

DCUBS: Rethinking the Procurement Function

Against a backdrop of economic uncertainty, organisations should be looking at their procurement activities to identify ways of remaining profitable over the long term – so says Paul Davis, chair of the MBS in Strategic Procurement at DCUBS and council member of the Irish Institute of Purchasing and Materials Management.

According to Davis, we are witnessing a gradual, and necessary, shift away from the traditional view of procurement as a transactional, cost-based function, to a more strategic role. With this comes a corresponding shift in the skillset required to effectively perform this strategic task.

“Strategic procurement is no longer about price negotiation and contracting – it is about a broad strategy. In addition to the basic requirements of supply management, contracting and negotiating, procurement staff must increasingly develop their skills in areas such as partnering, market research and analysis, influencing, and risk analysis,” says Davis. “Understanding the economic context of procurement is vital, as is understanding industry-specific cost drivers.”

Currently there is a shortfall of people with the necessary skills to work effectively in the strategic procurement arena, both within the public and private sectors. The level of demand for such professionals exceeds the number of people who are adequately trained to perform the function.

“We’re only beginning to see procurement come through in a leadership role within the private sector and to gain representation at board level. People need strong leadership skills to demonstrate at the highest level that procurement delivers value.”

Davis maintains that procurement must be recognised as a profession with strategic importance and he advocates having somebody working in this area at board level. “By training procurement professionals who have the ability to introduce, implement and manage strategic change in this area, organisations will be best placed to identify ways of generating long-term profitability through their procurement activities.”