The changing environment...

We are facing unprecedented change in the world. As the economy moves to on-demand, we enter the third age of cultural and economic change and see the arrival of digitalisation. This is revolutionising business where social interaction is intertwined and where supply chains become increasingly global and barriers to trading are reducing significantly.

Business knows that to keep up with this pace of change, and retain an increasing market-share requires more than just good selling. Good procurement and supply chain practice to find the best opportunities, source ethically and sustainably, and understand true value throughout the supply chain, can give a significant competitive advantage.

So it’s good to know that organisations recognise the significant contribution excellent procurement and supply chain practice can bring. To subsequently match the salaries procurement professionals can command compared to other professions is evidence of that, as is the continually rising worth of MCIPS as the benchmark grade and professional standard. Those professionals with MCIPS generally earn an average of 22% more than non-MCIPS members. In the Private Sector at an operational level, this rises to 28% more on average.

This is great news for the profession, but the appeal of working in procurement is not about salary alone. The survey shows that the attraction of working in different sectors is also highly appealing, as are location, career progression, training and development, the job itself and company reputation – all key drivers for talented people in the profession and in business. Being valued on a personal level as well as working for a trustworthy employer can mean more than a generous benefits package or a bonus.

Another interesting point from the findings is around the perception of procurement in organisations. Advanced professionals identify a higher level of understanding within their organisations of the value of procurement and supply management. Softer skills and relationship management are high on the list of expertise required, and today’s professionals are being invited to report at strategic levels, to Boards and to CEOs, where a range of skills is required.

According to research from The Proxima Group, around 70% of a company’s revenue is spent with third parties, so strong procurement and supply chain management is essential to the success of any enterprise. Attracting and retaining the right talent, rewarding and offering a range of inducements, both financial and other, is a big part of that successful picture.

DAVID NOBLE FCIPS
Group CEO
Chartered Institute of Procurement & Supply

www.CIPS.org/salarysurvey
The war for talent...

We are pleased to partner with CIPS to explore the trends and issues affecting procurement and supply chain professionals and the wider business community.

The analysis of the results of the CIPS survey and job registrations and placements made by Hays over the last 12 months, confirms that the procurement and supply chain sector continues to face challenges in the attraction and retention of skilled employees, and that the war for procurement talent continues unabated.

Despite the increased appetite of professionals to move jobs, employers in a number of sectors are struggling to find enough skilled and experienced individuals to fill the posts available. Having an effective strategy in place to attract and retain employees within the procurement function is critical to an organisation’s success. The results of the CIPS survey show that the opportunity for professional development and career progression are both important considerations for professionals looking to move jobs.

The good news is that the procurement and supply chain jobs market was largely unaffected by the economic downturn and the function’s ability to save costs and improve service levels has helped to raise its profile. With improving financial confidence in the UK, now is a good time for procurement and supply chain professionals to develop their careers.

We hope this report provides you with useful information to help guide either your own career development, or your organisation’s resourcing decisions.

www.hays.co.uk/procurement

NICKY TABERNER
Director
Hays Procurement
About this report...

The CIPS/Hays Salary Guide and Procurement Insights Report 2015 has been produced for two main reasons:

• To benchmark salary and bonuses for different roles and profiles.
• To understand career aspirations and perceptions of procurement.

The report is divided into three sections:

SECTION 1 – Salaries and bonuses (page 05)
Within each section we have set out the statistical findings of our survey alongside conclusions drawn by the experts involved in putting together the report, as well as four case studies that illustrate examples of best practice.

The findings in this report are based on research conducted in October 2014 via an online survey among professionals currently working in procurement. In the UK, over 3,000 professionals completed the survey, including 1,400 CIPS members. The results were analysed by Polygon Research Ltd, an independent research consultancy.

Throughout this document, different levels of professional seniority have been summarised into five levels of competency. These are described in the chart below along with examples of job roles that fall into each group...

Competency level | Typical job roles

| Advanced Professional | Head of Procurement, Procurement Director, Commercial Director, Chief Procurement Officer, Supply Chain Director, Head of Sourcing. |
| Professional | Procurement Manager, Purchasing Manager, Senior Category Manager, Supply Chain Manager, Strategic Procurement Manager, Operations Manager, Commercial Manager, Head of Logistics. |
| Managerial | Senior Buyer, Category Manager, Contracts Manager, Contracts Officer, Logistics Manager, Supply Chain Executive. |
| Operational | Buyer, Procurement Specialist, Supply Chain Analyst, Procurement Executive, Procurement Officer, Supply Chain Planner, Logistics Analyst. |
| Tactical | Purchasing Assistant, Assistant Buyer, Admin. Assistant, Stock Controller, Contracts Administrator, Inventory Planner, Assistant Contracts Officer. |
Section 1

Salaries and bonuses

This section of our report focuses on how procurement and supply professionals are remunerated, comparing experience, region, sector, MCIPs v non-MCIPS and gender. Broadly speaking, our findings indicate a clear growth in remuneration for procurement professionals when compared to the national average, and a demand for MCIPS professionals, who are consistently commanding salary premiums.

This report clearly indicates that procurement professionals have been a key component of the UK economy’s recovery from financial crisis post-2008 and will be important contributors to the growth that the UK economy is expected to enjoy this year and for the remainder of the decade. This is evidenced by the growth in salaries of procurement professionals relative to average salary growth in the UK economy, which reflects very ‘tight’ conditions in the labour market for procurement specialists.

The labour market for procurement professionals had fully recovered by 2013 and what we are now experiencing is an excess demand for procurement professionals with the most qualified MCIPS professionals commanding salary premiums of nearly a third compared to their non-MCIPS colleagues. Furthermore, 73% of employers state that they are now finding it difficult to attract suitable candidates for vacant positions. This in turn is being reflected at the entry-level into the profession where the desire to attract the very best possible talent has led to the removal of any historic wage discrimination, which may have existed between male and female applicants.

As procurement professionals have acquired a more strategic role within organisations there has been a re-evaluation of the roles played by procurement professionals and the type of learning and development that has to be offered by prospective employers if the very best employees are to be attracted, developed and retained. This has created an environment where procurement specialists not only expect to receive competitive financial compensation for their efforts, but also expect to be employed in jobs that are challenging, rewarding and develop them as practitioners.

In summary this report suggests that the outlook is positive for those people who are considering starting a career in procurement and for those who are at various stages of building their career within the procurement profession.
Improving financial confidence in the UK means that now is a good time for procurement and supply chain professionals. During 2013–14, the profession enjoyed average pay increases that were higher than the 1.7% national average (according to ONS statistics October 2014), at 2.5%.

Unsurprisingly, salary and bonuses increase with seniority and are higher in the Private Sector, and in London and the South East. Average salaries and bonuses are lowest in the Public Sector, but here we also see employers offered flexible working conditions which may be seen to offset lower pay to some extent.

We also continue to see professionals with the MCIPS grade of membership enjoying higher earnings than their non-MCIPS counterparts. The difference is most marked in the Private Sector where MCIPS can expect to earn on average 28% more at operational level and 22% more at buyer level.

Our survey highlights that while there has been a continued trend for women to earn less than their male counterparts, we are seeing consistency in starting salaries across genders. Obviously, any difference in pay between genders is worrying, but it is to be hoped that this is a declining trend. As more women become qualified (a larger proportion of survey respondents studying towards MCIPS were female) and move up the ranks we will see the differences diminish in the coming years.

For more information on the importance of salaries, bonuses and other considerations as drivers for procurement professionals to change jobs, please see Section 2 Procurement as a career (page 19).
Salaries – by seniority

It is stating the obvious to say that salaries increase with experience, but the most significant increase in earning power is being seen between the Professional and Advanced Professional levels, particularly in the move to Procurement Director where average salaries are around £89,000.

In the past year the average pay increase for procurement professionals was 2.5%, which is greater than the national average of 1.7%*. Overall, 61% received a pay increase in the past 12 months with Supply Chain Managers receiving the largest increases in the professional cohort, of 3.5%. Among more junior levels, the highest increases were seen by Buyers (3.1%) and Assistant Buyers (4.2%). This could be due to the shortage of graduate trainees coming through into buyer roles, meaning that organisations need to pay more to retain them rather than losing them to another organisation and incurring the associated cost of re-recruiting.

UK average salary by job title

*ONS statistics, October 2014.
Salaries – by MCIPS v non-MCIPS

In general, MCIPS members of CIPS enjoy higher salaries than their non-MCIPS equivalents. The difference is most marked at operational level, where MCIPS salaries are on average 23% (£5,000) higher.

The disparity between MCIPS v non-MCIPS salaries is even greater between Private and Public Sectors, with average salaries for MCIPS at the most senior level in the Private Sector around 25% higher than equivalent roles in the Public Sector.

When reading the charts opposite, we need to bear in mind that while MCIPS surveyed are broadly split between Private (56%) and Public (41%) Sectors, non-MCIPS are more skewed towards the Private Sector (72%). This means that the extent of the differences in salaries is suppressed by the higher proportion of MCIPS working in the Public Sector, where salaries tend to be lower. Focusing solely on those working in the Private Sector, the differences in MCIPS and non-MCIPS salaries become more apparent.

Often the reason there is a bigger salary difference between MCIPS and non-MCIPS in the Public Sector is because many Public Sector organisations offer a formal ‘CIPS Allowance’ in recognition of MCIPS, which is in addition to the set salary bandings on offer. This allowance is seen less often in the Private Sector even where MCIPS is part of their desired employment criteria.

Did you know?

Demand for procurement and supply professionals has never been higher.

More companies now request MCIPS (or studying towards) as a preference when recruiting procurement professionals. 95% of vacancies in the Public Sector and over 75% in the Private Manufacturing Sector ask for candidates with, or working towards MCIPS’.

MCIPS brings credibility to your career and confidence to employers.

Join today and start the journey to your professional licence.

*Hays Recruitment.
UK average salaries in Private Sector
MCIPS v non-MCIPS

UK average salaries in Public Sector
MCIPS v non-MCIPS

Average % salary differential between Private and Public Sector
MCIPS v non-MCIPS
As may also be expected, salaries and bonuses were reported as being higher in London and the South East.

Those in London reported the highest salaries with averages of almost £54,000 (against the national average of £41,661) and the highest bonuses at 5.2% of salary. Professionals in Wales cited the lowest average salaries of £34,000 and bonuses of 1.5% of salary. However, regional differences may be partially counterbalanced by the fact that London sees the highest cost of living and Wales one of the lowest. The figures for Scotland are inflated by the oil and gas micro-economic climate (see page 14 for more information).
**Salaries – by sector**

Private Sector salaries lead Public Sector salaries, both in absolute terms and in the relative size of year-on-year increases.

In the Public Sector, higher instances of non-financial benefits, such as flexible working, may offset lower average salaries. However, those in the Private Sector, are more likely to receive other financial benefits, such as life insurance (52%), personal medical insurance (47%) and a car allowance (31%) in addition to higher salaries.

**UK average salary by sector**

- **Private Sector**: £44.5k, 3.4%
- **Charity/Not for Profit**: £44.5k, 1.7%
- **Public Sector**: £44.5k, 1.1%

**UK average sector pay increases as % of salary**

- Private Sector: 52%
- Medical insurance: 47%
- Car allowance: 31%
Salaries – Private Sector breakdown

Within the Private Sector, the highest paying industries are communications, professional and business services (which also achieved the highest pay rises at 5.4% against an average 3.4% for the Private Sector overall), followed by banking, finance and insurance.

5.4%

AVERAGE PRIVATE SECTOR PAY RISES FOR Professional and Business Services

Professional and Business Services 5.4%
Private Sector Average 3.4%

UK average Private Sector salary

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average Salary</th>
<th>Pay Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>£60.8k</td>
<td>3.2%</td>
</tr>
<tr>
<td>Professional and Business</td>
<td></td>
<td>5.4%</td>
</tr>
<tr>
<td>Banking, Finance and Insurance</td>
<td></td>
<td>3.6%</td>
</tr>
<tr>
<td>Energy, Water and Mining</td>
<td></td>
<td>3.4%</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td></td>
<td>2.9%</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>3.5%</td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td>2.7%</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td>4.5%</td>
</tr>
<tr>
<td>Defence</td>
<td></td>
<td>3.1%</td>
</tr>
<tr>
<td>Manufacturing and Engineering</td>
<td></td>
<td>3.3%</td>
</tr>
<tr>
<td>Retail and Wholesale</td>
<td></td>
<td>2.8%</td>
</tr>
</tbody>
</table>

www.CIPS.org/salarysurvey
Salaries – by sector and seniority

In the Private and Public Sectors, there is a disparity in salaries across all levels but the most marked difference is at Professional and Advanced Professional level.

At Managerial level and above, salaries tend to be around 20% higher in the Private Sector. The discrepancy could be more pronounced at these levels because Private Sector organisations have much more flexibility to offer higher salaries in order to attract the best candidates. Public Sector employers are often constrained within set salary bandings.

Average Private v Public Sector salaries

**Higher average salaries**

Private Sector

- **£80.4k**
- **£66.3k**

Public Sector

- **£66.3k**

Salary differentials at each seniority level

- **Advanced Professional**: £14.1k (21%)
- **Professional**: £8.4k (21%)
- **Managerial**: £6.6k (19%)
- **Operational**: £1.2k (4%)
- **Tactical**: £1.1k (5%)
Salaries – by sector and region

The disparity between Private and Public Sector salaries is evident across all UK regions, but most marked in London and the South East where average Public Sector earnings are less than 80% of those in the Private Sector. In Scotland, Private Sector earnings are inflated, to a degree, by the Aberdeen micro-economy characterised by relatively high earnings in the oil and gas industry: an average of £50,600 compared to the rest of Scotland Private Sector average of £42,800.

AVERAGE EARNINGS
Aberdeen
Oil and Gas Industry

UK average Private v Public Sector salary by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Private Sector</th>
<th>Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>£59.0k</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scotland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yorkshire and Humber</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wales</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

www.CIPS.org/salarysurvey
Across all levels except tactical, average salaries for women are lower than those of their male counterparts. The size of this disparity increases with seniority, rising to an average of £10,300 at Advanced Professional level. Females are less likely to have had a pay increase in the past year and the level of any increase is generally lower. The only exception to this is at Advanced Professional level, which may indicate a step towards closing the large pay gap at this level.
Salaries – by gender and sector

The gender salary gap is most marked in the Private Sector, with female salaries faring slightly better in the Public Sector, even leading over male salaries at Tactical level. There is minimal difference in pay at Tactical level between males and females entering the profession so hopefully we are already seeing changes to bridge the salary gap.

UK average salaries by gender and sector

<table>
<thead>
<tr>
<th>Level</th>
<th>Private Sector</th>
<th>Public Sector</th>
<th>Male v female average salary difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Professional</td>
<td>£72.7k</td>
<td>£82.4k</td>
<td>+£9.7k 13%</td>
</tr>
<tr>
<td>Professional</td>
<td>£66.4k</td>
<td>£72.7k</td>
<td>+£5.8k 13%</td>
</tr>
<tr>
<td>Managerial</td>
<td>£63.9k</td>
<td>£69.2k</td>
<td>+£3.6k 9%</td>
</tr>
<tr>
<td>Operational</td>
<td>£64.6k</td>
<td>£69.2k</td>
<td>+£2.7k 10%</td>
</tr>
<tr>
<td>Tactical</td>
<td>£55.6k</td>
<td>£53.7k</td>
<td>+£1.4k 6%</td>
</tr>
</tbody>
</table>

www.CIPS.org/salarysurvey
Bonuses – by seniority

In addition to higher salaries, Procurement Directors’ average bonuses are also markedly higher, at 13.8%, than less senior levels. Within the Professional level, Supply Chain Managers are most likely to receive a bonus.

13.8%

Breakdown of bonuses received by seniority

<table>
<thead>
<tr>
<th>Position</th>
<th>Received a bonus</th>
<th>Eligible but didn’t receive a bonus</th>
<th>Not eligible to receive a bonus</th>
<th>Average bonus as % of salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Director</td>
<td>68%</td>
<td>12%</td>
<td>20%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Head of Procurement</td>
<td></td>
<td></td>
<td></td>
<td>6.2%</td>
</tr>
<tr>
<td>Strategic Procurement Manager</td>
<td></td>
<td></td>
<td></td>
<td>4.4%</td>
</tr>
<tr>
<td>Senior Category Manager</td>
<td></td>
<td></td>
<td></td>
<td>5.1%</td>
</tr>
<tr>
<td>Supply Chain Manager</td>
<td></td>
<td></td>
<td></td>
<td>5.4%</td>
</tr>
<tr>
<td>Procurement Manager</td>
<td></td>
<td></td>
<td></td>
<td>3.3%</td>
</tr>
<tr>
<td>Purchasing Manager</td>
<td></td>
<td></td>
<td></td>
<td>3.9%</td>
</tr>
<tr>
<td>Category Manager</td>
<td></td>
<td></td>
<td></td>
<td>4.0%</td>
</tr>
<tr>
<td>Contracts Manager</td>
<td></td>
<td></td>
<td></td>
<td>2.7%</td>
</tr>
<tr>
<td>Senior Buyer</td>
<td></td>
<td></td>
<td></td>
<td>1.8%</td>
</tr>
<tr>
<td>Contracts Officer</td>
<td></td>
<td></td>
<td></td>
<td>0.9%</td>
</tr>
<tr>
<td>Procurement Specialist</td>
<td></td>
<td></td>
<td></td>
<td>2.8%</td>
</tr>
<tr>
<td>Buyer</td>
<td></td>
<td></td>
<td></td>
<td>2.0%</td>
</tr>
<tr>
<td>Assistant Buyer</td>
<td></td>
<td></td>
<td></td>
<td>1.1%</td>
</tr>
<tr>
<td>Purchasing Assistant</td>
<td></td>
<td></td>
<td></td>
<td>0.9%</td>
</tr>
</tbody>
</table>
Bonuses – by sector

Again in addition to higher salaries, those in the Private Sector are by far the most likely to receive a bonus, with more than half of Private Sector respondents receiving a bonus in the past 12 months compared to one fifth of Public Sector and Charity/Not for Profit respondents.

Those in banking, finance and insurance, and communications, the highest paying sectors, were most likely to receive a bonus, as one would expect. These bonuses were higher than those seen in the Private Sector overall, averaging 10.5% compared to 5.4%.

### Breakdown of bonuses received by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average bonus as % of salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector Total</td>
<td>5.4%</td>
</tr>
<tr>
<td>Charity/Not for Profit</td>
<td>0.7%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>0.7%</td>
</tr>
<tr>
<td>Communications</td>
<td>10.5%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>5.4%</td>
</tr>
<tr>
<td>Banking, Finance and Insurance</td>
<td>10.5%</td>
</tr>
<tr>
<td>Energy, Water and Mining</td>
<td>3.9%</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>4.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.7%</td>
</tr>
<tr>
<td>IT</td>
<td>1.8%</td>
</tr>
<tr>
<td>Private Sector Average</td>
<td>0.9%</td>
</tr>
<tr>
<td>Health</td>
<td>2.8%</td>
</tr>
<tr>
<td>Defence</td>
<td>2.0%</td>
</tr>
<tr>
<td>Manufacturing and Engineering</td>
<td>1.1%</td>
</tr>
<tr>
<td>Retail and Wholesale</td>
<td>0.9%</td>
</tr>
</tbody>
</table>
Procurement as a career

This section examines procurement as a career from both the employer’s perspective, addressing issues around finding and attracting talent, and the employee’s perspective, including a breakdown of when and why individuals choose to move employers by age and gender. Our findings indicate increased confidence and greater prominence of the procurement and supply function within organisations, which is leading to expanding procurement teams and a greater demand for procurement skills generally.

Across all of the specialist areas Hays recruits into, procurement and supply chain was one of the least affected during the economic downturn in terms of recruitment levels. In comparison to some of the worst hit industries, such as construction, the demand for procurement professionals to fill permanent jobs remained relatively stable.

By 2013 the market had returned to pre-recession levels and job registrations with Hays grew 41% year-on-year between July – September 2013 and July – September 2014. This was partly due to the economic upturn and increased confidence from both employers and procurement professionals, but also due to the increasing prominence of the function leading to expansion of procurement teams and creation of new roles.

The temporary job market did see a drop in vacancies between 2009 and 2013, due in the main to budget cuts in the Public Sector which saw many projects put on hold. The positive news is that new temporary job opportunities registered with Hays have now returned to pre-2009 levels and are continuing to rise both at a senior and junior level as many more projects are being undertaken.

Budget restraints can still be an issue, although recruitment freezes have in the main been lifted and procurement is viewed as adding much more value.

In the Private Sector, employers often tell us it is lack of specific category experience that is a challenge when recruiting for indirect procurement professionals, while sector experience is important for those recruiting into direct procurement roles.

We anticipate competition between organisations will increase over the next 12 months as more employers are telling us they are reviewing their salary and benefits packages to attract the best talent, thus encouraging candidates to move. With one in three candidates already stating they are ready to move, we anticipate this trend will continue.

NICKY TABERNER
Director
Hays Procurement
Summary of key findings

Between July – September 2013 and the same period in 2014, Hays saw a 41% year-on-year increase in the total number of job vacancies registered within procurement and supply. This partly reflects the upturn in the economy, but there is also greater demand for procurement skills both at entry and manager level. There is an increased need at these levels for more strategic skills, rather than the transactional cost-saving skills which were more sought after during the downturn.

From an employer’s point of view, most hiring managers surveyed stated that they faced challenges in finding the right talent, specifically relating to a lack of sector experience (most acutely felt within the Private Sector), rather than technical or soft skills (for more on soft skills, see page 37).

From an employee’s point of view, most of our respondents stated that they would be keen to move into a more senior role within the next two years, with one in three looking to move employer in the next year, but relatively few seeking to move sector. Salary was obviously an important driver in considering a new role, but we also found other factors, such as location and career progression, to be very important. These other considerations varied according to our respondents’ age and gender (see pages 29 to 30).
Survey findings show more than half of hiring managers in the Private and Public Sectors expect to hire new staff in the coming year, slightly fewer in Charity/Not for Profit.

Employers’ perspective – by sector

MANAGERS EXPECTING TO HIRE IN THE COMING YEAR

Top 5* current recruiting sectors

1. TRANSPORTATION AND STORAGE
2. BANKING, FINANCE AND INSURANCE
3. LOCAL AUTHORITY
4. CONSTRUCTION
5. HEALTHCARE

*Based on jobs registered with Hays in January 2015.
Hays has seen a 41% increase year-on-year in the total job vacancies in procurement and supply. There has been growth not only across direct and indirect procurement, but also a significant uplift in logistics vacancies, as confidence increases in sectors such as retail. Manufacturing growth has been a little slower than other sectors, which aligns with similar findings of the Markit/CIPS Purchasing Managers Index.

* Findings based on Hays job registrations July – September 2013 compared with July – September 2014.

### 2013 to 2014 year-on-year increase in vacancies by job category

- **Direct Procurement**: 52%
- **Indirect Procurement**: 36%
- **Logistics**: 50%
- **Manufacturing Operations and Supply Chain**: 20%
Employers’ perspective – by job title

Hays has seen growth in the number of buyer, senior buyer and procurement manager roles, demonstrating increased opportunities for those with or working towards CIPS qualifications above entry level and at manager level. This also suggests greater confidence in the economy as organisations begin to expand their teams at varying levels.

*2013 to 2014
Year-on-year increase in vacancies by job title reported by Hays.

Top 5 roles in demand for 2015

For which roles are you most likely to hire in the next 12 months?

Procurement Managers

55%

Senior Buyer

25%

Buyer

25%

23%

Category Manager

Procurement Manager

Purchasing Assistant

Other Tactical
Employers’ perspective – finding talent

When recruiting, 73% of survey respondents said they experienced challenges in finding the right staff over the previous 12 months. Specifically, they cited a lack of sector skills and experience as the main issue, rather than technical or soft skills. This lack of sector expertise is most acutely faced by those hiring in the Public Sector (52%), perhaps due to the lower salaries offered, compared with the Private Sector (38%).

Challenges in recruiting the right talent

- Lack of sector skills and experience: 43%
- Budget restraints: 30%
- Candidate salary expectations: 25%
- Lack of technical skills: 20%
- Lack of soft skills: 15%
- Competition from other employers: 10%
Employees’ perspective – when to move job

One in three survey respondents said that they were looking to move employer within the next year, which may be a sign that confidence is returning to the recruitment market. However, 43% are unsure when they will seek to move employer. 70% want to progress their careers and move to a more senior position within the next two years. Interestingly, females over 30 years of age are more likely than their male counterparts to be seeking a move in the next 12 months.

Within the Private Sector:
- Those in IT, retail and wholesale are more likely to seek to move employer in the next 12 months
- Those in communications, energy, water and mining, and banking, finance and insurance are least likely to seek to move.

% respondents seeking to move employer in the next 12 months by sector

Private Sector: 32%
Public Sector
Charity/Not for Profit
Employees’ perspective – reasons to move job

When considering a new job, salary is clearly important, but there are other key factors that are almost as important. These include location, career progression, training and development, job content and company reputation. All of these are considered by the majority to be more important than the opportunity to earn a bonus.

- 100% of respondents stated salary as very/fairly important when considering a new role, however, 73% of all respondents stated it as the most important factor.
- 92% of respondents stated other benefits as very/fairly important when considering a new role.
- 80% of respondents stated bonus as very/fairly important when considering a new role.
- One in two stated job security as very important in considering a new job, perhaps a reflection of ongoing economic uncertainties. Although half attach some importance to the opportunity to move to a different sector, relatively few respondents state this as very important.

Most important factors in considering a new job

<table>
<thead>
<tr>
<th>Factor</th>
<th>Stated most important within top 3 reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>100%</td>
</tr>
<tr>
<td>Location within current country</td>
<td>91%</td>
</tr>
<tr>
<td>Career progression opportunities</td>
<td>95%</td>
</tr>
<tr>
<td>Company reputation</td>
<td>98%</td>
</tr>
<tr>
<td>The content of the work</td>
<td>97%</td>
</tr>
<tr>
<td>Company committed to staff training and development</td>
<td>97%</td>
</tr>
<tr>
<td>Procurement highly valued in the company</td>
<td>96%</td>
</tr>
<tr>
<td>Reassurance about job security</td>
<td>95%</td>
</tr>
<tr>
<td>Company well known for flexible working</td>
<td>86%</td>
</tr>
<tr>
<td>Benefits offered beyond salary/bonus</td>
<td>92%</td>
</tr>
<tr>
<td>Company well known for ethical practices</td>
<td>89%</td>
</tr>
<tr>
<td>Opportunity to earn a bonus</td>
<td>80%</td>
</tr>
<tr>
<td>Opportunity to move to a different industry sector</td>
<td>48%</td>
</tr>
<tr>
<td>Opportunity to move to a different country</td>
<td>31%</td>
</tr>
</tbody>
</table>

www.CIPS.org/salarysurvey
Employees’ perspective – reasons not to move job

The prime reasons for not changing role are job satisfaction and a desire to retain current work-life balance – a good reason for employers to offer benefits such as flexible working.

WANT TO RETAIN THE WORK-LIFE BALANCE THEY HAVE NOW

Main reasons to stay with current employer

- Want to retain the work-life balance I have now: 35%
- I enjoy the job I have now: 30%
- Already have the most senior role I want to do: 25%
- Currently focussed on looking after family: 20%
- Prefer to retain a more generalist role, which includes procurement: 15%
- Planning to retire: 10%
- Looking to reduce my working hours: 5%
Employees’ perspective – important factors

When looking for a new job, different factors are attractive to different age brackets. As individuals progress through their career, financial and other benefits decrease as key motivators in future job selection, while the content of the work, perceptions of procurement and the company’s ethical stance become more important. Across all age groups, females place more importance on flexible working than males.

## Career Progression

### Most important job factor in Under 30s

<table>
<thead>
<tr>
<th>Age group</th>
<th>under 30 years</th>
<th>30-35 years</th>
<th>36-45 years</th>
<th>46-55 years</th>
<th>56 years +</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career progression</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Company reputation</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Content of work</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Whether procurement is valued in the organisation</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
Employees’ perspective – moving job... by age

The number of people making the decision not to move increases with age, which is linked to having achieved the desired level of seniority, compared to younger age groups seeking to move to obtain career progression and development (see page 28).

This is important for succession planning within organisations with a young demographic in their procurement and supply chain teams, to mitigate the risk of losing talent and knowledge from their business.

% not wanting to move employers by age:
- 46+ years: 38%
- 36-45 years: 27%
- Under 35 years: 12%

As individuals progress in their career, financial and other benefits become less important as key motivators in future job selection.

Younger procurement professionals are more likely to place weight on salary, bonus and job security as key criteria in choosing a new employer, along with career progression and training. Career progression is the issue most likely to be cited as a priority among the under 30s (88%), more so than salary (79%). Among under 35s, career progression (75%) is second only to salary (90%).

By contrast, concerns around the content of the work, perceptions of procurement and the company’s ethical stance become more important with age.

Most important factors in considering a new job

- New job salary
- Job security
- Benefits offered beyond salary/bonus
- Opportunity to earn a bonus
- Career progression opportunities
- Commitment to staff training and development
- Location within UK
- Company reputation
- The content of the work
- Procurement highly valued in the company
- Company well known for ethical practices
- Company well known for flexible working
Employees’ perspective – moving job... by gender

Salary and bonuses are of equal importance to both males and females, but there are several factors of greater importance to females: flexible working in particular, which cuts across all age groups for females, along with training and development, location, job security, company ethics and reputation.

74%

MEN CONSIDER SALARY AS THE MOST IMPORTANT FACTOR WHEN MOVING JOBS

Importance of different job factors by gender

- Salary
- Location within current country
- Career progression opportunities
- Company reputation
- The content of the work
- Company committed to staff training and development
- Procurement highly valued in the company
- Reassurance about job security
- Company well known for flexible working
- Benefits offered beyond salary/bonus
- Company well known for ethical practices
- Opportunity to earn a bonus
- Opportunity to move to a different industry sector
- Opportunity to move to a different country

www.CIPS.org/salarysurvey
Employees’ perspective – moving job... by sector

When asked the question ‘what sector would you consider moving to?’, although two of the higher paying sectors, Professional and Business Services, and Communications, were found to be of equal appeal to both genders, females were more likely than males to favour some of the generally lower paying sectors, such as the Public Sector and Charity/Not for Profit as these sectors tend to offer more opportunities for flexible working.

Sectors male and female respondents would consider moving to
Case study 1

Increasing the profile and contribution of procurement

Marshall Aerospace and Defence Group

Over the last 12-18 months, the procurement function within Marshall Aerospace and Defence Group has risen to the challenge to increase its focus on higher value-added strategic activities in line with the changing needs of the business.

As the profile of procurement has increased towards the upper reaches of the business, so too has the expectation for procurement to contribute more to the competitive advantage of the business. This in turn has led the procurement function to review its existing and future resource capability, recognising that to deliver increased value to the business through more innovative supply chain solutions requires a team with improved and more rounded skill-sets. This is particularly applicable to Marshall procurement personnel embedded within multi-functional project teams, where softer skills such as influencing and enhanced communication are essential to manage stakeholders at various levels within the business.

More complex commercial relationships, both within the customer and supplier communities, have driven the need to ensure procurement personnel can help shape and formalise such relationships, often involving earlier engagement of the function within the opportunity cycle. Clearly with more complex relationships comes a greater need to recognise, understand and mitigate supply chain risk in commercially sound and often innovative ways such that value is not eroded.

Marshall has recognised that building a procurement team capable of meeting these new challenges is best addressed through a combination of developing the skills, competences and experiences of the existing team, along with using new external recruits where key skills gaps are identified as being critical to the timely progression of the function. The organisation has found that attracting high calibre, experienced aerospace and defence procurement professionals to the Cambridge area is challenging, with the relatively high cost of living and low number of similar businesses in close proximity.

Supporting a firm belief that a successful mix must include ‘home-grown’ talent, Marshall is continuing to ensure that existing members of the team have learning and development opportunities by sponsoring CIPS professional study where appropriate, the preferred route being via the CIPS/aerospace and defence industry jointly developed Aerospace and Defence Academy.

JON MCKEOWN FCIPS

Head of Procurement
Marshall Aerospace and Defence Group
Section 3

Perceptions of procurement

Here the report explores how procurement is viewed in terms of the importance of certain skills by sector, the general regard for what procurement can bring to organisations and the key issues for the profession. Our findings indicate an increase in the regard of procurement generally but a greater need to promote the value of procurement at all levels, not just senior, within organisations to achieve maximum benefit and in particular to increase early engagement of procurement.

As a profession we are increasingly seeing emphasis placed on the importance of early procurement engagement and alignment with external suppliers on high-level strategic issues such as overall business direction, ongoing investment policy, underlying capacity planning and delivery of future innovation and best practice. Failing to do so can demolish even the most robust of plans and can be extremely costly to an organisation, leaving them vulnerable and exposed. Engaging early with procurement can deliver real and tangible value, project control and true supply chain alignment ensuring that every project has the greatest chance of success.

RICHARD MASSER FCIPS

Chief Executive
Crestwood Ltd
Summary of survey findings

It is clear from our survey results that the way procurement is viewed is improving, with a large number of our respondents, particularly those at Advanced Professional level, stating that their role is well-regarded. However, awareness of the value of procurement does seem to be greater at more senior levels within organisations, suggesting that wider promotion of the benefits procurement can bring would be beneficial across all levels of non-procurement functions.

This wider promotion would also help to tackle one of the main challenges for procurement – to increase engagement with procurement at the outset of projects. If those outside better understand the value of procurement, it is more likely to be seen as a vital contributor to projects and therefore included early on in the process.

Another key challenge cited is the issue of attracting and retaining staff. Consideration of the main reasons people choose to move and stay with employers would be beneficial in tackling this (for more information, see pages 25 to 31).

We also asked those taking part in our survey to rate a number of soft skills and competencies in terms of their importance in performing their jobs well. Communication skills in particular were rated as very important by almost 90% of respondents, but particularly interesting was the fact that there was very little difference in the view of those working in Private and Public sectors. This suggests that the majority of soft skills are transferable between sectors.

However, those seeking to move sector should recognise that hiring managers do emphasise the need for sector-skills, especially within the Public Sector. Plus, there are some differences between sectors in the perceived relative importance of other skills required to do the job effectively: the Private Sector places more focus on negotiation and sourcing, while in the Public Sector tendering and contract management feature more prominently.
Key skills – by sector

All procurement specialists surveyed viewed soft skills, such as communication, relationship management, and negotiation, as critical to doing their jobs well. However, there were some differences between Private and Public Sectors, which perhaps reflects the difference in working practices:

- Private Sector professionals place more importance on negotiation (80% v 65%) and sourcing (74% v 63%)
- Public Sector professionals place more importance on tendering (75% v 58%) and contract management (71% v 57%).

Key skills considered important (average of all three sectors)

- Communication
- Supplier relationship management
- Negotiation
- Influencing skills
- Sourcing
- Supplier evaluation and appraisal
- Tendering
- Contract management
- Leadership
- Market analysis
- Project/programme management
- Financial analysis and reporting
- Data analysis/business intelligence
- Change management
- Specification development
- Purchase to pay
- Outsourcing/offshoring and insourcing
- Marketing for purchasers
- Commissioning
Importance of key skills – by seniority

Communication, supplier relationship management, and negotiation skills are seen as important at all levels within the profession. However the perceived importance of influencing, leadership, and change management skills increases with seniority, reflecting the shift in responsibilities as an individual moves up the ranks.

Skills considered important by seniority

- **Communication**
- **Supplier/relationship management**
- **Negotiation**
- **Influencing skills**
- **Sourcing**
- **Supplier evaluation and appraisal**
- **Tendering**
- **Contract management**
- **Leadership**
- **Market analysis**
- **Project/programme management**
- **Financial analysis and reporting**
- **Data analysis/business intelligence**
- **Change management**
- **Specification development**
- **Purchase to pay**
- **Outsourcing/offshoring and insourcing**
- **Marketing for purchasers**
- **Commissioning**
Case study 2

The increasing importance of soft skills

Surrey County Council and East Sussex County Council

The purpose of the integrated procurement service across two major local authorities in the South East of England is to ensure that the contracts awarded provide great value for money, and that external spend is used to provide the best possible social value for residents.

Over recent years the procurement service has developed to be responsible for:

- Providing professional advice and insight on markets, suppliers, and commercial options to help transform service delivery
- Leading the development of plans for how money is spent with suppliers from across the Private, Public and VCFS Sectors
- Ensuring that contracts are developed, awarded and managed in line with best practice, including developing relationships with key suppliers
- Driving social value, encouraging spend with local firms and identifying apprenticeship and skills opportunities through the supply chain.

Procurement professionals within local government have a unique opportunity to lead on commercial thinking within their organisations. The period of severe financial austerity and continued pressures being put on services delivered by the Public Sector through reduced funding and increasing demands all intensify the need for the skills that high quality procurement bring.

These two local authorities are facing some real challenges, all of which require procurement to have professional experience and qualifications, but increasingly the behaviour, attitude and softer skills are as, if not more, important.

The Surrey County Council and East Sussex County Council procurement service has now identified a need to:

- Develop strategies that manage market and cost pressures whilst facing increasing price and demand from the Private Sector impact market influence
- Deliver successful partnerships and drive collaboration through procurement, both locally and regionally
- Keep abreast of changes to procurement legislation and maximise the use of technology to drive simpler and more cost effective processes for buyers and suppliers.

LAURA LANGSTAFF

Head of Procurement

Surrey County Council and East Sussex County Council
How procurement is viewed

Most respondents felt that procurement is well-regarded within their organisation, but there is some scope for further promotion among staff in the wider organisation to show what procurement professionals can offer.

- 40% of procurement professionals within SMEs strongly agree they are valued, compared to 28% in large companies. 64% feel procurement is valued in a Charity/Not-for-Profit organisation compared with more than 75% in Private and Public Sector organisations.
- 70% of those in the most senior, Advanced Professional roles are most likely to feel that procurement is valued, compared with 60% of those in more junior roles. This may be a reflection of more junior staff:
  - Not being involved in strategic decision-making and therefore not understanding the involvement of the function
  - Having more dealings with general staff who may not appreciate or understand the work that procurement does.
- Directors and other senior staff are generally felt to understand what procurement specialists can offer. But staff in the wider organisation are less likely to be seen as recognising the value of procurement, suggesting that more could be done to educate these staff.
Case study 3

Enhancing the procurement function to increase productivity

Cancer Research UK

David Lyon joined the Cancer Research UK team as Head of Procurement 16 months ago because procurement in Cancer Research UK had been identified as a major driver of the charity’s effectiveness. Over the last year, the procurement team has changed the charity’s mindset to be much more focused on business value rather than cost and contracting.

Procurement has an increasingly vital role in making sure that every penny donated is spent in the most cost-effective way and the organisation is constantly looking to enhance the procurement function to increase the productivity of the charity in fulfilling its vision.

One successful change has been that the procurement team now reports directly into a main board director and has increasing influence with the functional directors. This includes a seat for the Category Manager at most department leadership meetings, enabling the procurement team to provide consultative support, value advice and more tactical procurement skills. All of this allows Cancer Research UK to offer a rewarding career choice that attracts high-calibre procurement professionals. The organisation has also seen a significant increase of interest in internal transfers from other functions.

Compared to other back office functions, procurement commands a price premium, which supports the assumption that there is still a shortage of new procurement talent coming onto the market. On a like-for-like basis, salary levels have shown a slight increase compared to last year, but this is secondary to the strategic shift toward top quality professionals who require a different set of skills.

The core skills for procurement remain the same as before – listening to customers and the ability to facilitate detailed discussions on value opportunities remain the key soft skills that the organisations needs from their talent. However, many of the harder procurement skills and processes are now being moved to a much more customer-controlled and managed approach where procurement sets the process and assists the end-user to achieve added value, rather than trying to take on the tasks independently.

The three key external factors that have impacted on the procurement function and decisions over the last few years have been:
- Changes to VAT guidance, providing the opportunity for the procurement function to advise on alternative approaches to outsourcing and fulfilling the marketing aims of the business
- Increasing support from the development of procurement software, which has transformed the way the team assesses technical skills and has identified a need for analytical skills and those able to communicate this information to senior stakeholders
- A significant shift in the marketing mix and the channels used to raise awareness of Cancer Research UK’s work, which has opened up some interesting new opportunities for procurement to add value through creative partnerships and innovative new marketing propositions, particularly in the digital area.

Cancer Research UK supports CIPS courses for most staff and are also active members of corporate-wide graduate, intern, first-line manager, and leadership development training programmes. The organisation also runs specific skills-training around project management and business partnering in line with strategic positioning.

Over the next 12 months, we will be trying to shift the conversation towards being a strategic advantage to our internal customers. My view is that procurement is still frequently seen to be on the periphery. I’ll know that we have been successful when the business actively comes to procurement looking for, and getting, additional strategic support.

DAVID LYON

Director
Cancer Research UK
Notwithstanding that most feel that procurement is well-regarded in their organisation, three in four state that ensuring early engagement of procurement at the outset is a key challenge they face and one in two feel that they are not being seen as a strategic partner. Both of these issues are most acutely felt in Charity/Not for Profit organisations (73% and 67% respectively), perhaps reflecting their generally more downbeat opinion of how procurement is viewed.

Other top challenges are balancing costs and quality, managing risk and being recognised for savings made, while overall, approximately one in three cite attracting staff and retaining staff as issues.

- Attracting staff is a particular issue for 45% of Public Sector organisations surveyed
- Retaining staff is an issue for 45% of Charity/Not for Profit organisations surveyed.

### Key issues faced by procurement (average of all three sectors)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring procurement engagement at the outset of the process</td>
<td>71%</td>
</tr>
<tr>
<td>Managing costs while maintaining quality</td>
<td></td>
</tr>
<tr>
<td>Being seen as a strategic partner to the business</td>
<td></td>
</tr>
<tr>
<td>Managing risk in supply chain</td>
<td></td>
</tr>
<tr>
<td>Being recognised within the organisation for savings made</td>
<td></td>
</tr>
<tr>
<td>Ensuring compliance to contracts</td>
<td></td>
</tr>
<tr>
<td>Attracting staff with the right skills</td>
<td></td>
</tr>
<tr>
<td>Monitoring quality throughout the supply chain</td>
<td></td>
</tr>
<tr>
<td>Retaining staff</td>
<td></td>
</tr>
<tr>
<td>Being responsive to changing market conditions</td>
<td></td>
</tr>
<tr>
<td>Effectively benchmarking suppliers</td>
<td></td>
</tr>
<tr>
<td>Being seen as a desirable customer by suppliers</td>
<td></td>
</tr>
<tr>
<td>Monitoring suppliers’ sustainability practices</td>
<td></td>
</tr>
<tr>
<td>Staying abreast of industry trends</td>
<td></td>
</tr>
</tbody>
</table>

PUBLIC SECTOR

Have difficulty attracting staff

www.CIPS.org/salarysurvey
Procurement takes a leading role in strategic decision-making

Quantum GPS

Last year, the procurement team at Quantum GPS were not only engaged from the onset, but took the lead role in a project that represented a brand new product concept for both Quantum GPS and their blue chip client.

Numerous trials were required to test various aspects of the product; a particularly onerous task given that no machinery existed to create the fully simulated prototypes to a mass production specification. Time was also a major challenge so supplier choices had to be made quickly or risk losing the opportunity. Only the procurement team was in a position to make these strategic choices.

All procurement team members were commercially savvy with rounded business acumen, enabling them to align with their functional counterparts (largely the finance team) for guidance and key inputs, whilst continuing to drive the detail themselves from a position of overall control and understanding. Through their resourceful and dynamic approach, underpinned by a significant ability to think laterally and coordinate all aspects of the project, within five months the task was fully complete.

Machines had been specified, ordered and commissioned within a plant of procurement’s choice – this strategic decision having been taken in parallel with the many other tasks required to deliver against the client’s time-bound needs. Contractual terms and conditions were also drawn up for all parties with long term agreements put in place to support the strategic investment that had to be made.

The same approach was also taken to the highly complex supply chain requirement from this global giant whose lead time aspiration was quoted in terms of hours not days or weeks; but once again procurement delivered. Their early involvement delivered the proposition on time and in full, correspondingly delivering a sustainable value chain to the business. Had procurement’s involvement been an afterthought or, worse still, overlooked completely, the project would have failed for sure.

RICHARD MASSER FCIPS
Chief Executive
Crestwood Ltd
Further insights from the experts

New opportunities for procurement

As we move forward, Dun & Bradstreet highlights an increasing number of supply-chain issues as a major future-focus for organisations and an opportunity for procurement:

Supply-chain issues have always been a problem for businesses, as late shipments create havoc for all manufacturing schedules. Manufacturers have always wanted transparency in their supply chains so they could mitigate potential supply-chain risk, and as supply chains have become more global and complex, the opportunities for issues have increased. Whether it is a natural disaster or a man-made problem, every company experiences supply-chain issues. The key is for companies to be able to understand the risk and have a plan for action should something happen.

Mike Finkenstaedt, Senior Director
Analytics Solutions, Dun & Bradstreet
Jon Ball, Senior Director
Customer Analytics, Dun & Bradstreet

The talent of tomorrow

Of course, organisations will need to ensure that they attract, train, and develop the right talent to procurement and supply-chain functions to enable them to act on opportunities like the one highlighted by Dun & Bradstreet, and to keep delivering the increased value expected of them. Nikki Bell, Head of Scottish Procurement Policy and Strategy, Scottish Government, highlights fostering the procurement professionals of tomorrow as an important part of this:

With a history of challenges in recruitment and retention within our industry, there’s an opportunity to work together to grow and develop our own talent and to do our bit as a profession to support youth employment. Procurement People of Tomorrow is a Scottish Government and Academia-led initiative, backed by the Chartered Institute of Procurement and Supply and supported by Public and Private Sectors.

We’re actively engaging with young people and encouraging them to consider procurement and supply chain as a career of choice with a higher profile in secondary schools and procurement embedded within careers advice. We’ve introduced and are actively supporting a range of academic and vocational pathways for young people to enter the profession, including a Modern Apprentice (MA) scheme for 16-24 year olds, HND, and Degree programmes. We’re engaging with industry, suppliers, and supply chains to raise awareness of the initiative, encouraging employers to invest now in their future capability by committing placements for young people, by embedding the initiative within their workforce and succession planning activities, and by promoting it (along with other community benefits) in their supply chains.

Since introducing our own MA in Procurement last year, apprentices are already making their contributions known in Scotland with more and more forward-looking employers signing up to offer them placements.

The leaders of the future

Organisations are also recognising the need for procurement to demonstrate leadership to their customers, supply chains and internal stakeholders, leadership which can only be achieved, according to Tony Payne, Group Head of Industrial Policy and Supply Chain Management, MBDA Group and part of the Aerospace and Defence Procurement Group (ADPG), through:

...fostering the culture and demonstrating the appropriate collaborative behaviours to find better and more efficient ways of working to maximise opportunity.

The ADPG Framework has been mapped to the CIPS Global Standard with Advanced Professional Level defined as:

...an individual who leads procurement teams within an organisation and influences the board to adopt leading-edge procurement strategies and establish best practices, influences supply markets with innovative sourcing solutions.

Tony continues: It is the intention of the ADPG to utilise the Framework as a catalyst for improving the procurement professionals across the Aerospace and Defence Industry. The Framework provides the consistent requirement from which we can then assess the current capability and provide the necessary capability development solutions to get us to a desired position.
Conclusion...

The CIPS/Hays Salary Guide and Procurement Insights Report 2015 highlights many positive factors for our profession, not least increases in remuneration reflecting greater recognition of the value procurement can bring, and an improved perception of procurement, particularly at senior levels, within both Public and Private Sector organisations.

As we can see from the report, the demand for procurement and supply professionals has never been higher so the outlook is positive for people who are considering starting a career in procurement. There is a greater demand for procurement skills both at entry and manager level with an increased need at these levels for more strategic skills, rather than the transactional cost-saving skills. This gives candidates a real opportunity to differentiate themselves in areas such as communication, supplier relationship management and negotiation. An increasing number of companies are also now requesting MCIPS as an ‘essential’ when recruiting procurement professionals, along with sector skills and experience.

So on one hand the increased demand for procurement skills demonstrates growing confidence in the value the profession can bring, while on the other it represents a challenge in terms of ensuring those skills are available, particularly at entry level. We can also view this challenge as an excellent opportunity for procurement to raise its profile as a career with real prospects, growing the procurement talent pool, and accelerating procurement performance even further.

As we have seen, procurement has made great strides in how it is perceived as a strategic value creator, but we can go even further. One area where procurement has an opportunity to step up and take the lead within organisations is supply chain risk mitigation. Procurement’s unique view of, and involvement in, every element within an organisation’s supply chain means procurement professionals are perfectly placed to tackle and own this, along with other organisation-wide risks. This will demonstrate even greater organisational value and consequently strengthen the reputation of procurement to help gain ever-increasing levels of influence and control over spend.

Opportunities and challenges like the ones we have discussed here will continue to arise, and procurement must act on these if we are to continue building the positive perceptions of our profession. It is clear from the results of our survey that the profession has come-of-age. Now it’s time to ‘raise your game and raise your voice,’ to ensure that procurement becomes pivotal to organisational success and value delivery, with a key role to play at the highest levels.

With an evident skills shortage, procurement must do more to encourage people to join the profession at entry level by explaining career opportunities available and engaging potential candidates early on in their career. Procurement must also work harder to convince those working in legal, finance, operations and sales that they may have the transferable skills to be successful in procurement. We need to future-proof the profession with a sharp increase in entry-level talent before we lose them to other disciplines.

Nicky Taberner, Director
Hays Procurement

Driving value is like driving change. To drive change is never easy so you need to persevere, and have dogged determination. You are able to add value not just from cost reductions, but also from the innovation and creativity you can bring to the role. And because of procurement’s involvement across the whole value chain, you could not find any function with such a unique position in any organisation.

Babs Omotowa, CEO
Nigeria LNG