



The changing role of a procurement professional in the era of VUCA

The winds of change are blowing across all professions. Procurement is not spared. The profession is transforming from transactional to strategic value addition.



It is **very easy** to think that **anyone** can do **procurement**. Yet this is one of the **most complex business processes**. You must have **ability to deal with multiple stakeholders**, **understand** the **law**, the **economy** and everything in between. **For this reason**, there **are** so many **people** who do **procurement work** and very **few procurement professionals**.

What exactly is the role of procurement which the finance and legal departments cannot do! The profession finds itself not present at the board and topmost management levels due to perceived role duplication.

It is Harvard Business School professors who first came up with the concept of VUCA to explain the ever-changing environment we are operating in. The world is Volatile, Uncertain, Complex and Ambiguous. The winds of change are blowing across all professions. Procurement is not spared. The profession is transforming from transactional (a tick box exercise that is characterized by managing transactions in terms of helping in setting terms of reference (TORs) and specifications to placing an order). To succeed and remain relevant, procurement must transform in response to the needs of the day.

facing.

First, the top most challenge to procurement today is that of identity. What exactly is the role of procurement which the finance and legal departments cannot do! The profession finds itself not present at the board and topmost management levels due to perceived role duplication. A CEO finds it hard to understand what the procurement officer can do better which the Chief Finance Officer (CFO) cannot. If it is about interpreting the procurement law, PPDA Act, which professional is better to apply it than the company's legal officer?

Artificial intelligence (AI), Machine Learning (ML), Big Data Analytics and Visualizations (BDAV) and Virtual Reality have all led to the concepts of Internet of Things (IoT) and robotics. If your process is repetitive and manual, it will soon be automated. The good thing is that automation saves costs, improves efficiency and a 'robot' has no moods! Most important, if the system is well set up, chances of manipulating the process so as to accept a bribe are not easy. And that is the future we are

That is where the Institute of Procurement Professional of Uganda (IPPU), must come in to clarify and promote the relevance and identity of the professional. Traditionally, procurement is seen as a department under finance and administration. However, because Government of Uganda spends over 20 trillion in procurement, the role is given visibility. But how do you make it independent of the finance and administration department? Is it possible? Can someone work as procurement





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without having been an accountant? These questions must be answered. Is a procurement professional an accountant, lawyer, logistics and supply chain expert and business leader? If yes, which minimum qualifications over and above other specialized skills must the incumbent meet or hold?

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Let's not forget.

First it was the CFO (Chief Finance Officer) . Gone are the days of transactional processing- initiating transactions, carrying files and reviewing paper work. Technology has transformed the role into a more strategic one: A great chief finance officer (CFO) is now a strategy execution champion.

Procurement is not spared.

Gone are the days of mastering the procurement law, interpreting it and managing the procurement process. Much as experts agree that these roles will remain critical, they will no longer be the differentiator or offer a fulfilling career or be sought after by top executives. To succeed as a

procurement professional, you need to offer more. You must position as a supply chain expert and acquire multi-discipline skills with global outlook.

Here are the three reasons why:

Tug of war

Procurement is considered as a department that 'fails' finance and other departments from 'eating.' Finance officers, legal lawyers, and the operations team have a silent war against procurement professionals as people who cut the deals.

And indeed, there have been increased Universities offering procurement related courses owing to high demand for the profession. This has flooded the market with quack procurement practitioners; which has spoiled the profession's image.

The solution is to fast track the law that establishes IPPU, giving her the mandate to regulate and accredit practitioners. Only members of her register can work in government just as lawyers have Uganda Law Society and accountants have the recently enacted Accountants Act that establishes the





Institute of Certified Public Accountants of Uganda (ICPAU), which regulates Accountability professionals. You can now not sign on any company audited AccountUNLESS you have a practicing license issued by the ICPAU.

2 Counting the Beans Vs Weighing them!

Procurement professionals cannot afford to focus on small things and expect to be 'respected'.

There is need to shift emphasis from just enforcing compliance with the PPDA Act to delivery of stakeholder value in procurement. Generally, leaders tend to hide behind compliance as an excuse for making costly decisions and delaying or frustrating government projects. In Uganda, procurement teams have been at the center of major failed procurements in government resulting into huge losses to tax payers.

Too much attention to procurement jargon and legalities akin to a farmer counting the beans of his or her harvest instead of putting them in a sack and weighing them!

In the end, the right vendor is eliminated on unrealistic and irrelevant technicality instead of overall stakeholder value proposition in their proposal. Imagine a local supplier / bidder being eliminated for having been in business for 5 years instead of the required 6 years.

When a road that should be 20 years EVL (expected useful life) lasts only 10 years and thereafter develops pot holes, the fingers get pointed at procurement. Most of the time, procurement will say "we followed the law" instead of "we did what was good for the country". The bias on stakeholder value analysis instead of basic compliance requirements should be the future of procurement as it sets a higher bar for responsibility accounting. The law should not be misunderstood despite



its good intentions. What is the risk being managed for following a certain provision in the law? What would a reasonable person do to deliver total stakeholder value if the provision was examined in respect to the value at risk?

As they say, weak men give excuses for not formalizing a relationship on family: 'my mum or dad, did not approve of your religion' instead of looking at the person in the face and saying so.

Likewise, weak professionals hide their decisions behind the law! Why should a gate keeper insist on checking the ambulance carrying a patient which is an emergency case? In this case, the focus on compliance (checking the ambulance) may waste valuable time to save the patient (stakeholder value).

How can procurement deliver total stakeholder value while being compliant with the rather long and difficult to understand procurement law? This has led to a wrong focus by procurement professionals. The main focus of procurement is how do we get the preferred vendor within the law instead of "how do we get maximum value possible from the procurement?" through focusing on procurement as a strategic value driver. Some of the provisions of the PPDA act go against the initiatives of government of

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promoting local content. How do you expect young entrepreneurs especially fin-techs to supply government with technology solutions when you need them to first have a performance guarantee of over Ugx. 10 billion!

Lots of Paperwork but Too Little Value

Procurement must move from facilitating sourcing and similar processes to being more strategic in focus. How can procurement be a source of strategic insights to inform corporate strategy?

You cannot hide an elephant. However, it is easy for an elephant to hide itself! It is easier for great procurement professionals to hide themselves and remain in their own shadows than it is for a company with a great professional to hide him or her.

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your industry.

Instead of being a paper tiger carrying heavy files even on operational procurements! This is the future of procurement. An all-round professional that understands corporate strategy, the top leader's pain points, business value drivers and has a clear procurement strategy that is aligned to the corporate strategy, NPA II, and Vision 2040 for sustainable growth. Government is currently suffering from the disease of fraud and corruption which has reached unmanageable levels. Yet over Ugx. 20billion is spent by government in procurement (that is a cool 70% of the national budget). How can procurement professionals keep quiet when they say their profession is at the frontline of procurement across government? What about writing a concept note on how to get all the powers they need to prevent and stop the leakage!

You must demonstrate the drivers of procurement value to the organization by moving. IPPU membership must demonstrate value to government by engaging top stakeholders like PS's and Ministers on how procurement, if empowered, would help stop the problem of corruption in the country.



To become relevant, procurement must shift focus as indicated briefly in table 1.

Table 1: procurement focus shift.

From (Problem/ current status)	To (Desired situation)
<i>a) Managing too many vendors and trying to be the main man or woman who deals with them or travels to assess different suppliers in the interest of earning per diem, as a main driver although covered under 'assessing ability to deliver'.</i>	Selecting long-term strategic partners that are kept under check to offer maximum value at the least cost; and have Short Turn Around Times (TATS) for procurement. You must invest in procurement analytics to make sure all the data collected is analyzed and used to inform decision making for maximum value delivery. How do you use your present data to analyze vendor effectiveness? For example, Northern Bypass road in Kampala has lasted over 5 years and it is yet to be completed. How much does that delay cost the tax payer?
<i>b) Cheapest cost. Don't just look at passing the technical score. Look at the supplier offering highest quality in terms of maximum value delivery, ongoing pricing and SLA fulfillment costs.</i>	Cash flow perspective should be the new focus. Government waste a lot of money where some procurement professionals just tick the boxes instead of asking "which offer is high value in the long term." We have seen procurements of international consultants draining companies and MDA's in terms of monthly fees and expatriate facilitation that had been omitted from initial contract. Imagine after IT system installation, the system goes off. And you have to ask the vendor to come and help fix the issue. The next thing is a very big bill which had not been envisaged. And it looks innocent. The supplier is based in say German or SA and has to send in an expert for a month. You have to cover the air ticket, hotel bills and company per-diem rates – something which drains the company of a lot of cash flow because procurement was short term focused during assessment! You get the idea.
<i>c) Reactive procurement. Don't wait to be told. Advise stakeholders what they are likely to need. So that they just add.</i>	Proactive procurement. You should be able to predict customer needs using technology to sustain business supply.





d) Just facilitating procurement- you stop at just facilitating the transactions

Demand updates on contract execution. Review proactively the SLA and demand reports from user departments for value delivery. You are the company's internal consultant. That is your future role. Play it and let users be afraid of execution, not from audit but procurement!

Overall, the procurement of the future will be more collaborate, driven by technology, and focusing on stakeholder value than compliance.

1. To be the first to receive our detailed report in PDF on the future of procurement profession to be published in 2018 by Summit Consulting Limited, visit www.summitcl.com and request for it.
2. Visit www.summitcl.com/summitstrategy to download the State of Corporate Governance in Uganda 2018 report.
3. Email Ronald Ojilong on ojilong@summitcl.com for a meeting on how to partner with Summit Consulting Limited.

Team biography



About Mustapha B Mugisa

Mustapha Barnabas Mugisa is one of those rare people who provides business consulting and advisory to professionals and corporate entities who demand the very best. He is a prolific speaker and governance (strategy and risk) expert. His speaking involves making key notes at major conferences and business events on both technical subjects and leadership skills. A change agent and motivational speaker. Mustapha provides tools and proven methodologies to remarkable results through making people appreciate change. Mustapha is the architect of #WinningMindset Leadership and #WinningTheGame strategy approach that combines Harvard Business strategy Playing To Win, with the Blue Ocean Strategy and Balanced Score Card to deliver a strategy that is easy to execute and monitor. Visit www.mustaphamugisa.com for special insights to improve your condition. Are you too good to be great?





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