

What should be Purchasing & Supply Management tomorrow?

TAYSAD Conference

Istanbul Dec. 4th 2018

Bernard GRACIA
EIPM Dean & Director

Agenda

1. EIPM short Presentation
2. Purchasing & Supply Management across time
 1. What has not been changing
 2. Why P&SM should change drastically
3. Drivers for Change
4. Key P&SM changes
 1. Innovation & Start up
 2. Agility
 3. Organisations
5. Main New Competences
6. Conclusion



1. EIPM A SCHOOL DEDICATED TO P&SM

What is the EIPM?

- The EIPM is not a Consultant.
 - 👉 Training is not a way for us to sell consulting;
 - 👉 Trainings are delivered by Professionals « EnterTrainers » with a strong background in Purchasing & Supply Chain.
- The EIPM is not a University.
 - 👉 The EIPM research activities are applied researches dedicated to Clients permitting EIPM to bring new tools, new practices and leading edge applied contents;
 - 👉 The EIPM is leading Club to help Companies to Benchmark & Network

What is not the EIPM?

- The EIPM is not a Consultant.
 - ☞ Training is not a way for us to sell consulting;
 - ☞ Trainings are delivered by Professionals « EnterTrainers » with a strong background in Purchasing & Supply Chain.
- The EIPM is not a University.
 - ☞ The EIPM research activities are applied researches dedicated to Clients permitting EIPM to bring new tools, new practices and leading edge applied contents;
 - ☞ The EIPM is leading Club to help Companies to Benchmark & Network

The EIPM 3 Pillars

Benchmark : EIPM Peter Kraljic Awards



Education



- Global Executive MBA
- Certification Programmes
- Training Modules
- MSc

Research



- CPO Round Tables
- Workshops
- Annual Conference
- Value Creation Observatory
- Journal of Supply Excellence
- EIPM Club

In-Company



- Customised / Standard
- Certified / Practices
- Foundation / Advanced
- "À la Carte" Modules
- Coaching

Learning solutions and tools (cases, videos, distance e-learning, survey, analysis for research)

Online Talent Assessment, Online Assessment of the Organisation

200 participants/year

4.000 participants/year

The EIPM Global Footprint

-  Chinese
-  English(UK)
-  English(US)
-  French
-  German
-  Indian
-  Italian
-  Polish
-  Portuguese
-  Spanish
-  Romanian(*)
-  Russian(*)

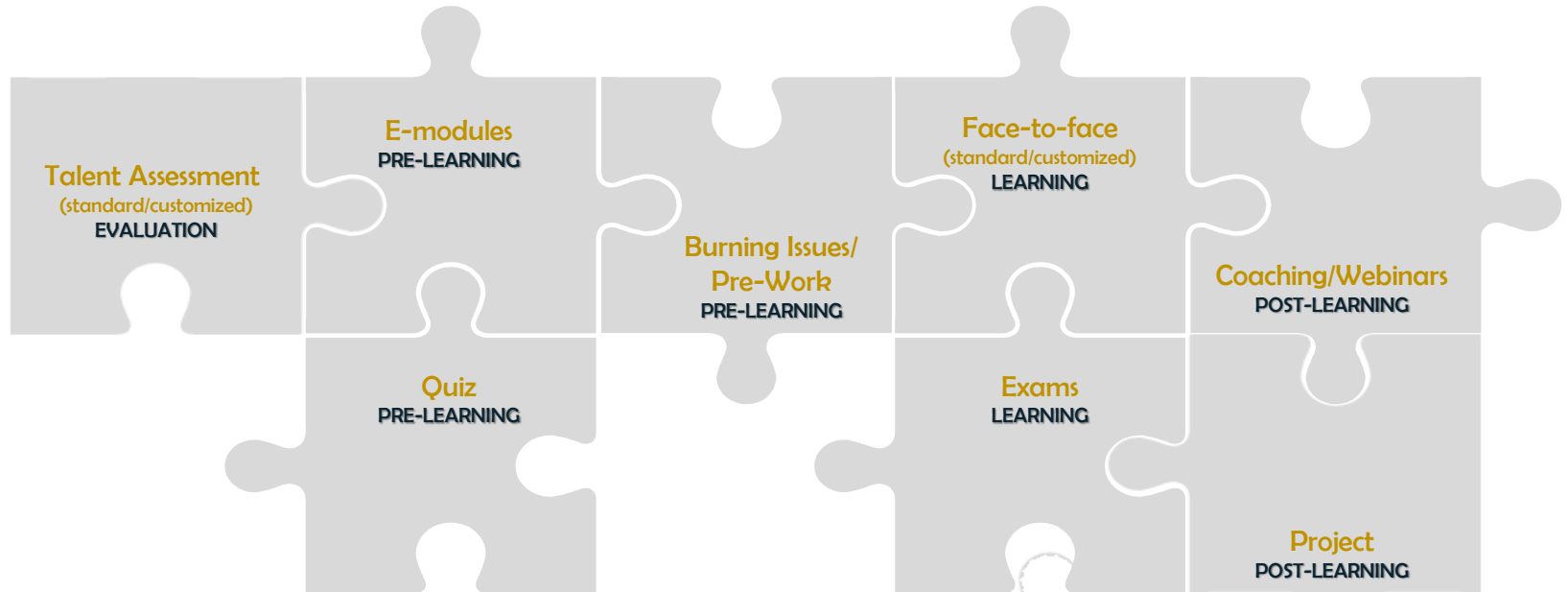


(*) Training is delivered through an EIPM Interpreter.

EIPM can deliver training in any of these locations and in any of the languages here above.

Specific [Country x language] can be considered by the EIPM, upon request.

EIPM Blended Learning Process



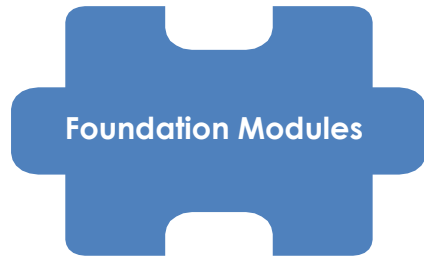
3 options:

1. **EIPM Standard Certification Programme:** All the pieces in grey must be taken.
2. **Client Purchasing Academy:** EIPM & The Client work together to build programmes / select pieces according to the clients' needs
3. **Build Your Own Training:** Pick the pieces you need.

The EIPM MBA: the Flagship



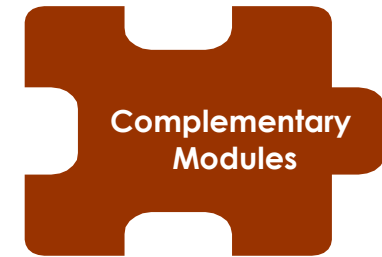
12 intensive residential modules spread over 18/ 30 months



Foundation Modules



Specialisation Modules



Complementary Modules

1. International Economics & Finance
2. Finance & Management Accounting
3. Business Strategy
4. Leadership & HR Management

5. Purchasing Strategy
6. Operations & Supply Chain Management
7. Innovation & Entrepreneurship
8. International Negotiation & Influencing Skills
9. Latest Development in Purchasing

10. Shaping Responsible Future
11. Business to Business Marketing
12. Strategic Information Systems

EIPM Certification and Global Recognition



- 3 days
Fundamentals of Purchasing
- 2 days
Inventory Management
- 3 days
Financial Risks / Opportunities in Supply Management
- 2 days
Contract & Legal Aspects
- 2 days
Cost Analysis
- 3 days
Practicing Negotiation Techniques

- 3 days
Key Category Management
- 2 days
Supplier Relationship Management
- 3 days
Advanced Cost Reduction Tools
- 2 days
Supplier Development & Optimisation
- 2 days
Value Contribution
- 3 days
The Soft Skills in Hard Negotiations

- 3 days
Purchasing Management: Strategies & Organisations
- 2 days
Purchasing Management: Skills & Performance Indicators
- 2 days
Supply Chain Optimisation Management
- 3 days
Leadership & Change Management

The EIPM Professors Emeriti



Prof. John Heptonstall
Geneva Business School



Prof. Dr. Corey A. Billington
University of Wyoming



Jean-François Baril
CEO Connecting Partners



Prof. Andrew Walker
London School of Business &
Finance



Prof Dr Peter Kraljic
PhD Technical University Hannover,
Director Emeritus McKinsey



Prof. Richard Lamming
University of Exeter



Prof. Dr. Arjan van Weele
Eindhoven University of Technology



Prof. Rhoda Davidson
EM Lyon



EP Oil Spill

Possible causes:

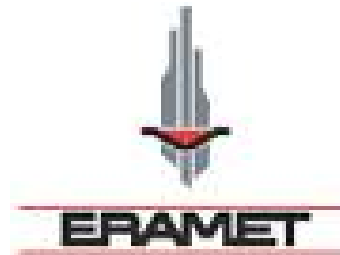
- Culture: EP has a past of earlier safety problems... safety was sacrificed for speed of action... EP Oil Spill shows little consequence management...
- Growth by comparison involved... all procedures were in place... all warning signals were there... project manager did not want to see that... all sub-contractors would have decided to stop working under these circumstances... due to pressure from the top caused them to continue... it was a collective failure...
- Advice from sub-contractors was deliberately neglected... project management failed to get the best out of their sub-contractors...
- Stakeholders were suffering from a common goal... when problems arose everybody saw it as a failure of the other person first.

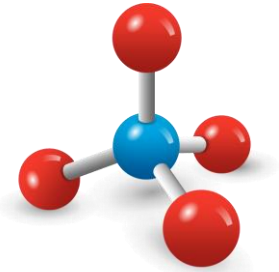
AGENCY INTERVIEW
The unknown factors... safety

- Growth by comparison
- Pressure from the top
- Sub-contractor management
- Stakeholder pressure

Some references across industries







Our core belief

VALUES... FOR VALUE!



2.P&S.M. ACROSS TIME

WHAT HAS NOT BEEN CHANGING



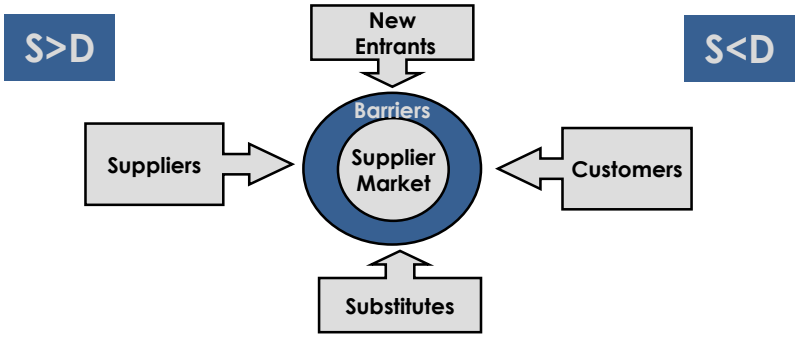
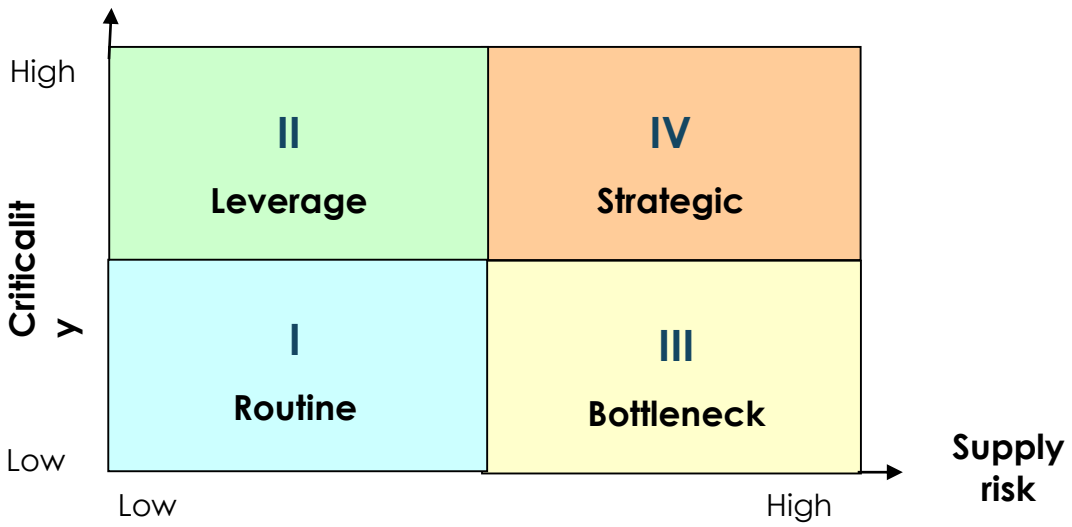
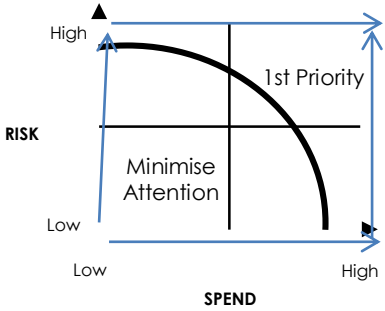
2.1 What has not been changing

2.P&SM ACROSS TIME

1st Quizz😊: Frequently heard

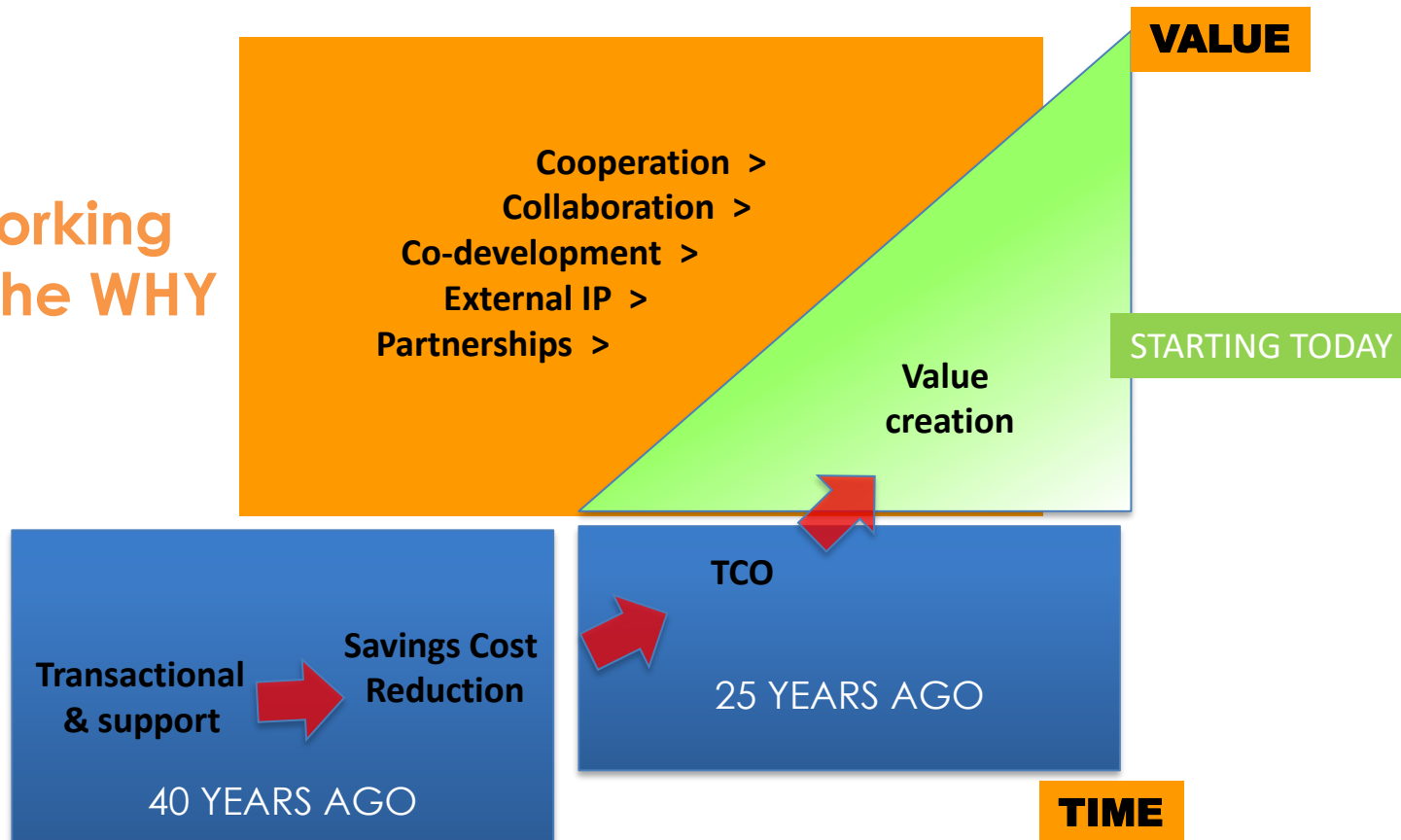
Are Purchasing & Procurement
becoming strategic??

No many changes in Procurement since Peter Kraljic's Matrix



The last 25 years.. still on the way to become strategic

Working
on the WHY





2.2 Why P&SM should change drastically

2.P&SM ACROSS TIME

What for the next 25 years? *...the world is changing*



Stepping into unknown territories



**Personalisation
of Everything**

S E T H

Stepping into unknown territories



Stepping into unknown territories



Stepping into unknown territories



SETH

Stepping into unknown territories



Stepping into unknown territories



SETH

Stepping into unknown territories



Stepping into unknown territories



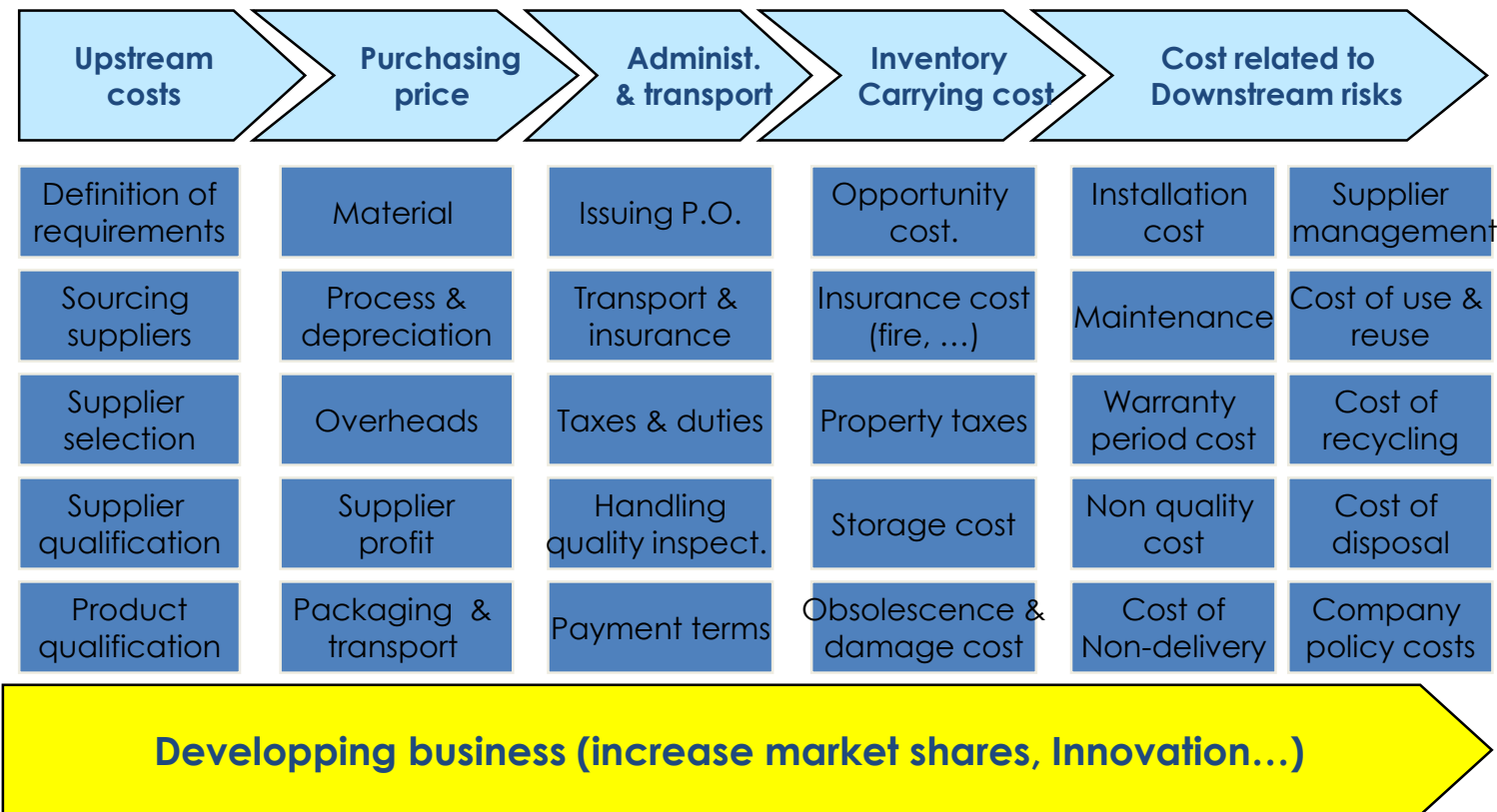
A world map in a dark blue color is centered on the slide. Overlaid on the map are three overlapping hexagons. One hexagon is white and is positioned over North America. Another hexagon is orange and is positioned over Europe. A third hexagon is white and is positioned over Europe, overlapping with the orange one.

3.DRIVERS FOR CHANGE

New Challenges

- Procurement has to change because the **world is changing**
 - Speed / Agility
 - Digitalisation
 - Globalisation
 - Limited Number of Suppliers
 - CSR
 - Big Data
 - IOT
 - I.A.
 - Start ups

From TCO to TVO



Evolution

- From PriceST Savings
- To TCOLT Savings
- To Value ContributionBusiness Support

Strategic Purchasing role has to change to support Business

Moving

From being a **Financial support:**

to support by Prices /costs reductions, Payment terms

To become a **Business Enabler:**

to support in selling more or in selling better

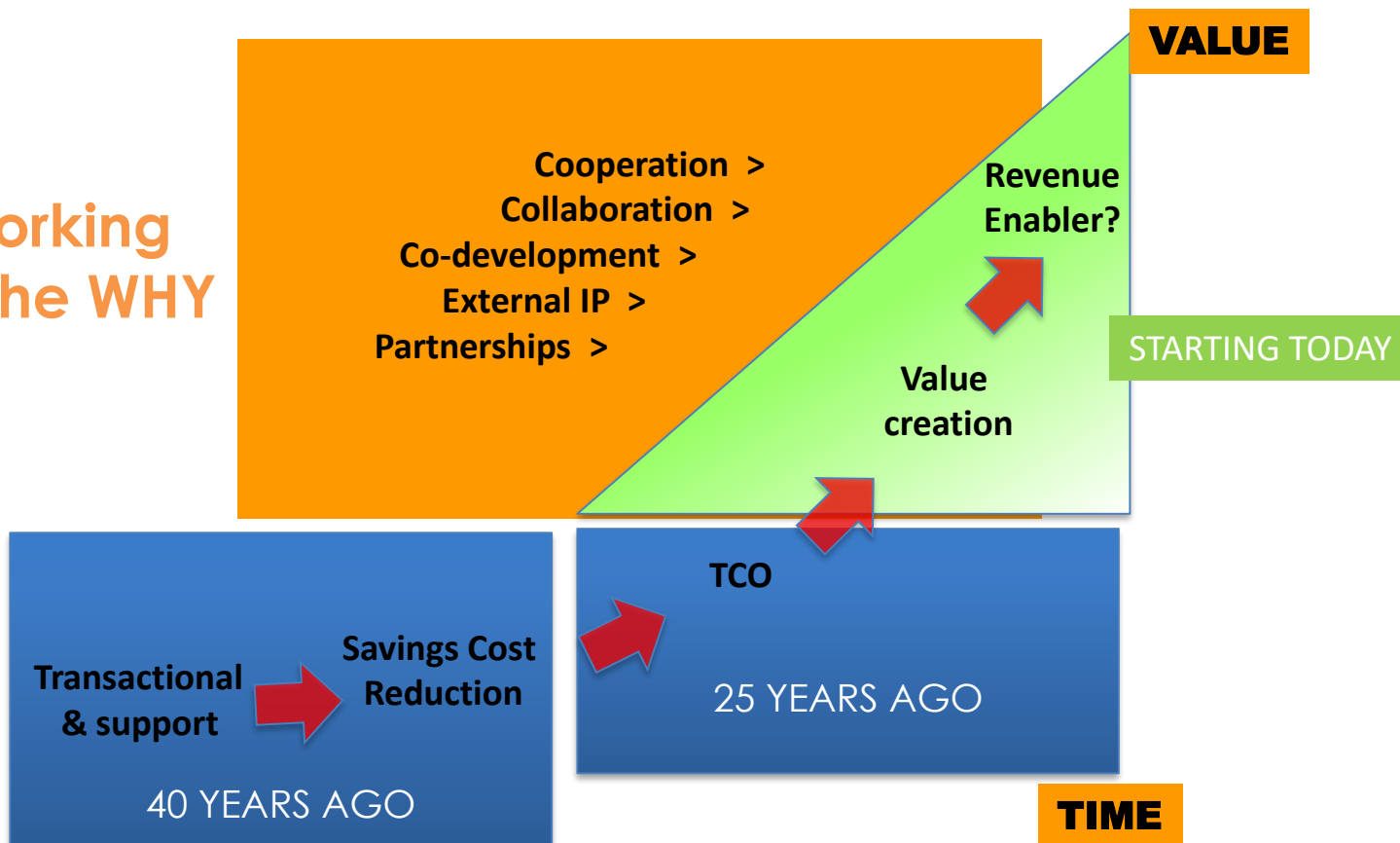
Purchasing Value contribution is based on the fact that

Purchasing is to SUPPORT the BUSINESS

Purchasing is to CONTRIBUTE to the BUSINESS

Purchasing is still on the way to become strategic

Working
on the WHY





4. NEW LANDSCAPES KEY PURCHASING CHANGES



4.1 Innovation & Start Ups

4. NEW LANDSCAPES



88% of automotive strategy officers agree that by 2030 at least one major automaker will earn more revenue from selling data and mobility services than from selling cars and auto parts.

World Economic Forum 2016

2nd Quizz😊: What changed for you?

In your business,
In your Company,
In your Department

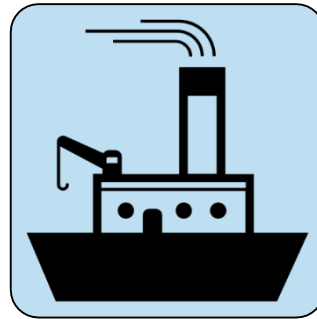
What has been changing along those past last months in terms of innovation and you technologies?

Exploring external opportunities: 3 patterns of behaviours



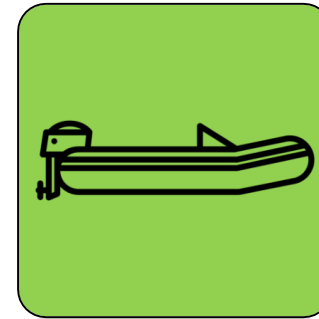
Fishing in the neighbourhood

- Roadmap sharing
- Innovation days



Shaping future fishing grounds

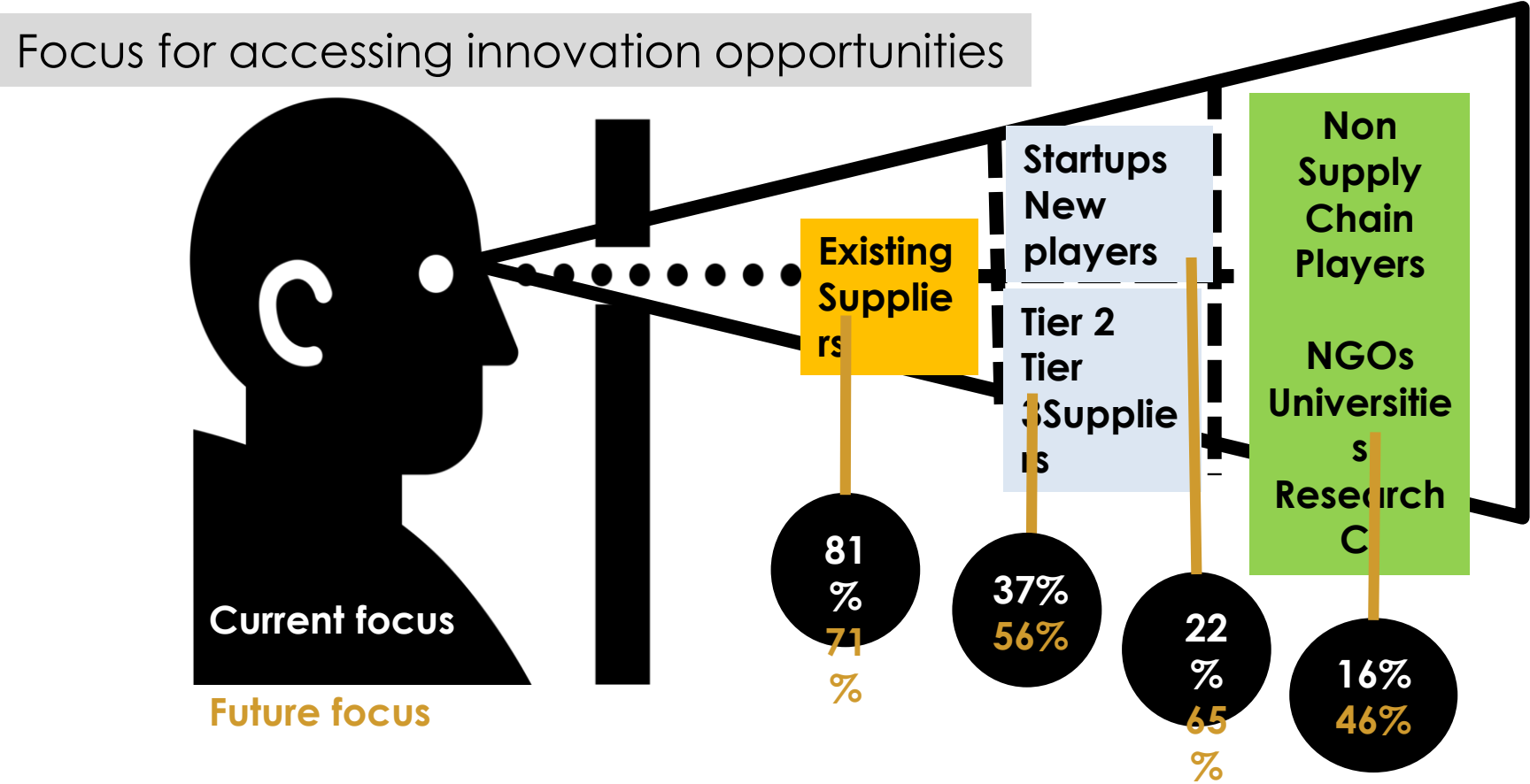
- Meeting with tier 2 / 3
- Relationships with start-ups



Fishing in unknown territories

- Open innovation platforms
- Universities and third parties

Looking beyond the obvious



3rd Quizz😊: Suppliers selection criteria

What are the selection criteria
you will be using to select Start ups
to enter your Portfolio of Potential suppliers?



4.2 Agility

4. NEW LANDSCAPES

Agility & Relation



*I always end up using
power, massification &
scale
But deep in my heart I
would love to collaborate
more*



*A few of us do
things
differently But
we keep quiet*

Agility & Relation

We have diversified our practices,
We complement each other!





4.3 Organisations

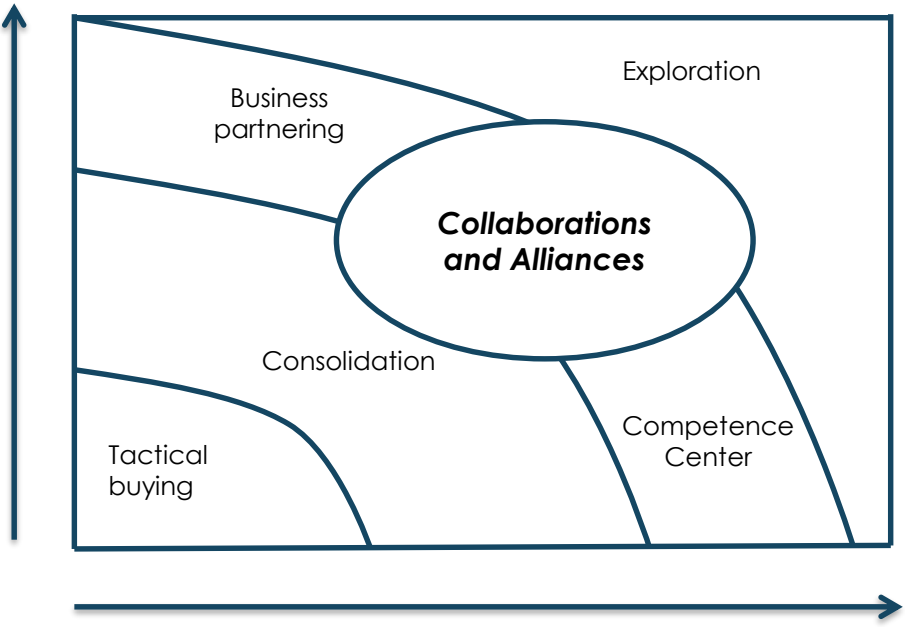
4. NEW LANDSCAPES

-
- How to manage recurrent **category management** roll out
 - with
 - Compulsory agility to catch up with **innovations & start up?**

Next Generation Purchasing

Speed of change on the demand side
Focus on innovation

More Business Model Innovation
Increased Complexity and uncertainty

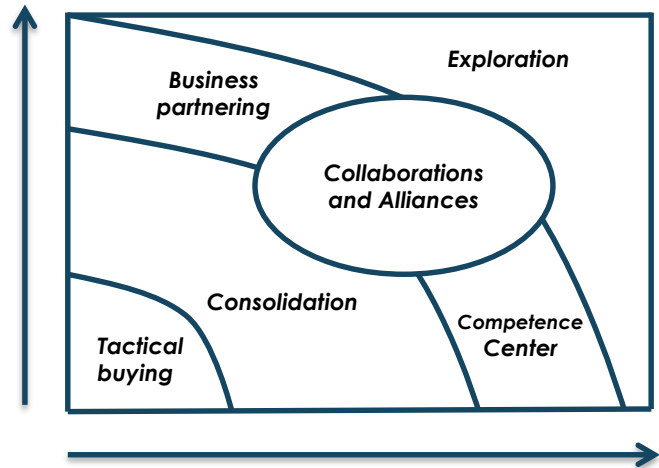


Speed of change on the supply side
Focus on innovation

Access to distant capabilities
Increased Complexity & Uncertainty

What does this mean

Speed of change
on the demand
side



Speed of
change on the
supply side

Tactical Buying

- Automation and Simplification
- Expanding role of Aggregators
- Aligned on Business Services

Consolidation

- Not a dominant logic anymore
- Cross-functional engagement
- Cost reduction and User benefits

Business Partnering

- Anticipation
- Advisor on existing solution
- Systematic and day to day

Collaboration and alliances

- Joint business planning / long term
- Continuity
- Importance of the Mindset

Competence center

- Advisor on forthcoming capabilities
- Ecosystem thinking
- Beachhead strategy

Exploration

- Building vision for/with the business
- Exploring and supporting exploration
- Cognitive fluidity
- Distributed / Differentiated / Separated



5. WHICH COMPETENCES?

How to change the Relations

Internal Clients vs. the **Internal Business Partners**

Suppliers vs. the **External Business Partners**

How to change the Relations

To move away

from **CONFRONTATION**... to **RELATION**



DO WE HAVE THE RIGHT PEOPLE?

Which profiles fit with those new challenges

- Speed /Agility
- Digitalisation
- Globalisation
- Limited Number of Suppliers
- CSR
- Big Data
- IOT
- I.A.
- Start Ups

Skills to improve Relations

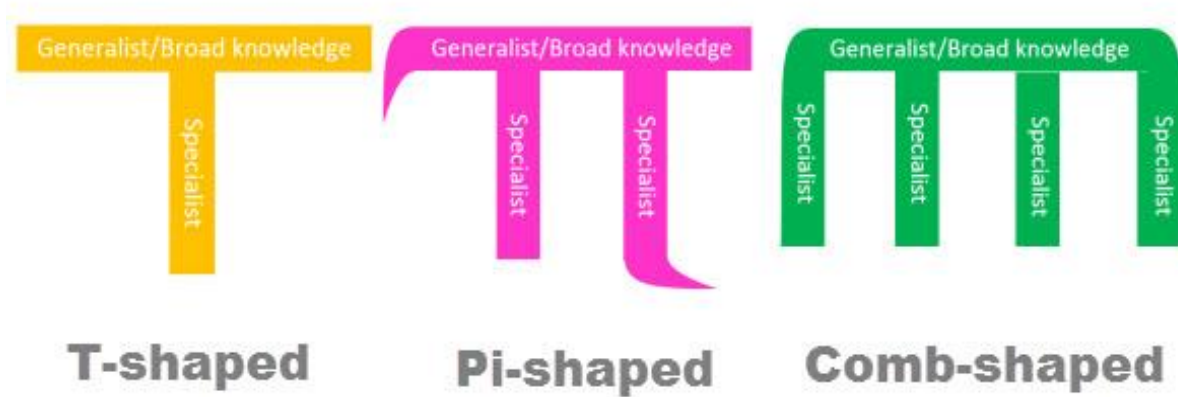
Which are the skills necessary to improve the Relations with
Internal & External Business Partners

Same standard **technical expertise still necessary**

Some additional and specific **behaviours**

- **Marketing mind-set**
- **Business Acumen**
- **Entrepreneurship**
- **Leadership**
- **Communication skills & Active listening**
- **Agile**
- **Trust**
- **Humility**
- **Ethic**

Set of Future Skills



- Knowledge of different markets and categories
- Ability to lead different efforts
 - (Sprint vs Marathons)
 - (Vision vs Planning vs Execution)
 - (Cross functional vs Cross Company)

Looking for the Ideal Profile

New **behaviours** will permit to **extract more Value** from the relationships between

IBP (Internal Business Partners) and **EBP** (External Business Partners).

The Purchasing Professional should, at the same time, be:

- A **leader** to change the system.
- An **entrepreneur** to solve new challenges.
- A **commercial** to sell and convince.
- An **expert** capable to add value.

3rd Quizz😊: Which KPIs to assess those new relations

Purchasing has been measuring

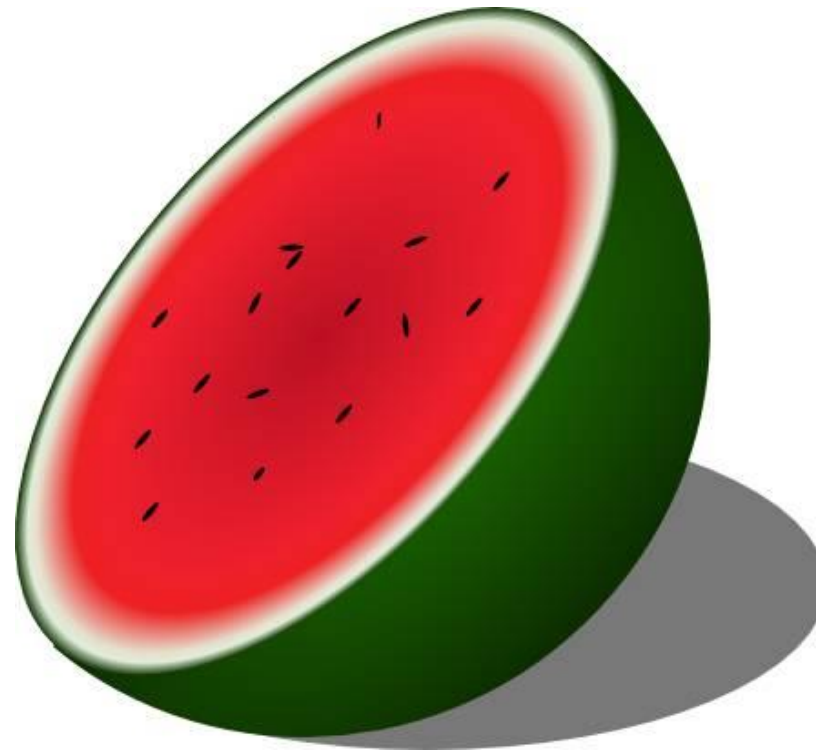
Purchasing efficiency & effectiveness with hard KPIs on savings, terms of Payments, timely deliveries, quality...

Could we add some **soft KPIs**

Mutual trust, overcoming crisis, solving difficulties, markets gains

to cope with those new relations?

How to measure this Relation??





6. CONCLUSION

The world is **CHANGING**

Moving Purchasing has to change

From being a **Financial support:**

to support by **Prices /costs reductions, Payment terms**

To become a **Business Enabler:**

to support in **selling more or in selling better**

**Purchasing Value contribution is based on the fact that
PURCHASING HAS TO CONTRIBUTE TO BUSINESS**

The world is **CHANGING** Purchasing has to change

Moving

From being a **Financial support**:

to support by Prices /costs reductions, Payment terms

To become a **Business Enabler**:

to support in selling more or in selling better

Purchasing Value contribution is based on the fact that

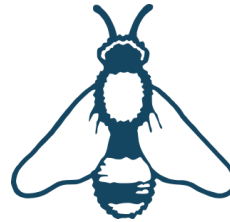
PURCHASING HAS TO CONTRIBUTE TO BUSINESS

Values for Value

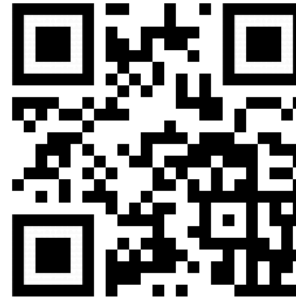
Follow



<https://www.linkedin.com/company/eipm/>



<http://www.eipm.org>



Bernard GRACIA: EIPM Dean & Director

Email: bgracia@eipm.org

Skype: bernardgracia

Whatsapp: +33 607 2352 43