

## Congratulations to Travis Fulton!



NIGP: The Institute of Public Procurement is honored to announce that Travis has successfully attained the competency-based qualifications set forth by the NIGP Certification Commission for public

procurement leaders and has earned their prestigious **NIGP Certified Procurement Professional certification (NIGP-CPP)**. Travis is among the first 56 professional leaders to earn this distinguished certification.

## Five ways procurement must evolve in the post-Covid world

14 Jul 2020  
Consultancy.uk

*According to procurement expert Jeremy Smith, the world has changed drastically over the course of the Covid-19 pandemic, and so the industry must evolve to meet a diversity of new requirements. If it can, however, the 4C Associates Managing Partner believes procurement operators have never had a greater opportunity to demonstrate huge value to the economy.*

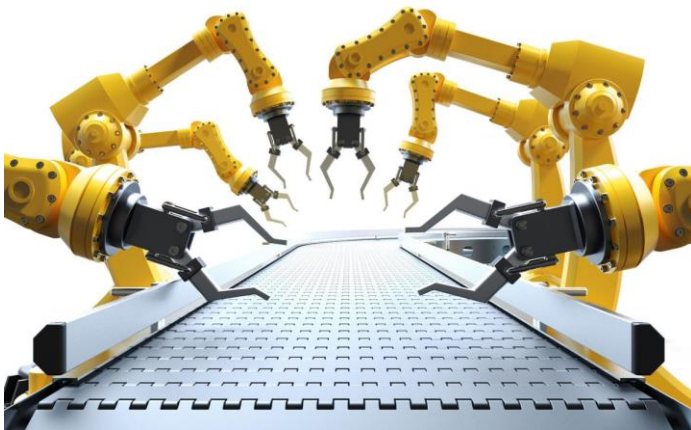
While the restart of the economy is on the way, there is a reality for most organizations that the business will not return to the way it was, or at least not for some time to come. Buying habits have changed as many customers will have reconfigured their priorities, operations may need to be restructured to deal with increased cautionary measures, and procurement and supply chains will need fundamental reviews.

This review must consider the immediate crisis actions taken, the turnaround measures implemented and the changing requirements of the new normal to ensure that today's supply chain will not only survive the next six-12 months, but also reflect the changing needs downstream to the ultimate end-user or customer. This process needs to start today with a dedicated team able to work with the uncertainty that is part of any crisis, and [4C Associates](#) analysis suggests there are five key areas which procurement firms must consider to successfully adapt.

### 1. Business mission and vision

The evolution process must start with the renewal of the business' mission and vision and clarifying the 'why' and 'how'. General awareness of procurement's importance has never been greater. Procurement and commercial teams need to use this moment to reposition themselves as an integral function working with any part of the organization that involves external suppliers. It is critical that it is not seen as an administrative or cost cutting function, as has been the case in some organizations, but as a peer to support risk and operations management, with board access and mandate.

## How Bot That?



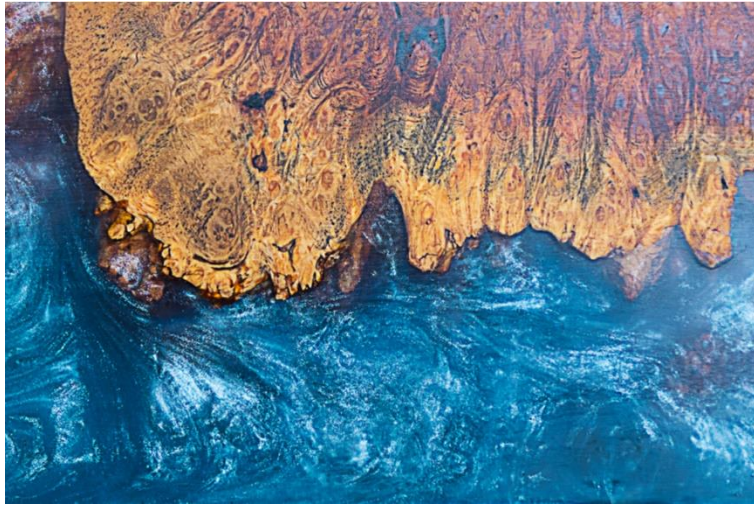
Between 1990 and 2017, the United States added **ONE** additional robot for every **1,000 workers**.

Each additional robot replace approximately 3.3 jobs as a whole in the United States.

- A Massachusetts Institute of Technology study to determine how many jobs robots actually replace.

# Hybrid procurement operating models: The best of both worlds or the worst?

by Harry John  
09-Jun-2020



Centralize procurement and risk the function's links to the business, go the other way and lose leverage in the supply market, so goes the conventional wisdom.

Hybrid procurement operating structures, which combine a central procurement base with distributed teams of buyers, are designed to strike a balance between global and local governance. Scale and adaptability combined. Yet do they work in practice?

By all measures, respondents to a series of Procurement Leaders 'pulse' surveys reported hybrid operating structures to be less effective than centralized ones in supporting procurement's objectives. The analysis found centralized operating structures more effectively supported the generation of cost savings, alignment with stakeholder needs, functional efficiency, innovation rates and more.

What's more, those respondents with hybrid structures were more than three times as likely as those with centralized ones to agree that changing their operating model from its current form would enable them to achieve their objectives faster. While there was insufficient data to make such comparisons with decentralized structures, the findings suggest hybrid models are at best difficult to operationalize and at worst ineffective, comparatively speaking.

Amid the disruption caused by Covid-19, savvy procurement professionals will be alive to the opportunities to enhance the function's value of offering. One such opportunity could come in the form a subtle tweak or a wholesale transformation of the procurement

operating structure. Prior to tearing up or even tinkering with their models, though, leaders should be clear on the benefits, drawbacks, risks, challenges and trade-offs of the options before them.

In theory, hybrid operating models promise balance and agility where centralized and decentralized models offer zero-sum tradeoffs. Yet hybrid organizations can be complicated and confusing and unproductive, as the aforementioned analysis suggests.

In cases where there are global-local interdependencies, the relationship between global and local teams is sometimes politically charged. The latter often sees the former as occupying a kind of 'ivory tower', churning out policies and strategies without appreciating the sourcing realities on the ground. Reporting lines can easily be mismanaged in hybrid structures, too, making roles and responsibilities unclear, even detrimental to employee's career development.

Yet these are not insoluble problems. Many organizations have found creative solutions to the challenges posed by hybrid operating structures, and indeed centralized and decentralized structures. The common thread running through these examples is that of effective leadership. And no operating structure is a substitute for that.

## The 'new norm' in procurement: Protect, communicate and innovate

by Geraldine Craven  
18-May-2020



Procurement Leaders' three-day React & Interact event offered an impressive line-up of presenters and it was exciting to kick off the second day by hearing from Heineken CPO Hervé Le Faou and Ruth Bromley, director of global procurement enablement, who shared their experiences of guiding the drinks company through the Covid-19 crisis. It was great to hear what they have done as a business since the virus started to provide greater transparency and clarity to the C-suite through business intelligence reporting dashboards. They've also put a lot of effort into keeping the community strong – internal, cross-functional and supplier – all as a single, collaborative community with procurement standing tall in the middle.



*"Never waste a good crisis and we wouldn't be doing well if we didn't ride the wave to help accelerate the company towards a more innovative and sustainable future"*

Hervé Le Faou, CPO, **Heineken**

Our partners at Bain & Company then hosted an exciting panel during which industry experts and CPOs deliberated how supply chain risk can most effectively be managed – a topic very close to everyone's hearts, now more than ever. The panel agreed that procurement's role in supporting the business is to contribute to better transparency and put in place clear processes and platforms that ensure resilience on the critical parts of the supply chain, underpinned by a commercially sensitive perspective on expenditure.

*"We're going to see a shift from daily firefighting and managing risk to being more strategic about managing that risk and creating value for the rest of the business... which includes responsible sourcing and making sure we're doing so in a responsible way"*

Adam Weisswasser, SVP global supply chain, **AngloGold Ashanti**

*"There's no one plan that you can look to, you need to do scenario planning to see through the range of possible scenarios and how to plan for any of those outcomes"*

Chuck Miller, partner, **Bain & Co**

The insights didn't stop there. Shahid Javed, global CPO at JLL, shared the exciting journey his team has been on. The function has rapidly pivoted to address sudden changes and continues to adapt and reimagine, through partnerships with clients and deep engagement with key suppliers, to reimagine how it will provide services that fit the needs of the new world.

*"We see this as a journey rather than as just an event. it was a shock at first, but then we thought through the response and continue to think through the ongoing steps and responses"*

Shahid Javed, global CPO, **JLL**

We then heard from Madeleine Baker, director, procurement – IT, external labor and business products and services, and Mariam Saad, director, from Telus Corporation, who shared how the telecoms company has adapted in the face of the challenges brought on by Covid-19 and how the function has continued to provide value to the business.

*"We have never been more connected with our partners – we've worked with our partners on where we can stop on certain projects and deploy more rapidly on others, and relooking at our procedures. Our partners were pivotal in our response to the situation, and we recognise that"*

Mariam Saad, director, **Telus Corporation**

A whole-hearted thank you to all of our excellent presenters who shared their journeys and lessons learned with us today, and to all of you who took time out to join us for the discussion.

- *This article is a piece of independent writing by a member of Procurement Leaders' content team.*

***"It is a big advantage being an omnichannel retailer and that is showing right now. We had backups in our fulfillment centers too but were able to quickly use stores to fill online orders."***



- Walmart executive vice president and chief financial officer Brent Biggs in an interview with The Wall Street Journal. Walmart's e-commerce sales jumped 74% in April 2020 as millions of consumers switched to ordering online for home delivery or picking up items in the company's parking lots.

## **GOOD QUESTION**

### ***What COVID-19 supply chain pivot impressed you the most? Why?***

**From never to right now.** All the companies that "could never" work from home... now working from home.

- Kyle Morris, Logistics Solutions Specialist  
Ward Transport & Logistics Corp.

**Limiting driver-recipient interaction**, specially making signature-less delivery the norm. Not all shippers were comfortable with this before COVID-19, despite more consumers asking for it. This change keeps people safe – and aligns with a growing consumer want.

- Webb Estes, VP, Process Improvement, Estes

**The grocery sector meeting increased demand** caused by stay-at-home orders and hoarding behavior. It was fascinating to see the way companies like US Foods, which saw volume plummet as restaurants closed, were able to partner with retailers to loan drivers and workers to meet this demand and keep people employed.

- *Jeremy Tancredi, Director, Operations Excellence  
West Monroe*

**Forward-thinking manufacturers** quickly pivoted business to meet the needs of front-line pandemic workers - producing face shields, masks, and other essential supplies. These unsung heroes deliver a nationwide service that highlights American entrepreneurship, the value of smart factory technologies like 3D printing, and the importance of flexible production.

- *James Crean, Co-founder, President, and CTO  
CREAN, Inc.*

**Retailers of all sizes have rapidly adapted.** From groceries to home improvement, they've digitized their operations and offered contactless delivery that is scalable and provides end-to-end visibility.

- *Bruce Williams, CEO Haultail*

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## **Five ways procurement must evolve in the post-Covid world** (from Page 1)

### **2. Roadmap to change**

Once procurement firms have agreed a renewed vision and mission, it is worthwhile considering each of the ROI operating model areas (relationships, operations and infrastructure) to help build the detailed roadmap for change. One piece of advice to give here is that there is no point in striving for absolute perfection in such volatile times. Instead, firms should focus on moving to an operating model that fully accommodates the extreme levels of uncertainty.

### **3. Relationships and skill sets**

The way employees interact with their team-mates and colleagues will have changed. Localization, transparency, and collaboration will be the new normal and these require different skill sets in addition to the current supplier management approaches. Empathy will become the key skill in managing suppliers as detailed understanding of the commercial and operational reality for the whole supply chain is necessary, and people move beyond self-preservation, as that has been shown not to work.

Customers will also have different value propositions. Holistic evaluations of supply choices and the transparency of decision making will become more important for a wider and more involved set of

stakeholders. Supply chains will need to be more resilient, and with the reduction of globalization, procurement operators will need much closer ties between each other.

### **4. Operations**

Over the course of the lockdown, it has become clear that offices are less important than many companies thought they were, while crossing borders has proven more difficult. In a first step, simply asking suppliers what they would now change about existing processes will drive a step change in performance. Ultimately there is going to be a cost structure re-set as the new ways of working get implemented, but this will be as much demand led as supplier led. Really understanding how this will work will require collaboration and not blunt negotiation.

The mandate for procurement has never been greater and big strides have been made in sourcing activity in recent years, but more needs to be done. SRM should move out of the preserve of operations who were more interested in ensuring good relationships and ticking a process compliance box than they were in risk and supplier resilience and continuity. Procurement policies should be revisited off the back of the Covid-19 learning to ensure that supplier management policies are bolstered, and best practice rolled out across the organization.

### **5. Infrastructure**

Automation was already under way and will lead to a degree of near-shoring and on-shoring as production moves away from reliance on cheap sources of supply in the Far East. Combining this with a new value proposition from customers means that current technology is not sufficient and needs to be upgraded to accelerate this scenario. The community spirit and concern for each other during the fight against Covid-19 will become embedded in business relationships. Global industry is also seeing an increase in the sharing of assets such as IP, capital assets and resources. This will be adopted beyond the crisis as normal practice.

Moving to the new normal, the commercial and procurement vision and strategy must be renewed and then again, every 3-5 years, at a minimum. This ensures it continues to fit the overall business strategy and serves its purpose in enabling the ultimate business vision. In addition, now is the time to start developing and implementing changes to operating models across ROI areas.

If nothing else, Covid-19 has demonstrated to the world the vital importance of commercial, procurement and supply chain teams, and presents one of the greatest opportunities to reset the role of procurement. The current situation has highlighted in the most terrible way possible that procurement firms must invest in their supply chains and ensure they serve companies in all scenarios, not just the race to the bottom of short-term margin.

SOMETIMES WE'RE TESTED  
NOT TO SHOW OUR WEAKNESSES,  
BUT TO DISCOVER OUR  
STRENGTHS.



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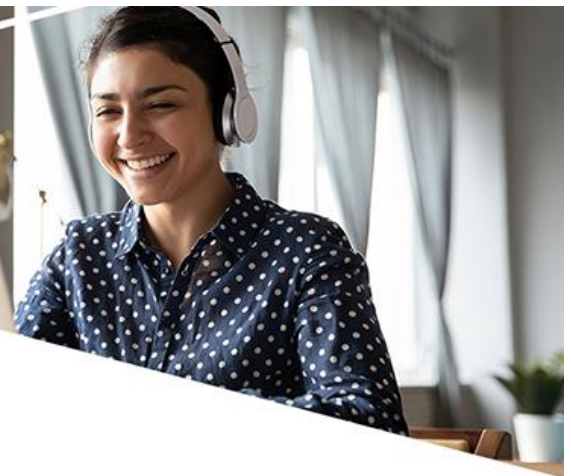
All part of the job



"Someone's been programming my  
computer, too!"

## 10-Part Learning Lab Series Creating Excellence: Learning from Great Procurement Teams

The essence of teams is working together toward a common goal.  
What makes a great team?



To learn more about this, visit [https://www.nigp.org/docs/default-source/new-site/education/2020-learning-labs-one-sheetfinal3.pdf?sfvrsn=f289288d\\_2](https://www.nigp.org/docs/default-source/new-site/education/2020-learning-labs-one-sheetfinal3.pdf?sfvrsn=f289288d_2)

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