



I participated in a forum of Chief Procurement Officers the other day discussing hiring buyers with strategic commodity leadership capabilities. The strong consensus of the group: “There is a significant lack of buyers and managers in the job marketplace who have the ability to develop and implement commodity strategies.” As it turns out, CPO’s are holding jobs open while they search to find buyers and managers with these skills. Based upon laws of supply and demand, those who possess these skills should be able to achieve premium compensation during this shortage.

Buyers who are able to develop strategies, implement plans and achieve results on their commodities that are in line with their company’s long and short term objectives are viewed to have strategic commodity leadership capabilities.

To illustrate the steps an effective commodity leader takes to develop strategic commodity leadership, let’s take a look at a fictional buyer, Kaitlyn, who has just taken a new commodity buyer position at Burley Corporation. Following are the steps that Kaitlyn takes to develop and implement an effective commodity strategy for her commodity:

- She takes time to understand Burley’s corporate strategies and objectives by reviewing investor information on the company website, talking to her boss, peers and members of the sales force (who should keep customers informed of the strategies).
- She talks to sales, engineering and operations to learn about how her commodity is used. What Burley end-products is it used on? How important is the commodity in the overall performance of the end-products? What are the strategies, plans and growth projections for the end-products? She goes to the Burley operations where the commodity is used and asks production supervisors and operators about how the commodity is used and how it performs in the production process.
- During her discussions with sales, engineering and operations Kaitlyn also finds out how they need the suppliers of the commodity to perform so that they can meet their performance objectives. Are there clear metrics that measure the performance? What levels of performance should they achieve? What technology should they/are they bringing to Burley?



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Building Your Expertise and Resume as a Commodity Leader by Jeff Burris, Principal

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- Next she turns her efforts to the suppliers. From her past experiences she knows that the suppliers are actually eager to help her learn about her commodity if she only asks. She visits each supplier's production operations and engineering centers to learn as much as she can about how the product is engineered and manufactured. When she visits plants, she does not conduct wide aisle tours but detailed reviews where she learns about the commodity's cost drivers. She has the suppliers review their overall corporate objectives and their specific objectives that they are trying to achieve with Burley. She asks them what differentiates them from their competition.
- By this time Kaitlyn has gained a significant amount of knowledge about Burley, her commodity and her suppliers. With this knowledge she can then start to formulate objectives, strategies and plans that align her commodity with Burley's long and short term objectives. She makes sure that the objectives for the commodity are Specific, Measurable, Attainable, Realistic, and Timely. She tracks achievement of plans and their impact on the measurables.

In addition to developing a strategic plan for her commodity the process Kaitlyn used involved other Burley employees and the supply base. This has helped her build relationships.

With a strategy to guide her, the knowledge that she has gained and the relationships she has built she will be able to make improvements in the commodity, negotiate more effectively and effectively resolve the unexpected issues that are likely to occur. The experience will help her build her career and add significant substance to her resume.

Advanced Purchasing Dynamics was founded in 2004 with the mission of helping manufacturing companies profoundly expand their procurement skills. APD has helped numerous clients achieve accelerated and sustainable reductions in material costs while developing and strengthening their purchasing organizations.

For information on how APD can help you or your company improve procurement skills call 734-927-0836 or e-mail jburriss@apurchasingd.com.

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