

# Building a Procurement Team



The following guidance has been developed following the Fellows of the Future (FOF) workshop held in London in May 2016.



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# Building a procurement team fit for the future

## Introduction

Putting procurement at the heart of business is a key driver for CIPS. In recent years, the role of procurement has developed... and is still developing to achieve ever-higher levels of organisational control and influence. As the profession continues to transform, the way it is seen by the rest of the organisation must move on too. Today, procurement is about so much more than cost saving. It helps to shape and direct a business, playing a pivotal role in its success, and organisations that fail to see this will do so at a cost.

These guidelines on Building a Procurement Team arise from discussions involving CIPS Members, Fellows and guest speakers at a recent workshop. In his introduction, Dr Dick Russill, who chaired the event, emphasised the importance of establishing procurement's purpose ('what it exists to do') and the relationship it needs to have with the rest of the business ('how we feel about each other') before getting into the details of structures and skills. Best practice reveals that procurement leaders play two roles: first, as a member of the business leadership team, and second, being responsible for executing procurement activity.

Procurement's business role is to contribute to company strategy, analyse and distil out the supply implications of that strategy, and then act to make strategy happen. Procurement's task role is to create, sustain and maintain access to the supply markets that the business needs for it to succeed both now and in future. Positioning procurement in this way is not the norm in business in general. The challenge is to change perceptions... procurement is not a function of being in business but is a life force that enables business to happen in the first place.

Whether you're creating a brand-new team from scratch or working with an existing team, identifying skills gaps, building on existing knowledge and talent, and following a rigorous recruitment regime will help you to develop a team that can not only deliver, but that can also accelerate business performance.

It's about transforming, inspiring and aiming high... to be the best.

### 1. Creating a new team

Building a team from scratch takes focus and dedication. It usually means you're either working for a new organisation or one that has had no previous procurement function. The first step is the recognition for the need for a procurement team. Now this has been taken, there are a series of further steps you can take to set up a dynamic, visionary team that will be at the heart of the business.

#### Develop a roadmap

Establish where you want the procurement function to be in three years. This should focus on:

- *Strategy.* Identify your needs in terms of global sourcing and categories, and decide the minimum level of involvement in all contract reviews and order management.
- *Process.* Establish a process for standardised sourcing, supplier qualification and own and lead major sourcing initiatives, ensuring that procurement is involved in key projects from the outset.
- *Organisation.* Determine your sources of support from within the organisation, including at senior level, and help to shape the culture
- *Tools.* Decide which tools you will need, including spend analytics, contract management tools, terms and conditions, and tender templates.
- *People.* Hire experienced industry professionals with strong career aspirations and give them a career path.

#### Quick wins

Look at what you can achieve quickly to build up trust within your organisation and win the support of your colleagues. Speak to each head of function (eg CIO, HR Director, office managers) to see how you could help them. Procurement success is a journey, so while it's beneficial to have a three-year plan, it's also prudent to get people on board in the short term. Sources for quick wins include upcoming procurement activities and contract renewals.

#### Get the right people

The head of procurement will lead the team. Getting the right people in place will ensure that you have a strong and respected procurement function. Recruit top talent with sourcing experience and expertise in the relevant categories and empower them. Soft skills and Emotional Intelligence (EI) are essential to influence and move the organisation and procurement function in the right direction – see 'Getting recruitment right' at the end of this guide for further information.

#### Build relationships across the business

As you're representing a new area of the business, you might find it takes a while to gain full acceptance from all units. While some might jump on board straight away, others may need more time to realise the importance of the procurement function. The quick wins will help you to gain trust more quickly, but it's key to build excellent working relationships across the business, selling in the benefits of the procurement function and the value it delivers.

### Creating a procurement team at Freshfields

Joerg Strauss, Global Head of Procurement at Freshfields, is experienced in setting up a procurement team, as his organisation went through the process in 2013. He explains how the road mapping system worked for them:

“For us, the strategy was about driving the business forward, rather than waiting for business units to approach us. We were highly proactive, working with suppliers to tell them what we wanted and making sure we achieved the best deals.

“In terms of process, we had to take control as this had previously been done on a firm-wide basis. It was important that we set up a system for qualifying suppliers of all sizes, too. For the organisation element, we established a global procurement community so our international offices could share knowledge and best practice, removing duplication and adding consistency.

“Our tender templates were not fit for purpose and needed updating – we added our own terms and conditions to put us in a stronger position with suppliers.

“We wanted to recruit very good, not just good, people. We needed people who would represent us well to other areas of the business and who could develop relationships.”

### Effective influencers:

- Earn respect and respect others in return
- Keep their cool at all times
- Never humiliate other people
- Listen to all points of view and encourage input from everyone
- Spend time with people from across the organisation
- Challenge constructively
- Have confidence and believe in yourself.

### Workshop: Tips on overcoming resistance to change and difficult stakeholders

- ☐ Adopt a structured and transparent approach
- ☐ Level of pragmatism - focus on what can give most value and not get involved in minutiae that wouldn't give traction
- ☐ Link enablers to business strategy - listen to the business and reflect that back in terms of strategy
- ☐ People – Communication, soft skills and listening skills are essential as you can have best procurement guys but if no one likes them there will be issues
- ☐ Overall process key to driving additional benefits and how we can drive stuff that's not typical value for money, e.g. mitigate operational and reputational risk
- ☐ Attitude of what can I do for you.... to get people on board. But also then the change of getting loads of info down to a tick sheet... drip feeding in manageable chunks
- ☐ Escalate if required or offer team members in this situation more support
- ☐ Having a good senior sponsor in place for support may also help.

### 2. Shaping an existing team

If you inherit an existing procurement team, it's important to understand the necessary steps and enhancements you need to make visible improvements. Depending on the remit, you may need to turn around negative perceptions of the team, raise its profile and revive its reputation. To really get to the heart of what your team should look like, you need to have a clear idea of the role of procurement within your organisation. This can usually be split into three areas.

#### Get greater value

- *Understand your cost base.* Look at every cost, every supplier, every route, and dig deeper into the decisions behind these. It's not just about the value of the invoices you pay, but what the drivers are – why are you paying what you are and is this the right fit for the organisation? Insource/outsource?
- *Own category plans.* As part of your overhaul of the procurement function, look at all your templates and redesign if necessary. Introduce new category plans to match your new mindset and reflect your aspirations, and empower category managers to own their plans
- *Nurture your partnerships.* It can be all too easy to sit behind your desk every day, but it's important to get out there, meet your suppliers and 'walk the floor', spend time with stakeholders and business partners. Devoting time and energy to these relationships is a rewarding and ultimately productive use of your time to untap the value that can be delivered for these business departments and not just the procurement team.

#### Achieve better control

- *Focus on your processes.* For efficient, effective procurement you need to develop a comprehensive understanding of customer requirements and your market. When you get your processes right, the rest will follow.
- *Make your policies engaging.* By developing a friendly and interesting way of talking about policy to stakeholders, you will automatically increase compliance.
- *Challenge accepted thinking.* You are changing the procurement function for a reason, so there is no benefit in continuing as before. Develop clarity of visibility and insight, looking intensely at what you spend, where, who with and why.

#### Improve your capability

- *Invest in your people.* This means looking at each individual in your team and identifying any skills gaps or training needs, giving them personal ownership of their career development and supporting them through investment to see talented individuals shine.
- *Boost your internal systems.* There is often a lot of focus on customer support systems, but getting robust systems in place internally is also important to get a handle on the data and become more efficient.
- *Ask your suppliers for feedback.* Give them the opportunity to take part in an anonymous survey about the procurement team. Ask them how innovative you are,



how good you are at paying on time, and for any feedback to make improvements. Then act on it.

### Managing change within the team

People within the team need support in addressing the new requirements of procurement. Even those who were brilliant performers in the previous team need guiding through the transformation, and you may notice new shining stars starting to emerge. Use existing skills and knowledge from your top talent to shape your new thinking, encouraging a culture of candour, honesty and integrity, delivering on your promises and giving them the resources to make change happen.

### Shaping the procurement team at Tesco

Douglas Black (Retail, Distribution and Property Development Director) at Tesco was tasked with transforming the company's procurement function following a difficult time for the company.

"Suppliers saw us as difficult to work with, so it was important that we changed the perception of Tesco procurement. There was a lot of good stuff happening, but also some missed opportunities. We needed to give the team a sharp focus, so they understood why they were there.

"Using the three elements of greater value, better control and capability helped us to begin the journey of transformation and understand our goals.

"My key advice to anyone inheriting an existing procurement team is to create a vision and roadmap and understand the enablers to achieve these. Give reassurance to your team, talking about and resolving issues and delivering on your promises. Get to know them as individuals, conducting regular one to ones and getting away from the office environment occasionally.

"And remember, you know procurement and you are there for a reason – so your confident leadership is what will ultimately drive the team's success."

### Key piece of advice for anyone inheriting a team

- ☐ Create a vision and a roadmap and understand the enablers
- ☐ Give reassurance to your team, by talking about and resolving the issues and keeping promises to build credibility
- ☐ Get to know your team both in and out of the office into a neutral environment for team building and one-to ones
- ☐ You know procurement even though you may not know the business yet; so be confident in your abilities.

### 3. Getting recruitment right

Whether you're hiring to create a new team or enhancing an existing team, finding the right people for the job is one of the most important aspects for success. It's about getting the top talent, the right skills mix and personalities who will work well together both in the team and with suppliers and stakeholders.

#### The importance of soft skills

These underpin everything you will do in procurement. Recruiting people with high levels of emotional intelligence should be a primary consideration and you can look outside the discipline for these skills – you can then offer training in the procurement-specific elements of the job.

A huge part of procurement lies in the power of influencing, persuading people for a case for change, building and nurturing relationships and being a positive person who can make things happen.

More organisations are competing for the same pool of talent so there is a need to adapt to their needs and be flexible in packages offered to attract this talent.

#### How to get the best talent

- Ensure HR or your recruitment agency knows the procurement story and the role. If they don't understand the function and the journey then they will not be working effectively on your behalf and will potentially attract a lower calibre of candidates.
- Look for candidates who are seeking long-term career development and ensure you can offer this development.
- Assess your needs with each recruitment drive. If you're replacing someone, don't necessarily swap like for like, as your requirements might have changed.
- Think carefully about where you advertise and what sort of potential candidates will see your ads.
- Often the best talent is retained and not looking for a role so you need to consider what would attract these talented individuals to your organisation.
- Benchmark what other employers are offering and ensure you are competitive on salary and packages being offered.
- Differentiate yourself from competitors. It is as much about selling yourself and the organisation as it is the candidate selling themselves. So share what your organisation is doing and why would they want to work there. Sell the procurement story and how they can be involved in the journey and add value.
- Consider options such as flexibility and homeworking to attract talent from further afield.

### Attributions

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- Douglas Black - [Tesco](#)
- Graham Lucas – [Michael Page](#)
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