

# A Clear Picture of Transformation

## How a methodical approach to performance improvement is transforming a global procurement organization

*By Karen P. Collins, CPSM, C.P.M.*

Critical procurement and sourcing decisions require a clear picture of what occurs throughout your team, especially when your team spans several continents. The new CPO at a US\$7 billion international consumer goods packaging manufacturer identified several challenges in getting a clear picture of the global procurement organization she now oversaw. There was no standardized strategic sourcing process, the global procurement staff had not received recent procurement training and staff reports were unclear, with different information being reported by each unit.



The organization's CPO approached the ISM School for Supply Management, an ISM Services company, because of the organization's reputation and its ability to provide a comprehensive analysis instead of a short-term approach that might address a few issues but not the root causes of deficiencies. The client wanted to work with a true consulting partner that would work with them to implement the plan, not just give them a plan to follow. Additionally, the client liked the school's ability to deliver the content in multiple languages and in multiple countries.

ISM School for Supply Management began by consulting with the CPO and the procurement leadership team to help select and roll out a standardized sourcing process and deliver a professional development program to elevate the staff's skills across multiple global locations.

Based on business needs, a nine-step strategic sourcing process was selected that included management gate reviews at key milestones. ISM School for Supply Management and the client, including human resources, worked in partnership to align job roles with the new strategic sourcing process.

## **Competency Assessments**

ISM School for Supply Management partners with ADR North America. The school used ADR's DNA<sup>®</sup> tool to identify competency gaps. The DNA tool is based on an online survey that has sets of self-assessment questions as well as the ability to incorporate custom questions that address the unique characteristics of a company. The surveys deliver very reliable results that identify specific skill strengths and weaknesses for each individual, which are used as the basis for an individual professional development plan. Insights into team strengths and targeted training requirements are provided, to avoid "one size fits all" learning. Each participant receives an individual competency profile and a targeted learning plan. For managers, an assessment of the overall skill gaps within the company is generated. DNA also aggregates data from divisions, business units or the enterprise as a whole to create an effective, targeted learning strategy for the entire purchasing organization.

In this case, the survey identified several areas where procurement skills were below target competency levels, including: options generation; conditioning and information control; supplier collaboration; and supplier relationship management. Several strengths were also identified, including: planning and forecasting; cost analysis and containment; commodity analysis; and advanced skills in risk management. The analysis also found some geographic skill differences. Although overall it was a client strength, a few country teams were below target competency levels in cost-containment and business needs analysis.

Based on the comprehensive analysis, ISM School for Supply Management and the client were able to generate a viable plan to begin the transformation process and deliver significant value to the organization. The plan included organizational, regional and individual strategies. A blended learning solution of custom classroom training and e-learning was implemented. The program was tailored so that the content developed and delivered was both practical and relevant to the organization's staff while taking into consideration regional differences in skill sets, languages and culture. With a global organization, it was important to the CPO that the global team's training developed common vocabularies and common ways of working.

## **Implementation**

With a complete analysis of the client's business needs, ISM School for Supply Management recommended several key actions to move forward:

- Employ a multiphase professional development program based on the organization's business priorities.
- Educate staff on the new standardized strategic sourcing process and new job roles using the school's methodologies, customized tools and templates.
- Implement standardized reports with a common vocabulary and workflow across the global team.
- Upgrade skills of current staff through a combination of action-based classroom workshops and online courses, embedding skills that are immediately transferable to the work environment.

- Improve skill sets in negotiations and supplier relationship management. Use in-class instruction with online pre-work to set the baseline of the staff's current knowledge. This allows more time for action-based learning with case studies and exercises.
- Provide individual professional development plans with identified competencies targeted for improvement mapped to relevant online courses.

### **Clear Results**

The strategic sourcing process has been standardized across all the client's global teams. After the delivery of the first set of classes, the CPO began receiving uniform and consistent information from staff.

With a clear picture of the organization, the CPO is now able to make better and more strategic decisions to positively impact the bottom line. The CPO is engaged with the staff on key projects through gate reviews for strategic initiatives. ISM School for Supply Management is currently delivering the next phase of custom training, on negotiations, to be followed up with supplier relationship management.

The CEO was so impressed with the implementation of the new strategic sourcing process and professional developments programs that they are now the role model for the other departmental groups within the organization.

Sizable and meaningful changes are difficult to implement in any organization, but this transformation is well on its way to sustainable success. The client is poised for success because top management fully supported the entire process. Additionally, there was a strong desire for change and the skills to manage it. ISM School for Supply Management is able to create success in almost any organization. But success is quicker and more sustainable when it works in a collaborative partnership with the enterprise. Stay tuned to find out the clients' additional results in the next phases with negotiations and supplier relationship management.



*Karen P. Collins, CPSM, C.P.M., is senior executive-onsite education of the ISM School for Supply Management, an ISM Services company, a professional development and supply chain consultancy based in Tempe, Arizona. For more information, visit [www.ism.ws/4038](http://www.ism.ws/4038) or contact ISM School for Supply Management at +1 480/752-6276 or via email at: [isminfo@ism.ws](mailto:isminfo@ism.ws).*