

45 CHARACTERISTICS OF A SUCCESSFUL PURCHASING PROFESSIONAL

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Purchasing is a function that each company defines differently. First, the company has to decide whether the department is expected to be clerical or strategic. Then they have to define where in the range from the culture of short-term ruthless cost cutting to that of building a network of strategic alliances that target savings through stability. Once those are defined, there are certain characteristics that determine the extent to which an individual will excel in Purchasing.

Most of the writings I've seen on procurement deal with the nuts and bolts of the tools of the business, contract law, negotiation training or incoterms knowledge. However, the business of Purchasing relies heavily on people skills and mastery of behavior. You have to know what type of image you want to have and what conduct will allow you to sleep at night. So, you'll see that the list, below, contains many of what might be considered soft skills.

I contend that there is no single most important attribute that makes a Purchasing professional perform at a benchmark level. It is a combination of many traits, skills and behaviors. However, there are likely many different combinations of those listed below that will achieve optimal results on a more regular basis. The list of characteristics, in no particular order, includes:

Integrity: Integrity is made up of character and morality. It defines whether you are solid, trustworthy and reliable. Say what you mean and mean what you say. Do what you commit to do. Keep your word. Do not over-commit, because you will, likely, under-deliver. Be honest. Every transaction requires certain flexibility but never compromise your integrity for the sake of a transaction. It could be your last.

Morality: Not doing what is wrong.

Character: This means you do what is right. It's one thing to have the morality to not do what is wrong, but it often, takes great courage to do what is right. What you do speaks so loudly that what you say I cannot hear. Character is following through on a commitment long after the mood in which the commitment was made is gone. This is non-negotiable.

Knowledge and organization: Mastery of data is a key ingredient in the secret sauce of Purchasing. You have to know more about what you are buying than the person selling it. You have to know how supplier's prices compare to the lowest possible cost to manufacture it and what other suppliers are willing to sell it for. Finally, you need to be able to recall all of this immediately to assist in negotiations and planning. Note: you don't have to be an expert. That's what experts are for. Seek their counsel, if required. It's not a sign of weakness, but a sign of intelligence.

Forecasting: How many of what will you need? Where? What are the market trends? What are your customer's consumption habits telling you? Your ability to buy at an optimal level depends heavily on this knowledge.

Entrepreneurial: Are you working like its your own company? Don't sit and wait, like a clerk, for "the business people" to think of the smart questions for you. What is needed? Why? How many? How often? Is there a better mousetrap? Are the business people asking the wrong questions? This is "You Incorporated". Get to work.

Anticipation: What can go wrong? What opportunities exist? Is your commodity high risk? Is this

a new product? Is this a new supplier? Does your program team not have a clue? This is, likely, the single most important skill to have engaged at all times. This skill is essential to get out of the reactive way of doing business and behaving proactively. How many times do we encounter people, departments or companies that spend all of their time whining about all the firefighting they have to do? An ounce of anticipation can go a long way to prevent this way of doing business. You need to kick off a supplier by January 7 to meet program timing. Engineering has committed to get you drawings by December 7. However, if you wait until December 7 to check on them, you will almost certainly be disappointed. You can dwell on how it's not your fault, but you still end up fighting a fire. On November 7 you should be asking for partial information and validating that drawing creation is on schedule.

Behavior: Conduct. Anybody can do the task, but not everybody makes everybody else miserable when they do it. Conduct becoming an officer. Are you hiding in your silo or are you a part of the team? This is the key differentiator between a procurement team that needs help and one that is looked at as a positive influence on the organization.

Intimacy: Companies don't buy from companies. People buy from people. Build relationships with suppliers and with the members of your organization for whom you are doing the buying. Visit your suppliers.

Negotiation: What can you not live without? What can your supplier not live without? What would you like to have? What would your supplier like to have? Look for the common ground and adjust. This is a complete oversimplification, but "negotiation" had to make the list. Too often individuals go into a negotiating situation ill prepared and think they can talk their way into an agreement with no preparation. My advice is to learn as much as possible about your commodity or service before going to the table. Tools like Porter's Five Forces Model can help you understand where your range for negotiating.

Communication: Inside the company and out. Clear communication with all functional groups is essential. You aren't running a hot dog stand waiting for customers. To be truly successful, you need to have traits of a general manager or a program manager and jump into the fray. Look for the big picture and then fill in the gaps between company silos with transparent communication. Having a line of communication with suppliers is obvious, but, creating strong lines of communication with your internal customers and stakeholders can bring significant results. If your team sees, and believes that you are working for them, they are happy to work toward your objectives.

Resilience and agility: Not everything is going to go well all the time. How we, as procurement professionals, react and adapt to situations will maximize our value and contribution to our company.

Concern for Quality: Yes, knowledge of the product is important. Of course, the price has to be a bargain (you're in Purchasing, after all). However, you need to work very closely with the Supplier Quality organization to ensure suppliers are doing what they said they would do. You owe Operations good parts.

Understand scale: Too few suppliers, and your Operations can be held hostage or suspended because of a supplier's failure to perform. Too many suppliers, and you aren't important enough to any of them for them to care about you or your emergencies. Also, there isn't enough of you to go around to manage an unnecessarily large supply base.

Thick skin: If it goes wrong at a supplier, it will: A) be an emergency for you, or B) be your fault, in the eyes of poor leadership. Either way, the way you recover is to recover. If B), however, start looking for a new job. You don't have a boss worth working for.

Sense of urgency: Don't panic, but don't dawdle. Be logical. Use solid problem solving and decision making skills, like those taught by Kepner-Tregoe. Just get the job done on time.

Interpersonal skills: You are not in the job suited for an introvert. You have to be able to speak to people in a way that makes them pleased that you are engaged if you are in Purchasing.

Peacekeeper: Supply chain professionals work with, or directly affect, every department within a company. There are also the main contact for most entities outside of the company. There will be disagreements and misunderstandings. Do not be the source of them. Be the solution.

A balance of quantitative and qualitative analytical skills: This is a must. You think your job is to buy stuff. However, you will have to make decisions with partial data and have to solve problems that seem unsolvable. Shainin Red X or Kepner-Tregoe are examples of formal training.

Sense of humor : You are dealing with people. Everybody makes mistakes. You are dealing with products. If you've ever witnessed a birth or a funeral, you know what's really important. So, don't overreact and focus on solutions and results. There's no need to be nasty. Tough situations do not need to be miserable. Also, the day-to-day doesn't have to be so boring. A little levity can make mundane tasks more palatable.

Avoid conflict of interest: You are making 3rd party purchases. That is, you are buying product that you will not, personally, consume with money that is not yours. Be careful not to base decisions, on behalf of the company, on factors that result in your personal gain. Your objective has to be the best interest of the company. In these hyper political times, even the appearance of impropriety can be damaging to a career or reputation.

Reciprocity: There is give-and-take in any healthy relationship. It is crucial to have the win-win big picture in mind for all transactions. Any imbalance in benefit will surface, at some point, as a commercial issue. There will be times when suppliers will need a favor from the customer and vice versa. Favors are more difficult to achieve in a one-sided relationship.

Strategic: You have to have a long-term plan for success. Executing a plan of action enables you to assess progress toward a particular goal. It's about shaping the future instead of just letting commerce happen to you. You have to secure the desired ends with the available means.

Supply chain thinker: You have to think about every aspect of the creation of the product that you seek to buy as well as its delivery to your door step. It's more than the lowest piece price quote. Your company doesn't need to pay you good Buyer wages when any clerk can pick the lowest quote. You need to be thinking about things like vertical integration, manufacturing footprint and supplier proximity to it, freight and packaging. If a supplier stamps a part for you and another supplier paints it, wouldn't it be better to find a supplier that stamps and paints? It would save the second supplier's markup for SG&A and profit on the SG&A and profit of the first supplier, at a minimum.

Patience: Your internal processes will take too long. Your supplier will quote too high of a price or too long of a lead-time. The program team will give you unreasonable cost and timing expectations. You will wonder where your management team has been when you realize how little they know about the circumstances of your job. There. Now that you expect it, just focus on creating and executing a credible plan to achieve your objectives. If the objectives are impossible, speak with data instead of emotion and calmly lower the stakeholder's expectations so you can exceed them.

Attention to detail: The devil is in the details. When you ask for a presentation and the file is emailed to you, do not just forward it. The person that sent it either didn't get the assignment right or

attached the wrong file. When you're handed a form to get your bosses signature on, be sure to proofread it. Because, when he asks questions, you need to know the answers. By paying attention to detail, you establish credibility because the accuracy of your output is reliably high.

Go to Genba: Have you visited your suppliers? When is the last time? Get up from behind your desk and get to the business end of the business. When there was an issue, did you call and ask for an 8D or did you go to the source of the problem to see it for yourself? Of course, you'll have to prioritize. You can't be everywhere at once. However, you need to develop the habit of going to where the action is when prudence suggests it based on risk scale or probability.

Creative solutions: "Outside the box thinking". The more you know about the details of a situation, the more creative you can be. The most direct approach might not be something you can sell, but stringing together a series of one-thing-leads-to-the-other actions can have a domino effect that gets you the result you need.

Risk management: You will have at least 3 different categories of risk: operational, commercial and legal. The more you document agreements on mutually beneficial contracts, the less likely you will be of encountering risk. However, if it sounds too good to be true, then it probably is and you are introducing risk. For example, if a supplier offers to sell you a widget for \$1 when the lowest price you've ever paid is \$1.30, a red flag should go up. Did the supplier have a new innovation that lowered the cost and, subsequently, the price or are they buying the business? What if it costs \$1.05 to make the widget? Awarding the business to them introduces risk because they can't lose money forever.

Time Management: The Purchasing professional is always working against the clock. You have annual budgetary expectations. You have new projects launching that will require suppliers and parts. This is similar to "sense of urgency" but it's more about how you structure your day. Are you constantly distracted by your email and smart phone and so you get less done than you wanted to in a day? You will have countless people coming to your cubicle asking about things and you have to manage your priorities. What needs to be done right now? What needs to be done tomorrow? What are B or C priority items that can probably wait forever?

Willing to learn new things: Supply Chain work takes you into new areas all the time. You have to be able to adapt, quantify and have the desire to get to work. The entrepreneurial Purchasing professional doesn't let "it's not my job" prevent him or her from getting results.

Influencing skills: The ability to sell. The first time you introduce an idea, it will be received poorly. The second time it will sound familiar, but not desirable, to the person you are trying to sell. By the third time they will have internalized it and might even think they came up with it. Understand their needs and try to create a win-win. Know the politics of the organization, without contributing to them, to understand how to influence your peers to meet your objectives.

Collaboration: You have a big job to do. Work with the people that are involved in the project to divide and conquer.

The ability to decide: The inability to decide is frustrating to all who are counting on you to get your job done so they can do theirs. You will always only have partial information. Study Kepner-Tregoe decision-making training. Analysis paralysis only causes delays.

Technological advancements: A better mousetrap. Be looking for improvements at one supplier that are not present at other suppliers. Read trade publications and attend industry conferences. You are not a clerk. You are an entrepreneur that your company is counting on to make a difference. You need to be cognizant of 3 different categories of the way to get things done:

1) current practices, 2) best practices and 3) next practices. The first one to answer the question “what’s next?” wins.

Motivation: The business world is tired of purchasers as clerks. A strong initiative to continually seek out new opportunities in both savings potential and supply chain options is essential in your role. Act like a clerk and you will be treated like a clerk. Make a strategic contribution and you will be looked at as a provider of solutions.

Learn from mistakes: You’re going to make them. A good management team will not punish someone that makes mistakes, but you have to learn from them. If your recent mistake helped you learn another facet to the concept of anticipation for the future, you have just become more valuable to your organization.

Business acumen: Ask yourself “why would they do that?” when a supplier agrees to something. What’s in it for them? “Business” is an understanding of finance, accounting and operations of your company. “Acumen” is the ability to make good judgments and quick decisions. Put the two together and start learning.

Continuous learning: You need to learn how your company does things. Then you need to learn the essence of the role of the function that you were hired to perform. They are rarely the same. Lean thinking is the optimization of the combination of the two. You need to know how to use the tools of your trade while constantly striving to eliminate waste. Too many people think this means they should create more processes and policies to add to their systems until the system is as complex as the IRS tax code. On the contrary, strive to stop doing wasteful things and only take the shortest distance between your current status and the objective. Just never stop learning.

Critical thinking: Look at, and consider, the data. Observe, classify, measure, sequence, infer, predict and communicate. You are a highly skilled professional. Don’t just accept what is presented. Look for logical relationships between propositions. Put generalizations, conclusions, hypotheses and assertions to the test.

Contract management: Read the contract. It’s yours. Read the terms and conditions. Look for pitfalls. Look at the big picture. There are a lot of moving parts. You have to understand the cause and effect of all of them. You have to be firm, but fair. How many professionals, when asked about some contractual agreement, start search through their emails for the answers? Scope and commitments belong in unambiguous contracts. You will write many versions before the final product is complete. Know that before you get started and you won’t wait for perfection before you begin.

Attitude: You are in a “people” role. You deal with people. Would you want to work with you? Get a relentless commitment to the objective and drive your tasks, with a positive attitude, to the conclusion. Your way of saying and doing things will directly affect people’s desire to work with you toward the objective.

Tenacity: Know your deliverables. Circumstances, and less focused people, will constantly be attempting to throw you off the scent of the critical path. You have to subordinate the functional metrics for those of the overall program or organization, but you do not have to waste time activity that will not result in accomplishment. The wisdom to separate important from urgent and the tenacity to get the important stuff done before it becomes urgent is a key skill in the professional world.

Cross training: Knowledge of what it takes to perform the other functions in your organization will help you see how you fit and how others rely on your contribution. Getting cross-functional training helps with perspective.

Total cost of ownership: Is best-landed cost a meaningful metric for a Purchasing organization? The answer is a resounding: maybe. After all, you could get lucky. What about total cost of ownership? What about value? What about warranty costs? What about the cost of production interruptions while you have manufacturing operators standing around waiting for parts? By focusing only on best-landed cost, your organization can achieve a very short-term benefit of buying something as inexpensive as possible. However, this myopic Purchasing practice can be very expensive in the long term. There is a difference between value and pricing.

Awareness about ourselves, and the roles we are attempting to fill, improves the odds of success. I have tried to dissect the essence of a good Purchasing professional and break it down into components with the least common denominator. By being aware of these characteristics, and mastering the combination with which you are most comfortable, you can raise your raise your game past benchmark performance and start targeting an entrepreneurial world class Purchasing organization.