

Case Study: Inheriting A Procurement Team



Douglas Black, Retail, Distribution and Property Development Director, shares his experience of inheriting a Procurement Team at the UK's leading grocery retailer Tesco plc.



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Inheriting a procurement team

The company

Tesco Plc was founded in 1919. It has stores in 12 countries across Europe and Asia, and is the grocery market leader in the UK, Ireland, Hungary, Malaysia and Thailand.

The background

From 2014, Tesco was facing a number of challenges, including those to profit, and a number of reputational issues. This led to a period of turmoil and reflection for its procurement function, when it became clear that suppliers saw them as difficult to work with, not a client of choice. So the business knew it needed a new approach, changing the way it worked with suppliers and becoming less combative while remaining commercial.

The solution

Retail, Distribution and Property Development Director Douglas Black inherited the procurement team in 2015.

The entire mix of procurement processes was put under the microscope. New templates were drawn up to represent the direction the company wanted to take. Relationships with suppliers were examined – and it seemed that buyers were spending too much time behind the scenes, without forming constructive relationships with suppliers. A new rule has been put in place, with buyers now spending two days a week with suppliers, two with buyers, half a day at their computers and half a day on personal development.

Non compliance was also addressed, with new ways of talking about policies introduced, helping to drive a greater engagement from stakeholders.

Training was also a major issue, and now two thirds of the team are taking the CIPS Corporate Award. Individuals have drawn up detailed training plans, taking ownership of their own development.

Achievements

As part of a three-year programme of transformation, Tesco has embarked upon a programme of supplier rationalisation, which has resulted in a 50% reduction in the supply base.

Payments are also speedier, with SMEs paid within 14 days and larger organisations within 45 days. An anonymous survey is conducted with suppliers twice a year, to gauge opinion on how Tesco are moving forward in terms of fostering innovation and paying on time.

Where previously not all suppliers had contracts, the organisation is now moving to a position where contracts are in place for everyone.

“We have been working to address many of the criticisms of Tesco’s approach. We are working to change our culture and once again become a customer of choice. My advice to anyone inheriting a procurement team is to create a vision and roadmap, understanding what will enable you to achieve this.”

Douglas Black, Retail, Distribution and Property Development Director

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