

# Mega-sourcing: Do you have the skills?



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With senior executives planning to place 30% greater emphasis on strategic sourcing over the next four years, the dearth of strategic supply chain skills has become a critical concern of top management.

What's the implication of that finding from a recent study by Boston Logistics Group? It's simple. That dramatic increase in the intensity of strategic sourcing efforts, combined with a frequently outdated purchasing skill-set in organizations, presents a formidable challenge to companies as they endeavor to develop high-performing supply chains.

Throughout the early 1990s, companies applied strategic sourcing techniques such as long-term contracting, supplier process integration and group buying. Then the 1999-2003 period brought portals, auctions and exchanges. Over the next four years, there will be an accelerating and intense focus on centralized purchasing and consolidation with strategic global partners, according to the study. With fewer suppliers, there will be more emphasis on integrating processes and systems through e-procurement, long-term agreements, and strategic supply chain programs.

These changes are defining a new era for strategic supply chain management—one that necessitates a skill set geared truly for strategic sourcing and integrated supply chain management. To be prepared, companies need to strengthen recruiting, hiring, training and managerial processes to develop the next Chief Procurement Officer or VP Supply Chain—someone who will eventually take responsibility for a large proportion of spend that can be sourced and manage it as a strategic asset.

In the recruiting and hiring stages, hiring managers

## Strategic Supply Chain Human Resources Checklist

1. Communicate the group's mission, vision, goals and objectives so everyone knows them and is empowered to achieve them.
2. Clearly define the skill sets required for each position.
3. Interview and grade candidates objectively, consistently and rigorously.
4. Ensure that everyone is trained and certified in their designated areas of expertise.
5. Provide staff with ongoing training and on-the-job opportunities and challenges, including international experiences where possible.
6. Develop and implement a mentoring program.

need to define the right skill set, establish a rigorous interview process and conduct reference and background checks to guard against resume embellishment and misrepresentation.

Screening criteria should include a mix of traditional hard skills (such as math, computer modeling, economics, finance or engineering), semi-soft process skills (such as negotiation, strategy or writing), and soft skills (such as interviewing, presenting and interpersonal skills). In addition, interviews should be challenging. Probing open-ended questions are effective interview tools.

It's also important to understand that when individuals have been exposed to training, cross-cultural projects and mentoring, it is likely to accelerate their growth as future supply chain executives. For example:

- Focused training in areas such as supply market analysis, negotiation, terms and conditions, and financial analysis sometimes offer immediate payback on projects

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or current work. A diverse assortment of sessions is offered by the Institute for Supply Management (ISM), its affiliates, and independent organizations.

- Professional certifications (C.P.M., CPIM, etc.) and recertifications can motivate and distinguish employees.
- Cross-cultural management opportunities are important for career growth in today's global supply environment. International experience builds cultural skills (bow, kiss or shake hands) and flexibility (e.g., dealing with Latin American vs. U.S. work styles) that can make employees more valuable change agents across operating divisions and geographies, even inside the company.
- A good mentoring program offers newcomers project opportunities, honest feedback, and career advancement guidance. In addition, a recognized program can make recruiting a competitive advantage, reduce turnover, and build managerial skills.

How deep is your organization's supply chain skill set? Do you have the skills for mega-sourcing? Boston Logistics Group is now conducting the 2004-2005 version of its study. To get a free copy of the feedback report, e-mail [djacoby@bostonlogistics.com](mailto:djacoby@bostonlogistics.com) or download the confidential survey at [www.bostonlogistics.com](http://www.bostonlogistics.com). A summary of last year's report is available on the site.

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