



„Procurement Excellence“

The Talent Factor – Translating purchasing strategies into capabilities and culture

HR Strategy

HR Operational
Excellence

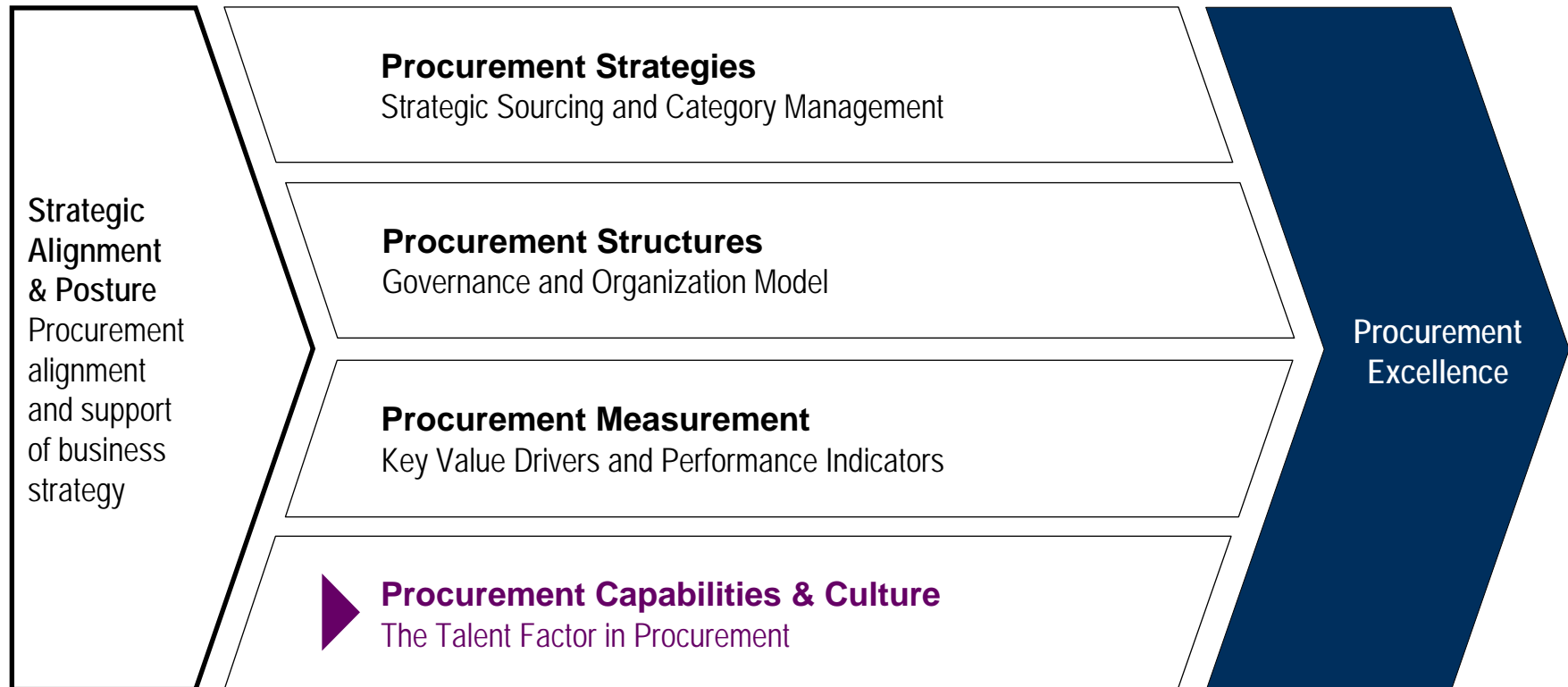
Talent & Performance
Management

Compensation
Management

Benchmarking

Key Drivers for Procurement Excellence

It's all about performance and cost is a major part of that ... but people matter most



Procurement Capabilities & Culture

The Talent Factor in Procurement

1	The Talent Factor in Changing Procurement Organizations People as a solid competitive edge	3
2	Change Management Lead change, clarify vision and commit people to mindset, goals and strategies	9
3	Skill Management Assess and develop your skill portfolio at organizational and individual level	12
4	Performance Management Align your people management and reward systems effectively with your strategy	16
5	Staffing & Retention Management Ensure strategic workforce planning, effective staffing and retention management	20

Strategic Alignment of the Procurement Organization

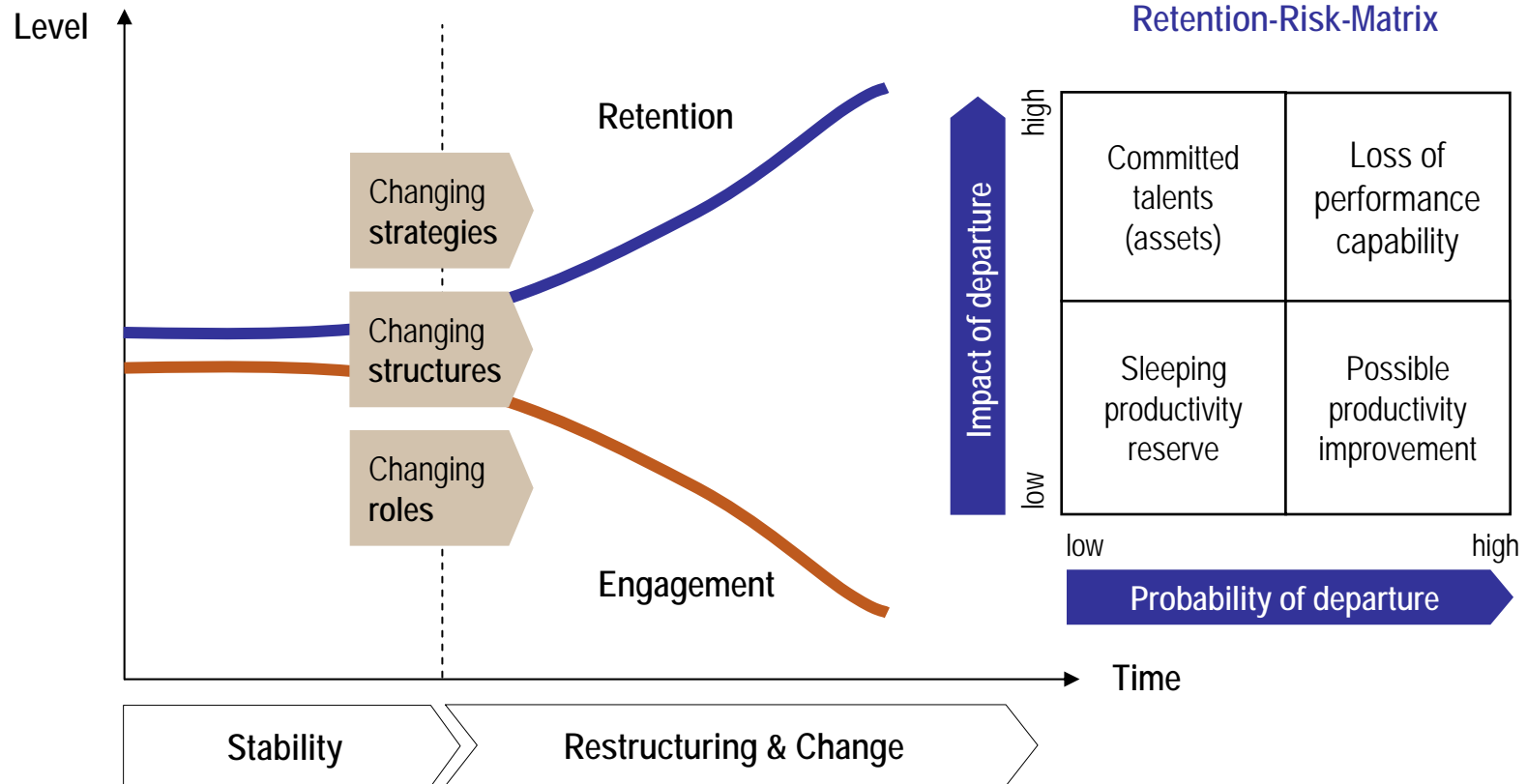
Excellence in procurement requires systematic change and talent management

Business challenges and organizational changes



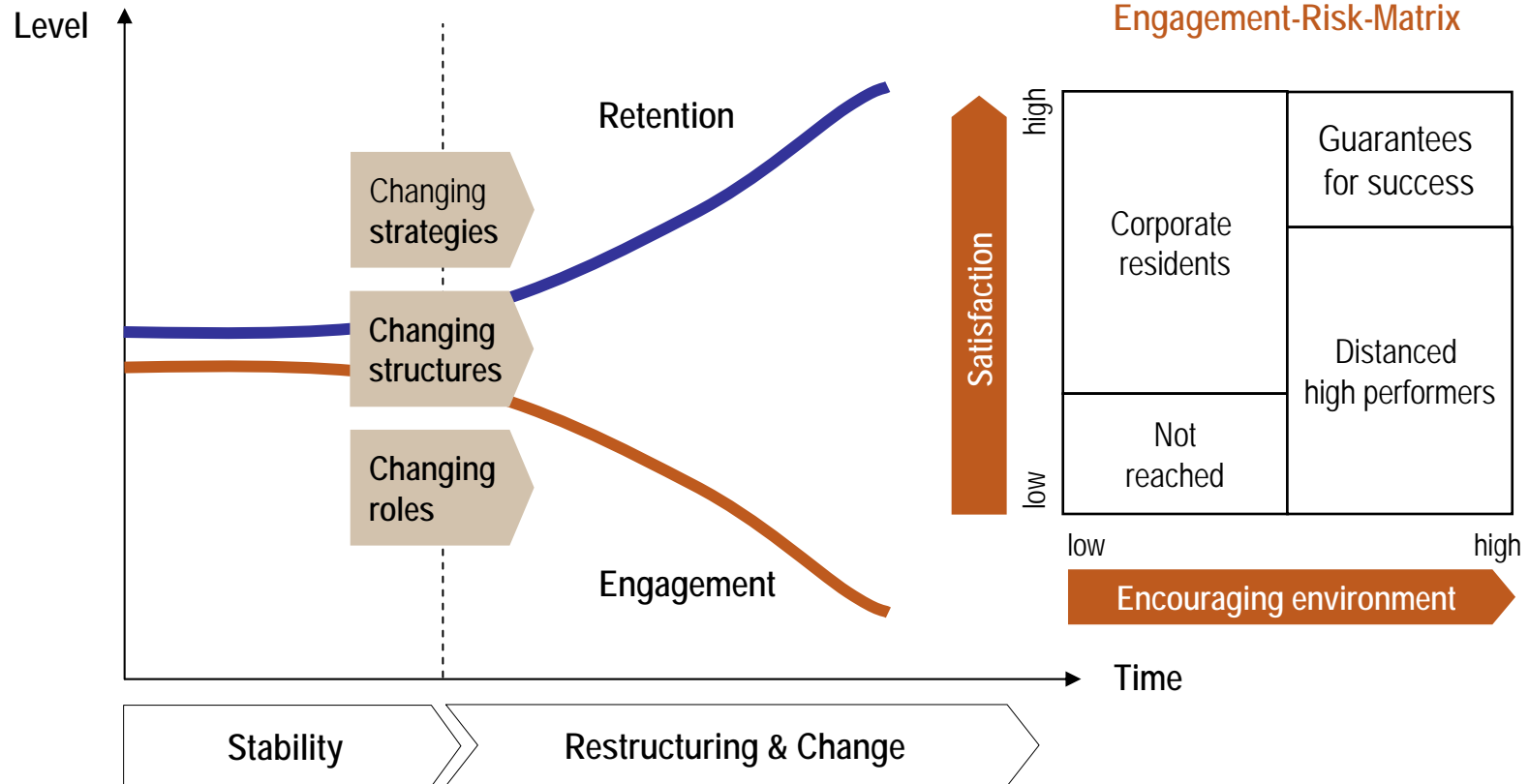
Retention Risk in Changing Procurement Organizations

The retention risk increases with the probability and impact of departure



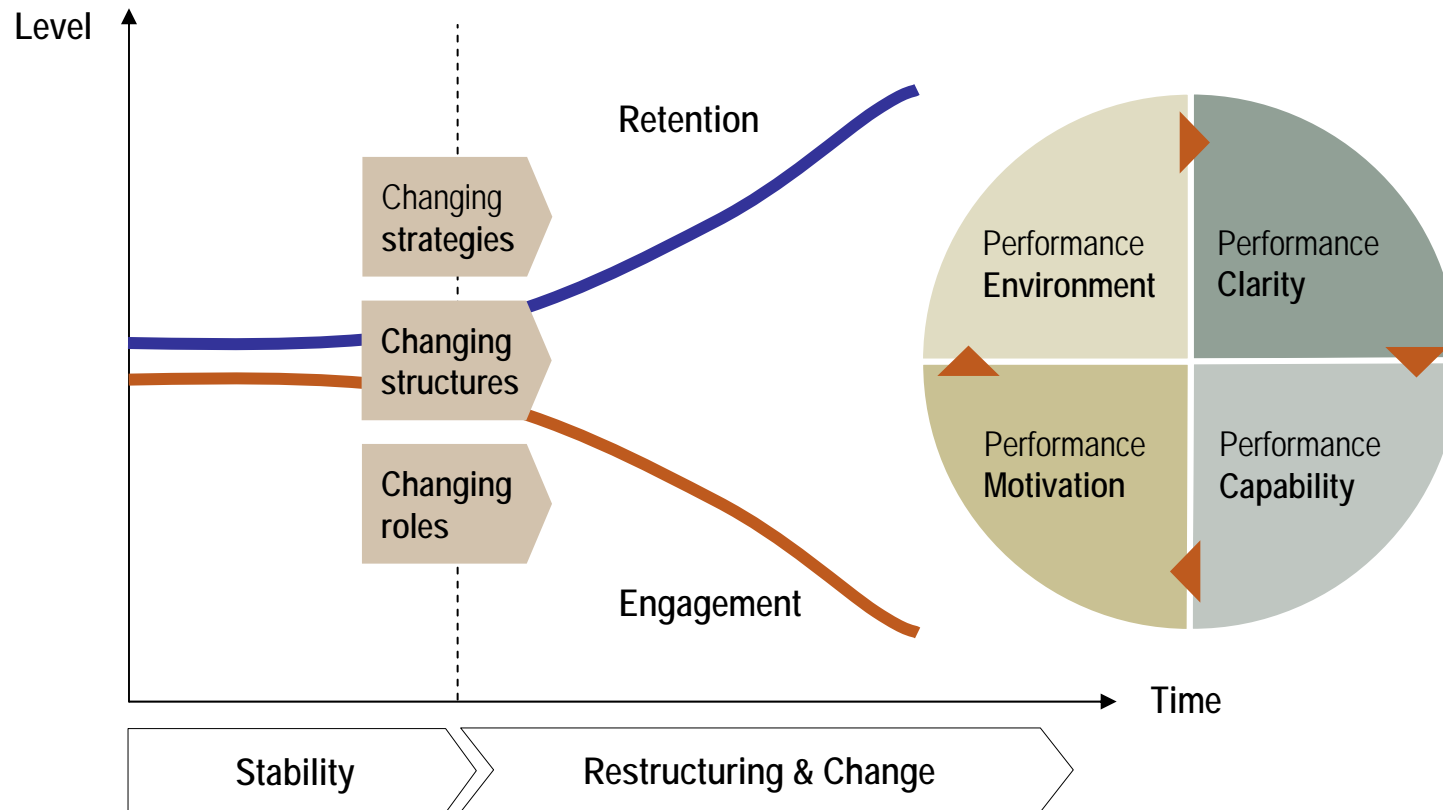
Engagement Risk in Changing Procurement Organizations

Engagement is determined by satisfaction and motivation



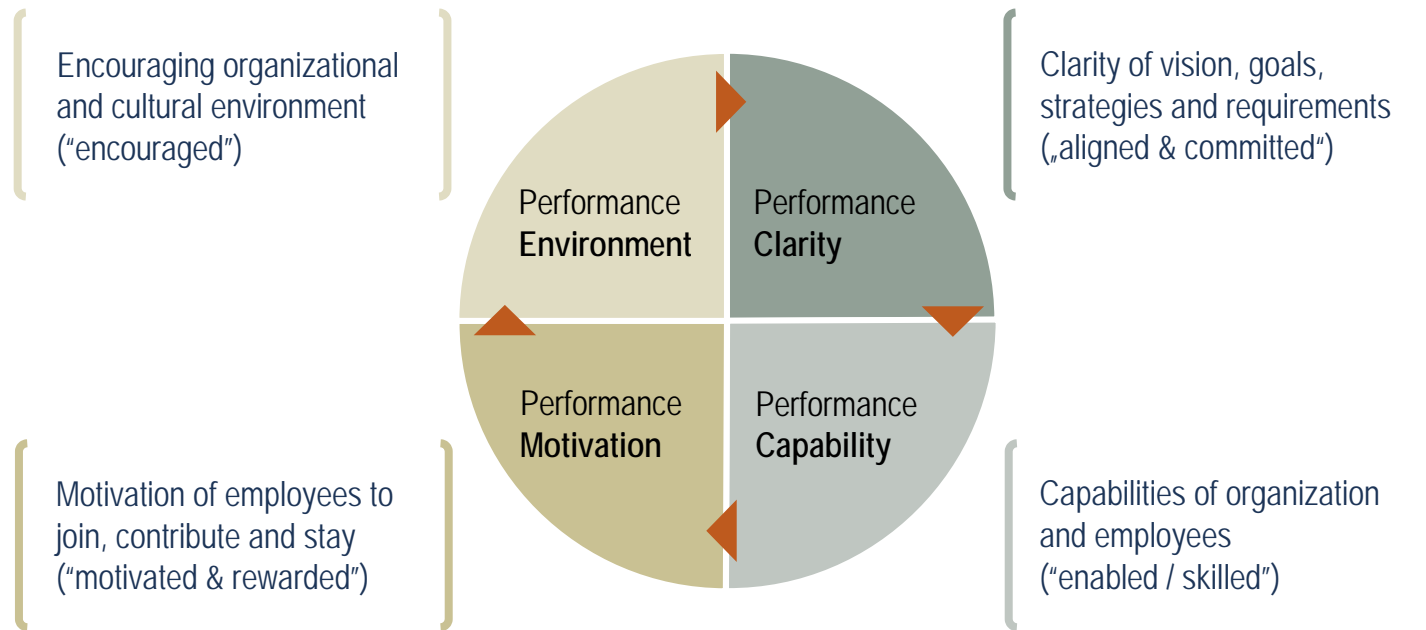
Need for a Focused Talent & Performance Management Solution

Procurement organizations need to focus on key drivers for excellent performance



Key Drivers For Excellent Performance

Change situations require an strategic readiness assessment of the procurement organization



Procurement Capabilities & Culture

The Talent Factor in Procurement

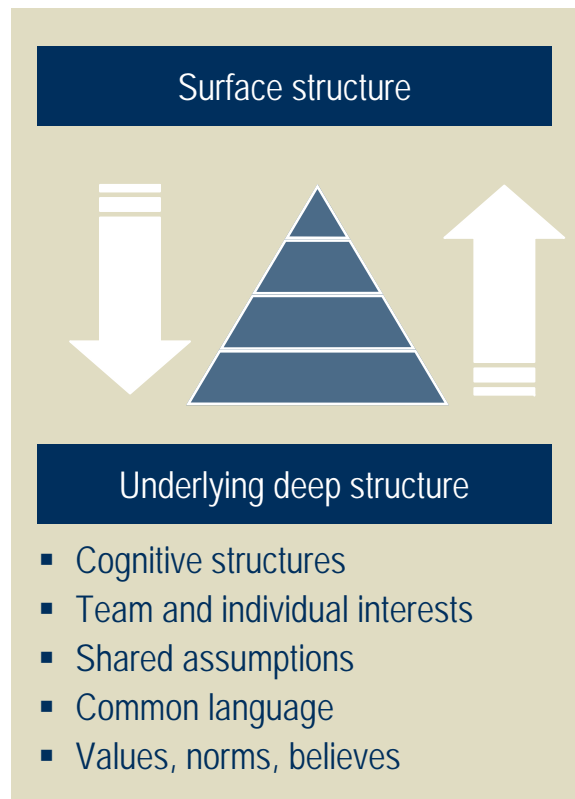
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Levels of Change Interventions

The change of business logic requires changeableness at organizational and cultural level

Integration is achieved through strategies and structures:

- Cultural integration is limited to the cultural „fit“
- Cultural plurality remains reality over decades ...
- ... until the cultures further develop jointly.



← Management interventions to transform the company typically focus at the surface structure, e.g.

- Business modeling (products, customers, ...)
- Reorganization (Shared Services, ...)
- Repositioning (Acquisitions, co-operations, ...)
- Process improvements

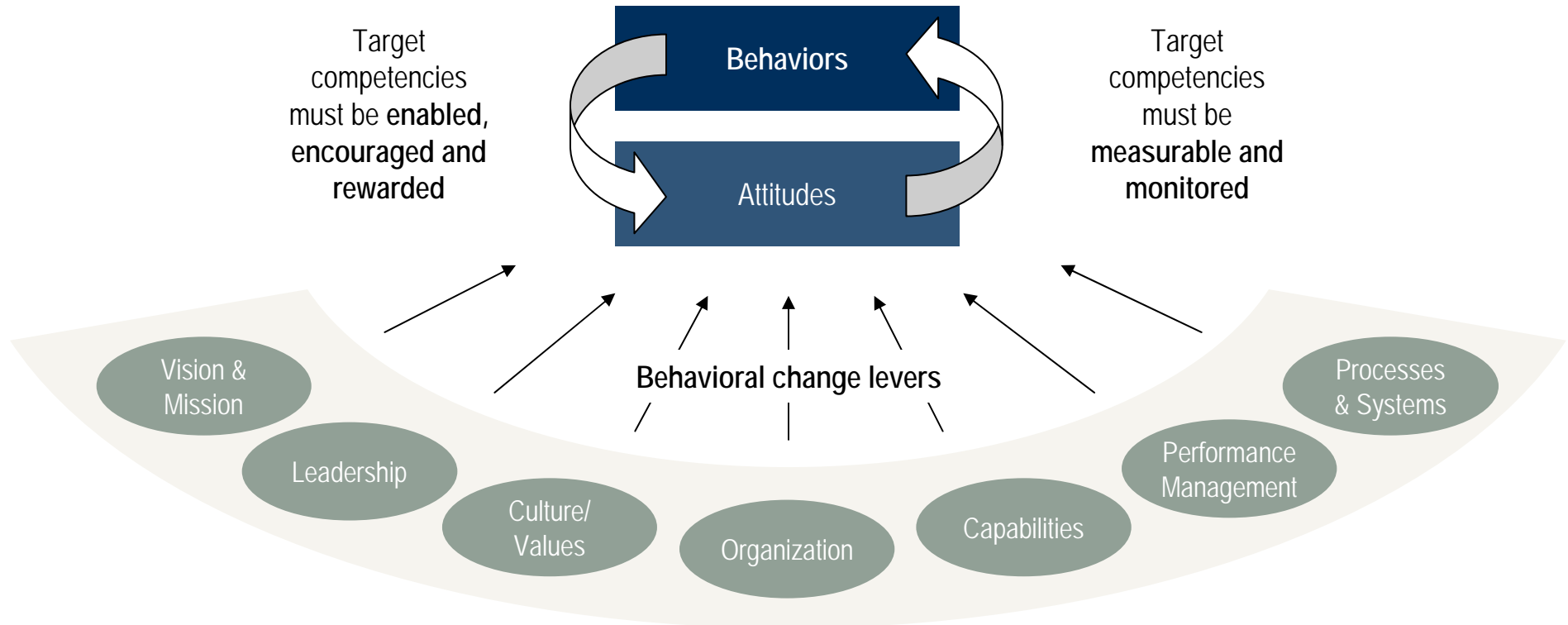
← Change of business logic

← A company's capability to **fundamental change** is anchored in the underlying deep structure:

- Organization climate
- Organization's mental state
- Identity
- Corporate culture

Behavioral Change Levers

Multiple change levers need to be aligned to support the behavioral change



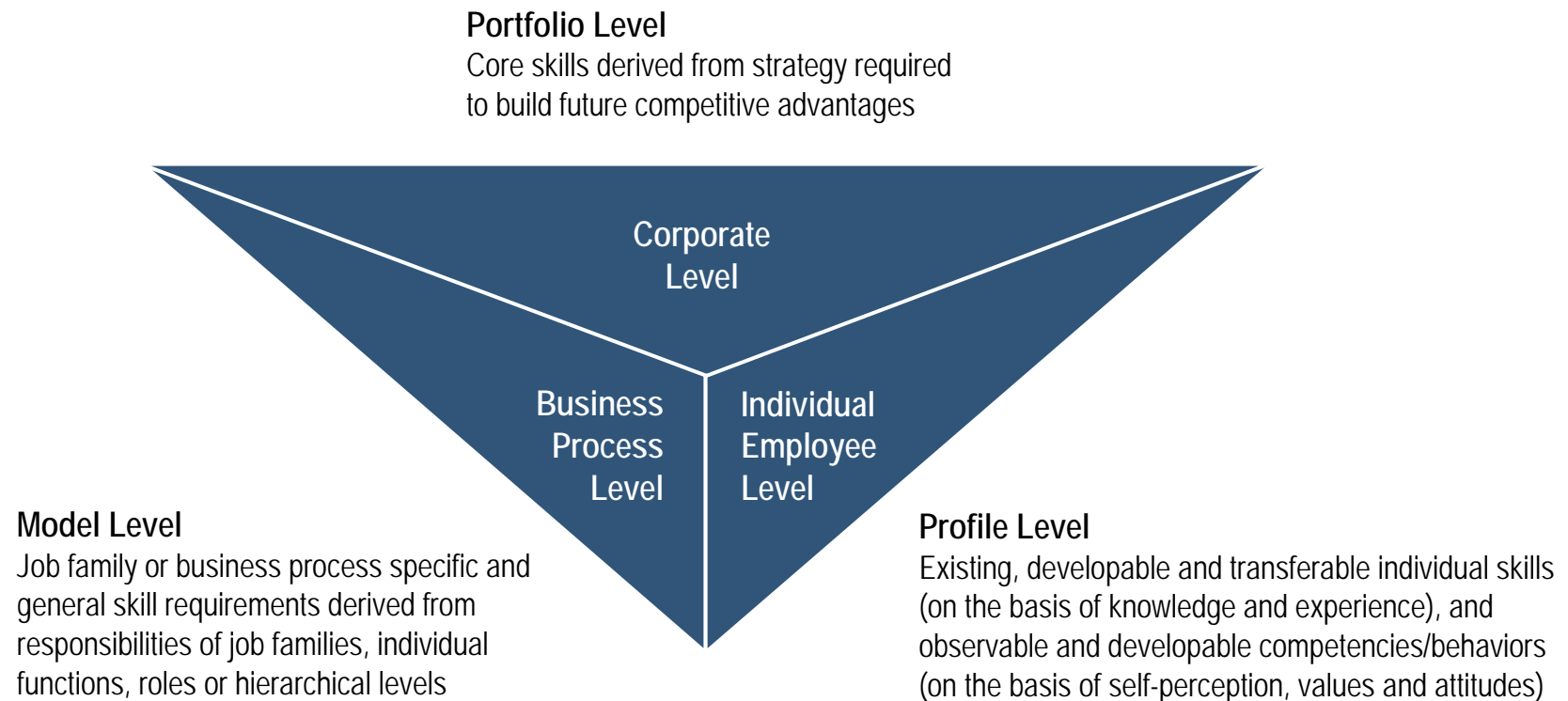
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Skill Management Objectives

Skill management ensures strategy alignment at different organizational levels



Skill Management Approach

Skill management supplies the capabilities needed for strategy implementation & change

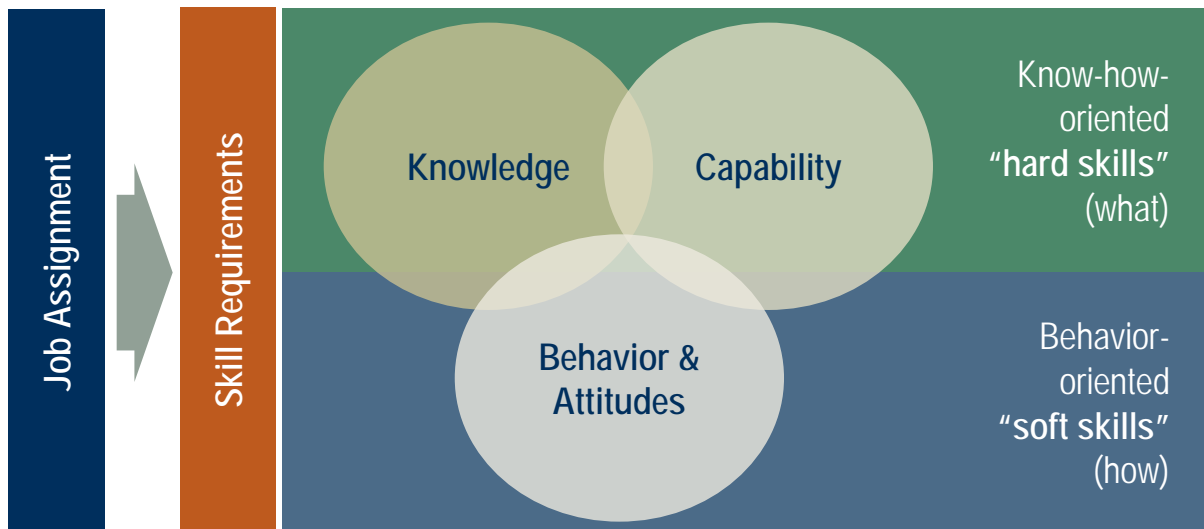


Skill Model as Framework for Individual Skill Profiles

Holistic skill models refer to hard and soft skills aiming at peak performance

The **skill model** provides a framework for the definition of individual skill requirement profiles and allows the consistent management (assessment, development, recruitment, monitoring, ...) of strategically important skills.

The **skill profile** provides a job-specific description of present and future skills requirements with regard to ...



What do the 10% top-performers do differently?

- ▶ **Threshold Skills**
Characteristics/capabilities such as basic knowledge, experiences and attributes
- ▶ **Differentiating Skills**
Characteristics/capabilities that distinguish top-performers from average-performers

... and supports the successful job/role execution and value-adding contribution to the achievement of business goals.

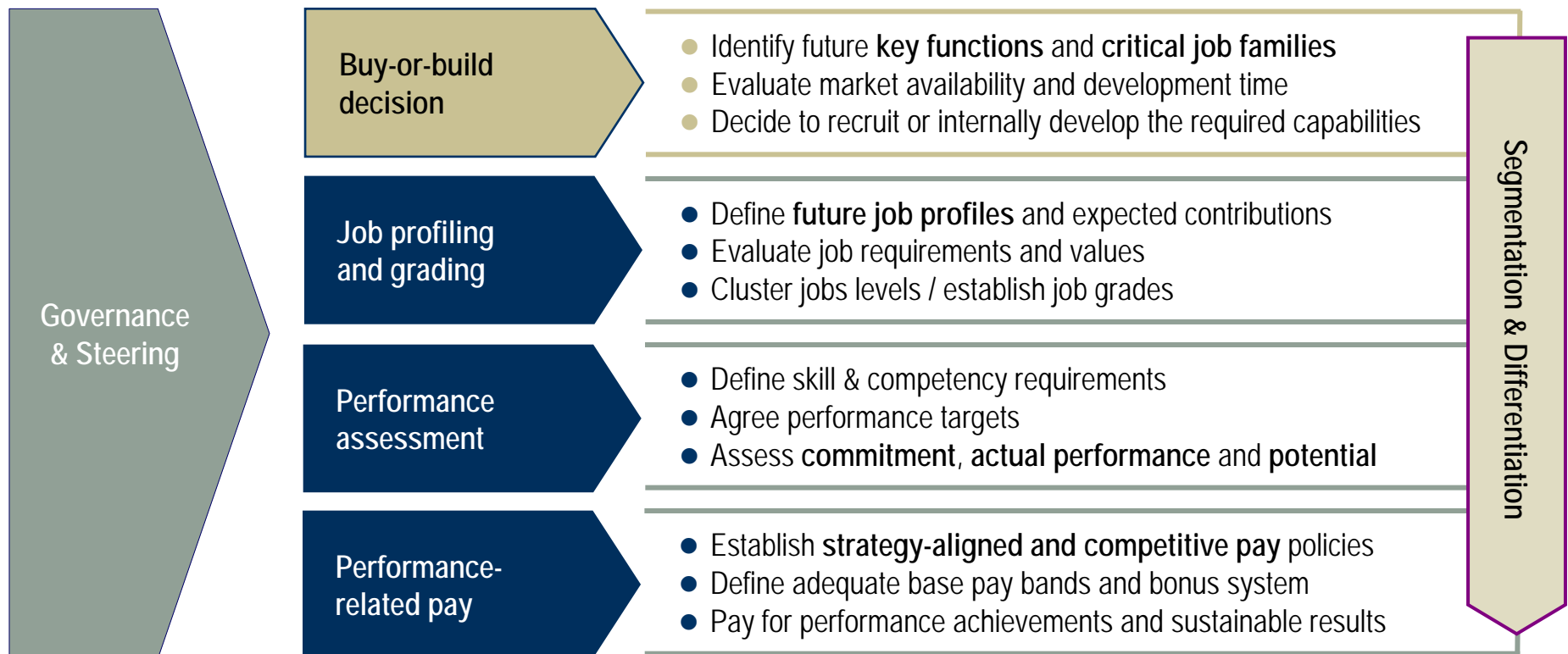
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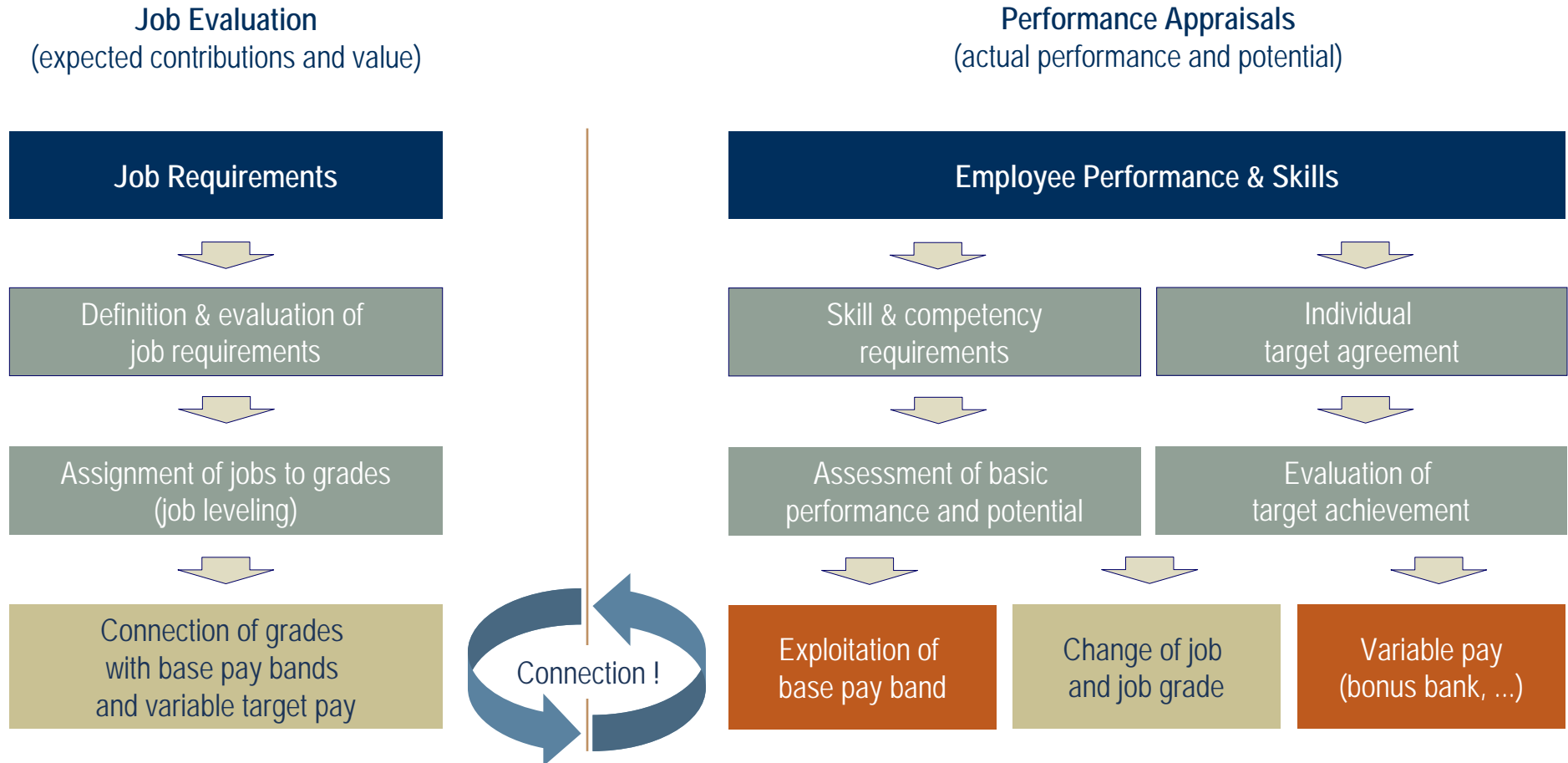
Performance Management Focus in Procurement

People management and reward systems need to be aligned with future procurement strategy



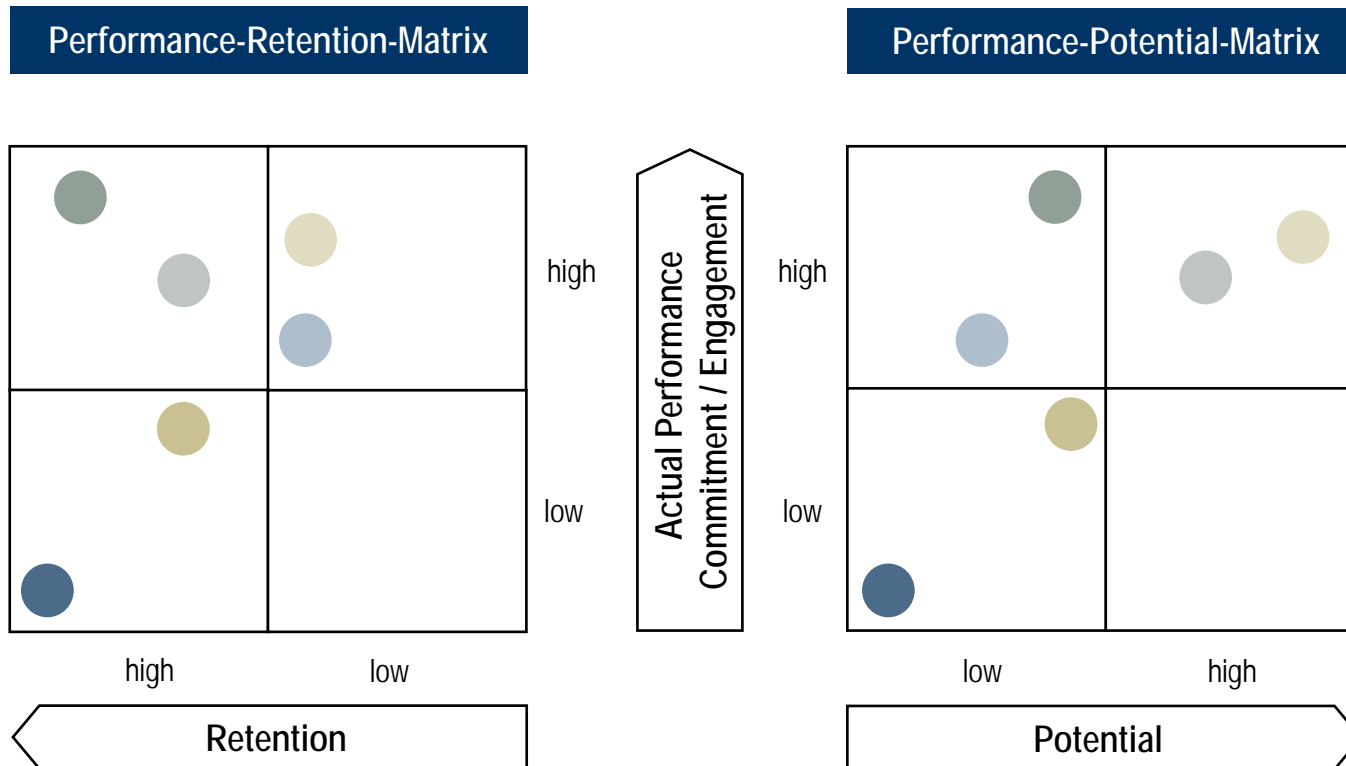
Job Evaluation and Performance Management Processes

Cost and performance targets increase pressure on differentiation of functions and individuals



Performance-Portfolio in Procurement Organizations

Changing organizations need to monitor their performance-potential and retention-risk portfolio



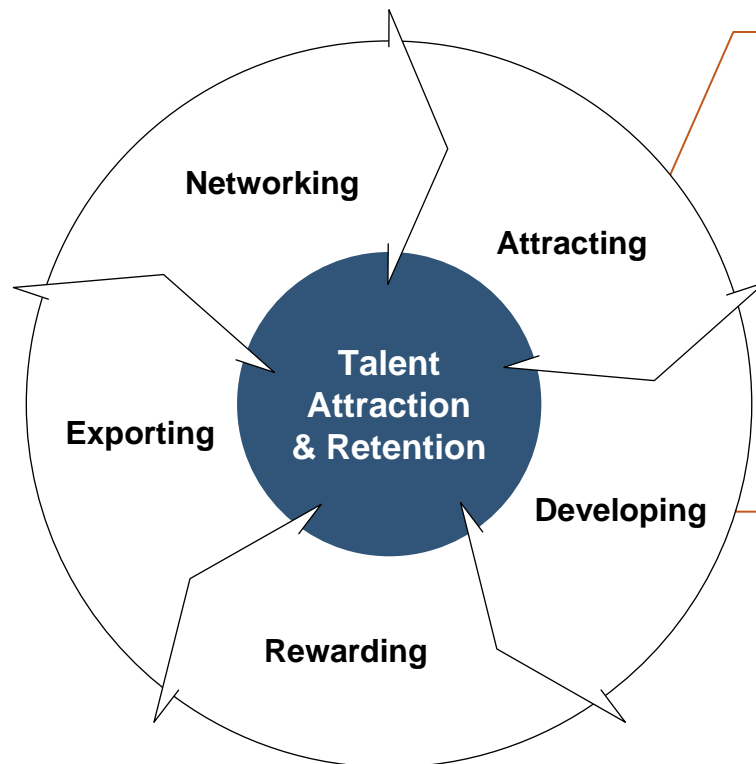
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High Demand in Talent Attraction and Development

Lack of talents and development programs requires consistent and holistic talent management



- Very **high demand** of talented purchasing managers
- Very **tight market** of professionals, very difficult to attract people to join purchasing
 - Image of purchasing
 - Very few programs in schools and universities
 - Development programs are mostly designed for executives
- However, **talent attracts talent**

- Increase **employability** of your procurement people
- Companies now develop their own '**Purchasing Academy**'
 - Specific programs for purchasing
 - Train the trainer approach
 - Partnership with universities

Continuous Need to Manage Talent Retention

Lack of talents and development programs requires consistent retention management

Negative consequences from talent departure

- High **cost of turnover** (recruiting, hiring, familiarization, and time-to-productivity)
- **Productivity losses** and workflow interruptions
- Decreasing service **quality**
- Loss of **expertise** (loss of top talent to a competitor can lessen competitive advantage)
- **Image** of the organization
- Decreasing job satisfaction and **morale** of remaining employees
- **Customer dissatisfaction** due to frequent staff changes and new, less experienced employees

Steps to consistently monitor talent retention

Organize the
Turnover Data

1

Apply specific methods for organizing and monitoring turnover data so the turnover problem can be clearly identified and illustrated

Quantify the
Turnover Costs

2

Show how to accurately quantify the turnover cost and clearly demonstrate the negative financial impact of turnover to the organization

Analyze the
Cause of
Turnover

3

Provide an effective methodology to accurately pinpoint the cause of turnover

Select the
Retention
Solution

4

Evaluate different retention solutions and select the right solution for your specific procurement organization

Realize the
Impact and ROI

5

Accurately measure the financial impact of a retention solution and calculate the ROI for your procurement organization

Why Baumgartner & Partner?

Your experts in talent and performance management

1

The Talent Factor in Changing Procurement Organizations

People as a solid competitive edge

2

Change Management

Lead change, clarify vision and commit people to mindset, goals and strategies

3

Skill Management

Assess and develop your skill portfolio at organizational and individual level

4

Performance Management

Align your people management and reward systems effectively with your strategy

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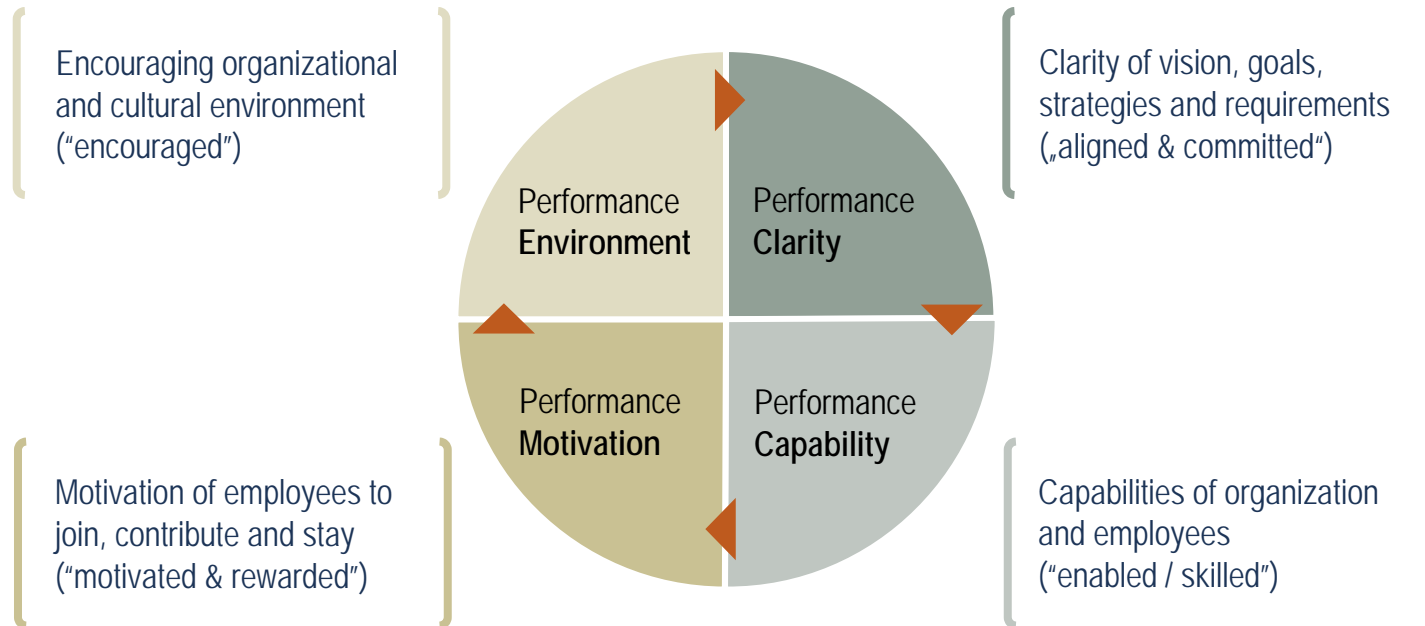
Staffing & Retention Management

Ensure strategic workforce planning, effective staffing and retention management

Why Baumgartner & Partner?

Why Baumgartner & Partner ?

Our passion: focusing on key drivers for excellent performance



Baumgartner & Partner's Consulting Portfolio

Translating business strategies into capabilities & culture



Contact



„Excellence in der Beschaffung“

Umsetzung der Einkaufsstrategien durch
Talent & Performance Management

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