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Are You Ready for 2007?

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Most of us are in one way or another preparing for another year as purchasing professionals. In order to maximize our 2007 performance there are a handful of items that we need to make sure we have in place as we enter the New Year.

In order to assist clients in maximizing the return from their purchasing and supply organizations APD conducts operational assessments or Excellence Assessments. We have correlated the findings of these assessments with the level of material cost savings companies are achieving. Studying the results tells us that purchasing organizations that have the following in-place when the year starts will substantially outperform those who do not:

- **Good performance measures** in-place for the purchasing organization that directly link to the objectives of the company. Resist the temptation to give a performance measure on everything but focus in on what purchasing and supply is asked to deliver – costs, quality and delivery. Develop 3-5 good objectives for the organization tied directly to these deliverables.
- **Robust measurement processes** for tracking the performance measures. Additionally and frequently missed, make sure that the measurement frequency enables the organization to make mid-course adjustments to affect the outcome. Many times we see organizations trying to meet a monthly objective and only looking at the measure monthly. To be effective in meeting a monthly objective, progress against the performance measure needs to be measured and communicated weekly or daily.
- **Personal objectives** for everyone in the purchasing and supply organization. Everyone should have 3-5 personal objectives that are directly tied to the purchasing objectives. For maximum result these need to be established in October or November to give the employees a jump start on the upcoming year. Often we see employees with too many (8-12) objectives that are vague and hard to measure. The result: good employees are frustrated; poor performing employees' performance is hidden by them.
- **A rhythm** for providing feed back and assistance that matches the objectives. If you are asking employees to meet monthly objectives, set up weekly meetings to review progress and provide feedback and assistance. Since establishing a rhythm requires time and practice if you start now, you just might have the beat by the start of 2007.