**Article for Procurement Leaders**

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# Finding the right future for your function

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Are procurement chiefs sleepwalking into an undesirable future? Recent research I’ve been carrying out, which explores the potential routes the function could go down, suggests the answer is indeed yes.

Over the past two years, myself and [Dr Louise Knight](http://www.aston.ac.uk/eas/staff/a-z/dr-louise-knight/), from Aston University in Birmingham, have spoken to business and procurement leaders across industries to explore how the supply management landscape will change by 2033. This was not about predicting the future – it was an exploration of multiple plausible but competing futures.

Through analysing what CPOs pay attention to, and equally what they ignore, we identified a number of strategic blind spots for the function.

One blind spot we did uncover was procurement professionals generally did not recognise how their buying practices actually create future supply market conditions. While they anticipate and develop strategies for buying from future supply markets, there are few conversations around how buyers develop and shape these. The most common view was that many supply markets were on negative trajectories driven by a concentration of power, lack of diversity and ever-increasing cost pressures. Crucially, despite significant negative effects on organisations, customers and society, these future market conditions were taken as inevitable rather than malleable and within the influence of CPOs to affect.

Can organisations shape markets to deliver more positive outcomes? The simple answer is yes, but it often involves trade-offs and requires a collective acceptance of responsibility. Outside of a few dominant organisations, there tends to be a lack of recognition of the indirect, cumulative impacts from a collection of company practices across industries. Inattention to the wider impacts of sourcing strategies can lead to increased concentration of power in markets, propagating the direction of travel and keeping procurement’s focus on narrow dimensions of cost and efficiency. Lack of attention doesn’t mean markets are not being shaped – they are, just without active leadership from procurement teams.

We did find examples of companies that show how change can be made by paying attention to multiple competing futures. Mindful of the collective impact of these markets, Inprova Group, a procurement consortium for the social housing sector in both the UK and US, is doing some interesting things around shaping markets.

Consortia and other buying groups in the public sector are common across the world. The primary assumption in these business models is high volume equates to a low price. But this logic is not always correct, and the underpinning economic principles around value over time are far more nuanced and complex. As a consortium, Inprova occupies a strategic vantage point where it can observe and critically challenge how cumulative buying practices across an industry create future supply market conditions.

To change the conversation, Inprova’s senior leadership team began working with multiple futures to locate a ‘preferred’ environment with sustainable commercial value at the core. A crucial element of this transition has been the use of data analytics in more intelligent ways – rather than just reporting and looking backwards, data can be used to ask important questions and look forward in multiple directions.

The result has been to create more diversity in their procurement approaches to stimulate future capacity in supply markets, redistribute power, as well as to work more collaboratively with a range of customers and suppliers to create, shape and sustain buoyant commercial environments. Leverage is still at the heart of the organisation’s model – but it relies on leveraging knowledge, not just volume.

Reimagining the shared impact of the consortia model is one example of how CPOs can prepare for the future by creating it. Our research highlighted the difficulty in creatively exploring potential scenarios, as this requires the decoupling of future ideas from the constraints, market positions and pressures experienced today - the tendency to try to ‘predict’ and ‘solve’ from the current position is a constant battle.

From a commercial perspective, there are issues around understanding and accepting shared accountability. It can be hard to see how individual actions contribute to larger issues, in a similar way to the difficulties in getting people to recycle or reduce their use of plastics to stem climate change – the problem seems too big for them to fix. But actions cumulate and are copied, setting change in motion. Future value is secured by potentially compromising on price or power today; this requires a new mindset and bravery from business leaders and CPOs.

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[*Read her paper,* The future of procurement and supply chain management](https://cips.org/en-GB/knowledge/procurement-topics-and-skills/innovation-and-technology-/future-of-procurement--supply-chain/).

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