Level 6 Professional Diploma in Procurement and Supply

PD1 - Leadership in procurement and supply

EXAM EXEMPLAR QUESTIONS

CASE STUDY AND QUESTIONS
CASE STUDY - VODAFONE

Vodafone has one of the world’s largest mobile communications networks, with 83,900 employees serving over 370 million customers across more than 30 countries. With 2,200 retail stores and a further 10,300 branded franchises throughout the world. Vodafone products include messaging services for businesses and consumers, smartphones, mobile handsets and tablets. Its current strategy is aimed at increasing the ‘average revenue per user’ through offering more and more added value mobile services.

Detlef Schultz, winner of the 2011 Procurement Leader Award, was brought in to be the Global Supply Chain Management Director and chief executive officer of the Vodafone Procurement Company. His role was to not only manage the complexity of the procurement and supply chains for both goods and services but also fundamentally transform several fragmented supply chains into a single global function.

The Vodafone Procurement Company was set up in 2008 with its headquarters based in Luxembourg. Through ‘lean’ procurement techniques it was expected to achieve efficiencies and substantial savings on products such as handsets, network equipment, marketing and IT services. It also runs a China Sourcing Centre in Beijing, with a stated objective of 8% year-on-year cost reduction.

Detlef Schultz, who joined Vodafone in March 2003, has 26 years experience in supply chain management, with previous roles in supply chain, planning and operations management in Germany, the UK, Singapore, Korea and the US. He has also appreciated diversity in his teams and knows how important communication, information sharing and empowerment are to success. When Schultz joined staff were uncertain of the impact he would have, the changes that would be made and whether their jobs would be secure.

To bring about the transformational change required, Schultz used an inclusive process, which involved holding workshops with procurement and supply chain staff as well as consulting with key internal stakeholders across the organisation. He used his natural influence, persuasion and well-developed communication skills to gain consensus and buy-in for his plans across the whole procurement and supply chain.

Schultz and his team’s efforts resulted in Vodafone taking full advantage of its global scale and achieving ‘world-class’ savings and efficiencies across its business operations. Other benefits include a significant improvement in Vodafone’s working capital position, technology standardisation and policy development for global travel and labour.

One of the key drivers behind these successes has been Schultz’s interpersonal skills. The 2011 Procurement Leader award submission referred to Schultz’s ‘inclusive and inspirational leadership style’ and how it had been one of the critical success factors of the projects he led.
However, in accepting the award, Schultz said ‘I’m very proud, this is a great recognition for the achievements of the entire Vodafone SCM team. At Vodafone we aim to be ambitious and competitive and getting this kind of recognition is a great motivator.’ This was deserved praise for a hard-working, committed and enthusiastic team he had built up from a small group of 30 to a team of 170 (from 24 countries), based at head office and localised procurement sites.

Source: Procurement Leaders Magazine, Issue 33 July/August 2011

The information included within the case study is based on real life organisations and people. However the details are for assessment purposes only and do not necessarily reflect the respective positions of the organisations or individuals concerned.
QUESTIONS

Q1  Learning outcome: 1.0

(a) Propose an appropriate leadership style that Schultz would have needed to adopt when transforming Vodafone’s global supply chain function.

(b) Outline an appropriate range of leadership skills that would have been required by Schultz to make the supply chain transformational project at Vodafone a success.

(15 marks)  (10 marks)

Q2  Learning outcome: 2.0

With reference to appropriate models and theories, propose FIVE influencing styles that Schultz could have adopted to engage effectively with key business stakeholders at Vodafone.

(25 marks)

Q3  Learning outcome: 3.0

Evaluate the main tactics, based on appropriate models and theories, that could have been used by Vodafone and the SCM team to influence Vodafone’s key external stakeholders to overcome challenges faced by Schultz.

(25 marks)

Q4  Learning outcome: 4.0

Propose effective change management methods and theories that Schultz could have used within Vodafone to ensure the supply chain transformational project overcame any barriers to be a success.

(25 marks)