

Self-test 1.1

An organisation cannot be competitive unless it can deliver end products or services to its customers when they are wanted, of the quality desired and at a price the customer feels is fair. If procurement management does not do its job, the organisation will not have the required materials or services when needed, of desired quality and at a price that will keep end-product costs competitive and under control.

The same can be said for greater flexibility to adjust to and cater for customers' changing needs. All organisations exist between suppliers and customers. The Procurement function has primary responsibility for the supplier side of each organisation while marketing has the primary responsibility on the other side. The collaborative effort between the procurement and marketing functions is necessary to bring about customer satisfaction and responsiveness.

The ability of the procurement management to secure requirements of better quality, faster and at a better price than competitors, will not only improve the organisation's competitive position, but also improve customer satisfaction. For instance, a major chemical producer was able to develop a significantly lower-cost option for a key raw material that proved to be environmentally superior as well as of better quality. But, selling its better end product at somewhat lower prices, the chemical producer was able to double its market share, significantly improving its financial health and competitive position as well as the satisfaction of its customers.

Thus, a demonstrably better-performing procurement management is a major asset on any corporate team.

Self-test 1.2

Some of the characteristics associated with effective cross-functional teams for procurement's many interfaces within the organisation include:

- a. **Clear goals.** High-performance teams have a clear understanding of the goals to be achieved. Members are committed to the team's goals; they know what they're expected to accomplish and understand how they will work together to achieve these goals.
- b. **Relevant skills.** Effective teams are composed of competent individuals who have the necessary technical and interpersonal skills to achieve the desired team goals while working well together.
- c. **Mutual trust.** Effective teams are characterised by high mutual trust among members. That is, members believe in each other's ability, character and integrity. But, as discussed from the diverse core responsibilities and functional objectives of the different interfaces with procurement, trust can be fragile.
- d. **Unified commitment.** Members of an effective team exhibit intense loyalty and dedication to the team and are willing to do whatever it takes to succeed in the team's goals.
- e. **Good communication.** Members convey messages, verbally and non-verbally, to each other in ways that are readily and clearly understood. They are able to quickly and efficiently share ideas and feelings.
- f. **Negotiating skills.** Effective teams are continually making adjustments as to who does what. This flexibility requires team members to possess negotiating skills. Since problems and relationships are regularly changing in teams, members need to be able to confront and reconcile differences in the various functional areas.
- g. **Appropriate leadership.** Effective leaders can motivate a team to follow them through the most difficult situations.
- h. **Internal and external support.** An effective team needs a supportive climate. Internally, the team should have a sound infrastructure that supports members and reinforces behaviours that lead to a high level of performance, e.g., training, incentive systems, etc. Externally, management should provide the team with the resources needed to get the job done.