views of existing customers and position their message appropriately for individual new customers. Another point of good practice is when emailing or writing to individual customers to use their name(s), rather than addressing the letter/note/email to a general audience.

## **P&SM and marketing skills**

CIPS' Graduate Diploma includes a marketing module (L5-10 Marketing for Purchasers) which should provide the basis of the P&SM knowledge in this sphere. CIPS encourages P&SM professionals to learn more about marketing, perhaps via the Chartered Institute of Marketing, so that these skills can be employed to promote P&SM.

CIPS recommends that P&SM professionals actively learn from the marketing and selling techniques of their suppliers. Suppliers often invest heavily in training sales representatives; different suppliers will adopt different tactics, styles and approaches, depending on how they perceive and position the buying organisation. The P&SM team must have sufficient skills to deal with their customers' sales representatives in a professional manner.

Another method of developing marketing skills is to liaise with the organisation's marketing department. Most organisations employ professional marketing staff and CIPS encourages P&SM professionals to develop working relationships with these colleagues so that they help in the promotion of P&SM. This may help the P&SM function to work with marketing in respect of their purchases of advertising, other external services and bought-in goods. The

marketing spend can otherwise be quite difficult to access and yet it is an area where there are many quick wins for delivering immense dividends.

### Conclusion

P&SM professionals should develop a broad range of business skills in order to be increasingly effective and raise the profile of P&SM within their organisations. In many respects these can be summarised as internal consultancy skills which are increasingly important in ensuring the success of the P&SM function.

CIPS recommends that P&SM professionals have a very clear self-image within the organisation, concentrate on developing expertise in marketing / selling / communications and customer / supplier relationship management in order to promote purchasing, as well as skills in change management.

CIPS also recommends P&SM professionals develop an 'elevator speech' which in a few sentences has a significant impact on the listener, convincing him of the important role which P&SM has to play within the organisation.

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