

## **PRESIDENTS CORNER**

Hello ISM Members,

How many of us have wondered if building a relationship with a vendor/supplier would be beneficial to the company? After doing research on this, I have concluded that it is very important, as all of us tend to do business with people not the companies.

Would you rather do business with someone you trust and have built trust with, or someone that walks in off the streets and tells you that they can take care of you? Would you rather make a phone call or send an email to someone who you know will respond with an answer that will work for both or work with someone who will just say “yes” to whatever you ask of them?

These are just a couple of examples that prove to be beneficial when you build a relationship with a supplier vs a company. I, being on the supplier side, also feel it is beneficial to have a relationship with a person/s who work for a company. Don't get this wrong, we do business for the company that we work for, however we work with the individual that works for those companies. Having a relationship with individuals has allowed me to be a much stronger advocate with a company's request to find a solution that will work for both, even if it means letting them know that the company that I work for is not able to fulfill what they are asking at that time. I can only speak to me, as with most of the individuals that I work with, feel that this is very valuable and appreciate that I am up front and honest with what I tell them.

If we do not have the components of Respect, Trust, Mutual Benefit or Fairness and Honesty, a vendor or supplier relationship will be very challenging and could result with a bad situation over time. These components need to be in the forefront of every relationship to allow it to be productive instead of feeling like a chore when there is interaction.

I look forward to building more relationships on both sides as we build the ISM-NV Affiliate with both vendors and suppliers in the coming months and years.

Cheers,

*Dawna Herndon*

ISM-NV President 2017-2018



**ISM NETWORKING EVENT**

Friday August 11, 2017

**Rhythm Kitchen**

6435 S. Decatur Blvd  
Las Vegas, NV 89118

Come join us at Rhythm Kitchen for a taste of Louisiana French Creole and Cajun right here in Las Vegas! This is very casual networking event.

**Appetizers will be provided by ISM-Nevada and there will be a cash bar.**

While there is no cost for members nor guests, we would appreciate registration so we can plan appropriately.

We will be meeting in the bar area about 4 pm and go through 6 pm.

Click Here  
TO **REGISTER**

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

ISM-Nevada is on  and 

*Log into your Facebook and LinkedIn account and search for ISM-Nevada under **Groups**. Connect with us today!*

## **Talent Management: A Competitive Way to Procurement**

Companies that once used to view the procurement department as a tactical buying team now realize procurement's importance as a strategic partner within the organization. Service delivery and timeliness, which were once procurement's primary slogan, have become cost savings and process efficiency. Consequently, the procurement talent assessment that was at a basic level based on primary skill areas is observing a shift towards stringent and competitive assessment to attract, retain and manage best-of-the-world talent.

### **Why the Challenge?**

From the talent pools' perspective, the creamy layer of talent that considers procurement a career option prefers consulting jobs to real time procurement/sourcing roles. One of the significant reasons is the attractive remuneration offered by the former when compared to the latter. Also, it is difficult and time consuming to move up the ladder as it requires extensive experience to be able to get into managerial positions in procurement. At the end, procurement is still viewed as a not so interesting and challenging area to work.

From organizations' perspective, while they are still striving to define strategic sourcing and adopt an advanced category management approach, identification of the right talent in terms of category expertise and framing a clear development path is highly challenging.

### **Trend Shifts in Procurement Skills**

Companies that once relied on the HR department solely for the 'Competency Framing' activity are now involving procurement executives to identify the required skill set for each role. With advancement in procurement maturity and changing objectives in procurement, leadership skills and transformational abilities are considered very critical for a procurement professional especially at a managerial level. Also, most mid-range companies that are observed to be undergoing several transformations are looking for special procurement/sourcing skills unique for the organization. However, leaders in procurement are striving hard to retain existing talent as external hiring from competitor procurement organizations has received increased attraction recently.

Generally, few of the important competencies constantly repeated by most companies looking for procurement talents are:

- Strategic thinking
- Category expertise
- Supplier collaboration
- Supplier relationship management
- Negotiation skills
- Contract management
- Project management

Technology, playing a significant role in the present era, demands the procurement staff to be efficient in utilization of purchasing tools such as Spend Analytics, eRFx, eAuction, and eInvoice.

This improves the operational efficiency of the organization through reduction in resources utilized on redundant activities. Thus, in addition to the soft and technical skills described, knowledge or hands-on experience in eTools provides added edge to get a role in leading procurement organizations.

Thus, this sudden shift in the way procurement operates and the increase in importance for procurement professionals has created a huge demand for talented procurement professionals with the special skill set required to improve procurement organizations further.

### **Addressing the Gap**

In order to address the talent gap, companies are taking aid of external procurement professionals who assist the internal category management team in development and execution of the category sourcing plan aiming at improving sourcing efficiency. They are also carrying out internal job rotations wherein cross functional teams inside procurement can be formed. The talent pool will be composed of people across functions such as finance, manufacturing, engineering etc., therein bringing a broader business and technical experience in managing procurement effectively.

Second, to close the loop for talent management, organizations are interested in performance measurement. Performance metrics act as the key to evaluate how fruitful procurement's efforts are in the area of talent management. Few innovative KPIs that might trigger improvement plans for procurement talent management are:

Deployment of similar metrics and internal assessment surveys on the performance of procurement professionals with internal stakeholders can help in identifying improvement areas and close the talent gap gradually.

### **Conclusion**

There is an urgent need to re-look into procurement talent management as the talent crisis is becoming a matter of huge concern for many organizations. In order to build a robust system, companies have to find the right talent pool to address the specialized needs of effective sourcing. Organizations need to focus on closing the current gap within the effective timeframe along with framing a clear development path for procurement positions in order to retain talent long term. Though it is challenging to increase the attractiveness of procurement jobs, especially with the increasing pressure on procurement professionals to achieve bottom line impact, companies have understood the necessity to do so. A right balance between traditional skills in procurement and special skills for change management with appropriate training and development plans is essential to cross this wave of talent crisis with successful outcomes.

**By Divya Singh, Research Analyst, Beroe Inc.**

<http://www.mypurchasingcenter.com/office-products/articles/talent-management-way-competitive-procurement/>



**ISM-Nevada welcomes the following New Members!**

**Andrea Corsey  
Las Vegas Valley Water District**



**CPSM, Re-Certification**

**Walter Buczynski  
Consultant**



Join ISM today and become part of a powerful network of 45,000 supply management professionals who lead and shape supply management today and in the future.

To learn more about membership eligibility and types, benefits and application process, please visit Membership Committee Chair Natasa Christodoulidou at [nchristodoulidou@csudh.edu](mailto:nchristodoulidou@csudh.edu) or the ISM NV website at <http://ismnv.org/join.php>



## **YOU DON'T KNOW WHAT YOU DON'T KNOW**

Submitted by Carol Poindexter, C.P.M., CPPO

The following sample test questions were developed for those procurement professionals interested in acquiring their CPSM and CPSD professional credentials. These and other questions are posted in the CPSM Exam Review workbook published by the Institute for Supply Management.

### **Question 1**

**Which of the following would BEST facilitate successful implementation of recommendations made by a value analysis team? (Task 1-B-2)**

- (A) Understanding of the clear relationship between functionality and cost, as they relate to value
- (B) Understanding and appreciating key organizational influences on cost
- (C) Reviewing objectives of the team with senior management
- (D) Developing a cross-functional team

### **Question 2**

**John Davis is a sourcing manager for a consumer electronics manufacturing company. His company is developing a new product that they expect will change the industry, and Davis wants to engage suppliers in the product development cycle. Which of the following includes the items MOST important when involving suppliers early in the development cycle? (Task 2-A-3)**

- (A) Financial and labor disclosures
- (B) Confidentiality agreements, production plans and pricing
- (C) Confidentiality agreements, ownership of intellectual property (IP), risk, production capacity and cycle time
- (D) Price, quality and delivery

### **Question 3**

**You are a retailer of leisure products. Business has suffered over many years due to a soft economy. Market pressures have forced your firm to lower prices. At a press conference this morning, your CEO stated, "In spite of lower sale prices and the poor economy, we are on target to increase profits and expect to beat analysts' projected earnings targets due to our vision to be the most streamlined and efficient supplier of fairly-priced quality leisure products." Given this information, as the head of supply management, what is the MOST appropriate mission statement for your department? (Task 3-A-1)**

- (A) Ensure products are available at the right price at the right time.
- (B) While never diminishing quality, ensure all purchases are at the total lowest cost and all processes provide maximum value.
- (C) Improve internal client perception of what we have to offer through stellar customer service and support.
- (D) Maximize quality, maximize service and maximize product availability.

Answers can be found on page last of the Newsletter.



## Question 1

**Option (D) is correct because no matter how well conceived and carried out value analysis may be, it still has little or no value if the results cannot be successfully implemented. All the responses to this question are important to successful implementation, but getting cross-functional buy-in and support will typically be the most important of them all. Individuals are much less likely to resist implementation of recommendations they helped to develop. Further, as multidiscipline team members return to their individual functions, they tend to talk favorably about team objectives, thereby increasing organizational support for implementation.**

Options (A) and (B) are incorrect because, while it is important to clearly understand the relationship between functionality and cost and the key organizational influences on cost, simply having such understanding does little to ensure successful implementation.

Option (C) is incorrect because, while it is important to review team objectives with management, the review, in and of itself, neither ensures their support nor facilitates implementation

## Question 2

**Option (C) is correct because it is essential to include these five areas — confidentiality, intellectual property (IP), risk, production capacity and cycle time — when involving suppliers early in the development cycle in order to protect the organization and minimize risk.**

Option (A) is incorrect because, while financial and labor disclosures are helpful in selecting a supplier, they do not protect the organization and its intellectual property.

Option (B) is incorrect because, although it does address confidentiality, the production plans and pricing will occur later in the process once the design is more firm.

Option (D) is incorrect because it does not include the important areas of intellectual property ownership, confidentiality and risk.

## Question 3

**Option (B) is correct because the department's mission statement must support the department's vision. As no departmental vision was provided, it should be assumed the departmental mission statement must support the company's vision.**

Option (A) is incorrect because this option would best support a vision of a retailer who boasts all products are always in stock.

Option (C) is incorrect because this option would best support a supply chain organization that has either been newly formed or has to make up for past failings in servicing the needs of its internal clients.

Option (D) is incorrect because it does not mention costs, and the CEO stated his vision to keep sale prices low.