

Brewing the perfect storm

by Sean Fitzpatrick

Procurement comes late to the party (part 1)

THE COMBINATION OF an aging population and a shrinking supply of youth poses challenges for Canada's labour market. In particular, the public sector is expected to experience a significant "exodus" and it seems that procurement professionals are not immune from this phenomenon. Without some radical changes in the way talent is managed, the procurement profession will face a severe shortage of people and, consequently, will not have the opportunity to exploit the opportunities at hand.

In forward-thinking organizations, senior management is increasingly looking to procurement to add strategic value to their organization while meeting the growing demands brought on by globalization, new regulations and changing technology. Attraction and retention of talent, particularly knowledge workers, are vital to the procurement profession's ability to leverage the enormous opportunities at hand. In addition, effective management of the government's procurement department directly impacts the value Canadians receive for their tax dollars.

Where other industries have been at war for a long time to attract, develop and retain the talent required, the procurement profession is just beginning to compete in this market. The procurement profession is not only coming late to the party but socio-demographic trends will make it near impossible to catch up to industries such as accounting, consulting and IT.

Our survey results show a very high percentage of public sector procurement professionals plan to retire in the next 10 years. In fact, almost one-third plan to retire within the next five years and more than 56 percent plan to leave in the next 10. Unless something is done now, many procurement departments will find themselves woefully short of talent in the coming years. In addition, without a systematic way to transfer knowledge from the old guard to the young guns, these departments stand to lose massive amounts of orga-

nizational knowledge as seasoned professionals leave.

Satisfied, but planning to leave

When asked to rate their level of satisfaction with the job we found that the majority (78 percent) indicated that they were satisfied or very satisfied. This score compares very favorably with our average of knowledge workers¹ across Canada (only 70 percent). Most were proud to tell others they work in the field of procurement (78 percent) and the majority (80 percent) find their work challenging. It seems that the majority of procurement professionals like their job and, in fact, like it significantly more than those in comparable organizations.

Despite this, a whopping 35 percent indicated they would leave for another job in the next 12 months. This is significantly higher than Talentmap's industry benchmark of 26 percent.

The survey results indicate that 52 percent of procurement professionals are committed or very committed to their job while 15 percent are at risk or very at risk of leaving. The perfect storm seems to be brewing for the profession:

- number of retirees is accelerating;
- procurement professionals leaving for other professions;
- increased demand for knowledge workers across entire economy; and
- decreasing supply of procurement professionals to fill demand.

Where to find new recruits

Survey respondents expect half of all new recruits will come from university or college business programs, 38 percent from somewhere else in the public sector and the balance from the private sector. The preference to have new recruits be either trained in business or have public sector experience seems

Public Procurement Professionals: Today and Tomorrow Survey

The purpose of this research is to understand current and future opportunities/concerns in the procurement profession. We surveyed 18,000 purchasing professionals and received 499 responses (38% federal, 26% provincial, 16% municipal and 20% other (healthcare, education, etc.)).

The survey ran online from June 22 to July 9, 2007 and also in the June 2007 issue of *Summit* magazine. It was administered by Talentmap in partnership with *Summit*. The results are accurate to a $\pm 4\%$, 19 times out of 20. The survey covered employee engagement and looked at human resource issues now and 5 years from now. The scope of topics covered ranges from general industry characteristics and trends to specific human resources challenges and practices. Key areas explored include:

- the current and future employment profile of occupations in the sector;
- the current and future skilled worker demand and supply;
- the current levels and types of supply chain training and future needs; and
- current human resources strategies.

practical given the wide body of business knowledge and specialized expertise needed by today's procurement professional. Practical as it may be, the procurement profession cannot become complacent with its ability to attract recruits from these two sources. Business grads are in high demand across all sectors in the economy and demand is expected to continue to outstrip supply for the coming years.

Furthermore, the procurement profession does not enjoy the same level of awareness or prestige in the business schools as professional services such as accounting, consulting or marketing. Attracting new recruits from other areas in the public sector also seems problematic given the looming retirement boom. Procurement departments will not only be trying to grow their ranks from an ever shrinking supply of talent, but they will be in competition with all the other areas in the public sector as they look to do the same.

Challenges with skills development

In addition to trying to understand levels of employee engagement and retention, our survey also probed into training and skills development needs among those in the profession. The vast majority (95 percent) indicated they were very interested or somewhat interested in "continuous learning" however, less than one-quarter of the respondents indicate that their organization has a universal

¹ Talentmap's benchmark data includes survey data from over 300 knowledge-based firms and over 150,000 employees.

Figure 1. Retirement looming

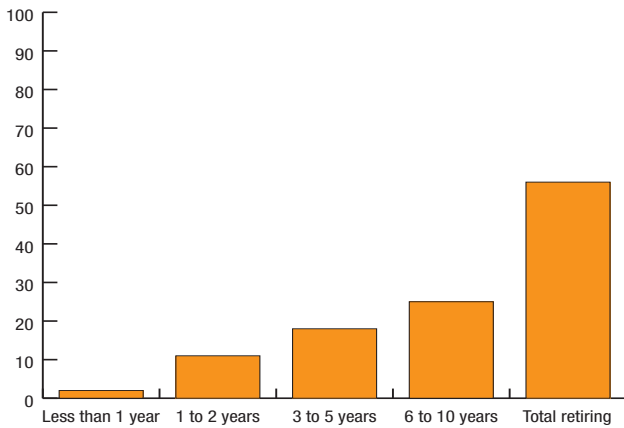
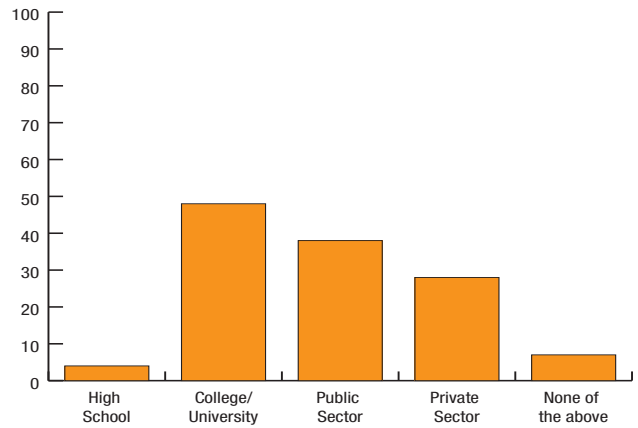


Figure 2. Where to find new recruits



skills standard profile to follow. It appears that those in the profession clearly understand the importance and value of continuous learning, but are somewhat hampered by the lack of a coherent body of knowledge. The fragmented body of knowledge in the profession may be one of its biggest stumbling blocks if it hopes to raise its awareness and profile as a profession of choice among young knowledge workers.

Soft skills lead the way

Survey respondents identified soft skills as highest in importance, followed by more technical skills for those joining the procurement profession in coming years.

When asked what skills will be needed now and in the future “written and verbal communication skills” were selected as highest in importance by 82 percent of the respondents with a close second being “customer service” at 75 percent, followed by “relationship skills.” Surprisingly “information technology” was selected the least. (See Table 1.)

Table 1. Soft skills required

1. Communication skills, written and verbal	82%
2. Customer service	75%
3. Relationship skills	69%
4. Negotiation	58%
5. Supplier management	55%
6. Competition management	54%
7. Information technology skills	48%

What can be done

One of the first improvements that can be made to alleviate the situation is to manage and lead the current crop of procurement professionals more effectively. Our research has shown that top knowledge workers want to perform excellent work and, more impor-

tantly, they want to be recognized for what they do. This performance-based culture seems lacking in public sector procurement departments where only 27 percent of respondents indicated that their organization provides incentives for excellent work. In addition less than half of those surveyed indicated that senior management understand what needs to be done for procurement professionals to succeed in the long run and just 57 percent agree or strongly agree with the statement “My immediate manager sets clear and measurable goals and objectives”, which is significantly lower than our benchmark of the Canadian work force at 66 percent.

As opportunities have become plentiful and skilled talent scarce, the tables have turned. Increasingly the management of the knowledge worker in the procurement profession will be a “marketing job.” And in marketing one does not begin with the question: “What do we want?” One begins with the questions: “What does the other party want? What are its values? What are its goals? What does it consider results?” Given the emerging strategic importance of procurement to most organizations’ business model, those that do not use effective talent management strategies to retain and develop employees, are at risk of losing their experienced employees and their ability to attract new talent.

Part II of this article will describe in more depth the difference between the values of the young guns and those of the old guard, and will outline strategies and tactics that managers and leaders of procurement professionals can do to affect change. *~*

Sean Fitzpatrick, president and founder of Talentmap, has garnered a wealth of experience developing and implementing employee and customer measurement systems over the past few years, working with firms such as Research In Motion, Open Text, Akamai, Alias and Tundra in the technology sector, and HSBC, Chase Manhattan and Royal Bank in financial services.

Previously, Sean was vice president of Internet services at an established survey research firm and he worked for a number of years as a management consultant implementing operational improvements in the energy sector. Sean sits on the board of directors for the Canadian Advanced Technology Alliance (CATAAlliance). Sean holds a Bachelor of Commerce and an MBA from the Richard Ivey School of Business.

Headquartered in Ottawa, Talentmap’s integrated employee feedback system maximizes engagement and boosts productivity. With over a decade of experience, Talentmap (www.talentmap.com) helps organizations measure and manage its most important asset... people. Talentmap set out to help executives in knowledge-based organizations fully realize the power and importance of engaging their workforce and has recently expanded to include a number of hospitals and health centers across the country.