

Answers From Experts

INTERVIEWS WITH LEADING CPOs

2021

Mastering procurement's
key challenges.

Leading through a downturn

HARNESSING THE POWER OF PROCUREMENT TO SPEED RECOVERY

With the UK having experienced a third wave of the virus and into its deepest ever recession, the economic legacy of coronavirus is set to be felt for years to come. We have seen countless businesses collapse and redundancies reach record levels. It's an unprecedented situation.

But recessions are nothing new and the country's top procurement professionals have lived through them before. What advice do our experts give right now to business leaders battling to ride out the crisis – how can they harness the power of procurement to speed recovery?

It's time to realise the potential procurement has to transform business operations, according to **Matt Row** who says, "Business leaders have an opportunity to grab hold of their procurement functions and use them to accelerate the urgent delivery of business priorities from digital transformation to tight cash flow management.

The procurement function has never had a better opportunity to step forward and be a seismic enabler to the business. In some businesses the procurement function may even be the function that enables the business to continue as a going concern through delivery of cash flow management and ongoing critical service delivery. In other businesses the rapid procurement practices could be the make or break in delivering a digital customer experience.

Whatever the business priority – procurement are perfectly placed to accelerate the delivery of it."



David Loseby agrees that procurement has the capability to steer companies through crisis and asserts that agility and adaptation is key.

"We must pivot to what the business needs not necessarily what we often stereotype ourselves for doing," David says. "Recognising and utilising the wide range of skills procurement functions possess, including change and transformation skills, can be hugely disruptive.

We must rearrange our skills like a chameleon and adapt to the new environment".

For **Perrin Haydon-Rowe** the ability procurement has to drive positive change, spanning every element of business operations, should not be underestimated by Boards.

"Procurement has rarely been in such demand as in the past six months," says Perrin. "We are delivering supply base restructuring and stabilisation, double-digit cost reduction, minimising business interruption and redoubling efforts to win on service with consumers."

Forward-thinking companies that have invested in digital contracting and procurement technology, and have treated their strategic partnership with the care it deserves are reaping the rewards."

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"Absolutely," adds **Peter Duffy**, "businesses need to let procurement have a seat at the top table, so it can contribute to corporate strategy development, implement strategies that support supplier growth and enable business development by having strategic partners as suppliers.

"We also have an opportunity to learn from the unique challenges we have overcome during 2020. The advancements in technology and even what we had before but didn't use e.g. virtual working must be continued.

Procurement can play a vital role in helping to enable more agile, cost effective and people-friendly businesses going forward.

Do we really all need to commute daily? Where practical, can we enhance flexible working and conduct wellbeing assessments with staff to establish what they want?

Can we look at savings in office rent, move out from the city centre, reduce utility costs and

become more cash rich to invest for growth. ALL of these factors are, for me, in the purview of procurement."

"It all comes down to recognising where procurement can add value," says **Kim Godwin**.

"Look at how much of your cost base is with suppliers and the reliance that your business has on these (for service provision – maybe direct to customers). Also look at innovation – in practice most of this comes from your suppliers and not your staff.

Consider your HR scope, capability and cost – is this proportionate to what you spend on procurement, given the relative spend between suppliers and staff?

And finally, don't allow the organisation to take its eye off contract management – this is where the opportunities are to actively manage your third-party costs, and where the risk of supplier default or poor performance lie."



Overall, our expert panel urges business leaders to help break procurement out of its silo, so it can become the business partner and strategic enabler it has the potential to be. By investing in procurement this way and putting it front and centre of recovery plans, businesses can beat a path back to success – simply by developing and optimising capabilities they already have in place.

Sustainable procurement

BRINGING THE BUSINESS WITH YOU

12 months ago, when the procurement sector was predicting its biggest trends for 2020, environmental and social sustainability came up time and time again.

That was before Covid-19 struck. Subsequent events have, undoubtedly, propelled sustainable behaviour to the very top of the corporate agenda. The way in which businesses and brands respond to the crisis has become a touchstone for their overall approach to doing good.

Barcanet's own research indicates that consumers have a very keen eye on business behaviours in relation to their employees, suppliers and society at large. And it's not just consumers who are watching your every move on this front. Investors are paying close attention too.

In a recent Global Survey, management consultancy, McKinsey, found that 83% of C-suite leaders and investment professionals expect Environmental, Social and Governance (ESG) programs to contribute more shareholder value in five years than today. The survey also indicated that respondents would be willing to pay about a 10% median premium to acquire a company with a positive record for ESG issues over one with a negative record.

Being able to deliver the genuine, responsible business behaviours that stakeholders are calling for means having a sustainable supply chain in place. Our experts describe their approach to sustainable procurement and explain how they are bringing their businesses along with them.

Avoiding a tokenistic sustainability drive is key, according to **Kim Godwin**. "It's vital to ensure that the sustainable procurement agenda is directly linked to the organisation's goals and aspirations.

"It must not become a cause celebre on its own. You should make sure that sustainable requirements are clearly articulated through the procurement process, and that the evaluation criteria make sense and are balanced with overall goals. Importantly, the push for optimum sustainability must be kept alive through the contract management process - constantly testing and measuring, and using continuous improvement to maintain momentum and blaze a trail in your market."

Matt Row agrees that a fully embedded approach is best. "Sustainable procurement is subtly different across different business sectors and specific businesses.

The key point is that it's no longer a choice for businesses and needs to be embedded in their standard procurement approach," he says.



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"For me, embedding the sustainable procurement considerations into the procurement and supplier management approach is a minimum requirement," Matt continues. "I am focussed on going beyond this to drive sustainable business practices and initiatives that have a procurement component. This ensures sustainability is embedded in the way we do business and procurement is simply a subset of this."

It's a familiar picture for **David Loseby**. Rolls Royce is fully behind sustainable procurement, given that it's an essential component of modern-day aerospace and defence manufacturing. But David recognises that not every procurement executive enjoys this level of company buy-in. Where businesses are all talk and no action, CPOs need to flag the issue, he asserts.

"In simple terms you have to call it out, but in a way that is respectful of the company's culture and provokes a new path of thought that will be a journey and not an instant switch from non-committed to committed. Sustainable procurement should be part of a structured behaviourally-architected plan that moves the debate and the engagement forward in every section of the organisation, not just the C suite."

I completely agree", says **Perrin Haydon-Rowe**. "As leaders in the procurement industry we

have a responsibility to put sustainability permanently on the procurement agenda and in the business strategy. If not us, then who? And if not now, then when?

"My approach is to keep it simple – make sure your company has clear sustainability goals, metrics to track progress, C-suite ownership and buy-in, a procurement strategy that has sustainability at the core of its selection process, and transparency to the outside world – telling the story of where your company is on its sustainability journey."

Peter Duffy echoes these thoughts. He says, "Through my network, CIPS, and articles I endeavour to raise the profile of sustainability at every opportunity.

"My approach is aimed at a strategic level; to ensure that procurement evaluates potential supplies with the 17 UN Goals in mind. No one organisation can significantly impact the global UN targets alone, but if we ALL play our parts and make every effort to have a positive impact, we will ALL benefit as well as the planet."

Of course, we have to be commercially minded as businesses too but sustainability, when done properly, not only benefits society at large, it can also enhance brand reputation, customer and investor confidence, and employee experience."

Our experts agree that, any business still teetering on the brink of a meaningful sustainable procurement commitment, needs to take action, fast. "Business, consumers, governments, schools are all coming together to demand and drive the change. It's exciting. And CPOs have the opportunity to help make that change happen sooner rather than later." **Perrin** concludes.

The Image Crisis

REPOSITIONING PROCUREMENT

The most successful businesses have come to recognise procurement's power to unlock value, drive innovation and achieve strategic goals.

So, why is it that procurement teams still seem to be suffering an image crisis when it comes to the way they are perceived? In a recent survey (Hackett), 74% of respondents felt the procurement function consisted of gatekeepers or administrators. Procurement's biggest perceived failing was an inability to communicate effectively.

Yes, we know talent is sometimes scarce, but this survey feedback points to a wider set of issues involving procurement – and businesses that neglect to address them are hampering their own success. Our experts share thoughts on how business leaders should go about repositioning procurement, so their teams have the edge they need to shine.

For me CIPS qualifications are the key to changing the current perception", says **Peter Duffy**. "Insisting that your procurement teams are MCIPS/FCIPS –depending on seniority – or are, at least, studying for the qualification, and are ethically certified brings credibility to the both the profession and the organisation."

"On top of this," Peter adds, "you need to support ongoing development such as CPD, invest in training and development, and pay for relevant professional membership fees. This promotes employee engagement and encourages procurement team members to recognise and assert their own value within the business."

Kim Godwin agrees; "Tackling the misperception of procurement is the reason I took an active role in CIPS from an early point in my career", he says.



"I've been clear with my staff and the business about the value that procurement brings, and always ensure that the team is focused on the highest value- add/RoI. This is dependent upon recruiting, training and nurturing the right skills and behaviours – influencing, relationship management, strategic awareness and business acumen being the main ones."

The power to influence by honing strong communication skills is a recurring theme.

Perrin Haydon-Rowe says, "I spend time coaching the team on communication styles and techniques, the art of story-telling and persuasion."

"Procurement is an art and a science. You have to gain quick credibility through results and learn to speak in meaningful terms with your stakeholders. For instance, no one in marketing will be enthused to hear what percentage saving you achieved on an agency commission. They will get excited, however, if you can illustrate that you've delivered £2m savings, which can be reinvested in landing the talent for the next ad campaign, consequently

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driving digital heat and double digit sales growth."

Peter Duffy concurs; "Communication acumen within procurement is vital, as is being given a platform to communicate at a strategic level.

"Give procurement a seat at the table, recognise their status, have your CPO on the board or senior leadership team. That way the organisation sets an example that will break down barriers. By doing this you find that you will bring a better "qualified" individual into play who will have enhanced communication capability and is perceived as a business partner, rather than a back-office gatekeeper."

It's all about business partnering for **Matt Row** too. He says, "There is no substitute for building deep relationships with the business so that the procurement function is speaking the same language as the business.

"This for me is the biggest solution to any issue with procurement being overlooked, as the procurement function can prioritise the delivery of business goals that positions it as a fundamental enabler to the business.

"The biggest risk for procurement functions is that they fail to deeply embed themselves in the business, pursuing the perceived goals of the organisation and falling back into the mentality that savings delivery must be the

number one priority."

And where can technology help to bolster procurement's capabilities and power? There is plenty of scope, according to **Perrin Haydon-Rowe**, who explains, "I drive the impetus to embrace new technologies that make things work faster, easier and better, creating much-needed time to focus on the good stuff; the strategy, the relationships, the people, the results. I demand simplicity and user-friendly processes - complexity for complexity's sake kills pace."

"Improve the processes and automate", says **Kim Godwin**. "The Cinderella of the procurement team is often the systems/data/process 'back office' - get the right people for this, often not commercial people, and make sure it's properly resourced. Procurement efficiency is an underrated subject."

Finally, a word of caution from **David Loseby** who stresses, "This might be controversial but we need to make sure that system and processes and digital platforms don't replace the critical people interactions that generate opportunities, engagement, collaboration, innovation et al. This is in the same context that combining home working with attending physical office settings offers the optimum balance, which is true even for those organisations whose business model is predicated on remote working."

Capable procurement people supported by technology that helps them provide invaluable business partnering and tell engaging stories with data is the winning formula then. With this combination in place, our experts agree that procurement will soon shake off any outdated perceptions and take its place at the heart of business success.

Meet your experts

DAVID LOSEBY



Currently Director of Procurement at Rolls-Royce, having worked for diverse businesses including Wolseley, Barclays, GSK & Arriva. David co-founded the Procurement Doctor to provide rich content to procurement professionals free from 'software sponsored advertising'

Born in England, I have had arguably 2 or 3 careers in construction/property development and procurement and supply chain. Became a poacher turned gamekeeper while working for GSK. Spent many years living and working overseas, became very culturally aware and recognised business is more about people behaviours than processes. Hence pursuing a PhD in Behavioural Science and morphed into a 'pracademic' in the process. Sector agnostic.

Dr Paul Joesbury and I set up the Procurement Doctor just over a year ago - as a pair of pracademics that we genuinely passionate about co-creating and promoting agnostic and unfettered content free from "software sponsored advertising"

to provide sources of rich content to the growing community of procurement professionals. We have now signed a MoU with Emerald Publishing and will launch a content agenda designed to engage both Academics and Practitioners as the boundary spanners between the connected communities.

Key moment in your career?

I accepted an assignment to become the programme director for the integration and coordination of 6 Latin American countries to create a new integrated set of assets and MRP/ERP System.

I learnt far more than another language. This was really my "coming of age" as leader from a technical and managerial background.

A fusion of cultures, languages and nationalities (nine in total) with a very wide diversity of approaches, norms and expectations that really made me step back and rethink the approach I needed to take and moved me way out of my comfort zone.

A comfort zone derived from working only in the WEIRD (Western Educated Industrialised, Rich and Democratic countries = 12% of world population) populations with structures and practices derived from this background.

I recognise this could become a book that many who have heard me speak about this topic have urged me to do!

Meet your experts

PERRIN HAYDON-ROWE



Global Director of Procurement at Clarks Shoes, Perrin has extensive experience in the retail and FMCG sectors around the world, having worked for the likes of Procter & Gamble and JM Smucker.

British, 15 years in North, Central and South America before coming back to UK 4 years ago.

I've been fortunate to have had a variety of interesting procurement or procurement-slanted roles across trading, retail, manufacturing, operations FMCG, quality. I always coach that broadening assignments and ones outside your comfort zone only make you better at your job, stronger, more resilient not to mention fun!

Success has meant different things at various stages of my career - building teams, smashing results, influencing and guiding stakeholders and strategy, work-life balance....

The guiding principle though is say yes first and then figure out how to make it work! It's not let me down yet.

That and a great attitude, resilience and a constant curiosity to learn. It's one of my must haves for new recruits as I find it a greater predictor of success than many harder skills.

Key moment in your career?

Absolutely, I was working as a junior trader in London and was sitting in my bosses office when he asked me if I would like to go on a 3 month 'broadening assignment' to Mexico City.

I thought for 5 seconds, said yes, was on a plane a week later, speaking Spanish in a month and only came home 15 years later after countless memorable roles, people and experiences!

Stories for another day.

Meet your experts

PETER DUFFY



Another who 'fell' into procurement, 35 years later and Peter has led strategy and change across public and private sectors at Cargill, TATA, Weetabix and the Cabinet Office.

Born in Zimbabwe, I have been living in the UK for 17 years. After an initial period in the armed services I 'fell' into Procurement/Supply Chain/Logistics which I have been doing for some 35 years from grass roots to Board Level.

I love overcoming challenges, my open style of Leadership has led me to success in mentoring, delivering value, stakeholder engagement across a number of different categories in both the Private & Public sectors.

Key moment in your career?

There are a number, but a particular highlight was a legal challenge on a contract I had established was challenged and a claim for £20 million was lodged.

Negotiations broke down as I was adamant that I would not pay a penny, and the supplier felt they had a contractual "right" to prove.

We went to mediation with QC's on both sides. Set in neutral ground with 3 "meeting rooms" (one for the supplier, one for us and a common discussion room). I led the team from our side with the MD, QC, in-house legal, CFO and external legal council.

Discussions started at 09:00 am and were concluded at 04:15 am (18.25 hours) - a marathon meeting.

Conclusion; my position was upheld, the £20 million claim was dropped, we had an enhanced specification agreed (increasing production output, thus revenue) with the concession of 1 years extra contract supply. Significant feather in my cap, if I say so myself.

Meet your experts

MATT ROW



His chance introduction to procurement has led to a career including Dyson, Ladbrokes Coral, Lloyds TSB and BT, before becoming the Property and Procurement Director at Zellis.

A Cornish lad who moved to the city for university and ended up in procurement by chance. I remember the call from BT to confirm I had successfully secured a graduate job and it was in procurement - my first question was what do procurement do and little did I know how pertinent that question was!

I've spent the last 10 years in procurement functions across a range of sectors, but have always been a huge advocate of business partnering and ensuring the procurement function is an enabler to the business.

This has been demonstrated across a range of sectors where the purpose of the procurement function has varied significantly from enabling successful integration to delivering sustainable business growth (savings delivery is always a bi-product of the wider purpose).

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KIM GODWIN



Former CPO of Barclays Bank plc., Kim is now an independent procurement consultant and has transformed business across the Finance, FMCG and Public sectors.

I'm a very driven person - something that takes me back to my childhood years and things I couldn't have or couldn't do.

I was also part of a large family in a small house - having to share a lot and working for the family as a whole.

I have always had a keen interest in science, right through school and university. Facts and data and what really matters, not how things seem or look.

Key moment in your career?

I've been around a while, so there are a few, but moving from a national approach to the implementation of a pan-European inventory management system at Sony taught me a lot.

An organisation that was hugely product driven where efforts to make the European system more efficient (less stock write offs for example) were not always enthusiastically supported by the factories, where the real power lay.

2 learnings stayed with me;
The Japanese culture of pre-meetings and nemawashi - laying the groundwork by speaking with all the stakeholders and gaining consent prior to the 'decision' meetings.

Despite reaching agreement, the real challenge was in making sure that decisions stuck in the following months with the change very much against the interest of a number of key parties.

Ultimately we were successful, but it required tenacity to drive it home.