What is Purchasing and Supply Management?

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I could find you a definition from a dictionary, a text book or a theorist, or I could describe what good purchasing and supply management practitioners really do. Procurement practitioners shape the profession through their skills, knowledge and attitude, and these are the principal factors for successful businesses. After all, money, land and buildings don’t have feelings, or contacts or networks or know-how or rights; people do and those facts have consequences on how organisations operate.

In an article in The McKinsey Quarterly, “The Talent Factor in Purchasing”, they detailed the results of a survey of purchasing professionals in over 200 organisations investigated what talent looked like in the profession. They found that “top performing organisations hire better people in sourcing, set clearer performance aspirations and create strong sourcing cultures to encourage purchasers to align their activities with corporate strategy”. These strong foundations are often overlooked by a drive to be different, to stand out from the crowd and to be one step ahead of the game, instead of building on accepted practice and doing what we do best. The high performing procurement organisations in this survey realised that managing people, talent and knowledge was where it all starts, and policies and processes naturally follow.

HSBC adopted a buyer development programme to second purchasing professionals to other procurement teams world-wide. They found that “The fundamentals of buying are the same in any language – it is the intangibles you learn.” This knowledge sharing programme aims to increase the professionalism of buyers and purchasing departments world-wide; the key to the success of the project – people.

Changing times – or are they?

Procurement, like most professions, is often bamboozled with new trends, buzz words and so called ‘hot topics’. Some say that the profession has undergone a drastic transition and is now seen as a strategic partner within the organisation; but when it comes down to the grass roots has much changed?

Automation and self-service through e-procurement and e-sourcing tools has provided purchasing professionals with a veiled policing of polices and procedures, guiding compliance whilst promoting the preservation of ownership. This structure has allowed procurement teams to lead a wider audience, and thus capturing and influencing a broader spectrum of spend. The practices are the same, but the tools and approach have evolved as we work in conjunction with those business partners who still retain ownership the relationships; the role of procurement now is increasingly about providing guidance and a robust framework for the business to operate in.

Procurement’s structure has become more transparent. Leading organisations are developing purchasing professionals as internal consultants within business units whilst maintaining a central reporting line. This internal consultancy role is fundamentally about raising awareness of good working practices and the skill sets that procurement professionals have to offer, whilst allowing opportunities for individuals to be innovative and creative.

Challenges ahead

Whilst it is clear that the nature of the profession remains the same purchasing and supply
management professionals require new skills and have to adapt existing ones in order to achieve recognition at the board level and be seen as adding value. To be seen as truly strategic and value adding we must understand what is important and what value looks like within their organisation. To be strategic every department must be aware of the pressures and priorities of their organisation in order to guide them to these goals.

Truly strategic procurement teams map their own goals and aspirations to their own organisations; the focus for all professions needs to be the corporate goals and delivering shareholder value. Gone are the days of the “ho-hum” ideas about being an efficient administrative process or some kind of guard dog on supplier price; now it’s about knowing and pursuing senior management initiatives, speaking financially first, supply second; finding ways to improve the business cost structure and finding ways to bring growth and new revenues.

Join “The Professionals”

There is much debate as to what makes a profession. Harvard Business School set out some criteria in a recent article “Is Business Management a Profession?” and CIPS promote these amongst practitioners. At CIPS we have developed a common body of knowledge; a system for certifying that individuals possess such knowledge to practice proficiently; a commitment to use this knowledge for the public good, and not for profit maximisation; and provide a code of ethics that members have an obligation to uphold through their day to day business.

Why choose procurement?

The variety that procurement roles have to offer makes this an exciting time. The scope and choice within the profession is what makes no two jobs the same. The procurement profession provides opportunities to develop a wide range of skills and experience across all business disciplines.

What do you get if you choose a role in procurement?

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