How to be object of desire in the “War for Talent” in Procurement

Presentation to CIPs London event

27 September 2011
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Robyn Wright
Principal
A.T. Kearney

- A member of A.T. Kearney’s “Operations” Practice in London, which provides cross industry functional support to clients
- 22 years of consulting and industry experience, including Procurement strategy, Procurement Excellence, Category Management, Procurement Transformation, Supply Chain Organization and Change Management
- Sector work has included, Global Financial Institutions Chemicals, Oil and Gas, UK Military, Central Government Departments, Telecommunications, Retail and FMCG
- Previously worked at ICI Chemicals and Polymers as both a Sales Manager and as Commercial Services Director
- Robyn now focuses on supporting large organisations in managing their operating models to deliver the results they want, especially focused on human resource management. This involves finding out what the business requires of its supply chain and procurement functions, and what needs to be done to deliver on those requirements. The organisational redesign is often simply about making sure there are enough of the best people, with the right skills, focused on the right tasks, who can then be managed and rewarded in a logical way.
- Robyn is married to a Farmer, lives in rural Leicestershire and has twin sons now aged 12

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Contents

1. Hot skills at different levels in the procurement department

2. Behind the scenes in procurement re-organisations and what that means to individuals

3. Why stakeholder management is at the top of the list

4. What competencies that entails

5. Tips on gaining the experience you need in stakeholder management
Procurement skills come in many forms, and must support all Rooms in the House

A.T. Kearney’s House of Procurement and Supply℠

### Strategic Direction
- Alignment of corporate and procurement strategies

### Value Adding Processes
- Methodologies and execution achieving efficiency and effectiveness

### Infrastructure & Enablement
- Infrastructure that supports the strategic and tactical activities of the procurement organization

Source: A.T. Kearney
Strategy development, sourcing and post award contract management are the focus for Value Creation

Traditionally focus of the sourcing team has been in strategic sourcing, but great value can be gained from working closely with key suppliers

Category Management

Procurement Strategy Development (Periodic Event)

Strategic Sourcing (Periodic Events)
- Profile Category and Supply Market
- Identify Potential Strategies
- Generate Supplier Portfolio
- Select Implementation Path
- Select Suppliers
- Integrate Operations with Suppliers

Negotiation

Execution

Supplier Performance/Development Management (On-going Activities)
- Perform Continuous Benchmarking
- Improve Supplier Performance
- Monitor Usage and Demand
- Improve Customer Responsiveness
- Evaluate Market Dynamics

Monitor/Evaluation/Execution

Day-to-day Purchasing (Daily Activities)
- Request
- Order
- Receive
- Pay

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... where strategic skills are paramount (and we think there are at least 64 strategies on the Purchasing Chessboard®)

Purchasing Chessboard® – Strategic supply management framework

4 basic strategies

Key advantages

• Provides a structured approach for all spend categories

• Defines 64 unique methodologies, from quick win opportunities to highly sophisticated sourcing approaches

• Takes into account the market fundamentals (supply and demand power)

• Goes beyond the scope of traditional purchasing

• Is supported by comprehensive training material and backed up by sanitized benchmarks from 500+ purchasing projects in the past 3 years

• See [www.purchasingchessboard.com](http://www.purchasingchessboard.com) for more details

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Negotiation skills are a given, always required to manage the balance of power of the parties...

The Purchasing Chessboard®

Deep understanding of supply-demand power balance is key in the definition of effective negotiation strategies in long term relationships
...but advanced sourcing needs the ability to understand tools like Parametric Bidding & Collaborative Optimisation

Sourcing & Category Management

Cost Modelling / Parametric Bidding

- Masterbatch
- Base Material
- Production loss
- Stamping
- Finishing Coating
- Production Costs
- Handling & Packaging
- Generic
- # Silkscreen passes
- Admin, Margin, etc
- Storage
- Material
- Shape/Dim
- Decoration
- Production
- Handling & Packaging
- Material
- Volume
- Set-Up
- Admin, Margin, etc
- Storage

Collaborative Optimisation

- External Collaboration with Suppliers
  - Alternative Bids
  - Conditional Discounts / Bundles
  - Supplier constraints

- Internal Collaboration with Stakeholders
  - Business/Manufacturing constraints
  - Customer/Marketing constraints
  - Cost of constraints

Collaborative Optimization often delivers savings of 12% - 35% of spend
When competitive bidding is not the highest “value-generating” strategy, supply chain skills come to the fore.

Supplier Management

Deep Sourcing/Integration
- Supplier
  - Joint market development
  - Product Innovation
- Supply chain
  - Collaborative Forecasting, Inventory Planning,
  - Integrated work planning
  - Logistics management
- Scope
  - Outsourcing
  - Backward integration

10+% improvement on cost and revenue

Degree of Development

5 to 12% of total cost of ownership

Economic Gain

Basic Procurement

Volume
- Consolidation
- Supplier rationalization

Price
- Benchmarking
- Negotiations
- Contracting

3 to 7% of purchase price

Strategic Sourcing

Users
- Requirements
  - Complexity reduction
  - Standardization
- Consumption
  - Rationalization/reduction
  - Compliance
  - Total cost of ownership

Suppliers
- Added value
  - Performance metrics
  - Value engineering
  - Early involvement
- Economics
  - Volume commitment
  - Forecasting/demand planning/visibility
  - Supplier / market economic cycles

5 to 12% of total cost of ownership

5 to 12% of total cost of ownership
Whilst at the other end of the spectrum, procurement still provides a service ....

**Operating Process Management**

### Procurement Services – example support organisation

<table>
<thead>
<tr>
<th>Functions - customer service &amp; P2P operations</th>
<th>Key activities</th>
<th>Resources required</th>
</tr>
</thead>
</table>
| Customer/supplier query routing            | • Routing of query to category lead, manage order, supplier enquiry  
• Incoming order issues, problems and supplier communications |                                      |
| Assisted Requisitioning                    | Ordering and expediting service where BUs do not have resource or capability to self serve their buying  
• Expedite orders/respond to order enquiries  
• Creating Requisitions, Approvals, Change / Cancel Orders  
• Releasing/R2P (Self-service tools: Pcard, catalogue, etc.) |                                      |
| Communication/Reporting                    | • Track Response rates and report on helpdesk service attainment  
• Build content and enact communication of activities, support and performance |                                      |
| Knowledge and Data Mgmnt                  | • Contribute & Retrieve Information to/from Knowledge Base  
• Compliance monitoring  
• Maintain Databases/catalogue management  
• Upkeep Supplier Data Technical Setup and ongoing Supplier master data maintenance  
• Maintain Local System information |                                      |
...and infrastructure and enablement teams need to gather best practices and use project management skills

Source: A.T. Kearney PPM Methodology
Contents

1. Hot skills at different levels in the procurement department

2. Behind the scenes in procurement re-organisations and what that means to individuals

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4. What competencies that entails

5. Tips on gaining the experience you need in stakeholder management
Organisational Change in procurement is often a very structured process

1. Baseline ‘As-is’
2. Organisation Principles
3. ‘To-be’ alignments
4. Design HR Architecture
5. Develop Roadmap

Organisations

Systems review

Best In Class Procurement Processes

Baselining

Internal interviews
Voice of the Customer
Voice of the Supplier

Operating model

Resource profiling

Potential Changes to role/job focus

New Job profiling

Key Competency mapping

Impact Analysis

Roadmap

Org options

SLAs

Scenarios

Governance

Org. charts
Non-proc reports activity
Job descriptions
Competency maps
Performance management
Volumetrics
Procurement design aligns to the strategic objectives of the organisation ... But beware it’s a future focused profile

Key Activities

**Design principles**

- **Leverage full buying power and procurement experience of the organisation through category management**
- **Separation of strategic and tactical sourcing from transactional purchasing activity**
- **Ensure dedicated leads for implementing strategic activities (incl. performance management) with existing suppliers for key categories**
- **Establish and maintain collaborative, long-term relationships with strategic suppliers**
- **Share best practices, emerging technologies and analytical techniques across the organisation**
- **Drive consistent procurement policies and procedures across the organisation**
- **Foster leadership and enhance capability of procurement human capital**

**Org. options**

- **Org. structure**
  - **Chief Procurement Officer (CPO)**
  - **Category Management**
  - **Supplier Relationship Management**
  - **Tactical Sourcing**

**Role definitions**

- **Chief Procurement Officer (CPO)**
- **Head, Process Improvement**
- **Head, Performance Management**
- **Head, Knowledge Management**
- **Head, Category Management**
- **Category Manager**
- **Process Improvement Team**
- **Performance Management Analysts**
- **Knowledge Management Managers**
- **Supply Market Analysts**
- **Local Sourcing Support**

**Approach**

- **‘Top-down’ analysis**
  - Estimating resource levels at a high—level, using:
    - External and internal benchmarks
    - Current/forecasted activity levels
  - To deliver a rapid assessment of likely future scale of the organization

- **‘Bottom-up’ analysis**
  - Modelling specific resource requirements at a detailed level, by category and task, using:
    - External and internal insights
    - Best practice
  - To deliver a detailed assessment of future organisation resource needs for implementation

**Examples - illustrative**

<table>
<thead>
<tr>
<th>Function</th>
<th>Top-down benchmark</th>
<th>Spend (SM)</th>
<th>Calculated FTE</th>
<th>FTE (reviewed with client)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category mgmt, chemicals</td>
<td>70</td>
<td>300</td>
<td>4.3</td>
<td>4</td>
</tr>
<tr>
<td>Category mgmt, engineering</td>
<td>100</td>
<td>590</td>
<td>5.9</td>
<td>7</td>
</tr>
<tr>
<td>Category mgmt, IT and telecoms</td>
<td>45</td>
<td>70</td>
<td>1.6</td>
<td>2</td>
</tr>
</tbody>
</table>

The number of staff required for each role in the new organisation structure is profiled based on expected workload .. Not YOUR current skills...

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Role Characterization: Strategic Buyer Example

**Role Definition (Key activities)**
- Develops and executes supply strategies for local categories in line with corporate/regional category managers
- Applies sourcing approaches (RFPs, etc.)
- Conducts Negotiations with suppliers and stakeholders
- Manages supplier relationships ongoing (performance measurement, improvement programs)

**Skill Profile**

<table>
<thead>
<tr>
<th>Skill</th>
<th>None</th>
<th>Basic</th>
<th>Advanced</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Analytical skills</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Data gathering (process, tools)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Analysis and modeling</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Procurement process skills</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Strategic thinking</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Category Expertise (market, demand)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Commercial levers expertise</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4. Technical / design capabilities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. Negotiation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. Contracting / legal</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>7. Manufacturing and Quality expertise</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8. New Part Readiness (e.g. PPAP)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9. Ordering Requisition to Pay (ERP, eProc)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>10. ERP planning / configuration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Management skills</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. People management</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Project management</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Stakeholder management</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Personal qualifications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Presentation skills</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Communication skills</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Leadership skills</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Allocation to Training Modules Based on Training Needs**

<table>
<thead>
<tr>
<th>Course</th>
<th>Participants</th>
<th>Trainees per level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Corporate</td>
</tr>
<tr>
<td>General Procurement</td>
<td>ENTIRE PROCUREMENT COMMUNITY</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>SELECTED NON PROCUREMENT STAFF</td>
<td></td>
</tr>
<tr>
<td>Negotiation Management</td>
<td>CATEGORY MNGRS</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>STRATEGIC BUYERS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OPERATIONAL BUYERS</td>
<td></td>
</tr>
<tr>
<td>Product Development</td>
<td>PRODUCT PERFORMANCE TEST LABS</td>
<td>/</td>
</tr>
<tr>
<td></td>
<td>PRIMARY TECHNOLOGIES</td>
<td></td>
</tr>
<tr>
<td>Non Procurement Staff</td>
<td>NON PROCUREMENT STAKEHOLDERS</td>
<td>4</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>22</td>
</tr>
</tbody>
</table>

But the good news is – if you survive there is generally a will to invest - accurate roles and skills assessment …
...help to define the right training needs for each individual and role and the leadership want to invest to succeed with their plan

**Procurement/Core Skills Competency Grids**

- Structured Performance Incentives
- Clear Strategic Imperative

**Common Organisational Backbone**

- Tailored Role Profiles
- Clear Career Progression

**Personal Objectives/MBO Team Structure**

**Governance RACI/Service Agreements**

**Business Annual Plan**

- Targets by grade/stage level

**Formalised Training Needs Reviews**

- Gap Analysis
- Tailored Learning

**Procurement War on Talent**

- Delivering high returns/sourcing value
- Procurement perceived as exciting place to work
- Decreased employee turnover and cost of recruitment/onboarding time
- Increased knowledge and sharing of best practices

**Direction**

**Higher Performance & Retention**

**Motivation**

**Means**

**Ability**

Illustrative
Contents

1. Hot skills at different levels in the procurement department

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The AEP in 2011 shows that as Procurement’s involvement in cross-functional efforts increases so does the need for “business savvy” skills

Skills/Capabilities required from procurement personnel (% Companies selecting ‘Required’)

<table>
<thead>
<tr>
<th>Skill</th>
<th>2011</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of IT Tools</td>
<td>44%</td>
<td>67%</td>
<td>1.5x</td>
</tr>
<tr>
<td>Spend Analysis</td>
<td>58%</td>
<td>77%</td>
<td>1.3x</td>
</tr>
<tr>
<td>Supplier Development Programs</td>
<td>25%</td>
<td>41%</td>
<td>1.6x</td>
</tr>
<tr>
<td>Risk Management</td>
<td>40%</td>
<td>56%</td>
<td>1.4x</td>
</tr>
<tr>
<td>Project Management</td>
<td>39%</td>
<td>70%</td>
<td>1.8x</td>
</tr>
<tr>
<td>Change Management</td>
<td>49%</td>
<td>79%</td>
<td>1.6x</td>
</tr>
<tr>
<td>Communication/Presentation Skills</td>
<td>58%</td>
<td>73%</td>
<td>1.2x</td>
</tr>
<tr>
<td>Team Building</td>
<td>55%</td>
<td>69%</td>
<td>1.2x</td>
</tr>
</tbody>
</table>

And the skill set requirements of professionals are recognised as broader, including interpersonal skills

Source: A.T.Kearney’s Assessment of Excellence in Procurement (AEP) 2011

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Folks it is about the CUSTOMER; you have to create ownership with key business leaders

**Gate A**
- Launch

The Board is initially shown:
- potential areas of category focus
- spend numbers and consumption

The Board approves:
- Give operational views on usage patterns and a future forecast
- Agree to further investigations and staff engagements

**Gate B**
- Strategy Defined

The Board is shown:
- Internal and external research and conclusions
- Options on approaching the supply market and managing demand
- Business Case (benefits, risks), timelines and next steps

The Board approves:
- the sourcing strategy and contractual approach
- the supplier selection criteria and the benefit measurement approach

**Gate C**
- Implementation Planned

The Board is shown:
- Comparative attractiveness of offers
- Estimated savings
- Implications of supplier choice – cost of contractual change
- A proposed way forward
- Clear implementation plans

The Board approves:
- Supplier selection decision
- The implementation plan

**Gate D**
- Savings Approved

We would like to investigate....
We have some potential sourcing options....
We have the tender responses...
We have completed benefits calculations...

---

Section 3 – Importance of Stakeholder Mgmt

Mobilize
0

1
Analyze Category Spend

2
Determine Business Needs

3
Assess Supply Markets

4
Develop Category Strategy

5
Execute Strategy

6
Operationalize New Agreements

7
Sustain Results / Manage Suppliers

---

We would like to investigate....
We have some potential sourcing options....
We have the tender responses...
We have completed benefits calculations...
Category skills are a given...key capabilities /selection criteria which make you stand out are about soft skills

Procurement capability framework

**Leadership & core skills**
- Strategic influencing
  - Facilitation / coaching
  - Change management
  - Team working
- Conflict resolution
  - Time management
  - Communication
  - Policy compliance
- Process excellence
  - Project management
  - Cross-cultural awareness
  - Managing for sustainability

**Strategic sourcing**
- Demand management
  - Sourcing strategy develop.
- Negotiation & contracting
  - New supplier selection
  - Supp. Rel. Management
- Risk management
  - Commercial skills
  - Basic Knowledge of intra-departmental activities
- Costing and pricing
  - e-sourcing
  - Supply market analysis

**Purchasing process management**
- Specification definition
  - Supplier performance management
  - Transaction management
- Warranty management
  - Catalogue management
  - Inbound logistics
  - Order expediting

**Behavioral capabilities**
- Knowledge sharing
  - Innovation focus
  - Adaptability
  - External focus
- Openness to feedback
  - Response to feedback
  - Going the extra mile
  - Learning openness
- Learning focus
  - Risk affinity
  - Volunteering

Section 3 – Importance of Stakeholder Mgmt
Contents

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5. Tips on gaining the experience you need in stakeholder management
Excellence in influencing/stakeholder mgmnt means planning, thinking like your receiver, and receiving like you’re thinking

- **The case for change:** Is the Category Strategic Agenda and benefits case clear enough?
- **Sponsorship Visibility:** Are there clear supporting and vocal sponsors?
  - Transformation Figurehead
  - Category Business Leads
- **Dynamic Engagement:** Do you communicate based on stakeholder interests?

Ensure the business case for a new proc operating model is clear and compelling

Align the top team around the need, the approach and style of change

Make sure there is enough resource (time, energy, skill and money) to embark on the journey

Develop the plan consistent and achievable

Create ownership of the way forward from all the key stakeholder groups

Develop pull by passing responsibility out and down as fast as possible

Undertake category initiatives which are business driven

Communicate

Communicate

Communicate

Drive decisions on sourcing strategies with options and data facts

Identify and pursue opportunities or quick wins

Balance empowerment with the need to integrate and give focus

### Section 4 – Stakeholder Mgmt Skills

#### Pro-active Stakeholder Mgmt

<table>
<thead>
<tr>
<th>PMO</th>
<th>Stakeholder analysis</th>
<th>Project planning/ project milestones, communication channel analysis, stakeholder analysis, effect of previous communication</th>
<th>Feedback loop</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Project planning</th>
<th>Stakeholder management</th>
<th>Communication Activities</th>
<th>Effect of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project milestone</td>
<td>Stakeholder/ Receiver</td>
<td>Stakeholder category</td>
<td>Involvement</td>
</tr>
<tr>
<td>Decision on the new organisational chart</td>
<td>Employees</td>
<td>Employees</td>
<td>Awareness</td>
</tr>
</tbody>
</table>
Contents

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Leaders in procurement provide a broader range of training topics to employees … is yours?

*Procurement topics (% participants selecting “Training available to procurement employees”)*

- **Sourcing Methodology**: Leaders 92%, Followers 72%
- **Sourcing Strategy Development**: Leaders 92%, Followers 69%
- **Negotiation and Contracting**: Leaders 85%, Followers 80%
- **Spend Analysis**: Leaders 85%, Followers 68%
- **Use of Procurement IT tools**: Leaders 77%, Followers 69%
- **Supply Market Analysis**: Leaders 69%, Followers 66%

*Business leadership skills topics (% participants selecting “Training available to procurement employees”)*

- **Communication/Presentation Skills**: Leaders 85%, Followers 61%
- **Building and motivating teams**: Leaders 77%, Followers 53%
- **Change Management**: Leaders 77%, Followers 48%
- **Balance sheet Literacy**: Leaders 77%, Followers 46%
- **Stakeholder Engagement**: Leaders 77%, Followers 45%
- **Project Management**: Leaders 69%, Followers 59%

Most survey respondents do not include cross functional team members outside procurement in training on procurement topics

Source: A.T. Kearney’s Assessment of Excellence in Procurement (AEP) 2011
You should seek out opportunities to learn but more importantly PRACTICE

*Never stop learning …*

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Instruction</td>
<td>• One person learning completely on their own in a very informal manner</td>
</tr>
</tbody>
</table>
| Self-Directed Learning    | • Learners are given carefully prepared materials  
• Questions are included to keep learners engaged and answers provided to allow for self-evaluation |
| Computer Based Training CBT | • Self-directed learning presented by computer  
• A computer program acts as instructor and information source |
| Web-Based Training        | • Can be used to disseminate self-directed or CBT courses  
• Can also provide opportunity for learners to locate their own chat groups where they learn from other participants in an unstructured self instructional way |
| On-the-Job                | • Training happens at the actual job site  
• A supervisor/coach delivers and monitors highly structured training program complete with guides, application sessions and formal performance test |
| Stand Alone Job Aids      | • Tools that guide performance as the learner performs the ability  
• Usually used in combination with other strategies to enhance training effectiveness |

Choose training sessions that take into account your perceptual learning style …

- **Visual Learners**
  - Description: Learn by seeing  
  - Training Implications: Include visual reinforcement (e.g. projectors, videos)

- **Auditory Learners**
  - Description: Learn by listening  
  - Training Implications: Have discussions during training  
  - Use nuances of speech (e.g. varying pitch, speed of presentation) to deliver key messages

- **Kinesthetic Learners**
  - Description: Learn by doing  
  - Training Implications: Organize and allow enough time for practical assignments

And seek out opportunities on the job, at conferences, and best of all – watch and then do….building up your role.
About A.T. Kearney
A.T. Kearney is one of the world’s leading strategic management consulting

A.T. Kearney – Company Profile

Immediate Impact & Growing Advantage

Credentials

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We are the recognized market leader in supply management, accredited with the original “invention of 7 Step” sourcing

Development of A.T. Kearney’s supply management consulting expertise

"Invention" of Global Sourcing  
"S-Teams"

Selection

Extension to Strategic Sourcing

Enabling of Supply Management

Facts

- 500 projects during past 3 years
- 850 consultants on sourcing projects
- Analysis of $ 400 bn spend so far
- Typical saving range of 8-15% on addressed spend
- $ 68 bn cumulated savings
- $ 15 mln annual investment in intellectual capital
- Thought leader in sourcing since more than 15 years

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A.T. Kearney's Assessment of Excellence in Procurement (AEP) 2011 is the seventh in the series

History of A.T. Kearney's Assessment of Excellence in Procurement (AEP)

1992: 25 Total Participants
1996: 77 Total Participants
1999: 162 Total Participants
2002: 147 Total Participants
2004: 281 Initial Participants, 638 total participants
2008: 295 Initial Participants, 650+ total participants
2011*: 162 Initial Participants, 201+ total participants to date

* The Survey is still open in 2011 and companies can receive full assessments against peers on an ongoing basis

(1) Over 1,000 elements benchmarked across 33 leadership practices covering 8 dimensions of Procurement

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The AEP in its 19th year, and is the most comprehensive benchmarking of Procurement practices

Highlights

• 201 companies have submitted responses

• Participants from Asia (22%), Americas (27%) and EMEA (51%)

• All industries are represented: Information Intensive Services (30%), Asset Intensive Services (14%), Non-Durable Consumer Products (17%), others (39%)

• Survey remains open; tracking to 500+ participation

• Average participant is US$12.5 B in revenues

• Survey remains open