



Improving Procurement's Internal Credibility: **A Guide**



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The background of the page is a photograph of two people climbing a mountain peak at sunset. The sky is filled with orange and yellow clouds, and the sun is low on the horizon, creating a strong silhouette effect on the climbers and the mountain. The overall mood is one of achievement and perseverance.

Credibility:

It's something we all strive for in our professional lives. We want to be trusted by our peers and have our expertise respected by management. However, that trustworthiness is something that procurement professionals, in particular, have struggled to gain. If you feel like your organization doesn't value your department or your role as much as it should, you need actionable ideas and useful tools to start building your credibility now.

The What and Why of Credibility



“Credibility is a hot topic these days but has been around long before sourcing managers needed internal stakeholder buy-in.”

Vivian Wu, Global Head of Indirect Procurement at Revlon, recently used the Greek story of Apollo and Cassandra to illustrate a point about the importance of credibility. In the tale, Cassandra breaks a promise of marriage to Apollo, and in response, Apollo cursed her to speak true prophecies that no one believed. Her credibility was destroyed, and so her warnings about the Trojan War go unheeded.

While many purchasing departments these days have goals that are critical to the success of the organization as a whole, one of their first challenges is to establish trust. Whether you're aiming to be an advisor to management and internal stakeholders, to be brought in earlier on procurement projects or to increase spend under management, you need the organization to believe in the value and expertise you bring to the organization.



Procurement's (Undeserved?) Reputation

Unfortunately, it's common for procurement's customers to misunderstand the department's role or even mistrust its motives, leading to a breakdown in the department's credibility. Many organizations view procurement and purchasing as old-fashioned bean counters, a bottleneck or an annoyance. Chances are you've heard your department described in one of these ways and it has probably frustrated and upset you. In recent years, many procurement professionals and groups have made great strides to improve service to stakeholders, but do they realize the work you're putting in? Are they seeing measurable results? Are you communicating your successes?

On the flip side, maybe you are part of an organization that simply isn't taking steps to improve and consistently advance the operations of the purchasing department. As mentioned earlier, many of your goals likely hinge on stakeholder and management trust, so the implications of staying with the status quo could be significant.



What Does Procurement Bring to the Table?

Ask an employee at your organization that question, and chances are they'll say something about saving money. While cost savings is likely a high priority, that singular goal falls far short of capturing the impact that procurement can have on an organization's efficiency, competitive advantage and risk mitigation. Anytime you get the chance, shout from the rooftops about these other valuable areas that procurement impacts.

Technological innovation:

By staying abreast of trends, the procurement department can help its organization stay on the cutting edge of technology and incorporate technological best practices, as well as educate employees and help them adopt new technologies. When you successfully onboard a new technology that makes your organization more efficient, increases automation, and/or saves time or money, be sure to broadcast this success!

Supplier relationship management:

Of course, you work with your vendors to achieve your performance goals. But are you also developing strategic, mutually-beneficial relationships with suppliers and acting as a liaison between the vendor and your internal customer to get the best possible results for both parties? If you are, this is something you must make management aware of.

Best-in-class products and services:

If your organization is one that values best-in-class quality over lowest price, the procurement department is uniquely qualified to find and partner with suppliers that will provide the level of quality and service demanded by your organization. You know the right questions to ask and the right way to structure SLAs and contracts to ensure needs are met seamlessly.

Risk mitigation:

Everyone knows a key role of procurement is to provide even and uninterrupted delivery of products and services to keep the business running. Today's business environment is full of risks and procurement must constantly analyze and work to reduce these risks as much as possible. By successfully performing this function, the rest of the organization may not even realize potential fiascos that have been avoided, but this is exactly why you need to tout this valuable role.

Contract management:

It may sound routine, but contract management is a critical piece of running a successful business. Management should understand that as your organization adds new suppliers, and as the business environment and supply chains change, new and increased risks (such as changing regulatory requirements, supplier non-compliance or savings leakage) can go undetected without smart contract management. That's why this is a key contribution of the procurement department. Again, this is a role that may go unnoticed when done well, so don't be afraid to toot your own horn.

Environmental and sustainability contributions:

Environmental concerns, sustainability and corporate social responsibility (CSR) are big topics on the minds of consumers these days. Procurement is in a great position to keep the organization's management aware of new trends, options and suppliers as well as being on the lookout for unacceptable practices in the supply chain. This can help avoid PR issues and allows the company to publicize its approaches for a win-win situation.

Building Your Credibility and **Proving Your Worth**

Procurement brings all of this value to the table – so much more than cost savings and cost avoidance. But the reality is that stakeholders often simply take for granted your professional knowledge, just as we expect an electrician to know the way around wires. So how do you communicate your worth to your company and leverage it to build your credibility?





Learn to Tell Your Story

People in general respond better to stories as opposed to numbers and statistics. That's why marketing departments use case studies, real-world examples and storytelling to communicate a company's brand. But storytelling isn't just for marketing departments! Procurement should leverage its stories to prove its worth to the business.



"Procurement departments would benefit from better communicating their brand, their challenges and successes, and their vision."

How do you do this?

- ▶ If you don't already have one, develop and publicize a mission statement and vision, then document the principles and goals for your department.
- ▶ Create a page on your corporate website highlighting your mission, your staff members and your success stories. Make it an easy place to find forms, instructions, requirements, contact information and other useful information.
- ▶ Create your own case studies. These are real-world examples, told in story form, of a challenge your department faced and how you tackled it. Keep your audience in mind and let that shape the structure of your story. Don't be afraid to share struggles or mistakes made (and how you adjusted for them). This will make you more relatable.
- ▶ Send quarterly company-wide emails with updates on recently completed projects and successes, upcoming deals and featured staff profiles.



Demonstrate Your Knowledge of Your Stakeholders

While you're not a sales department, you can take some cues from that revenue-generating team.



"Successful sales professionals establish their credibility by demonstrating their knowledge of the customer and the issues they face or may face in the future."

Build procurement's credibility by asking about your internal customers' critical business issues and day-to-day struggles. You want your stakeholders to think, "Wow – the procurement staff really understands us! They care about our needs."

An additional element to this includes helping your stakeholders understand that there are some circumstances where the best approach does not involve procurement at all. While you can frequently provide expertise and add value, some projects simply don't fall within your scope. Openly communicating with departments when this is the case will provide additional clarity to your role in achieving company goals.





Communicate Effectively

Stakeholders don't want to hear about "cost reduction," so if that's the only thing you've communicated to them in the past, you need to rebuild that relationship. Internal clients are looking for high-quality and high-performing products and services, good chemistry with suppliers, mid-term and potentially long-term relationships, innovation and value-added items. You know how to achieve all of this!



"Your goal of communicating effectively is to form healthy, collaborative and trusting relationships with other departments in your organization."

If you want to overcome your lowest-cost, bottleneck, bean counter image, your newly crafted messages and brand need to be delivered through various channels, including and possibly most importantly with individual, meaningful conversations.

Here are some tips to engage and communicate effectively:

- ▶ Listen! Communication is not all about projecting your message; it's just as important for you to hear what your customers are saying and be open to feedback.
- ▶ When possible, meet and interact in-person with a wide range of stakeholders.
- ▶ Collaborate with inter-departmental groups to develop solutions and create well-rounded solutions.
- ▶ Stay in touch with stakeholders regarding projects. They'll appreciate the ongoing communication and you'll avoid unwelcome surprises.
- ▶ Make your message unique for each audience. Finance may be perfectly content with a numbers-driven style, whereas marketing and sales may appreciate the story-telling style discussed above. Executives and the Board may require a concise combination of numbers and context.

What Do You Get Out of **All This Effort?**

Telling your narrative, proving your worth and building your credibility will help you achieve your goals. Becoming a trusted advisor to management and a dependable partner for stakeholders in projects will lead to:

- ✔ Being involved in each purchasing project earlier
- ✔ Stakeholders and management viewing you as a true expert
- ✔ Increased spend under management
- ✔ Being respected and understood, for example, if you decide the best approach is for you to not be involved in a certain project
- ✔ Getting approval on more projects that will benefit the procurement department, and therefore the overall organization
- ✔ Being asked for your input on a range of projects, even those normally outside of your scope of work

Get Started Building Your Credibility Now!

Many of these recommendations for building your credibility may be outside your comfort zone. But as Theodore Roosevelt said, “Nothing in the world is worth having or worth doing unless it means effort ...” To build strong relationships with management and internal stakeholders and truly communicate your value and worth to the organization, you’ll need to devote the time and energy into crafting your message and putting it out there. By investing in the upfront effort, you’ll reap the benefits of becoming a trusted and strategic partner far into the future.

For tools and resources to help you get started, visit
procurementiq.com





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