

## DEMYSTIFYING THE STEREOTYPICAL VIEW OF PROCUREMENT AS A PROCESS-DRIVEN FUNCTION

The procurement function plays a pivotal role in organisational success. The management of purchasing activities in a cross-functional, process-driven manner are sometimes necessary especially, when technical solutions at inventive stages of a project are not too clear and require the services and involvement of suppliers with specialised technical capabilities. These instances require strategic approach from the procurement function such as an initiative to implement an organisation-wide process to identify partners with technological capabilities and skills. Thus, as necessary as some of these processes may be at times, some stereotype-minded stakeholders find the activities of the procurement function as beset with bureaucracy. They deliberately refuse to involve procurement when fulfilling a requirement even if they are required to do so. These stakeholders circumvent laid-down procedures and go ahead with their purchases without any punitive action from top management.

The question we need to ask as procurement professionals is this; why is procurement not seen by some Chief Executive Officers (CEO) as strategic important function. The simple answer is that, for some CEOs, what matter to them is the positive result of a project embarked on by a maverick stakeholder. The means by which such results are achieved is less important to them even though they have appended their signatures on the company's policy which stipulates the mandatory involvement of the procurement team in the company's major purchases. The procurement function becomes more important to such CEOs only when compliance issue arises and when suppliers' actions or inactions have resulted in significant losses to the company.

Thus, the attitudes of stakeholders who by default perceive procurement as a process-driven function sharply contradict the fact that, in recent times, procurement has been seen by many as greatly influencing the cash flow of companies. The proponents of procurement's influence on companies' cash flow cite the procurement professionals' valuable skills in negotiating payment terms with suppliers and also, negotiating favourable provisions in storage and delivery contracts. Thus, without the interventions of procurement, the achievement of "Value for Money (VoM)" purchases and the selection of the "Most Economically Advantageous Tender (MEAT)" become a mirage. It is therefore a vital duty for procurement professionals to demystify the myth that our noble profession is process-driven and adds no value to profitable business process engineering.

A critical examination of how the value chain of successful businesses are structured shows that, Business Process Outsourcing (BPO) plays a significant role in a company's value creation process. The value of spend in outsourcing has increased in recent times and represents significant share of the company's revenue. The upside of this recent trend is decreased labour cost. In fact, some companies have embraced outsourced suppliers as extended team members and invited them to company get-togethers and annual company meetings to discuss strategy. Progressive organisations see outsourced suppliers as fulfilling strategic objective due to their superior technical know-how; their flexibility in adjusting to the company's changing environment; the speed at which they help the company to respond and address unexpected external challenges; and a dependable force to rely on when challenges arise. At the centre of these is the procurement professional who led the successful negotiations to bring these suppliers on board.

It is the position of this article that the procurement function does not exist just to drive processes and save cost but rather, plays a strategic role in the company's value chain. Procurement professionals

therefore have the responsibility to embark on initiatives that would enhance the visibility of procurement and place it in the rightful place it deserves within the organisation.



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