



Session Code: BE

# Finding & Equipping *Superior Staff Talent*

Mark Trowbridge, C.P.M. - Principal  
Robert Dunn, M.B.A. - Principal  
Strategic Procurement Solutions, LLC

Monday, May 7<sup>th</sup>  
9:00 – 10:20 a.m.

# ISM International Conference - 2007



*Finding & Equipping Superior Staff Talent*

# Presented By



- **Robert Dunn, M.B.A. – Principal.** Past Director of Corporate Procurement, Bank of America. Past Director of Materials, City of Santa Rosa. Past President of Two NAPM Chapters. Past Chairman of CAPS Benchmark Committee.
- **Mark Trowbridge, C.P.M. – Principal.** Past Director, Strategic Sourcing, Bank of America. Past Director of Contracting, Security Pacific Bank. Past Procurement Positions – Western Airlines, Catalina Yachts, Gibraltar Savings.
- **Strategic Procurement Solutions – A specialty firm providing advanced supply-management Consulting, Staffing, Training, & Outsourcing Support to Fortune 1000 & Progressive Public Sector Clients.**
- **Clients Have Included...** *Apple, Entergy Services, Limited Brands, Intel Corporation, MetLife, State of Oregon, Delphi Automotive, Fireman’s Fund Insurance, NASPO, WSCA Newmont Mining, State of Massachusetts, Johnson & Johnson, Mirant Services, Baltimore Gas & Electric, Nationwide Insurance, Newmont Mining, State of Illinois, Allstate Insurance, Adobe Systems, PacifiCare Health, Vision Service Plan, Colgate-Palmolive, State of Washington, Sprint-Canada, Sybase...*

# Finding & Equipping Superior Staff Talent

- Today's Challenging Staffing Environment
- Specialty Experience Needed in Supply Management Staffing
- Effective Supply Management Performance – *The Human Side*
- Dynamic Staffing Model – Building Flexibility into a *Cost-Effective* Organizational Design
- Where to *Recruit* Top-Performing Staff
- How to *Retain* Top-Performing Staff
- Ways to *Develop* Top-Performing Staff

**Challenges**  
**Today's Supply  
Management Staffing  
Environment**

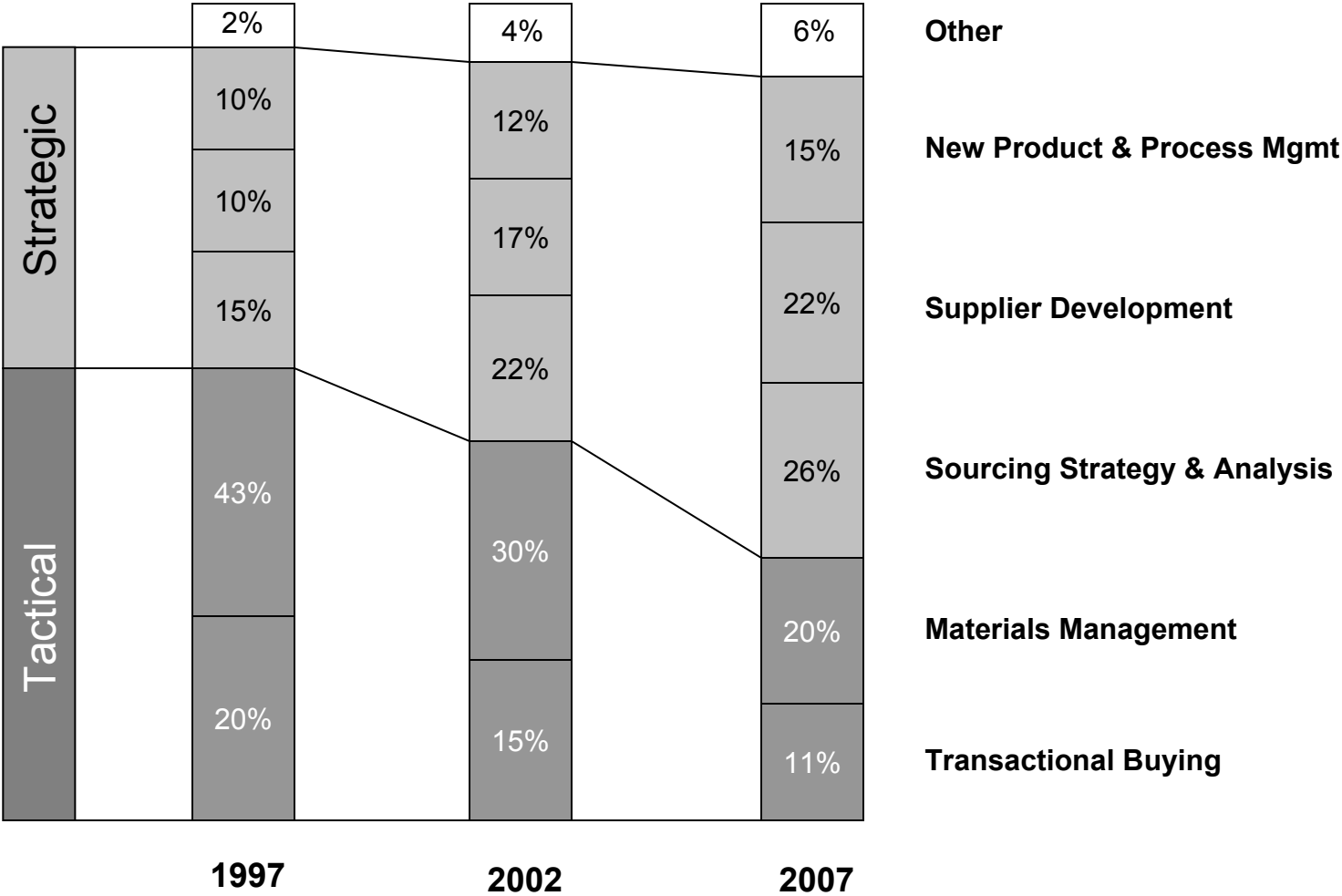
# Today's Staffing Environment

- “More than 25% of the working population will reach retirement age by 2010, resulting in a potential shortage of nearly 10 Million workers” (*Inside Supply Management, March 2006, Avoiding the Labor Shortage*)
- “Turnover costs for a manager average 150% of salary, including tangible costs of hiring new workers and relocation, and intangible costs such as the new worker's inefficiency and lost productivity while the job is vacant.” (*About Management*)
- U.S. National Unemployment Rate – 4.6% (*March 2007 – U.S. Bureau of Labor Statistics*)
- “A new employee is at 50% productivity for the first 3 to 6 months on the job” (*Gartner Group*)
- “The average corporate worker will change jobs at least 7 times during their career” (*Mercer HR Consulting*)
- “Employers estimate that 39% of their current workforce and 26% of new hires will have basic skills deficiencies” (*Inside Supply Management, March 2006, Avoiding the Labor Shortage*).
- “Statistics show that the failure rate of newly hired or promoted senior managers can be as high as 60%” (*Staffing Magazine*)
- “Most companies haven't calculated the true costs of hiring new employees or the impact of lost productivity for getting employees up to speed ...easily 150 percent of their annual salary for mid-level managers.” (*Career Lab*)
- “One fifth of this country's large, established companies will be losing 40% or more of their top-level talent during the next five years. During the same period, the replacement pool of 35 to 44 year-olds will decline by 15%” (*Inside Supply Management, March 2006, Avoiding the Labor Shortage*).

# Procurement Groups Need to Be *More Effective* In Talent Management

- Study Participants Ranked “Talent Management” as a Top Priority for SCM Success
- But 88%+ Believe They Are Not Consistently-Performing in *Personnel Leadership Training, Skill Development* or *Talent Management*.

# The Changing Role of Procurement Professionals



Source – Corporate Executive Board, Purchasing Council Research

# Specialty Experience Needed in Supply Management Staffing

## Basic Qualifiers

- Right Education (Bachelor's, MBA, etc)
- Right Certifications (C.P.M., A.P.P., C.P.I.M., C.P.C.M., Lean, Six Sigma, etc)
- Right Personality
- G.U. (Geographically Desirable)
- Right Availability
- Right References
- Right Compensation Interests

## Specialty Qualifiers

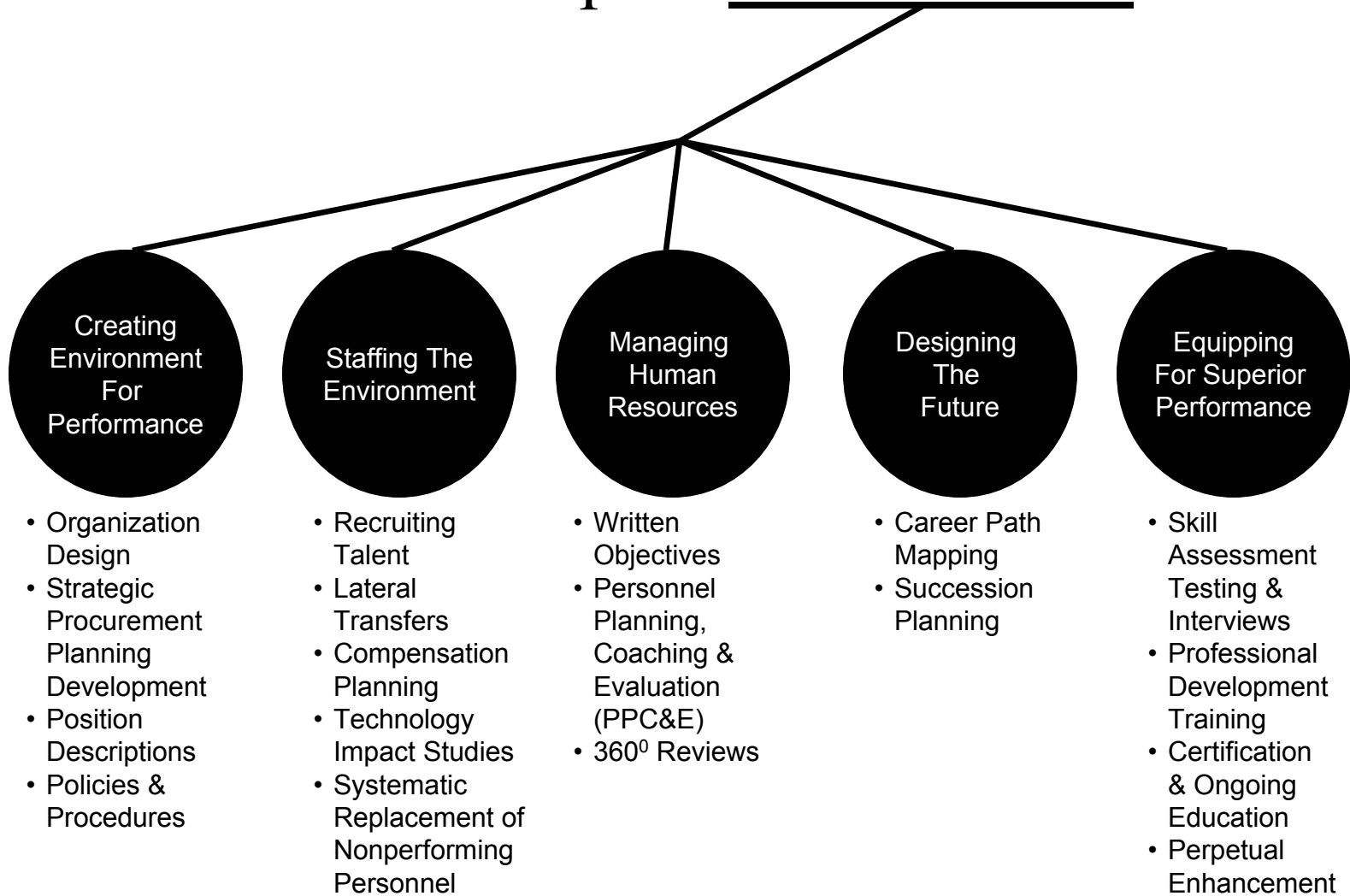
- Right Sourcing Experience
- Right Contracts Experience
- Right Procurement Experience
- Right Materials Experience
- Right Industry Experience (Automotive, Banking, Government, Consumer Goods...)
- Spend Category Knowledge (i.e. Copper Global, HR Benefits, Insurance Claims Processing, I.T., General Services, Chemicals, Packaging...)
- Technology (i.e. eProcurement, eSourcing, Spend Analysis, SAP, Oracle, Peoplesoft, Lawson, Ariba...)

**Effective Performance**

**The Human Side  
Of Supply Management**

# Foundational Elements

## Human Capital Performance



# Dynamic Staffing Model

Staffing for Peaks...  
And Valleys

# Procurement Staffing Needs Vary Seasonally

- Majority of new sourcing projects begin:
  - January to May
  - September to November
- Some industries buy seasonally...Retail, Travel, Consumer Goods, Automotive, etc.
- Key budget periods end in December (or other Fiscal Year End):
  - File Closeouts
  - Contract Renewals
  - Blanket PO Renewals
  - Invoice Processing

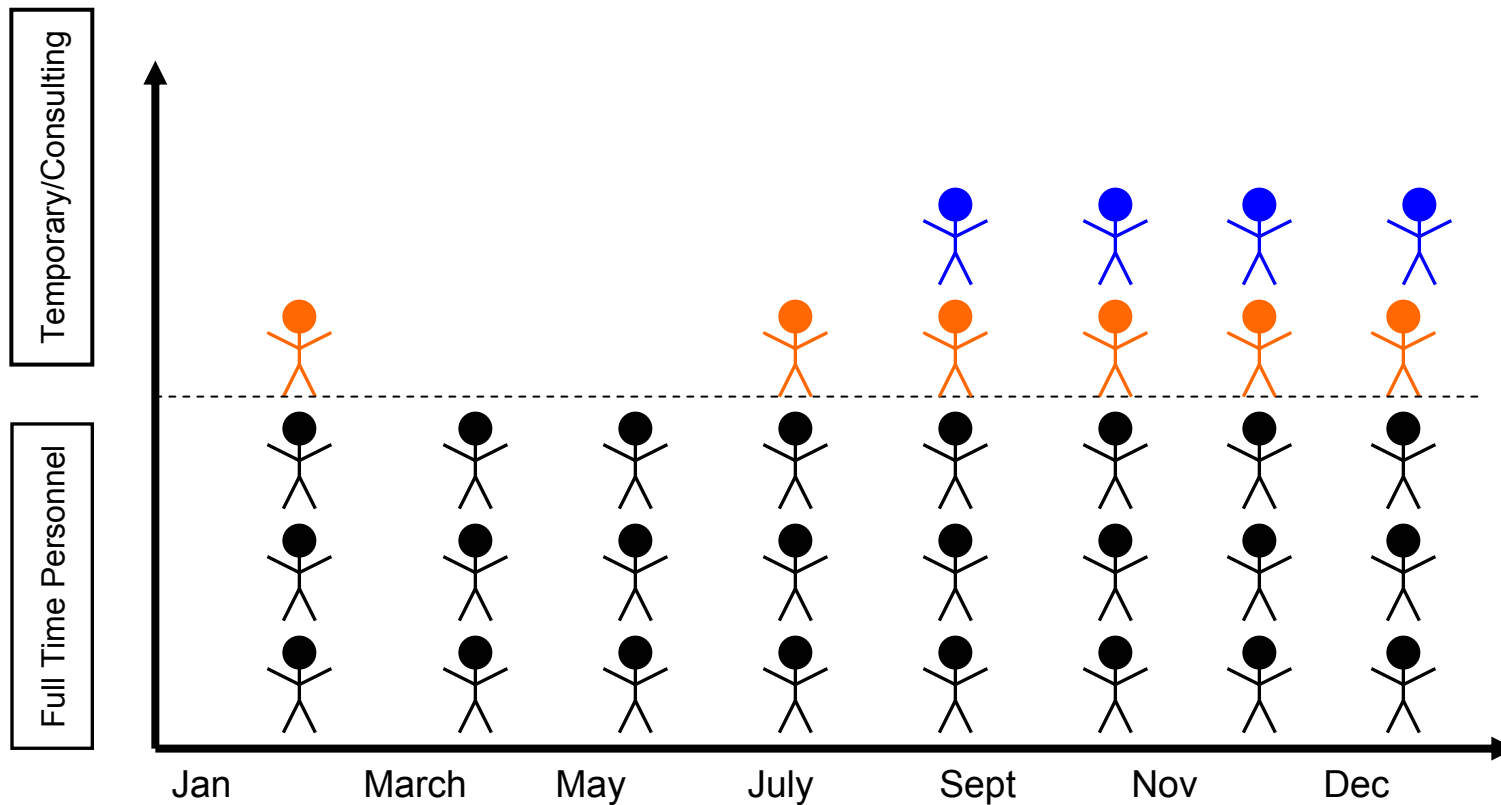
**So How Can  
Flexibility Be  
Achieved?**

# 3 Types of Staffing

<u>Type of Staff</u>	<u>Pro's</u>	<u>Con's</u>	<u>Source</u>
Permanent Staff	<ul style="list-style-type: none"> <li>▪ Good Productivity</li> <li>▪ Fully Trained</li> <li>▪ Dedicated</li> <li>▪ Sometimes Generalists</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long Ramp Up (Recruiting/Training)</li> <li>▪ Permanent Commitment</li> <li>▪ Least Flexibility</li> </ul>	<ul style="list-style-type: none"> <li>▪ Human Resource Recruiting</li> <li>▪ Internal (Lateral) Transfers</li> <li>▪ Contingency/ Retained Search Firms</li> <li>▪ Extended Retirement</li> <li>▪ University Recruiting</li> </ul>
Temporary/Contract Staff	<ul style="list-style-type: none"> <li>▪ Medium Ramp Up</li> <li>▪ Moderate Expense</li> <li>▪ Peak Periods</li> <li>▪ Specific Expertise</li> </ul>	<ul style="list-style-type: none"> <li>▪ Learning Curve</li> <li>▪ Training Required</li> </ul>	<ul style="list-style-type: none"> <li>▪ Temp Agencies</li> <li>▪ Specialty Providers</li> <li>▪ Direct Contract (1099)</li> <li>▪ Internships/Students</li> </ul>
Consulting Support	<ul style="list-style-type: none"> <li>▪ Managed Solution</li> <li>▪ High Expertise</li> <li>▪ Focused Attention</li> <li>▪ Shortest Ramp Up</li> </ul>	<ul style="list-style-type: none"> <li>▪ Most Expensive</li> <li>▪ Takes Focus Away from Baseline Tasks</li> </ul>	<ul style="list-style-type: none"> <li>▪ Major Consulting Firms</li> <li>▪ Niche Consultancies</li> </ul>

# Dynamic Staffing Model

1. Permanent Personnel for “Average” Workload
2. Augment With Temporary or Contract Staffing
3. Use Consulting Help for Specialty Projects



# Future Staffing

## Where to Recruit Top Performing Staff

# Sources For Great Supply Management Professionals

<b>Source</b>	<b>Pro's/Con's</b>
1. Internal Promotion	1. Known Performance; Requires Training
2. Temp-to-Perm Hiring	2. Challenging to Attract; But Worth Proven
3. Lateral Transfer	3. Risk of "Dumping"; May Need Training
4. Referrals from Current Staff	4. Great Source; May Lose Objectivity
5. Referrals from Suppliers	5. OK Source; Likely to Lose Objectivity
6. External Search – Human Resources	6. Formal Process; Lacks Specialty
7. Job Boards – General	7. Very Time Consuming; Lacks Specialty
8. Job Boards – Specialty	8. Good; But Expensive & Time Consuming
9. External Search – Specialty Headhunter	9. Top Quality; Requires HR Funding

# Steps in Recruiting

1. Begin with a Good Position Description
2. Conduct a Compensation Analysis to Ensure Range is Competitive; Adjust for Specialty Knowledge....*Get it Right the First Time.*
3. Move Deliberately & Quickly (*Time is of the essence in today's job market*)
4. Determine Approach (Recruit to Hire; Temp-to-Perm; etc)
5. Advertise Selectively.
6. Rank Candidate Resumes.
7. Conduct Phone Interviews.
8. Check References!
9. Formally Interview Top 2 or 3 Candidates.

# Current Staff Pool

## How to Retain Top Performing Staff

# Employee Commitment Levels Are Changing

- “The average corporate worker will change jobs at least 7 times during their career” (*Mercer HR Consulting*)
- “60% of U.S. workers are very likely, or likely, to leave their job in the next 3 months” (*2006/2007 Employee Satisfaction Survey [6,380 participants], Salary.com*)
- “Only 47% of Americans say they're satisfied with their jobs, a sizable drop from the 61% percent who expressed satisfaction in a similar survey 20 years ago” (*Executive Board, 2007 Survey*)
- “Two out of every ten employees do not see themselves in their current jobs a year from now” (*Houston Chronicle – Job Satisfaction Plummetts*)
- “Less than two out of every five workers under age 25 said they were satisfied with their jobs. Their 38% overall job satisfaction tally was the lowest satisfaction rate ever recorded for any age group in the survey's history. The second-lowest job satisfaction rate occurred in the 45-54 age group, with less than 45 percent content with their current jobs” (*Executive Board, 2007 Survey*)
- “Workers said they were dissatisfied with their bonus plans, promotion policies, performance review processes, workload, work/life balance, communication channels and potential for future growth in their jobs” (*Executive Board, 2007 Survey*)

# Ways to Extend the Existing Staff Pool

## **1. Attract & Train Younger Talent:**

- Use college interns.
- Recruit direct from universities.
- Train in supply management concepts.

## **2. Extend Availability of Senior Staff Talent:**

- Utilize Extended Retirement (allows for reduction in hours to build project/peak staff demand resources).
- Don't force early retirement.

## **3. Retain Current Staff by Increasing Job Satisfaction:**

- Have HR survey employees for “Dissatisfiers” ...and address.
- Allow Job Sharing & Telecommuting, as appropriate.
- Eliminate common “Dissatisfiers” ...for example, frustration over Communications, Workload, Lack of Feedback, Promotional Opportunities, Boredom, Lack of Cross-Training, etc.
- Create clear opportunities for growth and advancement.

# Create a Top-Performing Environment

- **Manage Against Challenging Objectives:**
  - Far Exceeds (5%)
  - Exceeds (20%)
  - Meets (60%)
  - Meets Some Not All (10%)
  - Does Not Meet (5%)
- Insist Upon **360° Reviews**
- Provide **Regular** Coaching & Feedback
- Measure Low Performers “**Up**” or “**Out**”
- **Rotate Staff** to Find Areas of Strength
- **Financially Reward** Top Performance
- Create **Career Path Mapping** for Top Performers (Don’t Promote Mediocrity...*Peter Principle*)
- Create a **Succession Plan** (2 to 5 Years)
- **Train** (Didactic & Job Rotation) to Prepare for Greater Responsibility.
- **Make a Difference!**

# Eliminate/Reduce Job “Dissatisfiers”

## Reasons Employees Stay in Job

<b>Managers</b>	<b>28%</b>
<b>Co-Workers</b>	<b>24%</b>
<b>Good Working Hours</b>	<b>21%</b>
<b>Challenge</b>	<b>19%</b>
<b>Job Security</b>	<b>19%</b>
Adequate Benefits	19%
Fair Compensation	18%
Desirable Commute	17%
Commitment to Job	16%
Professional Development	14%
Career Advancement	14%
Compatibility With Corporate Culture	13%
Recognition	12%

## Why HR “Thinks” They Stay

<b>Co-Workers</b>	<b>35%</b>
Commitment to Job	26%
Compatibility With Corporate Culture	26%
Adequate Benefits	23%
<b>Managers</b>	<b>20%</b>
<b>Job Security</b>	<b>19%</b>
Fair Compensation	19%
<b>Challenge</b>	<b>14%</b>
Professional Development	13%
Recognition	13%
Career Advancement	9%
<b>Good Working Hours</b>	<b>7%</b>
Desirable Commute	7%

# Developing Top Performing Staff

# Professional Development is *Essential* to a Top Procurement Organization

- *“World Class” organizations have formal programs that invest in the training & development of their supply professionals.*  
Center for Advanced Purchasing Studies (C.A.P.S.), Critical Issues Report

- *Procurement executives say that Talent Management is a “critical” attribute of a World Class procurement organization.*  
Executive Board Purchasing Council, Anatomy of a World Class Purchasing Organization

Adobe Systems	The Allstate Corp	ALLTEL Corp	Metropolitan Life Insurance	USPS
Astra Zeneca plc	Barclays PLC	Capital One	Chevron Texaco	Chiquita Brands Intl
The Clorox Co.	Colgate-Palmolive Company	Delta Air Lines	Department of Veterans Affairs	Entergy Corporation
Exxon Mobile Corp	First Energy Corp	Georgia Pacific	Glaxo Smith Kline plc	The Hartford Financial
JC Penney	Johnson & Johnson	Kellogg Corp	Lowe's Companies	US Bank
Michelin N.A.	R.R. Donnelley & Sons	3 Com	United Technologies	Wisconsin Energy
W.W. Grainger Inc.	Merrill Lynch & Co.	Mead Westvaco	LG&E Energy Corp	Sonoco Products
Holcim Ltd	Interbrew U.S.A.	Belgacom SA	Abbott Laboratories	Telstra Corp

“Today I believe in the importance of training  
more than the importance of hiring...”

*(Mark H. McCormack, What They Don't Teach You  
At Harvard Business School)*

# Skills Needed By Today's Procurement Superhero

Functional Skills	Business Skills	General Skills
<ul style="list-style-type: none"> <li>• Demand Management</li> <li>• Spend Analysis</li> <li>• Specification Management</li> <li>• Cost modeling</li> <li>• Market Analysis</li> <li>• Strategy Development</li> <li>• Supplier Evaluation</li> <li>• Negotiations</li> <li>• Contracting</li> <li>• Supply Chain Integration</li> <li>• Supplier Relationship Management</li> <li>• Customer Relationship Management</li> <li>• Contract Management</li> </ul>	<ul style="list-style-type: none"> <li>• Business process knowledge</li> <li>• External customer &amp; market knowledge</li> <li>• Product &amp; service knowledge</li> <li>• Supply market knowledge</li> <li>• Technology knowledge</li> <li>• Business finance</li> </ul>	<ul style="list-style-type: none"> <li>• Team building</li> <li>• Group problem solving</li> <li>• Managing resistance to change</li> <li>• Public Speaking</li> <li>• Change management</li> <li>• Coaching and feedback</li> <li>• Project management</li> <li>• Effective meeting management</li> </ul>

# Skill Assessment Testing & Gap Analysis

1. Position design, definition, and competency benchmarks;
2. Skill assessment testing;
3. Skill assessment interviews & evaluation;
4. GAP analysis vs. Best Practices;
5. Career mapping; and
6. Training plan development.

Competency Area	Competency Type	Team Manager	Commodity Manager	Commodity Analyst	Contract Analyst
Demand Management	Functional	10	10	5	3
Spend Analysis	Functional	10	10	5	3
Specification Management	Functional	10	10	5	3
Cost Modeling	Functional	10	10	5	3
Market Analysis	Functional	10	10	5	3
Strategy Development	Functional	10	10	5	3
Supplier Evaluation	Functional	10	10	5	3
Negotiations	Functional	10	10	5	5
Contract Drafting/Development	Functional	7	7	5	7
Supplier Relationship Mgmt	Functional	10	7	5	3
Customer Relationship Mgmt	Functional	10	7	5	3
Contract Management	Functional	7	7	7	7
Technology Knowledge	Business	10	7	3	3
Business Process Knowledge	Business	10	7	3	3
Product & Service Knowledge	Business	10	7	3	3
Team Building	General	10	7	3	3
Problem Solving	General	10	7	3	3
Coaching & Feedback	General	10	5	3	3
Time Management	General	10	7	3	3
Public Speaking	General	10	7	3	3
Project Management	General	10	7	3	5

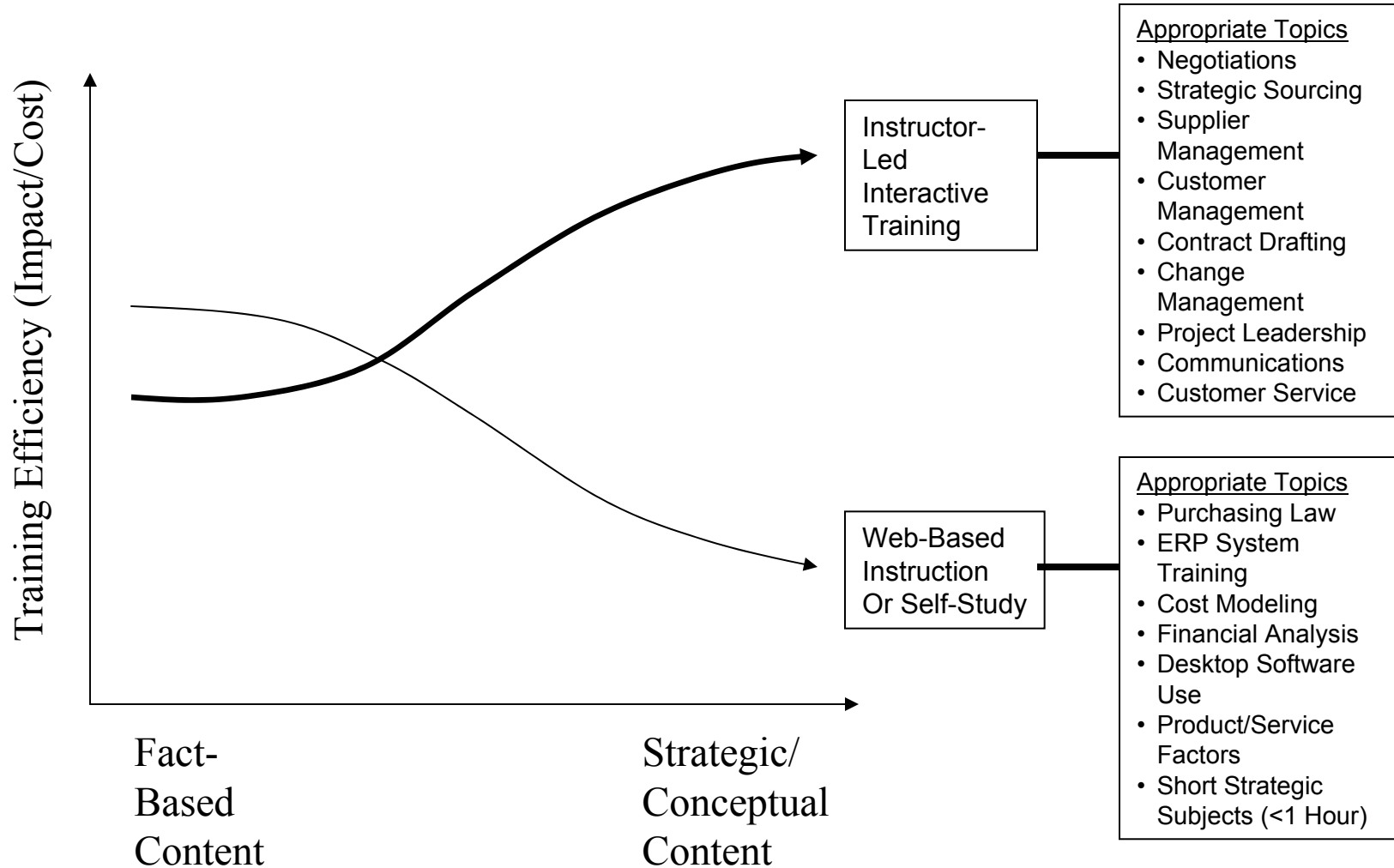
# Success Factors for Highly-Effective Training

1. “Gap” based against staff skill assessment testing & interviews;
2. Format structured to optimally-match content;
3. Delivery cost-effectively addresses the organization’s desired competency outcomes;
4. Instructor(s) has “real world” SCM experience;
5. Content reflect “Best Practices” and be “Implementable”;  
and
6. Knowledge transfer is verifiable:
  - Level 1 - Participant Surveys
  - Level 2 - Pre- and Post- Testing
  - Level 3 - Follow-up Knowledge Transfer & Verification

# Ways Organizations Approach SCM Training

Offsite “Retail” Training Programs	On-The-Job Training & Department Rotations	Collegiate Degrees & Professional Certifications	Onsite Training Programs Using External Provider	Internal Development & Delivery of Training
<ul style="list-style-type: none"> <li>• Advantages:               <ul style="list-style-type: none"> <li>- Many topics to choose from</li> </ul> </li> <li>• Limitations:               <ul style="list-style-type: none"> <li>• Training lacks consistency for different staff members</li> <li>• Expensive to deliver (typically \$600 - \$1,200 per participant day, plus travel costs)</li> <li>• Training not tied to organizational needs</li> <li>• Employees away from office...non-productive</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Advantages:               <ul style="list-style-type: none"> <li>– Cost-effective to deliver</li> <li>– Practical application</li> </ul> </li> <li>• Limitations:               <ul style="list-style-type: none"> <li>– Promote existing practices</li> <li>– Fail-to-address “best practices”</li> <li>– Fail-to-address new concepts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Advantages:               <ul style="list-style-type: none"> <li>▪ Comprehensive &amp; Long-Term</li> <li>▪ Provide solid baseline for future performance</li> <li>▪ Reflect staff commitment</li> </ul> </li> <li>• Limitations:               <ul style="list-style-type: none"> <li>• Can be expensive</li> <li>• Lengthy commitment</li> <li>• Not oriented to needs of organization</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Advantages:               <ul style="list-style-type: none"> <li>– Many topics to choose from</li> <li>– Incorporates “best practices” &amp; new techniques</li> <li>– Skilled trainers</li> <li>– Cost effective delivery</li> </ul> </li> <li>• Limitations:               <ul style="list-style-type: none"> <li>– If not selected carefully, training may not address organizational needs</li> <li>– Training may require customization</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Advantages:               <ul style="list-style-type: none"> <li>– Highly customized to organizational needs</li> <li>– Flexible scheduling</li> <li>– Works for “tactical” and “fact-based” training</li> </ul> </li> <li>• Limitations:               <ul style="list-style-type: none"> <li>– Training is usually not a core organizational competency</li> <li>– Trainer quality can be limited</li> <li>– Program development takes much time</li> <li>– Can be costly</li> </ul> </li> </ul>

# Matching Training Delivery to Content



# Questions & Answers – Discussion



More information is available from...

[www.StrategicProcurementSolutions.com](http://www.StrategicProcurementSolutions.com)