

Mastermind LIVE

2023

Post Event Recap

PRESENTED BY:

SAP

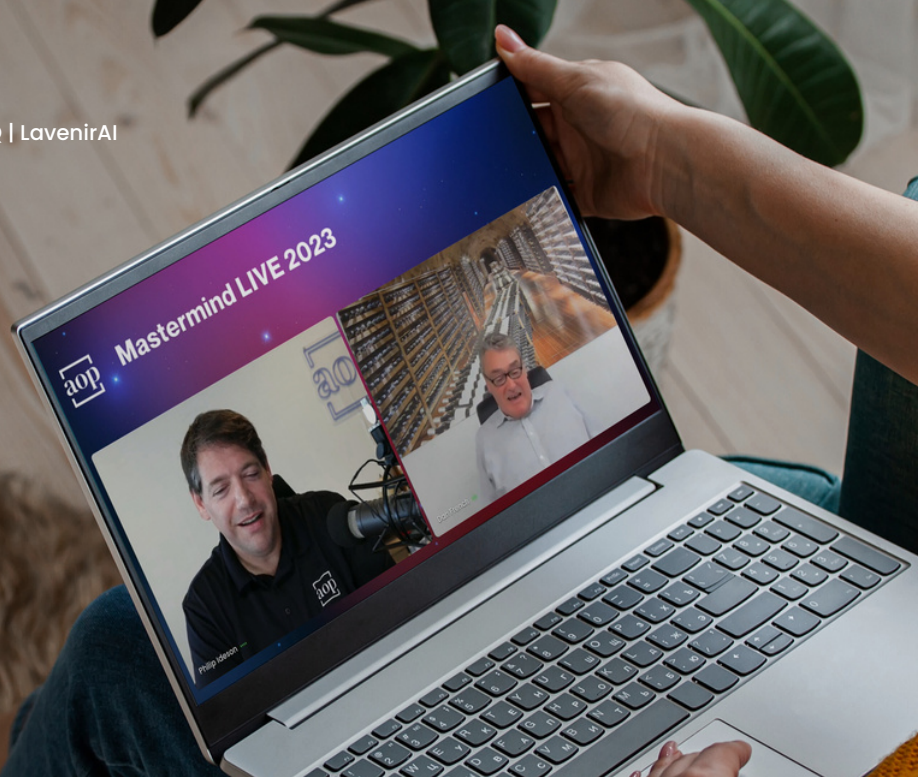
SpendHQ

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Art of Procurement hosts multiple virtual events every year. Digital Outcomes is focused on tech innovation, Categorypalooza is a lively study of category insights and best practices, and AOP Direct is focused on the unique challenges of manufacturing. But Mastermind LIVE, our longest running virtual event, is different. It is much broader in focus.

Our goal at Mastermind LIVE is to challenge all of us to think differently: bigger, more strategically, longer term, and with all the inspiration we can bring to bear. This isn't always a comfortable practice, but it is essential if procurement is going to sustainably 10X their impact.

This year, we had inspirational conversations with some of the companies and thought leaders working every day to help procurement achieve the next level of performance. My key takeaways from the sessions summarized in this post-event paper, are:

- Making sure procurement can see and describe value opportunities through the eyes of colleagues throughout the business
- Insisting that every metric carries value, rather than being selected because it is easy to capture, and incentivizes the right behaviors
- Success in a digital world requires as much empathy as data. Even as procurement moves towards the metaverse, creativity will continue to be a source of competitive advantage



- Understanding the bigger picture opportunity around the impact procurement can have, especially in services categories that impact revenue and the customer experience
- Driving improvement and then expressing it in language that the business (and the C-suite more specifically) can relate to
- Addressing complex problems like supply chain risk by doing what we can do, even if we can't do as much as we would like

I also welcome you to watch all of the sessions on demand.

[WATCH SESSION](#)

Philip Ideson, Founder and Managing Director, Art of Procurement



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The Good News and Bad News About Procurement Influence Today

Dan French, CEO at Consider Solutions

Procurement has long felt they were in a battle for relevance, fighting against being underappreciated, undervalued, and underutilized.

It is a familiar lament, and while understandable, it can sometimes lead to a skewed perspective that procurement is particularly put upon and discounted compared to other areas of the business. This isn't an especially helpful mindset for procurement on their journey from tactical support to key strategic partner in the business, says Dan French, CEO at Consider Solutions.

"You can end up with this sense that nobody really appreciates what we do," said Dan. "But this is not unique to procurement. Finance leaders feel the same way. Heads of IT, manufacturing, data, technology – they all have the same problem."

Everyone in the business is "in the same boat," he says, and instead of opining over a perceived lack of appreciation, they should focus instead on demonstrating how their value aligns with what the business cares about most and supports its top-line goals and performance metrics.

To do this, procurement has to look beyond just cost savings as their main source of value creation and build a more balanced scorecard that takes into account all of the most important performance metrics that will move the business forward toward its goals and priorities.

It is those goals and priorities – of the entire business, not just procurement – that should be the main drivers in procurement's quest for influence, support, resources, and recognition... for that 'seat at the c-suite table.'

"I think it's a mindset about focusing on value you can deliver – but value in other people's eyes, not your eyes. You have to ask, 'what is value to them?'"



Managing Stakeholder Engagement by Measuring Procurement's Impact

Pierre Laprée, Chief Product Officer, and Andy Moir, Director of Product Marketing at SpendHQ

Everyone knows you can't manage what you don't measure, but measuring procurement's impact can lead to poor outcomes if the wrong things are being measured.

"Your KPIs should not just be a façade ... they should serve a purpose," said Pierre Laprée, Chief Product Officer at SpendHQ. KPIs that lack purpose, that inadvertently drive counterproductive behaviors, or that don't align with or support the wider priorities of the business can obscure the value procurement brings and chip away at their reputation.

"It's easy to get caught up in the things that procurement is tracking, but those should lead up to something that the audience you're talking to cares about and how you tie those together," said Andy Moir, Director of Product Marketing at SpendHQ. "Otherwise, they won't understand the value you're bringing to the table."

Choosing meaningful and effective KPIs that support what the business is focused on achieving are true indicators of value and impact. To do this, procurement has to align their KPIs with stakeholders, finance, and the CFO in particular, as this is crucial for contextualizing the KPIs, fostering trust and collaboration, and driving stakeholder engagement.

Achieving this may require procurement to break out of their cost-savings comfort zone and look at other meaningful ways to measure and define success beyond savings, like supplier diversity or sustainability. And, while trailing indicators are often easier for procurement to provide performance metrics on, leading indicators can offer valuable foresight into where they need to align with the business and where procurement should aim their sights for the future.

Ultimately, measuring procurement's impact should emphasize those indicators of success and value creation that are most meaningful to the business as a whole. "Sometimes, procurement can be chasing the wrong problem," said Andy. "It's really about how you make sure you're focusing on the right ones."



Imagining the Power of the Procurement Metaverse

Clive R. Heal, Founder and CEO of LavenirAI

There is procurement before AI and procurement after AI.

While we might just be a short sprint into the “after” time period, the effects and implications of AI are here now, changing the landscape of procurement right under our feet. AI-powered procurement isn’t a future state, it is a technological superpower available right now to every procurement team on the planet, and as Clive R. Heal, Founder and CEO of LavenirAI said, “we’ve got to embrace the technology. We’ve got to be looking ahead. We’ve got to be seeing what’s coming. Hopefully everybody is creating a digital tech roadmap right now in terms of what they’re doing and what’s in their tech stack.”

Conversational AI, more sophisticated prompt engineering, virtual reality, voice-to-text and text-to-voice technologies, and RAG (Retrievable Augmented Generation, a technology poised to enrich responses and interactions by extracting data from chosen targets) are all emerging technologies that, as Clive says, will change the way we work, communicate, and create value for the business.

And then, there’s the metaverse... which Clive says, we – personally as individuals and professionally as procurement – will all be in sooner than we think. In fact, he said, “it’s already happening.”

As what we think of only as the internet now transforms into a completely virtual world, we’ll be able to interact, work, shop, socialize, and live much of our lives within the metaverse, using headsets or similar technology to virtually immerse ourselves into the experience.

For procurement, Clive predicts that within 5 years, we’ll all be in the procurement metaverse. “Think of the procurement metaverse as a subset of the metaverse,” he said. “The metaverse is everywhere – where you’ve got your consumer, social, and enterprise. But the procurement metaverse becomes our workspace. It’s where we sit, meet, and talk to our suppliers and business partners. It’s where all the procure-tech sits as well.”

PROCUREMENT METAVERSE



If you are worried that we are engineering the human, face-to-face value out of procurement (or our own lives, for that matter), Clive says, don't worry – that will be more important than ever in the metaverse.

Skills like empathy, the ability to be unpredictable and original, and creativity will be valuable commodities in the metaverse, differentiating the mediocre from the truly valuable.

"The ability for us to connect empathically with our business partners and our suppliers will create relationships and help open up opportunities to go beyond technology. We have to go beyond AI. What is the role of procurement beyond AI? Is there a role for procurement? I think the answer is 'yes' because of that human side."



Charting a Deliberate Path Forward for Services Procurement

Gordon Donovan, Vice President Research – Procurement & External Research at SAP

Unraveling the intricate landscape of services procurement – how it's sourced, ordered, and managed, distinct from the procurement of goods – gives us valuable insight into the opportunities procurement can leverage in services spend.

Gordon Donovan, Vice President Research – Procurement & External Research at SAP, discussed the findings of a recent joint AOP-SAP research survey into global services procurement to understand different approaches to this type of spend, both in terms of where we are today and how procurement can evolve this category in the future.

The survey revealed procurement's changing role in the business as a strategic decision-making partner, but it also reinforced what many of us already know when it comes to services-based spend – procurement is still often relegated to a tactical or supportive role, raising questions about better early involvement and highlighting the need for a deeper integration between procurement and strategic initiatives.

The survey didn't just unveil some harsh realities for procurement's services spend maturity; it unearthed missed opportunities as well. Only a fraction of respondents acknowledged the importance of proximity to end customers in determining a service's strategic value. "This finding surprised me massively," said Gordon. "I'm surprised that the proximity to end customers wasn't higher. If we're still just looking at value, then I think we're missing the whole reason why purchasing must become supply management."

The results also revealed that a significant portion of procurement still relies on traditional communication methods – emails, phone calls, and, yes, spreadsheets, demonstrating the need for a holistic digital transformation. "From an efficiency point of view," said Gordon, "I think there's this massive opportunity. But from basic

governance – a two-way or three-way match – it's hard to prove that certainly with phone calls and emails.”

Services procurement success ultimately rests on collaboration – internally and externally – to uplift procurement's role in insourcing, outsourcing, and category management, and it's still a category that's plentiful in untapped opportunities for innovation and collaboration.



How Leaders Are Driving Business Value with Supplier Diversity and ESG

Daniel Dorr, VP of Marketing at Supplier.io

Supplier diversity and ESG are some of the most impactful, valuable programs led by procurement, the effects of which can be felt across the business. And the good news, says Daniel Dorr, VP of Marketing at Supplier.io, is that the majority of company and business unit leaders recognize this value and support it.

“Boards are listening and they are asking to hear from their Chief Procurement Officers with supplier diversity and sustainability being key elements of what they want to hear about,” said Daniel.

But, procurement still has a ways to go in harnessing that support and using it to implement tactical and practical day-to-day initiatives that support ESG.

“The good news is that, when we pause and take a moment, the feedback is positive. We know supplier diversity, sustainability, and ESG offer a positive benefit to the company. Where we tend to struggle a little bit is process and being involved in the day-to-day effort,” he said.

The integration of these programs into broader organizational efforts is the natural next step along ESG's path as a valued business driver. One of the most important ways to do this, said Daniel, is to make sure procurement is connecting the dots from the supplier diversity program, for example, to the c-suite and passing along

the right data, insights, and value drivers that the business cares about. This, he said, is all about communication.

“We have to learn how to tell the business about our value. This is where we have seen a little bit of a disconnect. As supplier diversity leaders, for example, we are measuring our percent of spend with diverse suppliers. That may not translate for a board or a CEO,” he said.

Procurement has to improve their vocabulary around ESG and supplier diversity so they can transmit that value to all stakeholders and grow momentum to do more. Not only should procurement rely on data to communicate the value of their ESG program, but they also need to understand how to tell the stories around supplier diversity and ESG in a way that will resonate with each stakeholder cohort.

“Procurement really need to get very good at storytelling,” said Daniel. “Every other department that is at that table has been telling stories for years. We need to help make the value that we offer clearer for our business counterparts. Storytelling and data are the two ways to do that.”



Supplier Diversity Best Practices

Your roadmap to success



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The Nasty Problem of Supply Chain Risk

Denis Wolowiecki, Executive Managing Director at CAPS Research

Managing supply chain risk is like standing in front of a hockey goal trying to block tons of pucks all hurtling toward you simultaneously. Except, for procurement, if a “puck” gets through, it could have devastating consequences for the business. Managing supply chain risk in today’s landscape “is just that complex,” said Denis Wolowiecki, Executive Managing Director at CAPS Research.

The need to meet the complexity of supply chain risk is significant and urgent, even if a company doesn’t have the ability to block every puck.

“I don’t think they’re hiding behind the illusion that they’ve got it under control. They’re saying they don’t have it under control. That’s the reality of the situation,” said Denis. “They’re very nervous about the risk. They’re doing what they can. I think they’re heroically and valiantly addressing what they can, but it’s a slice of the problem. It’s a resource limitation.”

When a problem like supply chain risk can seem so overwhelming, one approach is to address what you can and focus on what matters most. And having a strong framework for identifying and addressing risk can help procurement avoid costly mistakes and keep the business from inadvertently exposing itself to supply chain risk.

One way to do this, explained Denis, is to understand the concept of “nexus supplier,” which allows procurement to identify – especially in a complex supply chain – those suppliers that intersect and overlap, helping to more easily identify the potential for risk exposure.

Leveraging stakeholder relationships beyond the supplier or the C-suite is also important for understanding the needs and risks throughout your supply chain and getting an early view of where things could go wrong.

“Involve that next tier of people in your organization – your product managers, your salespeople, your operations managers – those folks who are one more level out and are perhaps touching the customer at the frontline,” said Denis. “They have that interface. That’s a whole other tier of people that can be and should be engaged in risk management strategy. Make them your allies. Make them part of your team.”

The most important thing procurement can do to build a stronger risk management program, Denis said, is to “Get your house in order.” Sometimes, getting back to the fundamentals is the quickest and easiest path to shoring up your program. Denis suggests revisiting these basics of risk management and making sure you have these right before experimenting with anything new:

- Perform a thorough spend assessment
- Look at your team and organizational structure to see if it is aligned with your spend portfolio needs
- Identify critical suppliers and where you have gaps
- Assess whether you have a strong technology base to build from to avoid getting distracted by the latest technology for technology’s sake



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