



IN SIGHTS

July | August 2023:

Makers or strategists - what is purchasing?



If there is a fault in production due to a lack of material, you need makers. People who take charge and develop short-term solutions. But if there is a fault in production due to a lack of material, what is actually needed are strategists. People who recognize and prevent material bottlenecks in advance. Both types are necessary in every purchasing department; if one of them is missing, the purchasing department gets into trouble. From our point of view, purchasing needs Strategy-Makers. With our approaches Advisory and Consulting we serve and know both requirements.

Great joy in the company

Due to a great customer service, a new order could be landed. In addition to the normal sales figures, a campaign could be won with this additional turnover. The sales department is happy, the management is more than happy and the purchasing department is also happy. Additional turnover is always positive, salaries and investments are paid from the margin. But, for the fulfillment of the additional customer order, planning and purchasing quantities must be adjusted.

And the danger that replenishment times and capacities of suppliers do not match the won action is also in the room. In many purchasing departments, this is the time of the makers: the sleeves are rolled up, available quantities are checked and reserved, suppliers are called for necessary repeat orders, a working group is formed and, if necessary, quantities are rescheduled from other orders. This is where movers and shakers are at work. In the purchasing departments, which are dominated by strategists, the planning values are adjusted in the ERP system and, if necessary, buffer quantities from suppliers are used or forecast

data for consignment stocks is adjusted. Everything moves within the predefined processes. Caution: if neither of these apply in your company, there is a risk of customer dissatisfaction.

Makers or strategists in purchasing

The business world is not predictable. Sales figures are only in the rarest cases constant, customers reorient themselves or come new. Supply chains are more unstable than in the past, recent years have shown us all how external influences have an impact on all supply chains. Consumption values and on-time delivery performance of the past years have little significance for short- and medium-term planning in purchasing.

So how does purchasing respond to this challenge? Continue as usual and in an emergency, purchasing becomes a maker? Does it have the ability to react quickly to changes and to act accordingly in a solution-oriented manner. Challenges are recognized, accepted and made their own task. The reasons for deviations are also recognized and, if possible, immediately eliminated for the future. If this is not possible, then also gladly into the work reserve taken over, for the time, if times is time. However, makers always have something important and urgent to do, so there is no time for the work queue.

The principle "Keep it up and when needed we are makers" works, with limitations. The principle is strongly dependent on acting persons, it must not be overloaded and easily solved problems remain unrecognized.

A little different is the approach of purchasing departments consisting of strategists. Here,



the principle of "keep it up" does not apply, but existing processes and rules are constantly adapted, if they have not already been created flexibly. Instead of reacting immediately, the existing processes and rules are checked for applicability and adapted if necessary. From the point of view of strategists, this own principle of adherence to processes and rules applies not only to themselves, but also to all upstream and downstream process participants. The advantage of such a mindset is the high level of transparency regarding processes and data. As a result, deviations, sources of errors or problems are identified very quickly and can be changed with the right strategy.

The principle of "first the process, then the implementation" works, with limitations. The deviations from the norm must not be too large and the implementation must take place promptly and not be sidelined by endless strategy development phases.

Purchasing needs strategy-makers

Purchasing needs adhoc, short-term, medium-term and long-term management. Without strategy, purchasing does not work. The procurement market must be selected, the right suppliers must be commissioned, and quantity and schedule planning must be defined. There is no "stay away from me with strategy", strategy can best be translated as "shaping". And there is a lot to design in purchasing. But, if something has been designed, it must of course be implemented, it must be done in the end. That's why we think: Purchasing needs strategy makers. Employees who design and implement, who solve problems in the short term and ensure in the medium to long term

that only a few problems arise. The right goals (your North Star), good processes, the right software solutions, a distinctive methodology and goal-oriented transformation help to achieve this.

We are happy to support our customers in strategy development and operational implementation in order to establish strategy makers in their purchasing department.

Author

**Oliver Kreienbrink
Managing Director**

