

Team-based procurement

Establishing a team-based procurement strategy combines buyer expertise with subject-matter experts who bring an expanded view to the purchasing table

By Bridget McCrea

08/13/2013



The days when a procurement agent was a stand-alone entity, shoved off in a corner and left to navigate piles of purchase orders and RFPs on his or her own, are long gone. The modern-day purchasing department has not only grown in stature and status, but it is also closely linked to other organizational departments. Through this team-based approach, plant managers can quickly convey ongoing maintenance repair and operations (MRO) needs; accounting departments can discuss invoices and purchase orders; and chief executives can assess purchasing's role in enhancing the organizational bottom line.

Of course, getting different departments on the same page and involved in the buying process takes some elbow grease—particularly if it entails the tearing down of organizational “silos” that may have stood tall for decades. Bryan Jensen, vice president and principal at York, Pa.-based supply chain engineering and logistics consultancy [St. Onge Company](#), says companies can start removing those silos by simply discussing the concept of team-based procurement and the value it will bring to the organization.

“Most people can go out and knowledgeably buy a consumer vehicle, but most don’t understand the intricate details of purchasing a piece of construction equipment,” says Jensen. “They can always compare prices, of course, but they really don’t know if one piece of equipment is better than another—or best suited to their company’s needs.”

To fill that gap, Jensen says a procurement specialist could confer with the actual user of the equipment who likely has hands-on experience with such vehicles. That simple interaction is one example of basic team-based procurement in action.

And though you may not need to involve an entire team in a commodity buy, Jensen says the more articulated and specialized the purchase is, the bigger the need for a knowledgeable team of decision makers. Members of the IT department, for example, can serve as expert sounding boards when a manufacturer or distributor is considering a new line of electronic equipment. Some of the individuals may have hands-on knowledge of the items, while others may be able to offer up opinions on price points and/or product quality.

“The less the procurement specialist knows about the details of the equipment, the more he or she will want to get subject experts involved in the buying process,” says Jensen, who adds that three-person teams tend to be most effective in the purchasing environment. “Aim to have two subject experts and one buyer on the team. That helps avoid ‘tie’ votes and keeps the process fairly simple.”



“The less the procurement specialist knows about the details of the equipment, the more he or she will want to get subject experts involved in the buying process,” says Bryan Jensen, vice president and principal at York, Pa.-based supply chain engineering and logistics consultancy St. Onge Company.

A balanced approach

Maintaining balance within the team is also important. Allow the group to be monopolized by a buyer, for example, and you’ll lose the positive effects of team interaction and collaboration. Let the subject experts and other members take charge, on the other hand, and some of the basic procurement principles could get lost in the shuffle.

“Strive for a balance assessment and decision-making process,” Jensen says, “with equal attention given to each member’s insights and opinions.”

It’s important to note that the team-based approach isn’t an exact science, Jensen cautions, and that it will need to be honed to fit your organization. One way to ensure continual improvement in this area is by looking back at recent purchases the team has made to identify any problems or issues that cropped up *after* the actual buy was executed. Did the products live up to their expectations? Were they within your firm’s quality standards? Did they get delivered on time? Were internal and/or external customers satisfied with the results?

“You can’t change a bad purchase or undo a problem that happened last month,” says Jensen, “but you can diagnose any problems and—knowing that hindsight is always 20/20—factor the feedback into your future, team-based purchasing strategies.”

The best of both worlds

Companies that move away from the siloed purchasing approach and incorporate team-based buying into the mix can expect several benefits in return. For one, they typically walk away with the best value for their company’s money. In some cases that means the lowest cost, while in other situations it simply may mean the best product or service for the price. “With the procurement agent watching out for price, economics, and maintenance agreements,” says Jensen, “and the subject matter considering other factors of the purchase—such as accurate bandwidth within 1/10th of 1 percent—the company gets the best possible value.”

Working in a team-based environment also helps keep the emotions out of the buying process. Buyers can effectively detach themselves from the bid review practice, for example, and work with other team members to identify the best possible solution at the right overall price.

“When you combine the focused procurement approach with subject-matter specialists,” says Jensen, “you really do wind up with the best of both worlds.”