

Influence, one step at a time

To convince colleagues and managers of its effectiveness, procurement must prove it can contribute to business's wider objectives. Iain Palfreman and Steve Sherwood advise how you can get started

When is your deal the best deal? When your business is actively using it and the benefits that you said it would bring are being delivered. But it can be hard to deliver the savings you have promised senior management. Why do your internal customers go off and do their own thing?

Of course it would be easy if the policy was properly mandated, and it would help if purchasing had a seat on the board but let's face it, the chances are slim.

So how can you convince your business to work with you and help to deliver the savings that you know are there for the taking?

1. Understand the business agenda

If you want the business to work with you then you need to analyse what is driving it and how it is trying to respond. Do you really understand the market that determines the decision-making process at board level?

While dealing with a tricky and protracted negotiation for Rolls-Royce, we received a phone call from our managing director, who pointed out that while it was important to get a good result, the board's annual bonus was dependent upon a result within the next week. Unsurprisingly, we managed to resolve the issue in seven days.

The end result may not have been ideal, but it certainly got procurement recognised as a function that understood, and would work to deliver, the wider business agenda.

2. Define your objectives

Whose objectives do you consider when starting a new sourcing project? Is this a procurement project or is it sponsored by the business? Unless you can demonstrate how the objectives will help to address the business issues, how can you expect the business to buy into your project?

A few years ago, the IT procurement team at a major UK bank, with the support of an expensive external consultancy (not PricewaterhouseCoopers) spent the best part of a year developing a strategic sourcing approach for desktop computers and negotiating the deal.

Two days after the procurement team declared supplier A the winner, the business announced to the press that it had done a deal with supplier B to provide desktop computers at a discount to small business customers of the bank.

If the procurement team had made sure it understood the business objectives, this miscommunication would never have happened.

3. Identify the benefits

Many of us have worked in organisations where there are annual savings targets set and at the end of the year, the head of procurement declares that not only have they been achieved but exceeded.

Despite promoting various deals that have been put in place, improved pricing and so on, somehow the savings never seem to affect the balance sheet in the annual report.

Perhaps this is why so many procurement directors leave their posts after three years when the business realises that for all the costs of setting up their procurement empire, little is being translated to the bottom line.

But this is only part of the picture: often the benefits that the business is looking for are not about cost savings but shortened delivery times, more flexible working, improved staff retention and improved customer satisfaction.

How are you going to support the delivery of these benefits and how will you measure or report on them?

These cannot readily be called "procurement benefits" so you will have to agree with your colleagues on how to report the value of the projects that you are involved in and how to allocate credit to the various team members. In one organisation we could not get anyone to meet us because the head of procurement would constantly seek to take all of the credit for any project that his team worked on, while denigrating the contribution of others.

4. Plan your changes

If you understand the business's agenda and its objectives, as well as recognising the benefits that your organisation is looking to achieve, you can begin to plan how these will be delivered.

This is where you can really start to deliver in terms of your contribution to the business. Often you will need to change processes, not only in your own company but also in your dealings with suppliers.

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You may also need changes in policy and a redefinition of the role of the supplier in delivering benefits. Do you really appreciate how this will affect your business?

At PwC, we do not talk about sourcing projects any more and we generally don't have problems engaging our customers. This is because by the time procurement and our internal customers have agreed the agenda, objectives and anticipated benefits, the sourcing project is seen as part of a combined business initiative.

5. Keep it simple

Don't you hate it when people try to create unnecessary complications at work? Well, so do most of the other people you work with, too.

The only ones who enjoy it are the people playing politics who hope that their Machiavellian approach will enable them to prosper at the expense of others.

Most of us are aware of how distracting and pointless these turf wars can be. There is nothing to be gained. Keep it simple, be open and honest with your colleagues, be prepared to have disagreements but also be prepared to listen.

Knowledge is power - the reality is that, as a team, we all become more powerful if we share knowledge.

6. Remember me, you, us, them...

As we have shown, you need to engage with your customer - but don't ignore your other stakeholders in the process.

Do you know how they will feel? Try to identify who will be "blockers" or "supporters". Who will you need and who can you afford to ignore?

These are not sourcing projects but business projects, so make sure that your stakeholders recognise them as such. When talking to stakeholders go along with your internal customer and get them to talk about the business needs.

In our consultancy work, we try to build what we call "networks of influence", drawing in the key stakeholders and involving them in the whole process. Make sure that you are seen to be doing the project with them, not "to" them.

7. Show you're up to the job

Are you really going to be able to work to the business agenda, addressing the business objectives and delivering the benefits even where it may not suit your traditional procurement viewpoint?

Businesses are made up of lots of different people with different skills, some of whom and of which are more important than others. If we want procurement to stop being seen as a bunch of buyers and more as a strategic business contributor, then we need first to ensure that we are working for the business and not just for procurement.

These may look like seven small steps, but if you put them into action, they could be the seven biggest advances of your career.

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