

Procurement becomes more strategic

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Specialised procurement departments are becoming more widespread across practically every sector of industry writes Dave Boland.

Businesses can stand and fall for any number of reasons, but anybody who was watching a recent episode of "The Apprentice" will realise the importance of good supply chain management. A team involved in the apparently simple task of buying and selling food fell at a significant hurdle . . . the procurement stage. And this glaring failure highlighted the importance of good supply chain management, in that it showcased how poorly executed processes can end up hitting the bottom line hard.

"Supply Chain Management is definitely becoming a more strategic factor within business, " said Liz Dolan, procurement consultant at Sigmar Recruitment. "And the discipline is specialising . . . for example, in the area of purchasing, roles are becoming industry-specific, and more specific to function."

This increased professionalism of the supply chain sector is creating a career which is both demanding and rewarding at the same time. The importance of a well managed supply chain, especially in areas such as purchasing and procurement, is being recognised outside of its traditional home in

manufacturing - so much so that industries such as financial services, telecommunications, and even consulting companies will have a dedicated team in place to look after supply chain issues, and will be developing people specifically to manage the function.

"Businesses have learnt lessons from the manufacturing sector, lessons which are being applied in these tough times, when margins are tighter, " said Dolan. "When companies are looking to improve their bottom lines, they can increase their sales or look at their cost base, and we are seeing an emerging trend where procurement is becoming more and more important in these uncertain times."

According to Dolan, it is this strategic approach to procurement and purchasing, rather than the reactive approach to cost cutting which had been widely adopted until recently, that is creating a major uplift in jobs in the sector.

"Good procurement practices are not just about cost savings, " she said. "It can lead to positive results across a number of aspects of the supply chain, from the supplier base . . . where you buy from . . . to the quality and service levels that can be achieved."

Thus, properly managed procedures can lead to improvements across the supply chain, from where a product is purchased, to how a product is brought in, to how much storage is involved, to sending a product on. But such is the intricate nature of the process that many companies are looking to employ specialists across the various links of the supply chain.

"Traditionally, one purchasing department procured everything, ' said Dolan. "But now there are specialist departments looking after their own areas. Where there is any change, or any uncertainty, the details of the agreements become more and more important.

So when it comes to choosing suppliers, good companies are now adopting a beauty parade approach, inviting suppliers in and lining them up based on performance, details and service levels."

While increased specialisation could create a difficulty for companies looking to recruit the best people, the reality is that there is a great deal of mobility among supply chain professionals. So, for example, a person could move relatively easily between the pharmaceutical industry and financial services.

"The core competencies of purchasing go (transfer/are transferable) across all industries, " said Dolan.

"Professionals need to be able to negotiate well, they need to communicate well, they need to have a good attention to detail and good relationship management skills."

The good news for progressive companies looking to hire effective supply chain professionals is that there is no real shortage of qualified candidates out there.

Indeed, a significant feature of modern procurement professionals is their level of education. There are Supply Chain Masters programmes, and the Irish Institute of Purchasing and Materials Management (IIPMM) is looking to upgrade its diploma programme to a degree.

"Candidates coming into junior roles are more educated these days, and candidates at the senior end are very highly qualified, often up to MBA level, " said Dolan. "We have a very strong database of suitably qualified candidates at Sigmar, but, given that procurement is a small industry, we also deal in a lot of referrals."

Perhaps because of the prevailing economic climate, there has never been a greater demand for procurement professionals, and Dolan has noticed a 32% increase in the number of roles for the first quarter of 2008, as compared with Q1 of 2007.

"This increase will only become more marked as the current economic conditions continue," she said.

"People are realising that they need to find a way to save money and to improve processes, and we are not just talking about local procurement. Sourcing and buying materials is an international process, with vendors and suppliers based around the world . . . and many multinational companies have centralised their purchasing functions in Ireland."