



EIPM

The source for Excellence

مؤتمر الجبيل للمشتريات
Jubail Procurement Conference

Supply & Procurement trends for tomorrow
Which Competences ?

DAMMAM Oct.30th 31st 2019

Bernard GRACIA

EIPM Dean & Director



EIPM

The source for Excellence

EIPM PRESENTATION
The Global Executive Center
for Procurement & Supply Management

مؤتمر الجبيل للمشتريات
Jubail Procurement Conference

What is the EIPM?

What is the EIPM:

- The EIPM is an Executive Center dedicated to Applied Research, Education, Trainings & Coaching in Purchasing & Supply Chain Management.
- The EIPM develops & is the owner of all the contents which are deployed around the world by the EIPM Branches Trainers,
- The EIPM develops applied research to propose leading edge contents to Companies trainings & open education
- The EIPM is 30 years old and has been working with the largest Groups in the World.

What EIPM is not:

- A Consulting Company
- An University
- A Professional Organisation

The EIPM 3 Pillars

Benchmark : EIPM Peter Kraljic Awards



Education



- Global Executive MBA
- Certification Programmes
- Training Modules
- MSc

Research



- CPO Round Tables
- Workshops
- Annual Conference
- Value Creation Observatory
- Journal of Supply Excellence
- EIPM Club

In-Company



- Customised / Standard
- Certified / Practices
- Foundation / Advanced
- "À la Carte" Modules
- Coaching

Learning solutions and tools (cases, videos, distance e-learning, survey, analysis for research)

Online Talent Assessment, Online Assessment of the Organisation

200 participants/year

4.000 participants/year

The EIPM Global Footprint

-  Chinese
-  English(UK)
-  English(US)
-  French
-  German
-  Indian
-  Italian
-  Polish
-  Portuguese
-  Spanish
-  Romanian(*)
-  Russian(*)

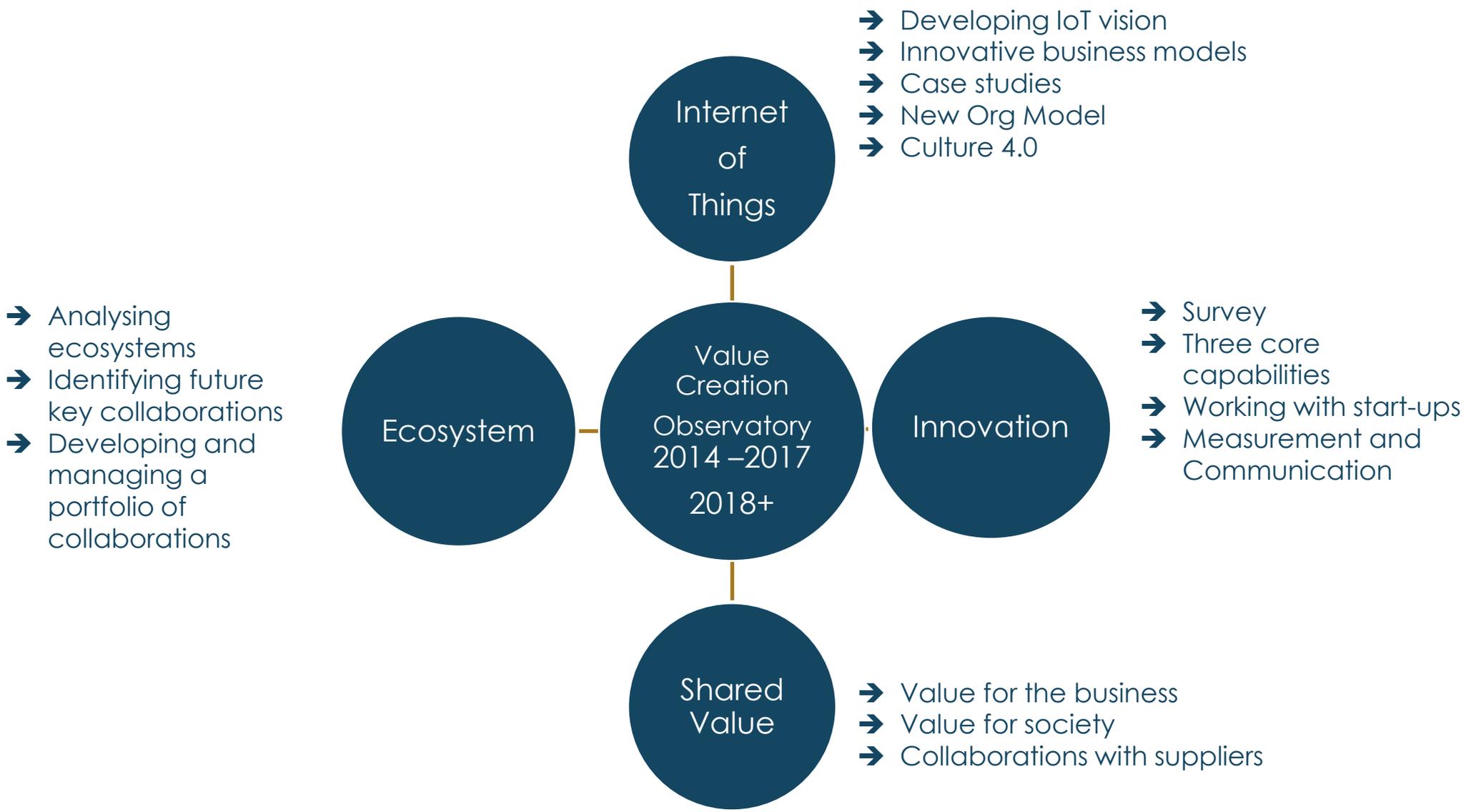


(*) Training is delivered through an EIPM Interpreter.

EIPM can deliver training in any of these locations and in any of the languages here above.

Specific [Country x language] can be considered by the EIPM, upon request.

EIPM Research Activities



Some references across industries



Some references across industries



Some Purchasing Academies references



BOMBARDIER

L'ORÉAL

Schlumberger

Schneider
Electric



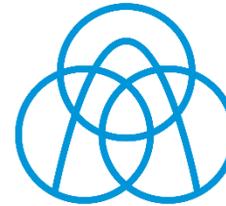
Rio Tinto
Alcan

uni
per

FERRERO

 Clariant

THALES



faurecia

enel

e-on

thyssenkrupp

 **EIFFAGE**



vodafone

Coca-Cola Enterprises

The EIPM Professors Emeriti



Prof. John Heptonstall
Geneva Business School



Prof. Dr. Corey A. Billington
University of Wyoming



Jean-François Baril
CEO Connecting Partners



Prof. Andrew Walker
London School of Business &
Finance



Prof Dr Peter Kraljic
PhD Technical University Hannover,
Director Emeritus McKinsey



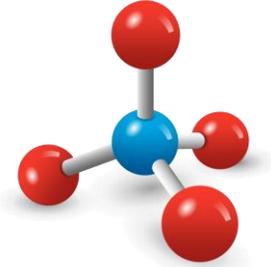
Prof. Richard Lamming
University of Exeter



Prof. Dr. Arjan van Weele
Eindhoven University of Technology



Prof. Rhoda Davidson
EM Lyon



Our core belief

VALUES... FOR VALUE!



EIPM

The source for Excellence

SUPPLY & PROCUREMENT COMPETENCES

For Today & Tomorrow

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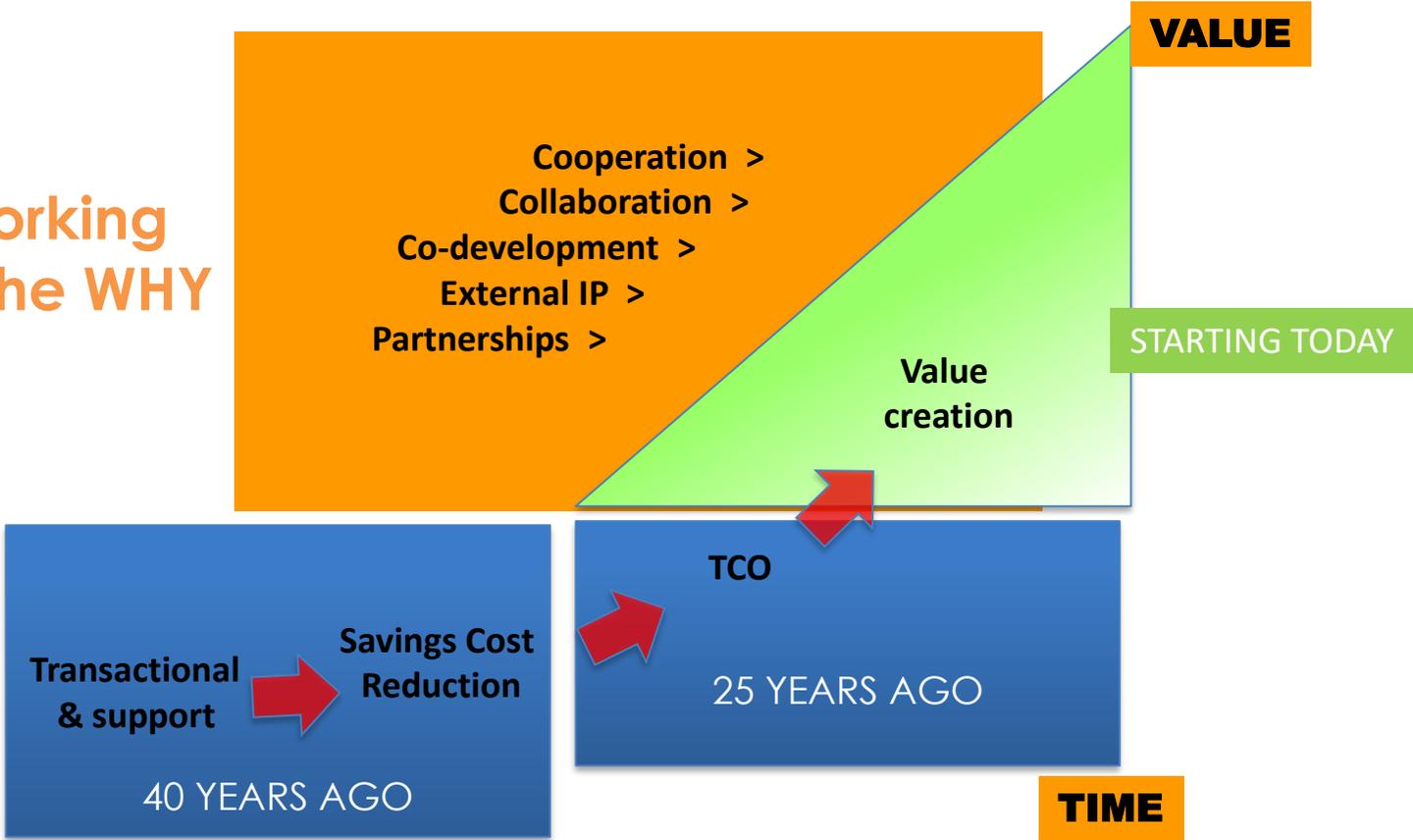
1.P&S.M. ACROSS TIME

WHAT HAS NOT BEEN CHANGING

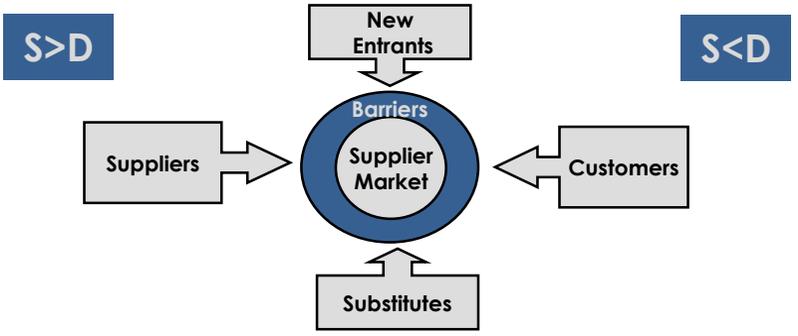
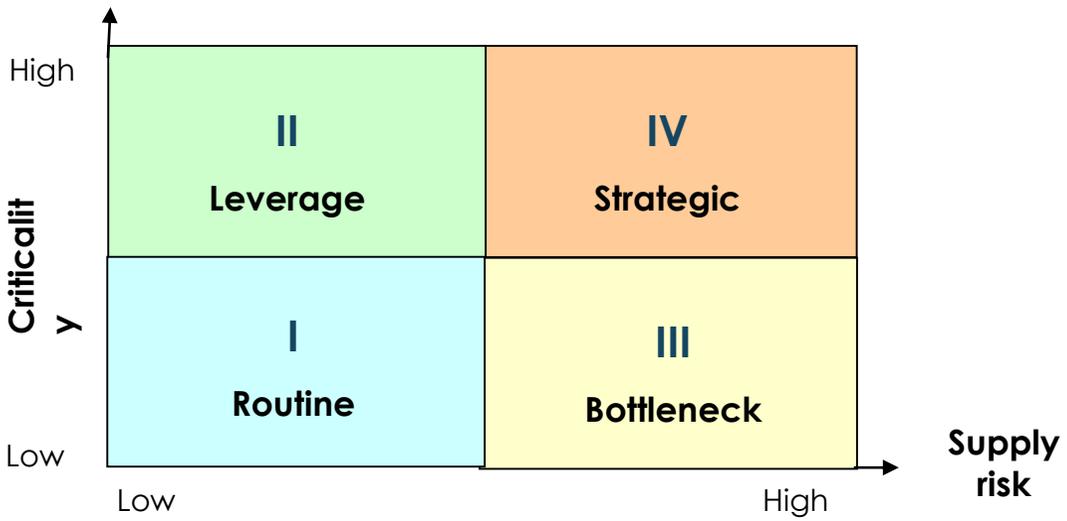
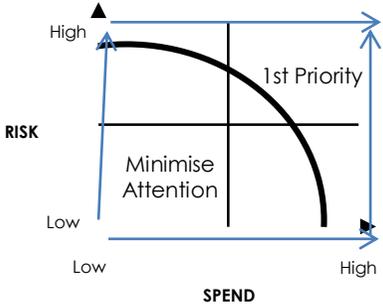
**Are Purchasing & Procurement
becoming strategic??**

Over time, Evolution of Concepts but reality!!

Working on the WHY



No many changes in Procurement since Peter Kraljic's Matrix



Similar Practices overtime

- **Some similar tools**

Competition,
Consolidation,
Negotiation,
Risks Management,
Cost Breakdown
Design to cost

- **Some similar Objectives:**

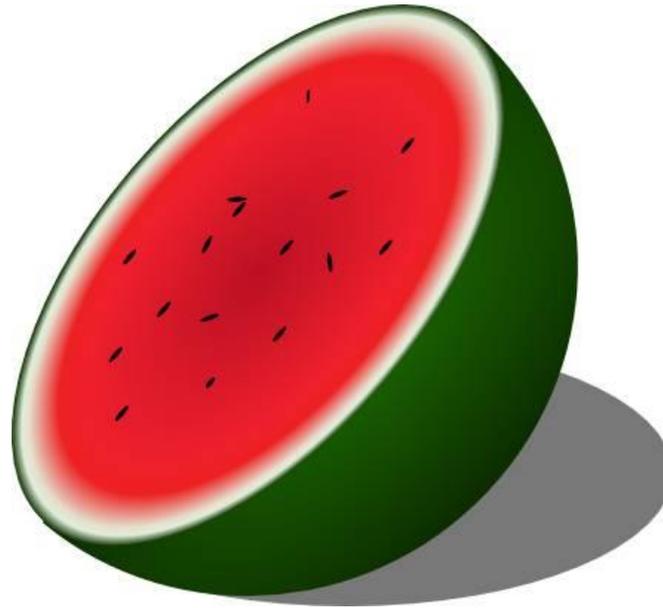
Savings
Suppliers Portfolio reduction

Why things have not been changing

Same things, same words, same complains since years as mentioned Franck

WHY???

We still measure more savings than value





2.P&S.M. ACROSS TIME

WHAT IS CHANGING NOW

What for the next 25 years?

...the world is changing



The World is changing: New Challenges

- Speed / Agility
- Digitalisation
- Personalisation
- Big Data
- IOT
- A.I.
- Innovation
- Start ups
- CSR
- Globalisation
- Limited Number of Suppliers
- JIT

Evolution

- From PriceST Savings
- To TCOLT Savings
- To Value ContributionBusiness Support

From Price to TCO to TVO



Definition of requirements	Material	Issuing P.O.	Opportunity cost.	Installation cost	Supplier management
Sourcing suppliers	Process & depreciation	Transport & insurance	Insurance cost (fire, ...)	Maintenance	Cost of use & reuse
Supplier selection	Overheads	Taxes & duties	Property taxes	Warranty period cost	Cost of recycling
Supplier qualification	Supplier profit	Handling quality inspect.	Storage cost	Non quality cost	Cost of disposal
Product qualification	Packaging & transport	Payment terms	Obsolescence & damage cost	Cost of Non-delivery	Company policy costs

Developping business (increase market shares, Innovation...)

Strategic Purchasing role has to change to support Business

Moving

From being a **Financial support:**

to support by Prices /costs reductions, Payment terms

To become a **Business Enabler:**

to support in selling more or in selling better

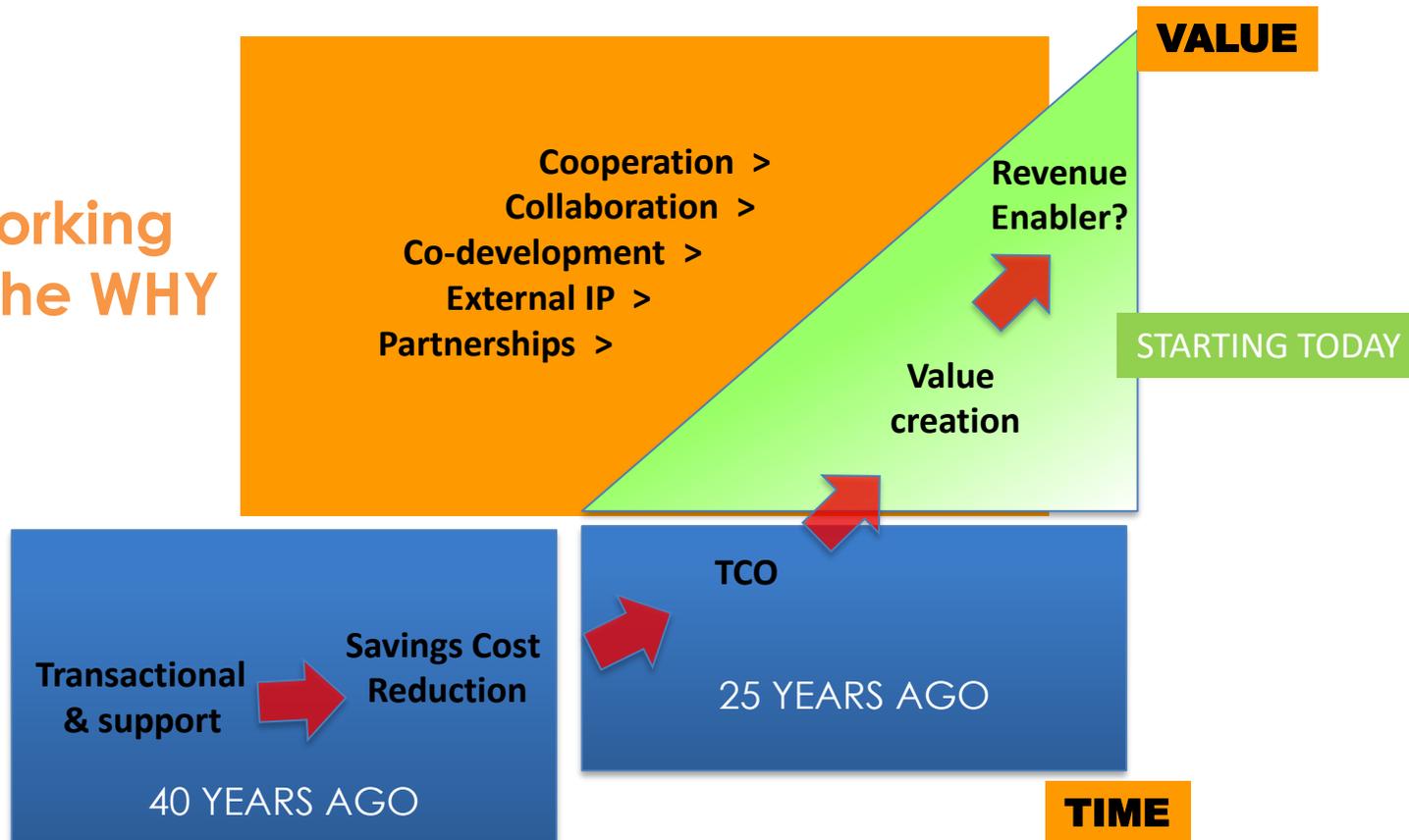
Purchasing Value contribution is based on the fact that

Purchasing should not be considered any longer as a **COST CENTER** ,
but should be considered as a **PROFIT CENTER**

Purchasing is to SUPPORT the BUSINESS

Purchasing has to become strategic for Business

Working
on the WHY





3. IMPACTS OF THOSE EVOLUTIONS



88% of automotive strategy officers agree that by 2030 at least one major automaker will earn more revenue from selling data and mobility services than from selling cars and auto parts.

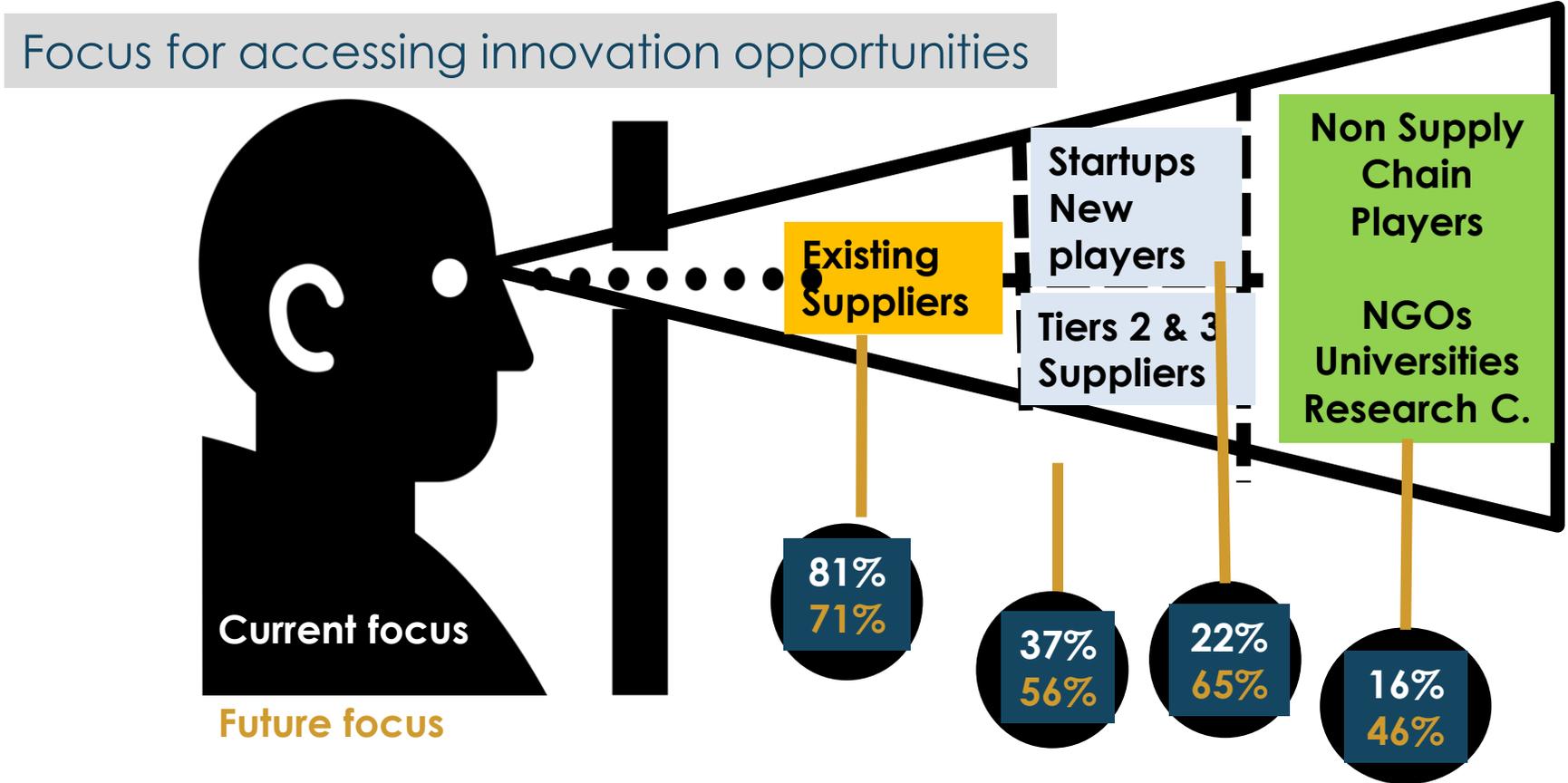
World Economic Forum 2016

2nd Quizz😊: What has been changing for you?

In your business,
In your Company,
In your Department

What has been changing along those past last months in terms of innovation and you technologies?

Innovation: Role of procurement



3rd Quizz😊: Suppliers selection criteria

What are the selection criteria
you will be using to select Start ups
to enter your Portfolio of Potential suppliers?

Agility & Relation



*I always end up using
power, massification &
scale
But deep in my heart I
would love to collaborate
more*



*A few of us do
things
differently But
we keep quiet*

Agility & Relation

We have diversified our practices,
We complement each other!



New necessary relations

Internal Clients vs. the **Internal Business Partners**

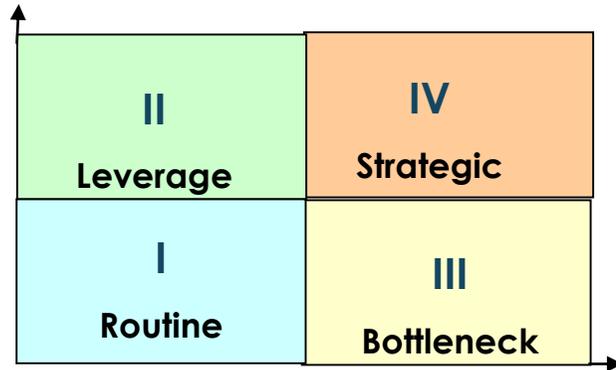
Suppliers vs. the **External Business Partners**



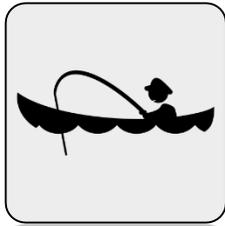
4. A NEW ROLE

A New Role

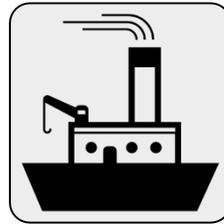
- How to manage recurrent **category management** roll out



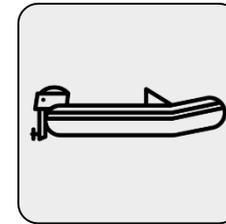
- With compulsory **agility** to catch up with **innovations & start up?**



Fishing in the neighbourhood



Shaping future fishing grounds

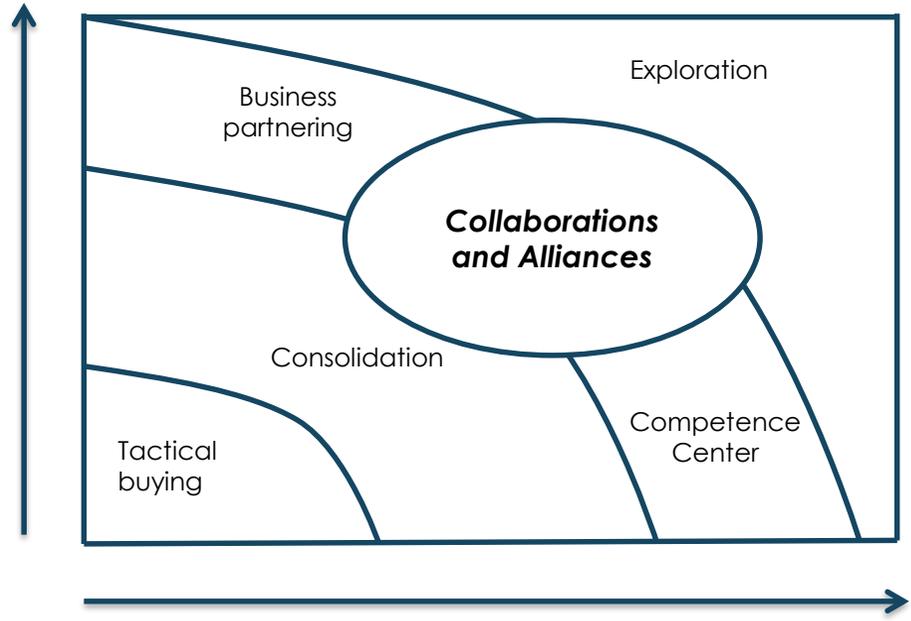


Fishing in unknown territories

Next Generation Purchasing

Speed of change on the demand side
Focus on innovation

More Business Model Innovation
Increased Complexity and uncertainty



Speed of change on the supply side
Focus on innovation

Access to distant capabilities
Increased Complexity & Uncertainty

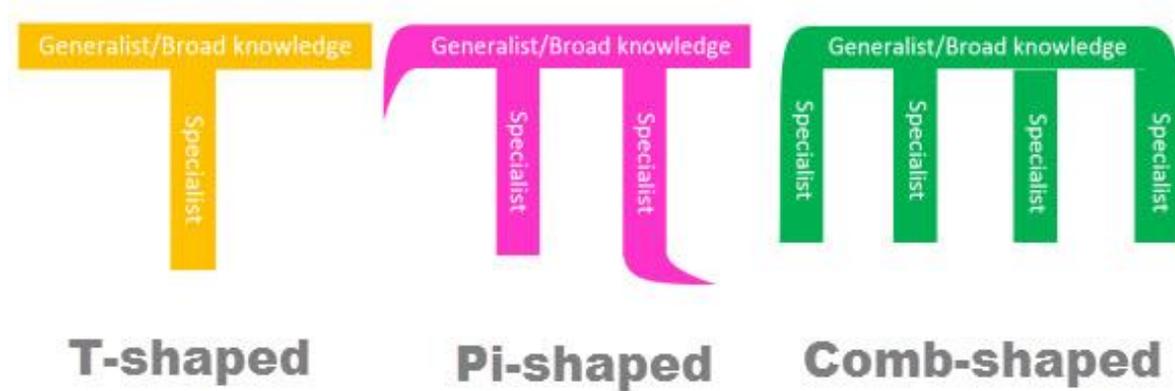


5. WHICH COMPETENCES?

The New Challenges

- Speed / Agility
- Digitalisation
- Personalisation
- Big Data
- Data crunching
- IOT
- A.I.
- Innovation
- Start ups
- CSR
- Globalisation
- Limited Number of Suppliers
- JIT
- Number of technical categories increases

Set of Future Skills



- Knowledge of different markets and categories
- Ability to lead different efforts
 - (Sprint vs Marathons)
 - (Vision vs Planning vs Execution)
 - (Cross functional vs Cross Company)

How to change the Relations

To move away

from **CONFRONTATION**... to **RELATION**

Skills to improve Relations

Which are the skills necessary to improve the Relations with **Internal & External Business Partners** the Company's Business results

Same standard **technical expertise still necessary**

Some additional and specific **behaviours**

- **Marketing mind-set**
- **Business Acumen**
- **Entrepreneurship**
- **Leadership**
- **Communication skills & Active listening**
- **Agile**
- **Trust**
- **Humility**
- **Ethic**

Looking for the Ideal Profile

New **behaviours** will permit to **extract more Value** from the relationships between

IBP (Internal Business Partners) and **EBP** (External Business Partners).

The Purchasing Professional should, at the same time, be:

- A **Leader** to change the system.
- An **Entrepreneur** to solve new challenges.
- An **Analytical** to be data cruncher & analyse
- A **Commercial** to sell and convince.
- An **Expert** capable to add value.

3rd Quizz😊: Which KPIs to assess those new relations

Purchasing has been measuring

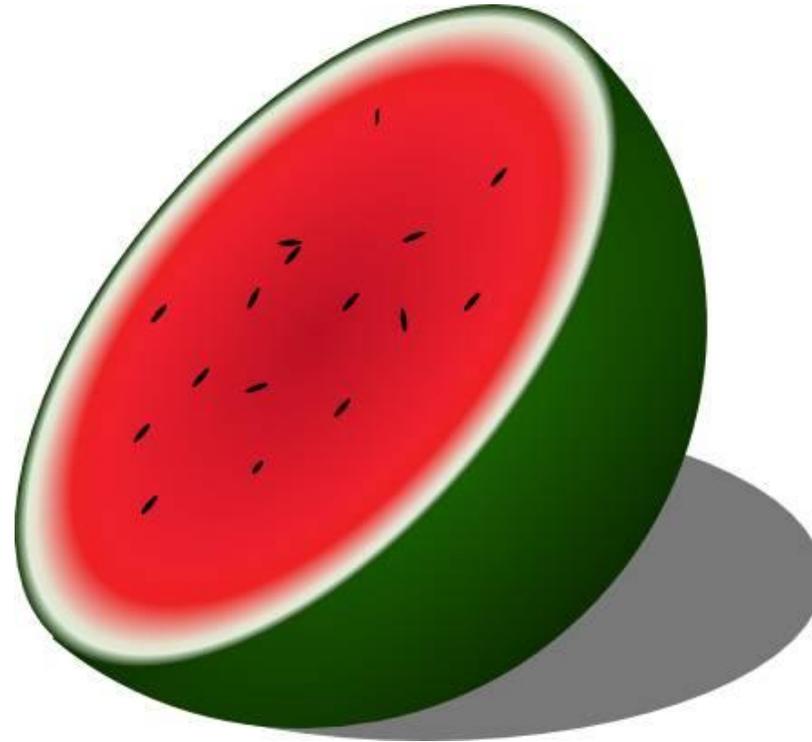
Purchasing efficiency & effectiveness with hard KPIs on savings, terms of Payments, timely deliveries, quality...

Could we add some **soft KPIs**

Mutual trust, overcoming crisis, solving difficulties, markets gains

to cope with those new relations?

How to measure this Relation??





6. WHICH EDUCATION?

Different Learning Contents

- **Some Fundamentals :**

Process, cost, TCO, Negotiation Preparation, Risks Management...

- **Some more advanced topics:**

Functional definitions, Design to cost, Value contribution, ...

- **Some Diploma:**

Certifications

- **Some Advanced Education:**

CPO Workshops, MBAs

The EIPM MBA: the Flagship



12 intensive residential modules spread over 18/ 30 months

Foundation Modules

Specialisation Modules

Complementary Modules

1. International Economics & Finance
2. Finance & Management Accounting
3. Business Strategy
4. Leadership & HR Management

5. Purchasing Strategy
6. Operations & Supply Chain Management
7. Innovation & Entrepreneurship
8. International Negotiation & Influencing Skills
9. Latest Development in Purchasing

10. Shaping Responsible Future
11. Business to Business Marketing
12. Strategic Information Systems

The EIPM 3 Certification Levels



LEVEL 3 – PURCHASING MANAGERS
Purchasing Management: Strategies and Organisations
Purchasing Management: Skills and Performance Indicators
Supply Chain optimization Management
Leadership and Change Management



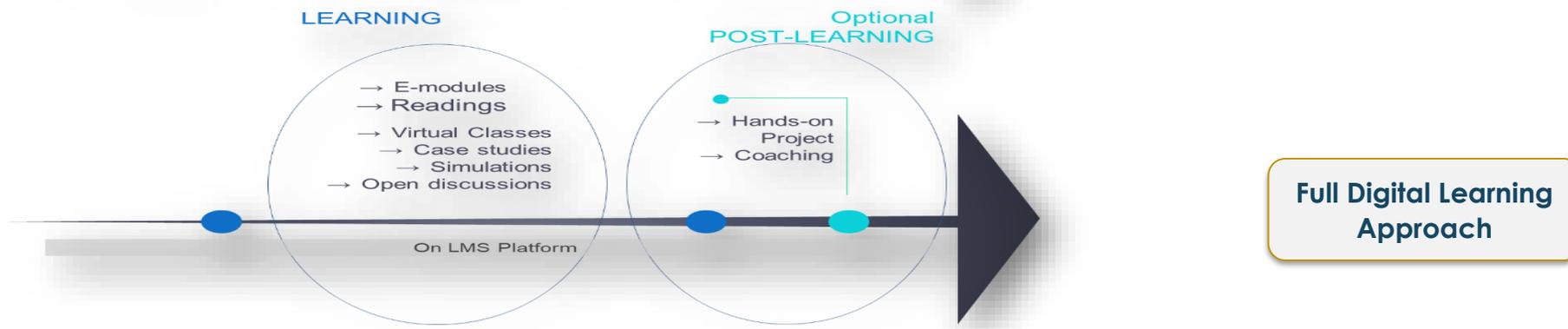
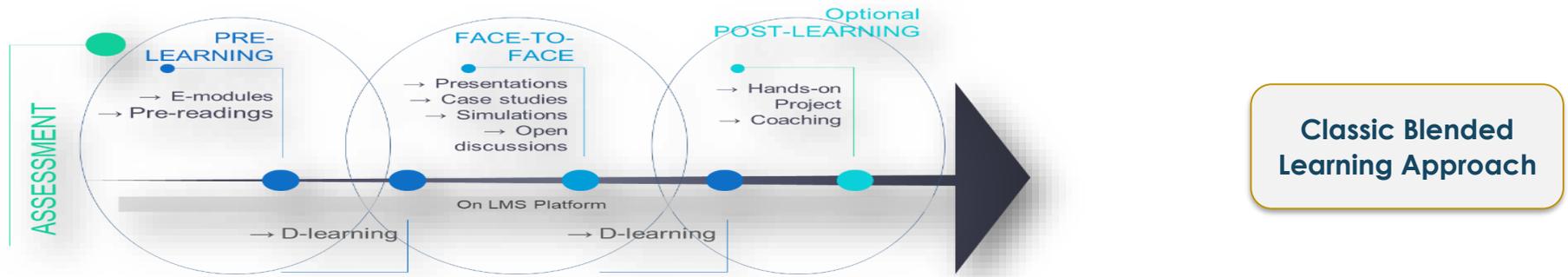
LEVEL 2 – EXPERT BUYERS
Strategic Portfolio Management - KCM
Supplier Relationship Management - SRM
Advanced Cost Reduction Tools
Supplier Development and optimization
The Soft Skills in Hard Negotiations
Value Contribution



LEVEL 1 – PROFESSIONAL BUYERS
Fundamentals of Purchasing
Fundamentals of Cost Analysis
Financial Risks/Opportunities in Supply Management
Contract and Legal Aspects
Fundamentals of Inventory Management
Practicing Advanced Negotiation and Techniques

Different ways of Learning

The 3 different EIPM Learning Process





EP Oil Spill

Possible causes:

- Culture: EP has a past of earlier safety problems... safety was sacrificed for speed of action... EP Oil Spill shows little consequence management...
- Growth: big companies involved... all procedures were in place... all warning signals were there... project managers did not want to see that... all subcontractors would have decided to stop working under these circumstances... due to pressure from the top caused them to continue... it was a collective failure...
- Advice from sub-contractors was deliberately neglected... project management failed to get the best out of their subcontractors...
- Stakeholders were suffering from a common goal... when problems arose everybody saw it as a failure of the other person first.

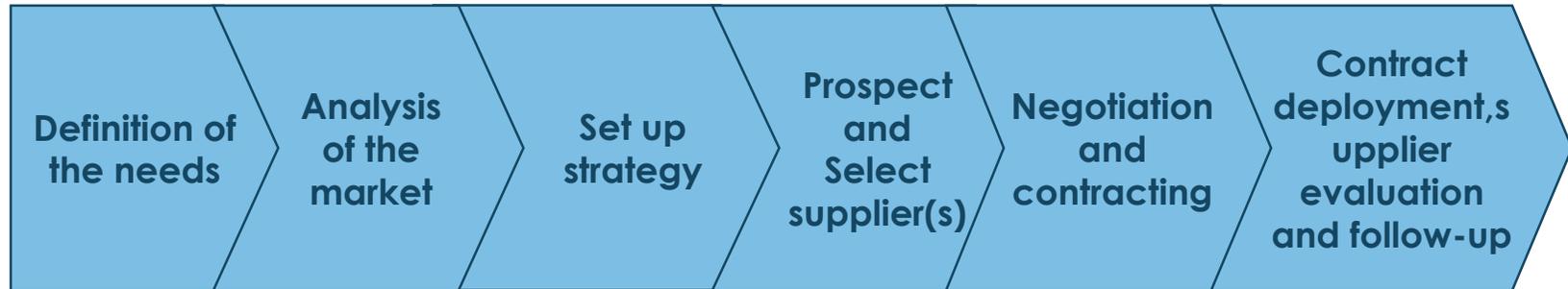
AGENCY TASKS
The Agency Tasks are:

- COAL in compliance
- INTEGRATED MANAGEMENT
- RISK MANAGEMENT
- HEALTH



6. CONCLUSION

Why a Purchasing process is very important



Some fundamental drivers to change

To move

From being a **Financial support**:

(to support by Prices /costs reductions, Payment terms)

To become a **Business Enabler** supporting the Business

(to support in selling more or in selling better)

It is compulsory

To measure **the Relation** (mutual trust, overcoming crisis, solving difficulties),

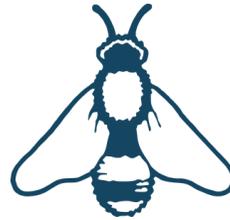
To measuring **the impact on business** (market gains)

Values for Value

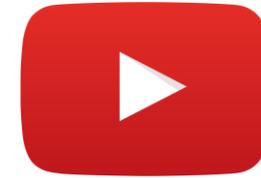
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