With a Decade of Uncertainty Ahead, How Does Procurement Focus?

Clyde Dornier
Former CPO of The Freeman Company

Pat Mitchell
Former CPO of Mars
Procurement’s Decade To Come

Clyde Dornier
Chief Procurement Officer
The Freeman Company

Pat Mitchell
Former CPO of Mars
Procurement Decade To Come
Introduction of the Presenter(s)

Pat Mitchell – 2000 to Present
• Consultant 2015 - Present
• CPO Mars Indirect 2010 - 2015
• SVP Wrigley Global Supply Chain 2007 - 2010
• CPO Wrigley 2002 – 2007
• CPO Kellogg 2000 – 2002

Clyde Dornier – 2000 to Present
• Independent Sourcing & Procurement Consultant – 2016 - Present
• SVP and CPO, The Freeman Company 2015 – 2016
• VP, Head of Global Sourcing (CPO), Visa, Inc. 2012 - 2015
• Principal, The Hackett Group 1998 - 2012
Procurement Decade To Come
Objective and General Outline

Objective –
The decade to come is already being defined in many ways – culturally, environmentally, technologically, geopolitically, financially – how should we in Procurement prepare?

Agenda Topics –

• Provocation – 2025 Hypothetical

• How has Procurement ‘Excellence’ been defined in the past, today, and readiness for the future?

• Can we prioritize some of the many themes about the next decade? Which ones are pretty common, and which one’s are not so common?

• What are the options we have for the choices we can make going forward?

• How did one Company approach these question?
Procurement Decade To Come
Provocation for 2025 (as we get started)

In 2025 what if Procurement doesn’t exist as we know it today –

• Decentralized ‘procurement’ activities embedded into the business infrastructure

• Sourcing is done predominantly through automation – some remnants of global strategy development

• Operations specialist deal with non-automated and non-strategic activities, however most work is completely automated

• The “Procurement” role has become one of the ‘value creation partner’ for the business, with internal and external business collaboration (innovation and productivity) the main focus

Some are saying “Procurement will be Dead”
Procurement Decade To Come
A Few Questions to Start

Checklist – Where Are You Today?
• Procurement vision and purpose tied to business strategy and needs?

• Formalized collaborative network with stakeholders?

• Control of Supply Chain – Spend Visibility, Spend Coverage, Leverage, Responsible Suppliers?

• Category Management – Strategic Sourcing – Segmentation – (Big) Data Integration – Predictive Modeling/Analytics?

• Control over a technology and process platform?

• Progressive talent strategy – strong mix of technical SMEs and non?

• Space for investment – creating agility?
Procurement Decade To Come
Procurement Excellence Past, Today, and in the Future

• In the Past there has been a need to get real good at Procurement basics – with outside-in ‘best-in-class’ driven vision and strategies

• Today Procurement “excellence” is defined by going beyond the basics, collaborating much more internally and externally, relying more on technology, and driving more because we are being expected to deliver more

• The Future for Procurement will be defined even more with an internal focus, almost complete reliance on technology, and an external lens that is helping drive a new value proposition
### Procurement Decade To Come

**Procurement Excellence Past, Today, and in the Future**

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Procurement Decade To Come
Decade To Come Common Themes

That Impact Procurement in Some Way -
• Shifts in marketplace power – How much will scale matter?
• Shifts in demographics – close to the business – agility and flexibility
• Economic and cultural insecurity – volatility
• Risk - from price - to supply and supplier scarcity, planet, social responsibility
• Heightened collaboration – the consequence of end-to-end mastery
• Technology of robotics and artificial intelligence – predictive analytics to automation
• (Big) Data - as a commodity – synthesis creates competitive advantage
• Talent – What Millennials want – the talent types that are needed
• Suppliers – Brilliant SP&RM will provide advantage
Procurement Decade To Come
Decade To Come ‘un-Common’ Themes

- We will be (we already are) information-enabling everything
  - An information-enabled environment delivers fundamentally disruptive opportunities

- Organization structures have evolved to manage scarcity
  - Assessing and/or sharing works better in an abundant, information based world

- The information based world is moving exponentially
  - Organization structures have been predominantly linear
Procurement Decade To Come
‘un-Common’ Themes – A further Glimpse

• Death to the 5-year plan – Strategic planning had given way to predictive analytics and at the business level

• Differential real time pricing models (or costing models)

• Digital payment solutions

• Brain stimulated ideation

• Digital production and the unbundling of production steps

• Autonomous transport and delivery

• Neuro-enhancement
Procurement Decade To Come
Choices To Be Made Today – Answering the Questions

• Do you have a Vision and Purpose that delivers against today’s Company OGSM and the pathway to the future?

• What is the foundation for your Vision and are you willing to invest around it?

• How do you gain control over your destiny – where will you lead and where will you follow?

• What is the risk of your failure – what is the risk appetite for your Company?

• How important is it that you are better than your competition, better than the market?

• What will enable your success – suppliers, technology, talent – can you define investment?

• What is the one thing necessary to insure against failure?
Procurement
Decade To Come
Brief Business Case Brief
The consequences of just trying harder will not enable Company success. Procurement will -

1. Focus on the Core
2. Collaborate End-to-End
3. Create the Next Generation Value Proposition
4. Invest in the Big Enablers
Procurement Decade To Come
Business Case Brief – Key Strategies

• Solid hygienics

• Effective Category Management needs to be finished – strategic remains the core focus – commoditize the non-core

• Organization is a transitional element in the transformation

• Risk Management is the Value Proposition 1 for tomorrow – Supply, Sustainability, Responsibility

• Increasing earnings and Innovation are Value Proposition 2 for tomorrow

• Lead within the Company where our footprint takes us

• Create tomorrow’s network and collaborative models

• Invest what enables success first - Technology

• Talent as infrastructure and not a variable component
Your Presenters

Clyde Dornier
cdornier@hotmail.com

Patrick Mitchell
patrick.mitchell@pdmitch.com
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Clyde Dornier
cdornier@hotmail.com

Patrick Mitchell
patrick.mitchell@pdmitch.com

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