



The Fish Market

People in Purchasing and Supply Chain

Dear Member of the Big Fish Community,

Does Big Fish sound familiar to you? Maybe, you remember having signed up for a newsletter some time ago! Well yes, the so long-expected newsletter is here in your mailbox, ready to be read! Be careful, once you have read the first issue, you will not see Purchasing as before!

In this issue, you will find the following headings:

- **Fisherman's wharf:** our editor will address some interesting issues.
- **True stories about Purchasing & Supply Chain:** in this section, a junior buyer, who just joined the Purchasing world, or a Purchasing Manager, who can tell about the way he/she saw the evolution of the Purchasing position, will share his/her experience. Above all, you will read true personal stories of very different personalities who share the same passion as you. These interviews will be an extract from *Nous, les acheteurs* (by Nicolas Kourim & François Girard, Sept 2006). This book is available on www.fnac.com.
- **How to improve your career:** you will find there some tips to improve your skills and to make career within Purchasing.
- **Purchasing & Supply Chain for Dummies:** Very useful in order to have a more precise idea of the expertise or the trends in our profession. We will address in turns, Purchasing and Supply Chain. The first issues will deal with Supply Chain.
- **Most wanted profiles:** in this section, we will provide you with a description of highly demanded profiles in Purchasing & Supply Chain organizations.
- **Openings and opportunities.**

So do not hesitate any longer and dive into the true world of Purchasing and Supply Chain!

Welcome to our community and enjoy the reading of your first newsletter!

Your Big Fish team
www.e-bigfish.com

Fisherman's Wharf

Did it ever happen to you that you were asked – on a private occasion – what you were doing for a living? And when you said “I’m in Purchasing”, there was first a short silence, then a somewhat embarrassed “oh yes, how interesting...”, indicating that the people had basically no clue what you were talking about? Purchasing doesn’t mean anything to most of ordinary people. Maybe that is because all people purchase something in their day to day lives and that they cannot imagine how somebody could be paid for spending money...

In professional circles the understanding of Purchasing has improved quite substantially more recently. Purchasing has become over the past few years one of the most significant business enablers in a majority of companies – the problem is, not everybody is yet aware of it. Fortune 500 companies today purchase roughly 70% of their revenue – and employ, directly or indirectly, $\frac{3}{4}$ of their “headcount” outside their company facilities, at their key suppliers’ facilities.

As markets truly become global and competition more intense every day, businesses across sectors are facing a significant challenge to improve their capacity of innovation, their time to market and their flexibility, not even speaking about their cost efficiency. Most organizations will not be able to maintain their competitive edge if they continue with their current way of working – “on their own”! Tomorrow’s effective businesses will work in an extended enterprise – meaning they will work on a basis of equals with their key suppliers and partners in a network mode, sharing information and benefits from the very beginning to the fulfillment of a market.

Purchasing and Supply Chain Management are two key pillars of this new way of working. Why? Put in a very simplistic way, People in Purchasing will be responsible for finding and selecting the right skills and partner companies, and ensure that these partners are motivated to work and fully commit to a business (Relationship Management). People in Supply Chain are responsible for the architecture of the extended enterprise and will make sure that the information flow and the physical flow between all members of such a network is defined and managed at maximum effectiveness.

If you look at these responsibilities and combine them with the typical profiles that will work in such areas – very international, business understanding, communicators and leaders – you will understand that People in Purchasing and Supply Chain are the entrepreneurs and General Managers in tomorrow’s extended enterprises.

This is obviously provided they truly have the guts, the heart, and the brains to be up to this challenging role – which in the end leads us to our main priority: how to find the right talents and how to develop them into leaders with leading roles. This will always be at the heart of our focus and also at the core of this Newsletter – to provide you with both a critical, sometimes provocative, view on aspects of People in Purchasing and Supply Chain, but also provide you with sound, practical advice on how to develop your and your people’s skills and career. Take a break and enjoy reading – we promise we will try hard never to be boring!

Nicolas Kourim

True stories about Purchasing and Supply Chain

Each month, a junior or experimented buyer shares with you its experience and its vision of Purchasing. He/She will tell you about his/her passion, so you will know better what makes someone become a buyer. The interviews you will read are extracts from "Nous, les Acheteurs", written by Nicolas Kourim & François Girard (Sept 06). This month, you will read Rachid Bakhalq's interview. This punchy guy gives you his experience and point of view about Purchasing and also about lots of other topics truly important for him.

« Be yourself »

Sup de Co Bordeaux Alumni with an Erasmus experience in Helsinki, Rachid Bakhalq moved quickly towards Purchasing by joining Delphi Group. Then he started with Marketing Purchasing and went through Indirect Purchasing. After 3 years at Delphi Group, he joined Merk in Great Britain, as a Senior Procurement Analyst. Since September 2006, Rachid has been working as a Subcontracting Purchasing Manager for Danone.

What made you move towards Purchasing?

To me, Purchasing is like a passion which has a link with my frequent stays in Morocco, when I was younger. What is specific to this country is that you have to negotiate for almost everything you need to buy. So I guess it may help in finding one's way.

How many years have you been working in Purchasing?

Since 2001, so that means for more than 5 years.

When you started, what vision of Purchasing did you have?

I had a narrow vision of Purchasing at the beginning of my career. As most of people, I thought that a buyer spent all his working day negotiating. I had in mind someone expected to reduce costs, again and again...by negotiating. Above all, a buyer is someone able both to understand the

specification of a need and to reconsider it with internal clients. He also has the ability to find innovative solutions and good suppliers. One of the crucial stages of the Purchasing process begins as soon as a supplier is selected. This stage consists on driving the selected partner so he can bring new and innovative saving ideas you may not have thought about before. This partner is a specialist of the market, so thanks to his being an expert, you may develop competitive edges. Then you can realize how complex Purchasing is, contrary to what most of people think.

Would you please speak about one success and one failure occurred during your experience?

My first mission at Delphi (I was 23) was a true "Sword of Damocles" over my head! But thanks to the support of my superiors, we managed to set up an innovative and interesting approach of cost reduction, which was approved by our internal clients. The first year, we were able to save more than one million dollars (which does not include all quality improvements and process simplifications). Following that project, I was awarded "buyer of the week" among all the international teams. So I must confess that I am rather proud of that project.



What about the failure?

My failure? Well, I did not manage to develop a project I had been working on at Delphi: "recruitment agencies". The project has been delayed due to the political side of this field.

What have you learnt with Purchasing?

I have learnt much about myself, professionally and personally speaking. I think Purchasing has helped me to be self-confident.

Which profile is a perfect buyer expected to have?

I think that the perfect buyer does not exist. But I also think there are requirements which are common to all buyers, some of them are obvious, and others are important. E.g. identifying and managing good suppliers, understanding a specification and being able to redefine it. Another requirement which can not be ignored is negotiation.

Do you think that this profile has evolved?

Yes it has gradually changed. Traditionally, a buyer was either a "cost killer" or someone whose unique task was ordering. Hopefully, aspects such as globalization, increasing competition, hard battle between actors from the same market segment appeared. These changes allowed to realize that Purchasing could play a significant part in improving a company's profitability, limiting risks and creating value. Creating value is easier than increasing sales, so that gives a more valuable position to buyers than in the past.

Which main Purchasing trends can you visualize for the next ten years?

I think there will be a disconnection between strategic and non strategic Purchasing. What is non strategic will be outsourced. Firms will focus on expertise, on added value and one the core business. Thus, I see Purchasing consulting services taking advantage of that fact and get more and more developed.

What do you think about the fact that now Purchasing Management is recognized by General Management? It has always been a matter of debate.

Today, more and more Purchasing Managers are given General Management responsibilities of their societies. So, good news! This is a true improvement of how Purchasing is considered. In addition, the expertise of the new generation of buyers plays a significant part in this improvement. These buyers have been trained for Purchasing, are open minded, have the required profile, and are ready to change things. I notice that these buyers are more comfortable, they do not fear to discuss with internal clients, are ready to propose alternative solutions and sometimes are able to say "no"!

According to you, which are the main challenges that the buyers will have to face, in consideration of all the trends of Purchasing in the future?

It will consist on going on structuring and professionalizing the function so it can become a valuable element that can not be ignored. All these aspects reveal how essential and rigorous the process has to be, while running Purchasing projects.

Which advice could you give to young people who want to move towards Purchasing?

They should define their professional project. Internship or "CPE" periods (he laughs) may help in making sure that their personality corresponds with the needs and the requirements of the function.

What about people already in purchasing?

I would advice them not to hesitate to discover new commodities and new areas of activity. It would be a pity not to take advantage of the improvement you can create with Purchasing.

Have you ever been overwhelmed by one person in particular since you have been working in Purchasing?

The first person I think about is Ms. Dina Srouji from Delphi. She trusted in me and transmitted to me the interest of Purchasing and I still appreciate what she has done for

me. She has a human and respectful approach of Purchasing.

Would you please share a memorable event with us?

Yes I've got one! It was last year; I was back to Morocco where I had not been for five years. This moment was a touching and important one. I had the opportunity to think about what is really essential to me, that is to say human values. When you turn back to your roots, you are open to review key questions about life, such as "what do I want to accomplish?" or "Which way am I going through and why?"

Is there any historical, famous or current person you identify with or are envious of?

I would say Malcom X. He was such a courageous person, able to call himself into question and give up his unjust and dangerous ideas. That was not obvious because of what he represented at that time. Besides, his behavior conducted him to death.

Do you have any dream?

My dream is to be happy!

Do you have a passion?

Discussing with people on subjects we do not agree about. Debating and exchanging ideas are the first steps when you want to improve things.

Imagine that you are given a 10 million € bank cheque that you have to use in 48 hours, what would you do with it?

In 48 hours? I don't know if that is possible. I am rational, so I can not spend 10 million euro in 48 hours only for me. I would give 9 million to people who need money more than me. There are so many people starving, dying from diseases and who have nothing in the 21st century. Then I would give half a million to my relatives and friends and keep another half million for me, so as to please myself with!

If you had an opportunity to run your own business, what would it be?

Running a business...it would definitely be in an innovative environment. I would like to find out an idea which has never been found. I am optimistic about it!

How would your best friend describe you, in three words for example?

Faithful, honest and ambitious.

Translated by Laëtitia Impundu

Now available on www.fnac.com !



How to improve you career

This section will provide you with tips to improve your skills and make a career within Purchasing. As we do not want you to get bored, the advice you will get below will be very practical and will address some key issues for your career: training or not training in Purchasing, the way of writing a resume, a cover letter, how you can succeed in an interview, how you have to negotiate your first contract with your employer...

Languages are fundamental for buyers. English, of course, but also additional languages: German, Polish, Spanish, Italian, Chinese. So, in the first issue, we wanted to give some tips in order to improve your skills in this area. As we believe that you have to learn the cultures, we advice you to meet people in addition of attending classes. That is why we advise you to try Polyglot.

Polyglot: The free language exchange community

If you want to learn a new language, exchange with native speakers to improve your language skills. You are an employee of an international company or a world traveler. If you are fond of foreign languages or simply eager to discover new cultures, POLYGLOT is made for you.

POLYGLOT enables you to find the right person to exchange languages with you. You will find penpals or meet people according to age, gender, location, hobbies... The goal is to provide members

with the best partner matches, knowledge, and skill training as possible.

If you want to improve your language skills in an original way, if you are fed up with sitting in front of your desk and listening to a CD repeating stupid sentences or talk with a private teacher to whom you have nothing to say; Connect yourself to Polyglot and you will meet people who share the same interests as you!

Hatim Abid



Purchasing for Dummies

This section will try to provide practical information about Purchasing, explained in a very simple way, to allow a common understanding of Purchasing and its value to ALL. We will subsequently cover in each chapter one main relevant area for Purchasing professionals. You can potentially combine these over time in a manual-type document which could serve you as an extended glossary for yourself and the people you want to teach something about Purchasing.

Imagine you just have been appointed

Head of Purchasing in a company which had no “professional” Purchasing organization before your arrival. When you start your job you use a Purchasing checklist that allows you to assess the maturity of the company in terms of best practices. This checklist is composed of 4 Purchasing fundamentals and 10 Purchasing leverage elements. The application of every leverage element will allow you to generate an improvement in either productivity (cost reduction or savings, performance) or innovation (functionality, time to market, market share) thereby creating concrete value for the company. The implementation of the fundamentals will allow you to increase the value you generate via the leverage elements, or will decrease it if you haven’t put them in place.

The first fundamental is “Information collection and management”.

Having access to information is an absolute key criterion for any Purchasing professional. Remember that when you enter a new Purchasing role, other people are already “purchasing” across the organization, even though not professionally, and they will continue to do so until you can help them with a better way of doing it. As these people have not been waiting for – and might not be terribly excited to see you coming aboard as you will take away some of their “privileges” of buying – you will have to act on two levels – short term and mid-term. If you want critical people and your allies (e.g. your Management) to accept and support you in

your role, you will have to show very fast (within the first 90 days) some success stories to prove that you can provide a true added value. Once you have convinced the people that you can provide a competitive advantage to them, expectations will rise considerably for you to implement these advantages on a much larger and continuous scope (this usually kicks in 6-12 months after your start). For both of these approaches you need information. Information on who buys what where, and on who plans to buy what when and where tomorrow. This is unless you have a truly effective Purchasing information system in place (which is still rather a rarity across business organizations) which can provide you with everything you need.

For the first approach – short term - you can use spot information you get from people whom you identify quickly as having a positive attitude towards your role – or you can tackle critical projects where people really request your help on their own because they have a substantial problem in profitability or quality. For the second approach – mid-term - you HAVE to put in place a systematic information collection within 30 days of your start if you want to have some continuous return after 6-12 months. There are several ways of how to collect information on a regular basis: the first contact in your organization is usually your Director of Finance or his Accounting Manager. He can provide you with basic information about what supplier was paid how much during last year/last month. Now you have a listing of suppliers of your company. But you still don’t know what was



bought and at what price. So you have two options:

1. You establish a questionnaire asking in detail what has been bought in what category/field and at what price, and what is planned to be purchased within the next 12 months. You then send this questionnaire to all relevant decision makers and potential users/buyers in your organization. If you formulate the accompanying letter properly, and better - if your GM has sent out a note to the different services/entities beforehand emphasizing the potential value of your actions you might get a return of 60-70%.

2. You establish an equivalent questionnaire but addressed to all main suppliers of the listing you got from Accounting, and you send it out to said suppliers together with a nice formulation in which you subtly wave the carrot and the stick. Here you will probably get a return of 20-40% depending on your wording and on the follow up via mail or phone.

The good news is that you will receive some sensitive information that will allow you to get a first understanding of the overall landscape and the relevant main categories and actors. You will be able to start working on first concrete areas and projects. The bad news is that when you get the information it is most likely incomplete and

already outdated. In order to be effective you would have to repeat such actions every month/quarter and manage an intense follow up to increase the return rate.

In practice that means it won't work or at least not for very long as the users will be tired answering your questions and you will not have the resources to run it properly.

The conclusion is that there is only one way out: You have to define and implement a Purchasing Information System which provides you with consistent information on a continuous basis. This system does not have to cost a fortune, as there exist since a few years on the market some affordable expert solutions which focus on the key elements of your Purchasing scope and link into existing proprietary or standard ERP systems. Putting in place any such solution early on is essential, as it might take up to a year between your request and the date such a solution produces effective output.

There is no alternative today to having good information at your fingertips. If you have it, you have a chance of doing your job, if you don't you will not survive in your position. It's a simple fact of life. So just put it on your To Do List and get it done, whatever the budgetary restrictions your Management might impose on it.

Nicolas Kourim

Most Wanted Profiles: general profile of buyers

If you want to evolve in different areas of Purchasing and of Supply Chain, you will need to know what kinds of profiles are most wanted. This section will provide you with descriptions of different types of buyers and of Supply Chain professionals: what are the main responsibilities, the main tendencies within these profiles, and a range of salary... In the first issue, we will talk about the general profile of a buyer and of a Supply Chain Manager.

Purchasing has dramatically changed within the past years. So have the profiles and the image of the buyers! First seen as a “good soldier”, someone who just signed orders, the buyer then became a “cost killer”, a genuine cow-boy who negotiates as if he drew his gun. For tomorrow, we have a new image of the buyer: he is an “intrapreneur” who is, as we have seen, at the heart of a new way of working within a networked environment. What are the skills required for the “intrapreneur” buyer?

The buyer nowadays first has to be **international**. You can be international in several ways. You may have worked, lived or studied in a foreign country. You also need to be open-minded: willing to accept different cultures and able to adapt to other ways of thinking and working in a multicultural environment. You speak at least English. Additional languages are more and more appreciated by companies and recruiters.

Of course, you have to be **business oriented** and to be aware of the value chain. Most of all, you know the actors, the people with whom you can team up within and outside the company in order to create innovation and improve time to market for your company's products or services. As you are fully involved in the business, you have a strong sense of business and a solid financial and economic knowledge.

Finally, you are a **leader**. You work in a networked environment: your team will be multicultural and cross-functional. That is why you need to know how to communicate

with your suppliers but also with your clients within your company (marketing, R&D, legal department, HR, finance). You bring energy to all your team and initiate changes. That means you are able to drive and motivate people to make them agree with changes.

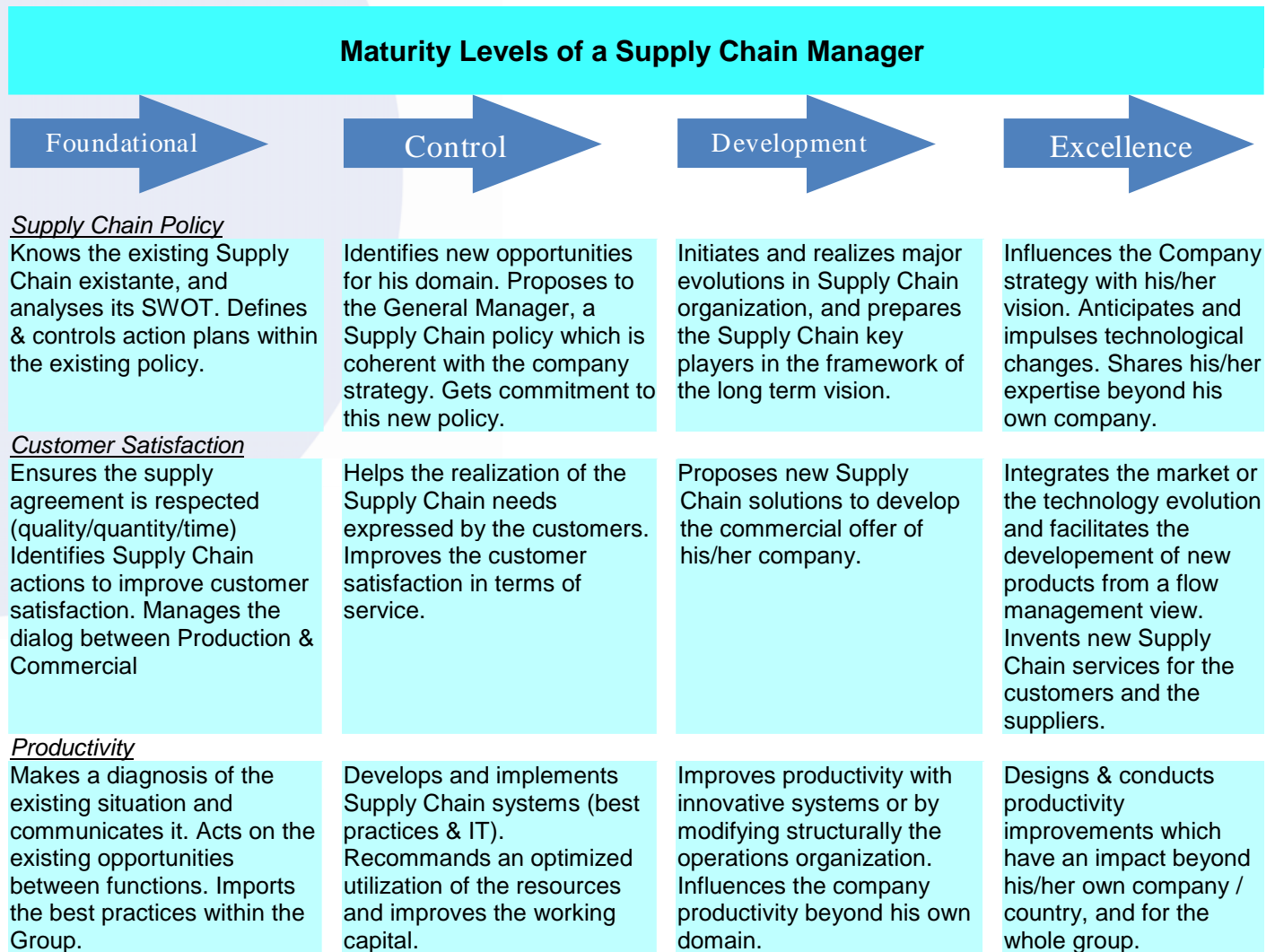
These are the main characteristics of the “new” buyers. As you may have guessed, such buyers will be the general managers of tomorrow! As change agent n°1, they will build and improve the new organizations of organizations of tomorrow.

Of course, you still have the different types of Purchasing: direct, indirect and resale materials and services. And also the different types of buyers: program buyer, commodity buyer, manufacturing buyer. These different profiles will be described in the next issues of The Fish Market.

Florence Paderq

Most Wanted Profiles: Supply Chain Managers

Very much like his fellow from Purchasing, the Supply Chain Manager has seen his role raised its profile in a dramatic way in the past 10 years. However, getting the name does not mean that you practice a true Supply Chain Management in your Company. Big Fish has identified 4 maturity levels for a Supply Chain Manager, which are described here below:





Innovation & Learning

Brings a fresh view, provokes in a positive way and impulses new thinkings. Challenges the status quo. Brings a vision and innovative solutions. Educates the Company to the Supply Chain philosophy, and makes sure the key players have the right competences.

Uses change agents to improve the existing situation. Provides to these people the necessary expertise to enable them to train the whole company to the Supply Chain philosophy.

Is a force of proposition to enable the company to enter the virtuous circle of the learning company.

Anticipates the evolution of Supply Chain management, and the organizational impacts which go with it. All actors in the company have adopted the Supply Chain philosophy.

People

Evaluates Human Resources from a Supply Chain perspective. Develops a motivating mindset and establishes his/her own credibility. Initiates transversal information communication.

Manages and develops the Supply Chain community. Shares objectives and makes them happen with his/her team, as opposed to do it by him/herself. Ensures the capitalization and sharing of knowledge.

Manages Group projects (transport, planning, benchmarking,...) Is a leader in the development of Supply Chain innovation within the Group

Boosts and commits the whole company to continuous improvement in terms of Supply Chain. Creates the environment to facilitate Supply Chain innovation.

Alain Perrot