



Session Code: DD

***Building the Procurement Superhero
- Innovative Practices in Professional Development –***

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Monday, May 9th, 10:40 – 11:40 a.m.



Building the *Procurement Superhero*; Innovative Concepts in Staff Development

Presented By

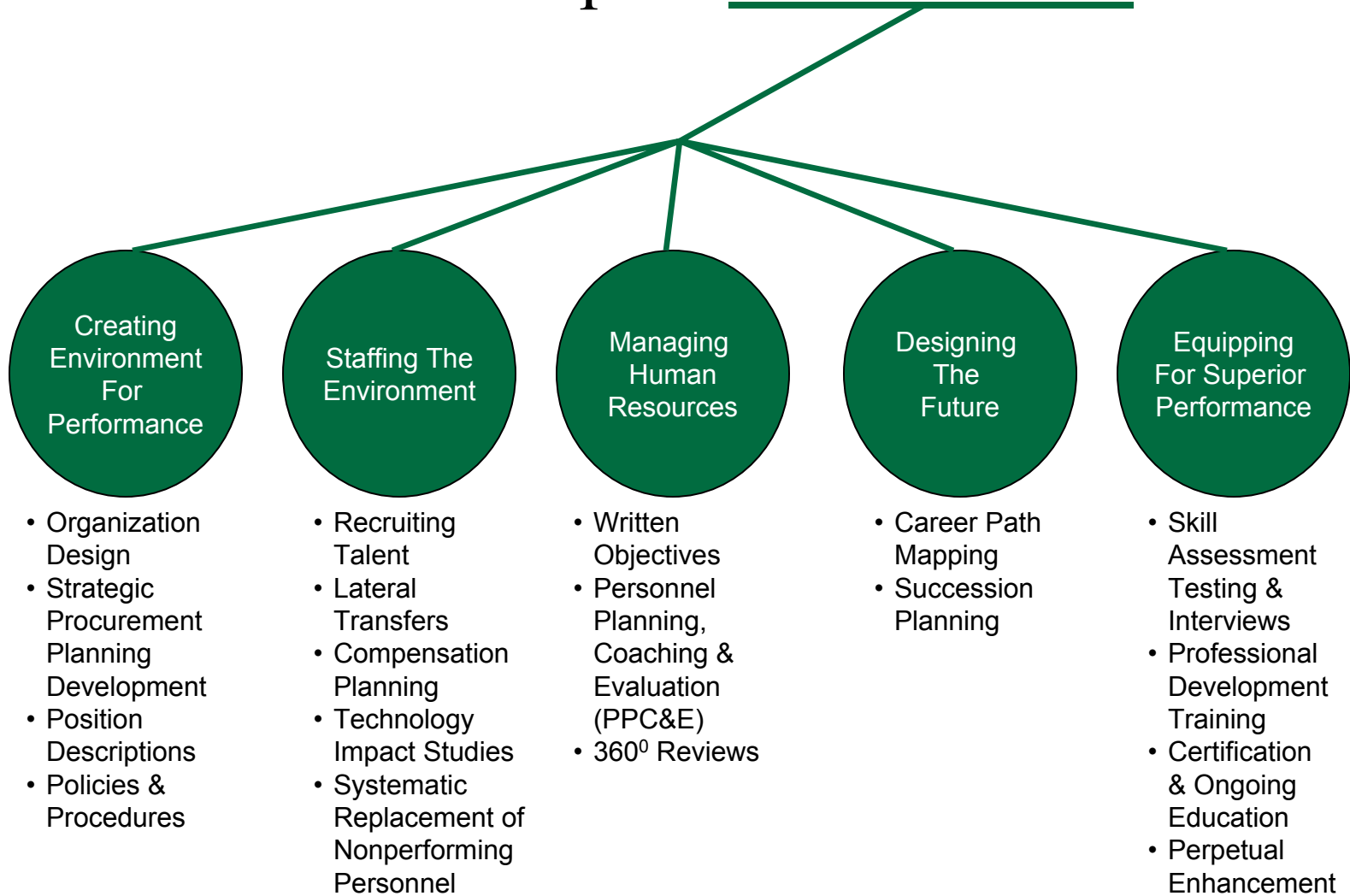


- **Robert Dunn, M.B.A., C.P.M. – Principal.** Past Director of Corporate Procurement, Bank of America. Past Director of Materials, City of Santa Rosa. Past President of Two NAPM Chapters. Past Chairman of CAPS Benchmark Committee.
- **Mark Trowbridge, C.P.M. – Principal.** Past Director, Strategic Sourcing, Bank of America. Past Director of Contracting, Security Pacific Bank. Past Procurement Positions – Western Airlines, Catalina Yachts, Gibraltar Savings.
- **Strategic Procurement Solutions –** *A specialty firm providing advanced supply-management consulting & training to Fortune 500 & Progressive Public Sector Clients.*
- **Clients have included...** *Delphi Automotive, Apple Computer, Entergy Services, Limited Brands, MetLife, State of Oregon, Baltimore Gas & Electric, Nationwide Insurance, Allstate Insurance, PacifiCare Health, Bristol-Myers Squibb, Vision Service Plan, Colgate-Palmolive, California Bank & Trust, Union Bank of California, Sprint-Canada, Sybase...*

Professional Development - General Perspectives -

Foundational Elements

Human Capital Performance



“Today I believe in the importance of training more than the importance of hiring...”

Mark H. McCormack, What They Don't Teach
You At Harvard Business School

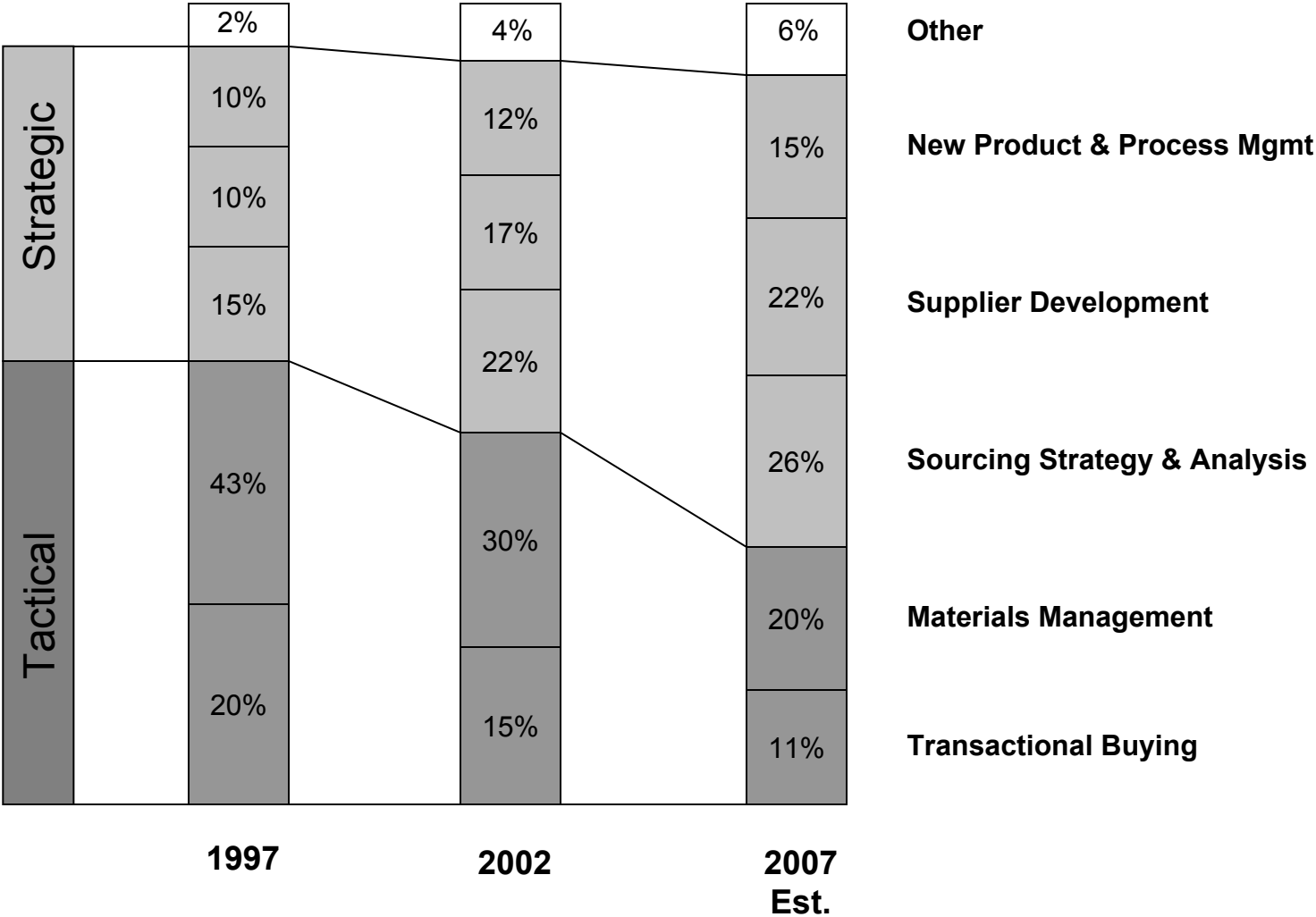
Professional Development is *Essential* to a Top Procurement Organization

- *“World Class” organizations have formal programs that invest in the training & development of their supply professionals.*
Center for Advanced Purchasing Studies (C.A.P.S.), Critical Issues Report, 2003

- *Procurement executives say that Talent Management is a “critical” attribute of a World Class procurement organization.*
Executive Board Purchasing Council, Anatomy of a World Class Purchasing Organization, 2003

Adobe Systems	The Allstate Corp	ALLTEL Corp	Metropolitan Life Insurance	USPS
AstraZeneca plc	Barclays PLC	Capital One	Chevron Texaco	Chiquita Brands Intl
The Clorox Co.	Colgate-Palmolive Company	Delta Air Lines	Department of Veterans Affairs	Entergy Corporation
Exxon Mobile Corp	First Energy Corp	Georgia Pacific	Glaxo Smith Kline plc	The Hartford Financial
JC Penney	Johnson & Johnson	Kellogg Corp	Lowe's Companies	US Bank
Michelin N.A.	R.R. Donnelley & Sons	3 Com	United Technologies	Wisconsin Energy
W.W. Grainger Inc.	Merrill Lynch & Co.	Mead Westvaco	LG&E Energy Corp	Sonoco Products
Holcim Ltd	Interbrew U.S.A.	Belgacom SA	Abbott Laboratories	Telstra Corp

The Changing Role of Procurement Professionals



Source – Council Research, 2002

Professional Development

- Where Are Procurement Groups Today? -

Investment in Employee Training Varies By Organization Type

Represented Industries	Avg. Annual Training Per FTE
Aerospace/Defense	\$567
Chemical	\$767
Diversified Food & Beverage	\$1,410
Engineering/Construction	\$636
Financial Services	\$756
Industrial Manufacturing	\$744
Petroleum	\$1,493
Pharmaceuticals	\$1,577
State/County Governments	\$675
Telecommunication Services	\$1,254
Utilities	\$1,856
Average of Averages (Note: All Industries)	\$885

Source – C.A.P.S. Research, Cross-Industry
Benchmarking Study, April 2004

Procurement Groups Still Need to Be *More Effective* In Talent Management



- Study Participants Ranked “Talent Management” as a Top Priority for SCM Success
- But 88%+ Believe They Are Not Consistently-Performing in *Personnel Leadership Training, Skill Development, or Talent Management.*

Source – Executive Board
Anatomy of a World Class Purchasing Organization, 2003

Building & Enhancing Procurement Training Programs

Skills Needed By Today's Procurement Superhero



Functional Skills	Business Skills	General Skills
<ul style="list-style-type: none"> • Demand Management • Spend Analysis • Specification Management • Cost modeling • Market Analysis • Strategy Development • Supplier Evaluation • Negotiations • Contracting • Supply Chain Integration • Supplier Relationship Management • Customer Relationship Management • Contract Management 	<ul style="list-style-type: none"> • Business process knowledge • External customer & market knowledge • Product & service knowledge • Supply market knowledge • Technology knowledge • Business finance 	<ul style="list-style-type: none"> • Team building • Group problem solving • Managing resistance to change • Public Speaking • Change management • Coaching and feedback • Project management • Effective meeting management

Skill Assessment Testing & Gap Analysis

1. Position design, definition, and competency benchmarks;
2. Skill assessment testing;
3. Skill assessment interviews & evaluation;
4. GAP analysis vs. Best Practices;
5. Career mapping; and
6. Training plan development.

Competency Area	Competency Type	Team Manager	Commodity Manager	Commodity Analyst	Contract Analyst
Demand Management	Functional	10	10	5	3
Spend Analysis	Functional	10	10	5	3
Specification Management	Functional	10	10	5	3
Cost Modeling	Functional	10	10	5	3
Market Analysis	Functional	10	10	5	3
Strategy Development	Functional	10	10	5	3
Supplier Evaluation	Functional	10	10	5	3
Negotiations	Functional	10	10	5	5
Contract Drafting/Development	Functional	7	7	5	7
Supplier Relationship Mgmt	Functional	10	7	5	3
Customer Relationship Mgmt	Functional	10	7	5	3
Contract Management	Functional	7	7	7	7
Technology Knowledge	Business	10	7	3	3
Business Process Knowledge	Business	10	7	3	3
Product & Service Knowledge	Business	10	7	3	3
Team Building	General	10	7	3	3
Problem Solving	General	10	7	3	3
Coaching & Feedback	General	10	5	3	3
Time Management	General	10	7	3	3
Public Speaking	General	10	7	3	3
Project Management	General	10	7	3	5

Success Factors for Highly-Effective Training

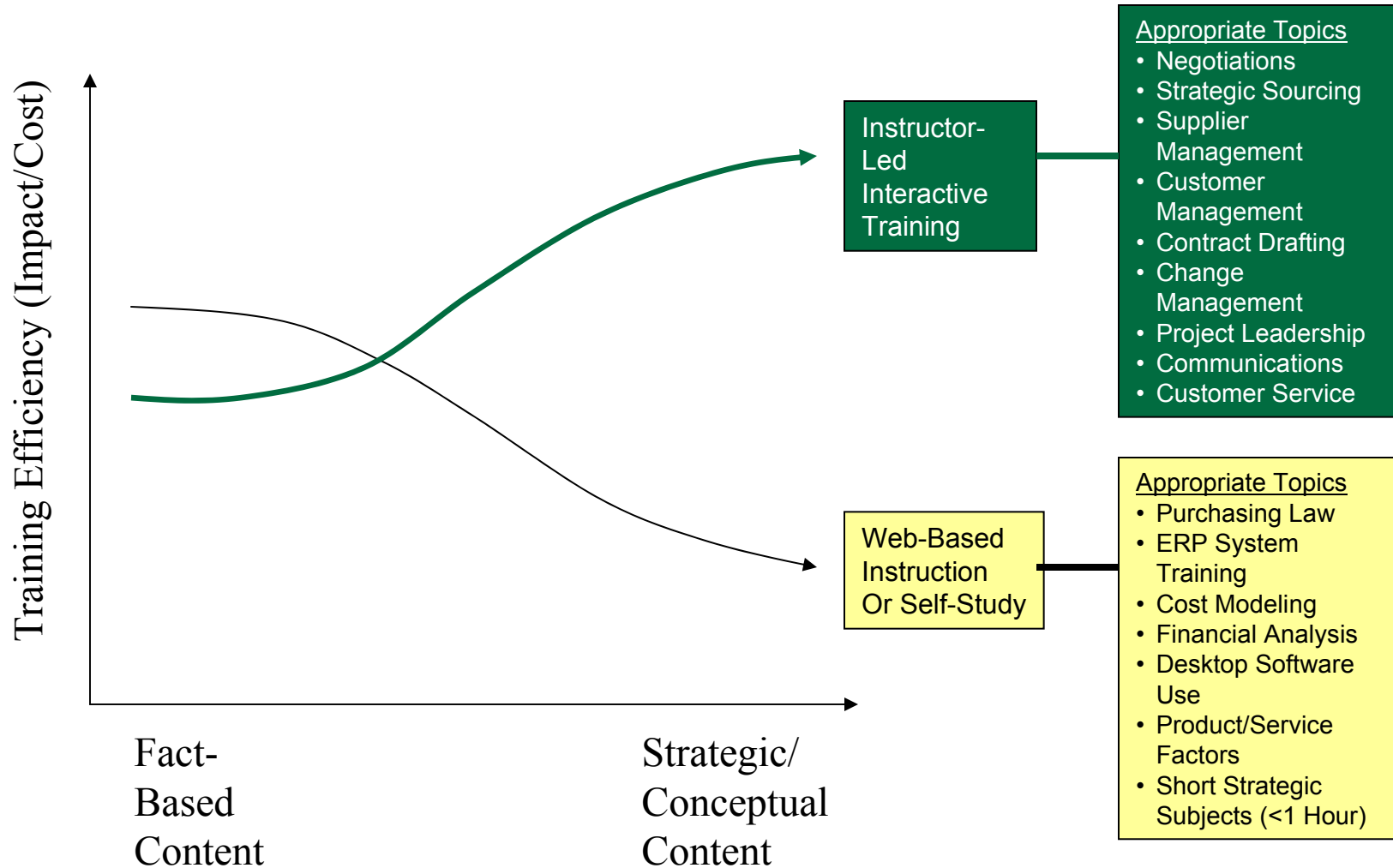
1. “Gap” based against staff skill assessment testing & interviews;
2. Format structured to optimally-match content;
3. Delivery cost-effectively addresses the organization’s desired competency outcomes;
4. Instructor(s) has “real world” SCM experience;
5. Content reflect “Best Practices” and be “Implementable”; and
6. Knowledge transfer is verifiable:
 - Level 1 - Participant Surveys
 - Level 2 - Pre- and Post- Testing
 - Level 3 - Follow-up Knowledge Transfer & Verification



Ways Organizations Approach SCM Training

Offsite "Retail" Training Programs	On-The-Job Training & Department Rotations	Collegiate Degrees & Professional Certifications	Onsite Training Programs Using External Provider	Internal Development & Delivery of Training
<ul style="list-style-type: none"> • Advantages: <ul style="list-style-type: none"> - Many topics to choose from • Limitations: <ul style="list-style-type: none"> • Training lacks consistency for different staff members • Expensive to deliver (typically \$600 - \$1,200 per participant day, plus travel costs) • Training not tied to organizational needs • Employees away from office...non-productive 	<ul style="list-style-type: none"> • Advantages: <ul style="list-style-type: none"> - Cost-effective to deliver - Practical application • Limitations: <ul style="list-style-type: none"> - Promote existing practices - Fail-to-address "best practices" - Fail-to-address new concepts 	<ul style="list-style-type: none"> • Advantages: <ul style="list-style-type: none"> ▪ Comprehensive & Long-Term ▪ Provide solid baseline for future performance ▪ Reflect staff commitment • Limitations: <ul style="list-style-type: none"> • Can be expensive • Lengthy commitment • Not oriented to needs of organization 	<ul style="list-style-type: none"> • Advantages: <ul style="list-style-type: none"> - Many topics to choose from - Incorporates "best practices" & new techniques - Skilled trainers - Cost effective delivery • Limitations: <ul style="list-style-type: none"> - If not selected carefully, training may not address organizational needs - Training may require customization 	<ul style="list-style-type: none"> • Advantages: <ul style="list-style-type: none"> - Highly customized to organizational needs - Flexible scheduling - Works for "tactical" and "fact-based" training • Limitations: <ul style="list-style-type: none"> - Training is usually not a core organizational competency - Trainer quality can be limited - Program development takes much time - Can be costly

Matching Training Delivery to Content

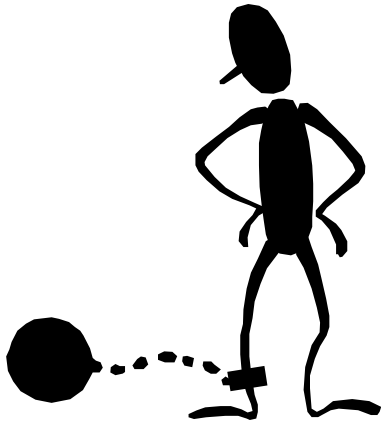


What Leading Organizations Should Seek in Training

- Measurable & quantifiable results.
- Short time away from the workplace.
- Reasonable cost....high R.O.I.
- Change in “paradigm” for participants.
- Practical impact upon participants’ day-to-day job responsibilities.
- Key training points remembered far into the future.



Key Obstacles to Building the Procurement Superhero



- Failing to Plan Ahead
- Prioritizing Training Behind Competing Budgetary Needs
- Emphasizing Theoretical Rather Than Practical
- Selecting Training Delivery That Doesn't Achieve *Strategic* Results
- Allowing Employees to Select Their Own Training
- Fragmentizing SCM Training
- Being Satisfied With the *Status Quo...*
"The greatest enemy of great is good", Jim Collins – Good to Great





Questions & Answers – Discussion

