

The menace of maturity

by Terry Lister

Government procurement must re-invigorate staff to address renewal challenges

GOVERNMENTS ARE currently facing two major management renewal challenges: updating management practices and systems; and managing an aging workforce. Government procurement offers an excellent illustration of where these two major challenges intersect.

Government procurement reform encompasses new systems, processes and structures. With a multitude of performance and accountability goals – including reduced costs, longer product life cycles, faster processing, and more effective supplier management processes – procurement reform requires moving toward a single

procurement organization and adopting a commodity management model. That, in turn, affects the roles of purchasing specialists and line managers, both within the procurement organization and across the enterprise.

How can government change its operations and culture to achieve this? It will demand a considerable amount of business process re-engineering as well as an entirely new skill set for staff and across the enterprise. But first and foremost, it requires that the expectations on people in the procurement community be transformed because the full benefit of such a revolutionary change cannot be achieved without the appropriate skills within the organization.

At a time when the expertise, insight and energy of experienced staff are needed to guide the process and systems redesign, many experienced practitioners are looking forward to retirement. Some would prefer to maintain existing management practices and avoid the effort of adapting to a new way of doing business in the few working years they have left; others see the benefit of process and system improvement and want to leave a legacy of improved management practices. Renewal challenges affect a range of corporate systems at all levels of government.

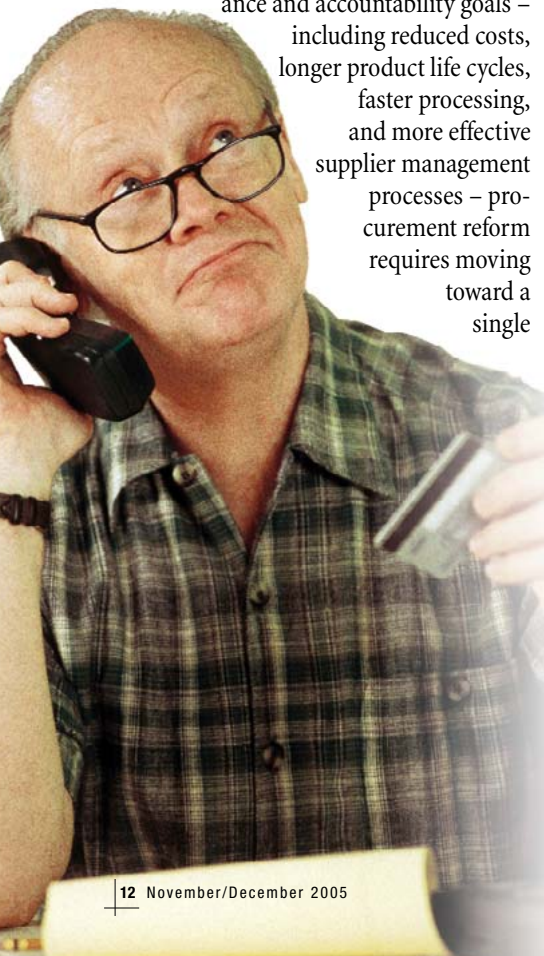
This article, the first in a two-part series, focuses on the renewal challenges facing procurement functions in the federal public service. (Part 2 will focus on recruitment of new procurement staff: where the gov-

Editor's note: Like many of you, I have heard the warning bell regarding the numbers of procurement staff that will be retiring in the next five years. The loss of a significant amount of experienced staff can put increased pressure on procurement organizations and the staff that remain – staff have to do more just to keep up and many may do it with less expertise, while possibly training new recruits. Every level of the public sector will be impacted by the demographic situation. This article describes the situation at the federal level and suggests some ways to plan for the future. While the suggestions are made in a federal context, I would suggest that they might be useful in one way or another to any procurement organization.

ernment will find the skills they need and what they will expect of new hires.)

Nowhere is the aging workforce more evident in Canada than in the boardrooms, cubicles and shop floors of the federal public service. The legacy of rapid expansion of both civil service hiring and government programs during the heady days of the 1970s has been slowly replaced with reduced spending, periodic hiring freezes and work force adjustments. But the result now is that all those experienced workers are retiring. Hiring freezes and downsizing following program reviews have resulted in a much lower number of federal workers in their 20s and 30s and have driven others to leave government due to a glut of mature workers in senior positions. Although a 2002 Public Service Commission (PSC) study identified around 7,000 out of a pool of 27,000 managers and professionals available to be groomed as executives, the average age of current deputy ministers and other heads of agencies, commissions and boards is 53. A majority of possible replacements are males in their mid to late 40s who have spent most of their careers in government and still need more training and experience before being promoted.

Furthermore, the federal hiring process seems to favour older, experienced candidates. Last year, the average age of new recruits into the public service was over 36. The relatively low numbers of younger recruits, including recent graduates, begs



the question whether the public service has forgotten how to apply the talents of eager, bright yet inexperienced candidates.

The federal procurement community, the majority of which is in Public Works and Government Services Canada, is one that can anticipate a significant impact from the aging workforce. Already almost 60 percent of employees in the purchasing (PG) classification are over 45, and 33 percent are over 50. Many are long service employees, with increasing numbers eligible to retire in the next five years. About 13 percent are eligible to retire today. Of course, not everyone eligible to retire actually does. But Statistics Canada research shows retirement decisions are heavily influenced by perceptions of the stress involved in the work.

At the same time, there is only a relatively small pool of staff at the lower PG levels ready to move into the vacancies left by retiring "boomers." This pattern is somewhat similar to other occupations in the public service where recruitment has been modest and staff doing the bulk of the everyday work is now at much higher classification levels.

... better talent management is a key tool ...

It is critical to consider these demographics in planning how the procurement community will adapt to a new commodity management model, reliant on planning purchasing based on strategic sourcing and controlled supplier management. They will have to respond to new challenges, continuing evolution and changing policies in the field of supply chain management as well as increased responsibilities in acquisitions and contracting; inventory management and disposition of assets; assets management; automated system administration and hot line services; quality control; and shipping and receiving.

In recent years, university and business schools have offered specific post-secondary training and certification in supply chain management and other areas relevant to procurement. Nevertheless, obtaining the necessary depth and breadth of experience of a procurement specialist can take several years, even with related education. Currently, there is a greater tendency to draw people from other classifications into the procurement field than

to recruit externally. Whether the required renewal and development of new procurement skills and competencies can continue to rely on this pathway remains to be seen.

Procurement specialists will have to learn a fundamentally new way of doing their jobs through commodity management, using new tools such as the Government of Canada Marketplace and manage their procurement through strategic sourcing now that the federal government has committed to a radical transformation of the way it procures goods and service. For PGs reluctant to change and adapt after long careers doing things the "old way," the motivation to retire as soon as they are eligible will be even greater – exacerbating what will soon be a serious talent shortage and knowledge gap.

In light of these pressures, better talent management is a key tool for managing the government's procurement workforce and intellectual capital. What can leaders do to address the coming crisis?

- Provide the metrics to predict when and where the demographic impact will be felt. Building a detailed knowledge base on your workforce is essential –

you need to anticipate patterns of departure and understand which roles will be affected first.

- Rethink notions of succession planning. It is not a matter of replacing people in the same old roles. It is essential to understand how the roles are changing, indeed to re-design the roles and then develop pools of capacity to move into new roles.
- Understand the talent supply within the organization and the pathways to developing existing talent. With solid information, you can assess the scope for internal development and anticipate the need to recruit externally. By developing a plan for building the necessary skills of future candidates for promotion, you can create a group of pre-qualified candidates ready to step in as more senior staff retire.
- Consider opportunities to incorporate more part-time, determinate and contract workers, not only to take advantage of the flexibility to respond to fluctuations in work demand but to acquire

specific specialized skills from an otherwise inaccessible labour pool.

- In addition to recruiting new graduates of the specialized supply chain faculties and certification programs, implement internship programs and specialized procurement training – as Statistics Canada has in place – providing pathways for entry level candidates – allowing departmental managers to assess the employees' ability to perform the job within the agency's culture.
- Encourage experienced procurement staff to mentor newer recruits and support the transfer of valuable corporate memory before it leaves the public service. As senior staff get closer to retirement age, new hires could be paired with them, perhaps even making it part of the new hire's orientation to seek, find, and get to know these experts.
- Instead of making it attractive to leave, build support for the concept of gradual retirement. Explore options for retirees to continue in a part-time capacity, "try on" retirement with flexible work schedules built around workflow, and allowing retirees to re-enter as contract workers. The effort this will take to coordinate with unions will pay dividends to both the organization and the workers.

Fundamentally, talent management must be made a priority if government is going to tackle the retiring workforce issues it faces. The challenge should be approached from multiple angles, including organizational learning, targeted knowledge management initiatives, business process transformation, outsourcing, effective collaboration, and other approaches. If government departments and agencies are slow to respond to changing workforce issues, their options for obtaining skilled workers will be to turn to the services industry, at a much higher cost and risk to public service principles. As intellectual capital and experience is lost, more systems will need reengineering from the ground up, leading to even more expense and higher risk. As the retiring workforce issue heats up, the option to ignore it is disappearing. The time to accelerate from planning to action is now. *mm*

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