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March 2019: How to manage the shortage of specialists in procurement with smart services

The shortage of skilled personnel in procurement currently accompanies us almost permanently as a challenge in our consulting activities. There is hardly a customer with whom we do not discuss not only the issues of digitization but also how his team can be qualitatively and quantitatively improved and above all made fit for the future. And there is hardly a customer, especially in medium-sized businesses outside the economic centers, who has problems with the qualitative adequate filling of positions in strategic procurement.

The procurement 2015 personnel barometer (conducted by BME and Penning Consulting) has already shown that specialists and managers in the procurement sector are in short supply. 54% of the procurement and supply chain managers surveyed confirmed succession gaps in their own companies over the next 5-10 years, while 19% are convinced that they currently have no qualified personnel in their own companies and 40% believe that they have too few talents to close such gaps.

More highly qualified and experienced buyers are rare and difficult to find through the traditional job market. However, if you want to recruit skilled workers on the market at short notice and somewhat away from the big cities, you will have to pay substantial wage surcharges - if you can find the desired skill set at all. Companies easily find themselves in a precarious situation, as the high prices do not match the company's previous remuneration level and the salary differences in the workforce will hardly go unnoticed. If, on the other hand, the company refrains from participating in the price race, it also misses the opportunity for further development. In our day-to-day consulting work, this challenge manifests itself time and again in the fact that customers shy away from investing in new systems or tools out of - sometimes not entirely unjustified - concern that the existing team cannot exploit the potential of new tools.

### **Intelligent services as a solution approach**

Better and actual solutions to the problem are intelligent services. Services that include the application of innovative tools on a customer-specific basis, the interpretation of results and the planning and control of implementation initiatives. Services that are modular, temporary and can be specifically commissioned. For example, services that only cover a specific individual, but for the customer very valuable

sub-process in strategic procurement, are provided on a regular temporary basis and are stored with a measurable goal. From a service partner who not only has the procurement expertise, the data and analysis competence and the implementation strength, but also the efficient tool.

**Example 1:** The Spend Analyst, who collects customer-specific data and prepares it initially using his own state-of-the-art technology. He also sets up the structures for continuous, automated access to the data source. To then permanently (monthly, quarterly or half-yearly) analyze the company's expenses on this basis, develop measures for active cost management and coach the customer team in their implementation. After the initial implementation, the service provider regularly processes its strategic tasks for the customer remotely, periodically and daily and is available to the customer's procurement team as a moderator and coach on call during the implementation of cost management measures (market initiatives, cost structure analyses, make-or-buy analyses, cross-functional workshops, etc.).

**Example 2:** The product group professional who, in addition to market expertise, analytics and the procurement toolbox, also has the most efficient, digitally supported allocation processes. In this constellation, the service partner is periodically responsible for optimizing the price level of certain product groups and the audit-proof implementation of the corresponding award procedures. Here, too, the strategic partner provides his services in a situational, target- and implementation-oriented manner.

**Example 3:** The catalog manager, who is responsible for optimizing the price level of certain product groups capable of being catalogued and for providing and operating the corresponding catalog management system on a customer-specific basis. The service provider has the appropriate procurement methodology, high process competence and the catalog management system that can be designed accordingly. It provides its services largely remotely and takes over the complete management of the catalogues, so that the customer's users can cover all requirements quickly, at optimized prices and in an efficient process.

What all three service examples have in common is that the client can have the highest level of professional competence combined with the most modern procurement tools, depending on the situation and very goal- and implementation-oriented.

### **Solutions with a sense of proportion**

These solutions may seem expensive compared to the hourly rates of the current procurement team. Against the background of the costs that are not incurred continuously in the case of combined services, the challenges described for the personnel market and, above all, measured in terms of performance, efficiency and results, we believe that these intelligent services are more than inexpensive. As Adconia GmbH, we advise our customers on issues relating to procurement, the supply chain and the digitization of processes with our experience from more than 200 projects spanning more than 15 years. Our goal is always to increase the earnings contribution of procurement through cost reduction, process automation or qualification of the procurement team.

With a correspondingly broad wealth of experience, precise knowledge of day-to-day procurement and a high level of professionalism, our consultants carry out training measures at eye level. We do this - depending on requirements - both as sparring partners for specialists and managers with many years of experience and as trainers for seasoned procurement professionals and young professionals.

**Author:**  
**Tim Rohweder**