

PROCUREMENT COMPETENCY BASED QUESTIONS

Introduction

More and more employers are now using competency or behavioural interview techniques which attempts to predict future behaviour based on your past behaviour in a similar situation. If you are unfamiliar with this questioning technique you can be easily thrown in an interview situation and not perform to the best of your ability so here we aim to break down the procurement function into the types of competencies you may be asked to demonstrate and we have included some typical questions you might face.

Best Practice Procurement

- Understand procurement processes and strategic sourcing methodology and how they ensure the effectiveness and harmonisation of procurement working methods
- Apply methodology and procurement processes in his/her activities, understanding the formal steps of the best practice procurement.
- Identify areas for improvement related to the methodology and procurement processes
- Pass on and exchange historical deliverables between team members and work together with experts on cross-functional and cross-departmental solutions and processes.
- Re-engineer processes using procurement processes and methodology knowledge.

Supporting Questions

Describe what steps you have taken to ensure your organisation follows best practice procurement.

- What Impact has this had on the business?
- How do you measure these results?
- What plans do you have in place for further development?

Tell me about a time when you have had to implement a new corporate-wide procurement change programme in the organisation.

- What were the concerns that you had to address?
- What steps did you take when developing the programme?
- What has been the result?

Cost Reduction Delivery

- Demonstrate multiple cost reduction examples (not just unit price reduction)
- Understand the principles of TCO and use them as part of cost management contributions.
- Establish meaningful metrics to measure sourcing cost management contributions.
- Ability to utilise or develop cost savings tracking tools and pipeline opportunities.
- Establish cost reduction verification approvals.

Supporting questions

Who in your business sets the cost reduction strategies and what metrics do you use to measure sourcing cost management contributions?

Tell me about a recent cost reduction initiative you have been through and how you delivered it.

What do you understand by TCO?

Tell me about a time when you have factored it in as part of a cost reduction exercise.

- What was the result?

Category / Commodity Management

- Gain an in-depth knowledge of specialist supply category(s)
- Possess a broad understanding of the supply market and key market players within each category(s)
- Provides subject matter expertise to the business.
- Able to appropriately prioritise category/commodity management relevant to key business drivers.

Supporting questions

How do you stay abreast of the supply market?

How do you ensure you are seen as an expert in the commodity / category that has been outside of your day-to-day activities?

- What steps did you go through?
- How did you measure the success of this work?

Stakeholder Management

- Manage groups of individuals who are effected by, or can effect, the purchasing decision.
- Promote cooperation between individuals, groups and departments to achieve business objectives.
- Work with all kinds of people effectively and build clear strategies for advocacy, engaging debate and building awareness of issues and their implications.
- Able to sell the benefits of procurement to key stakeholders in order to gain buy-in.
- Develop the trust and confidence of key business stakeholders to ensure effective governance and compliance to strategic sourcing directions

Supporting questions

How do you manage those groups of people who are effected by, or can effect, the purchasing decision?

Tell me about the last time when there was resistance against a procurement policy you were trying to implement.

- What difficulties did you have in trying to get their buy-in?
- What was the outcome?

What steps do you take to ensure effective governance and compliance to strategic sourcing directions?

Describe a time when you have had to promote cooperation between a group of incompatible people to achieve business objectives.

- What did you do?

What do you feel is the strongest measurement of stakeholder management?

Tell me about a time when you have failed to get stakeholder buy-in.

Strategic Sourcing

- Create competitive advantage through sourcing and continuously improve and re-evaluate the purchasing activities.
- Develop and manage suppliers to acquire goods and services in a way that aids in achieving the immediate needs of a business.
- Select vendors to supply a particular product or service that is routinely purchased including the definition of product and service requirements, identification of qualified suppliers, negotiation of pricing, service, delivery and payment terms, and supplier selection.

Supporting Questions

Describe the most recent strategic sourcing initiative you have been involved in.

- What was the ultimate aim of this work?

Tell me about a time when you have worked strategically with a supplier where the ensuring outcome has been a benefit to both them and your organisation.

- What were the benefits?
- Who came up with the initiative and how did you approach it with the supplier?

Supplier Selection

- Gather information on business requirements.
- Conduct a capability review of the existing supply base, including SWOT analysis.
- Produce a requirement specification as a framework for selecting new suppliers. Identify key selection criteria.
- Carry out market research to identify potential suppliers.
- Prepare a Request for information document for initial assessment purpose and to enable a short list of potential suppliers to be produced
- Undertake a full RFO process, which should include visiting potential suppliers with a multifunctional assessment team; taking out customer references; full financial due diligence process
- Select supplier and present report to the Board outlining the reasons for the decision, including advantages and benefits to the business offered by your choice.
- Agree a sampling/type approval programme to establish: quality of product; shipment channels; communications channels
- Produce a strategy to manage the introduction and/or services provided by a new supplier.

Supporting questions

Take me through the key stages of the most complex supplier selection process you have been involved in.

- Why was it so difficult?
- What part did you personally play in overcoming the challenges?

What steps did you take when introducing a new supplier to the organisation to ensure that the contract ran smoothly?

Describe a situation where the relationship of a newly appointed supplier did not meet KPIs agreed.

- What action did you take?
- What was the result?

Bids and Tenders

- Gather information on internal customer and business requirement
- Identify potential suppliers
- Produce a request for quotation document that captures the full requirements of the business rather than merely a request for price and delivery (for example, systems considerations; logistics and supply criteria)
- Ensure the RFQ process considers legal; business process; ethical; moral and commercial requirements
- Analyse incoming bids, considering each *on* its own merit
- Conduct negotiations with bidders based on analysis of bids received
- Communicate final bid status to internal customer(s)
- To work within the confines of Tender EU legislation in the public services arena

Supporting questions

Describe a situation where you lead a potentially sensitive tender exercise.

- What were the main concerns that you had to address?
- What choices did you face when selecting the appropriate supplier?
- How did you measure the decision you made?

Describe a recent tender exercise where you needed to work within the confines of EU legislation.

- What steps did you take to ensure it was aligned with your business needs?
- What was the outcome?
- What would you do differently next time?

Negotiation

- Gathering information on suppliers market position; competitive positioning; financial strengths/weaknesses; organisational structure; manufacturing locations (if applicable); key points of contact within supplier
- Gather information regarding the product or service
- Gather information that enables an understanding of technological and commercial alternatives
- Articulate your requirement to potential supplier(s)
- Produce a strategy which outlines: best and worst case scenario as a result of negotiation; timescale for concluding negotiations; personal relationships with suppliers key players; negotiating position; likely negotiating tactics; major negotiating points on the part of both parties; possible compromises; alternatives in the event of non-agreement.
- Analyse offers resulting from the negotiation. Are there benefits to your company? What are the advantages and/or disadvantage on offer?

Supporting questions

Tell me about the most difficult negotiation you have been involved in.

- What were the concerns that you had to address?
- What was the outcome?
- On reflection, would you do anything differently next time?

What negotiation tactics have you used in the event of needing to compromise?

- What was the outcome?

Contract Management

- Identify commercial and technical requirements of the business
- Identify the capabilities and limitations of the contractor, including any elements of sub-contract
- Establish and identify risks to the business
- Draft a contract that offers protection and limits risk to the business and the contractor. The contract should include: scope of work; responsibilities of each party; key performance indicators; project milestones; stage payment scheme; penalty clauses or liquidated damages
- Manage cross-functional teams within the business
- Hold regular meetings with the contractor to establish progress against key project milestones
- Regularly update key stakeholders within the business of progress against contract
- Manage any change to the scope of work which may occur with the contractor
- Work with contractor(s) on product or service improvements

Supporting questions

Tell me more about the most complex contract you have managed

- What were the key challenges and how did you overcome them?

Describe a situation where the scope of an existing contract required a change in direction to support strategic re-focus in your organisation.

- What challenges did this create for you?
- What was the outcome?

Supplier Relationship Management

- Able to manage relationships with all suppliers
- Ability to understand suppliers view of the relationship (supplier preferencing)
- Has experience of managing suppliers where there is little or no competition
- Can provide real examples of supplier development
- Identify and lead on initiatives to improve performance of suppliers, minimising risk to the business
- Ability to establish effective interfaces with all levels of the suppliers management team
- Identify which suppliers are key to your business and develop strategic 'touch points' within your own organisation's management

Supporting questions

Describe the nature of your relationship with your suppliers. Have you ever been involved in a supplier dispute situation?

- What did you do?
- What was the outcome?

Describe a time when you have had to manage an under performing supplier.

- Why were they underperforming?
- How did you improve their performance?
- What impact did this have on the business?

How do you identify which suppliers are key to your business?

What do you do to ensure they deliver at an optimal level and that you continue to be a key client?

Process/Systems Awareness

- Assess processes used internally and gather information on current working practices
- Gather information from user departments on existing systems used and compatibility
- Assess effectiveness and simplicity of system or process and the benefit of changes
- Assess risks associated with changing systems
- Undertake a review of alternative processes and best practice techniques
- Lead development projects – new systems/processes (using Six Sigma/5 S's/lean approach)
- Ensure buy in to processes and market changes internally (users)/outside organisation (suppliers/customers) – change management
- Ensure data integrity and training on systems
- Understand the benefits of electronic purchasing tools; e-procurement, purchase-to-pay, e-sourcing
- Demonstrate the implementation and subsequent development of electronic purchasing tools

Supporting questions

Talk me through your participation in a recent change management programme, where alternative processes were being introduced to compliment procurement best practice

- How did you go about assessing the risks involved?
- What obstacles did you face and what part did you play in overcoming them?
- What was the outcome?

Tell me about the last e-procurement system you implemented and what you were trying to achieve.

- Who decided this was necessary?
- What were the major factors you had to consider?
- How did you measure its success?

International Procurement

- Gather information on potential sources of supply which meet the requirements of the business
- Present the advantages to the Board of sourcing from overseas
- Consider ethical, moral and political impact of moving business to an overseas source
- Establish the risks of dealing directly with an overseas source, for example, cultural difference; logistical issues; language and communications barriers; infrastructure; exchange rate fluctuations
- Establish whether it is advantageous to either:
 - Deal with a company who has a UK based agent
 - Deal through a UK company which has a strategic alliance with an overseas source
 - Commit to having a presence based at the overseas source
- Select potential suppliers based on considerations outlined above
- Undertake a full RFQ process, which should include visiting all the potential suppliers with a multifunctional assessment team; taking out customer references; full financial due diligence process
- Select supplier and present report to the Board outlining the reasons for the decision and advantages offered by your choice
- Agree a sampling/type approval programme to establish: quality of product; shipment channels; communications channels
- Prepare a contract/supply agreement (see contract management)
- Establish relationships between key stakeholders within your company and their counterparts at the overseas source

Supporting questions

Tell me about your involvement in moving to an overseas supplier.

- What were the key drivers of achieving your objective?
- What posed the greatest challenges overseas and why?
- How did you go about resolving them?
- What was the outcome?
- How did you communicate your progress to key stakeholders?
- On reflection, what would you do differently next time?

Managing the procurement function

- Conduct planning of purchasing/procurement function. Staff and resource the function appropriately
- Organise workload for self and others within the function. Assign roles according to workload and aptitude
- Work flexibly to resolve bottlenecks and time pressures
- Identify opportunities for departmental improvement, design and implement programmes to achieve stated objectives

Supporting questions

Tell me about a time when you identified an opportunity for departmental improvement

- What did you do to bring this improvement about
- What obstacles did you face?
- How did you manage your available resources to overcome obstacles and bring about the improvement?
- What was the result?

Can you give me an example of when an unexpected situation arose that affected your plans for the procurement function?

- What did you do?
- What was the result?

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