

# briefing note

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## **“Managing the Challenges of Transformational Change” Outputs from CIPS and VIB Workshops, October 2003**



Over the last two years, a number of professional institutes and universities worldwide have been active supporters of the pioneering research and development agenda of The Future Purchasing Alliance. Two of them, CIPS and VIB, recently invited the Alliance to make presentations on best practice in purchasing and sourcing strategy at their conference and master class. The Alliance wishes to thank both organisations for their participation in the research programme.

The  
Chartered Institute of  
Purchasing & Supply



Vereninging voor  
Inkoop en  
Bedrijfslogistiek

**Briefing Note 13** has been written by Jon Hughes of The Future Purchasing Alliance and Bob Bannister of iManage. There is no restriction on circulation of this briefing, provided that full acknowledgement is made to the authors and The Future Purchasing Alliance.

**Jon Hughes**, The Future Purchasing Alliance, 3 Cell Farm House, Church Road, Old Windsor, Berkshire SL4 2PG, UK.

**Tel** +44 1753 622527. **E-mail** ejhughes@futurepurchasing.com . [www.futurepurchasing.com](http://www.futurepurchasing.com)

**Bob Bannister**, iManage, Oakfield House, 35 Perrymount Road, Haywards Heath, West Sussex RH16 3BW.

**Tel** +44 1444 884454. **E-mail** bb@imanagerg.org.uk . **Web** [www.imanagerg.org.uk](http://www.imanagerg.org.uk)

**Managing the Challenges of Transformational Change: Outputs from CIPS Conference Workshop & VIB Master Class, October 2003**

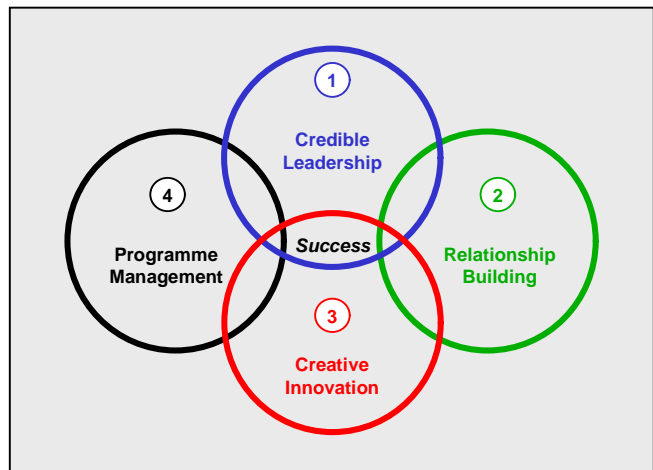
**1. Securing Organisational Change: Development of Leadership, Capability and Competence**

Throughout the autumn of 2003, The Future Purchasing Alliance has been disseminating the outputs from the first phase of our worldwide research study into “Strategies for Purchasing Transformation”. As part of this programme, presentations are being made to a number of professional institutes and company sponsors. During October, these presentations included a workshop on “What is best practice in sourcing and procurement strategy?” at the Inspiration2Action Premier Conference of the Chartered Institute of Purchasing & Supply in the UK and the International Master Class in Strategic Purchasing and Supply Chain Management organised by VIB and NEVI as part of the European Advanced Diploma in International Procurement and Supply. The attendees at both these events were drawn from the more senior members of the purchasing community and there was a striking similarity in their views on the future capabilities required within their organisations. They regard functional, technical competence in purchasing as being no more than a minimum necessary requirement for success. Leadership, internal persuasion, relationship management, innovation, change management and effective design of major programmes and initiatives are considered as the top priorities for ongoing organisational and team development (Figures 1 and 4).

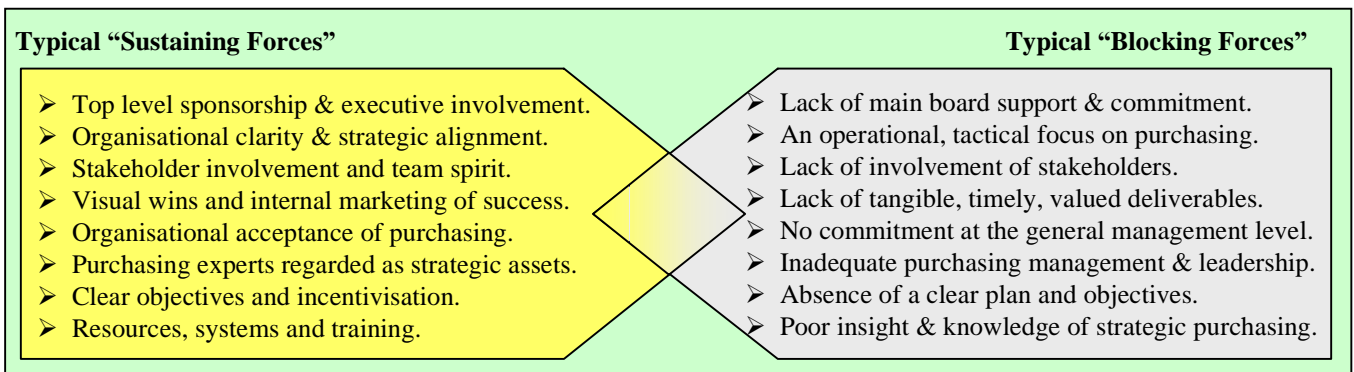
**2. Enablers and Levers of Transformation**

They also believe that if purchasing is to maintain its progress and properly support organisations in their quest for value capture from third party suppliers, then a number of “clusters” of enablers and levers of transformation will be required, particularly main board and executive sponsorship, structural change in business reporting, organisational and strategic alignment and organisational recognition and stakeholder engagement (Figures 2 and 3). The recently published Executive Briefing of the Alliance, “Connecting Purchasing and Supplier Strategies to Shareholder Value”, provides guidelines in a number of these areas. As the research agenda of the Alliance moves into its second phase, there will be a more detailed focus on these transformational levers as well as the operating models and organisational structures associated with their success. We will report on these within further briefing notes, during 2004.

**Figure 1: Complementing Traditional Competences**



**Figure 2: Force Field Analysis of Change Levers in Purchasing Transformation**



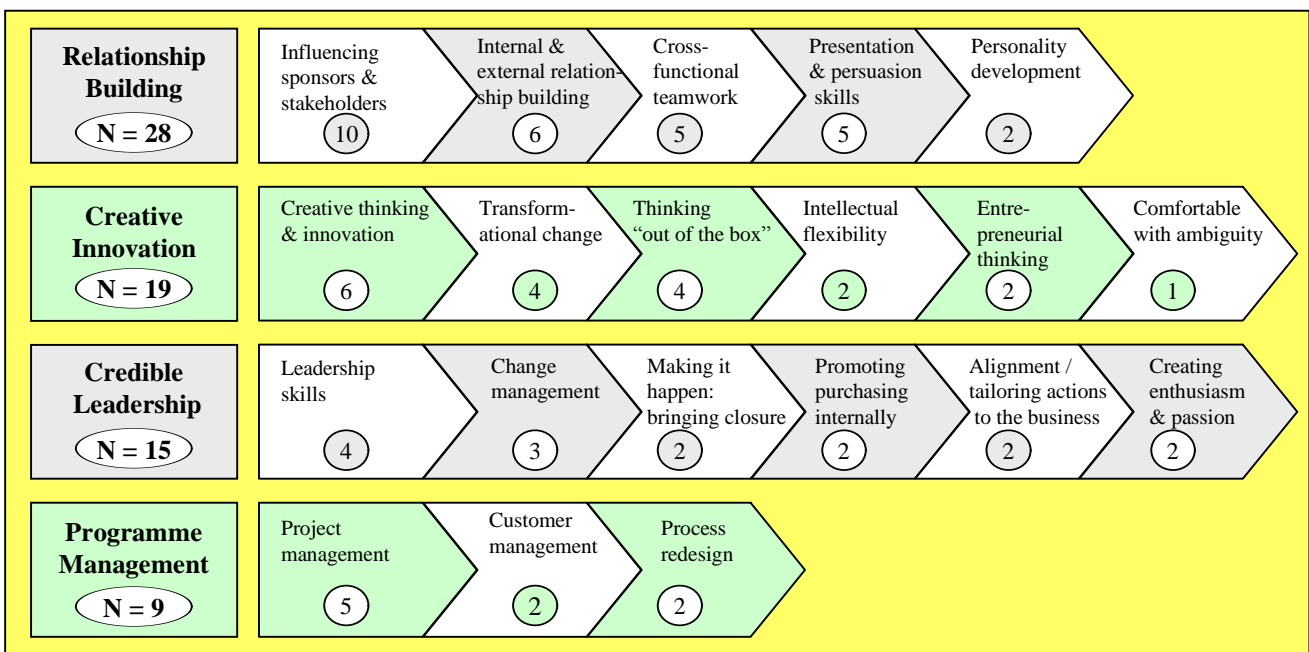
Source: VIB & NEVI International Master Class in Strategic Purchasing and Supply Chain Management, 16th October 2003.

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Figure 3: Clustering of the Factors Capable of “Really Making a Difference” to Purchasing Transformation

Main Board & Executive Sponsorship N = 14	Structural Change & Business Reporting N = 20
<p><i>Typical Examples of Factors Identified:</i></p> <ul style="list-style-type: none"> <li>➢ CEO &amp; board level adoption, support and sponsorship.</li> <li>➢ Evidence of active buy-in and support.</li> <li>➢ Resource strategic procurement initiatives.</li> <li>➢ Consistent corporate procurement plan and policies.</li> <li>➢ Mandate procurement involvement.</li> <li>➢ All third party spend with procurement involvement.</li> <li>➢ Board sponsorship of specific procurement objectives.</li> <li>➢ Designated board sponsors for key initiatives.</li> </ul>	<p><i>Typical Examples of Factors Identified:</i></p> <ul style="list-style-type: none"> <li>➢ Board level representation.</li> <li>➢ Purchasing represented on the board.</li> <li>➢ Group procurement head as part of senior mgt. team.</li> <li>➢ On the main board, not reporting to it.</li> <li>➢ Sufficient skills / resources / education for step change.</li> <li>➢ Raise competence of staff to become “best in class”.</li> <li>➢ Clearly defined global / regional / local structure.</li> <li>➢ Change the culture: integrate UK/internat’l businesses.</li> </ul>
Organisational & Strategic Alignment N = 16	Organisational Recognition & Stakeholder Engagement N = 21
<p><i>Typical Examples of Factors Identified:</i></p> <ul style="list-style-type: none"> <li>➢ Understand and deliver what matters.</li> <li>➢ Deliver valued benefits back to the business.</li> <li>➢ From procurement function to procurement competence.</li> <li>➢ Bring suppliers much closer to customers.</li> <li>➢ Getting closer to our customers.</li> <li>➢ Effective integration of functional business plans.</li> <li>➢ Realise cost savings / deliver cash.</li> <li>➢ NB: There were three other factors, not included.</li> </ul>	<p><i>Typical Examples of Factors Identified:</i></p> <ul style="list-style-type: none"> <li>➢ Improve the buy-in from key stakeholders.</li> <li>➢ Improve the communications from procurement.</li> <li>➢ Departmental recognition of the value of purchasing.</li> <li>➢ Departments to seek out our assistance.</li> <li>➢ Raise awareness of purchasing’s contribution.</li> <li>➢ Build management understanding of the benefits.</li> <li>➢ Awareness, support and acceptance of procurement.</li> <li>➢ Cascade from senior management to operations staff.</li> </ul>

Figure 4: Identification by Workshop Delegates of their Top Priority Recommendation for Team Development



Source: CIPS Premier Conference, 8th October 2003. Workshop: “What is Best Practice?” N = 71 workshop attendees.