



IN SIGHTS

**May 2020:
And the Winner is: agile procurement.**

During the first phase of the SARS-COV2 crisis we had contact with many of our current and former customers and discussed the issue with them: How well has their procurement come through the crisis and what are the challenges for the post-crisis period, the ramp-up? The colleagues of ADCONIA always discussed the categories satisfaction, communication, responsibility and motivation in relation to the procurement department and the buyers.

For us, the basis of the consideration was the question of whether and how different types of leadership or project management influence the performance of a team in a crisis. The feedback we received shows a winner in this crisis: agile project management or agile procurement. Even though many of the respondents did not use this term, their behavior or the behavior of purchasing in the crisis can be described as agile.

What makes agile procurement special: agile procurement uses agile project management methods to be able to react to new information on a daily basis at short notice, flexibly and quickly. In doing so, the team members take responsibility for the tasks assigned to them. Agility is a characteristic of the management of an organization (commercial enterprise, non-profit organization or public authority) to act flexibly and, in addition, proactively, anticipatively and proactively to introduce necessary changes. An important factor besides the short-term nature of the measures is direct communication within the team. This primarily involves proactive communication by managers and by the team members.

The agile manifesto

Although the agile Manifesto is already several years old and relates primarily to software

development, the values and principles it contains are still up to date and can therefore also be applied to purchasing.

- The satisfaction of the customers is our top priority.
- The rapidly changing conditions within a project must always be considered and adapted in favor of the customer.
- Services, utilities or to the product are delivered updates in shorter regular time spans, the project work is carried out in milestones.
- The close cooperation between procurement and internal customers must take place daily.
- The teams always receive the necessary tools for their work and remain motivated to deliver consistently good results.
- Regular face-to-face meetings for quick success (in this case also digital as a temporary solution).
- A finished functioning product (e.g. an order or even a contract) is the measure of success.
- Agile processes are intended to achieve sustainable cost optimization.
- The increase of agility by focusing on technical excellence and appropriate design.
- Keeping work processes as simple as possible.
- Self-organization, personal responsibility and the development of own structures should be the focus for the teams.
- Regularly review and improve teamwork.



The procurement departments, which were satisfied or very satisfied with their own performance during the Corona crisis, used exactly these tools of agile project management. As an example, the SCRUM approaches daily run and completed task objects were used, the team members took responsibility for their packages and all tasks related to a customer order were distributed in such a way that daily success was verifiable.

For those respondents who were very satisfied or satisfied with the result, the next step was to create various packages of measures and assign team members with clear timelines. Progress and results were presented in daily meetings (crisis management team), thus ensuring comprehensive communication.

Instead of giving the team scheduling the task of adapting the demand planning to the new

I Are you satisfied with the performance of the purchasing department in the last four weeks?

- ☒ very pleased
- ☐ pleased
- ☐ pleased, but slow
- ☐ dissatisfied

II How good was the communication in your team?

- ☐ very good
- ☒ good - controlled
- ☐ expandable
- ☐ like always - poor

III Have the employees taken responsibility according to their tasks?

- ☒ yes
- ☐ no
- ☐ some
- ☐ even less

IV Motivation of the employees?

- ☒ high
- ☐ like always
- ☐ intimidated
- ☐ only in the morning

THE WINNER
Agile Purchasing

Shut Down & Recovery - correct crisis management

Regardless of the industry, the customer's order was to ensure supply, secure liquidity and maintain the ability of the purchasing department to work. In this first phase of every crisis „Shut Down & Recovery“, the measures were similar for all respondents, with different characteristics and starting points. In other words, a goal was initially set for all of them: In two weeks, purchasing should have adjusted to the new situation.

requirements within the next two weeks, daily packages of measures were created from this overall goal in the sense of agile project management and discussed and evaluated in daily reporting sessions.

For all others, no new reporting channels were introduced, and the general objective was communicated to the team leaders and employees.

Fast Ramp up - shaping the future agile

Even if only a few have spoken of agile purchasing or SCRUM, the tools and methods have been perceived by all as truly positive and motivating. This leads to the fact that one wants to and will use the same methodology for the upcoming Fast Ramp Up. In order to avoid the bullwhip effect, suppliers should then also be integrated into the system.

Here it is important that, in addition to long-term planning (e.g. annual quantities), medium and short-term planning is regularly adjusted, right through to daily updated planning. And all participants in the supply chain should be included in this process to avoid unnecessary requirement quantities due to lack of transparency. It is important that automated disposition procedures in ERP systems are also integrated into the shortened planning intervals. And all of this should always be based on current customer requirements and with a view to the bottleneck of a supply chain.

To make your procurement agile, you need three components: the right tools, motivation and the participation of all participants.

You don't need a SCRUM master for the tools, but SCRUM provides the right tools and methods. Use the ones you need for your organization. Motivation and participation can be achieved through consistent change management and through a methodology that is adapted to your procurement. A daily run is great, but maybe not for the whole team.

We have been working for years with the methodology of agile project management in our projects and have adapted the SCRUM methodology for consulting projects. We were able to actively transport this to the purchasing departments in customer projects. In order not to make it too theoretical, we just don't always call it SCRUM. Also a tip.

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