# Practical Leadership Skills for Procurement Professionals

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## Agenda

- Understanding today's market trends
- Becoming a "Client of Choice"
- Leadership Perspectives





## All Data is as of May 23, 2023

## The Supply Chain is Changing <u>RAPIDLY</u>

## The Data Should be Updated <u>REGULARLY</u>

## State of the market...

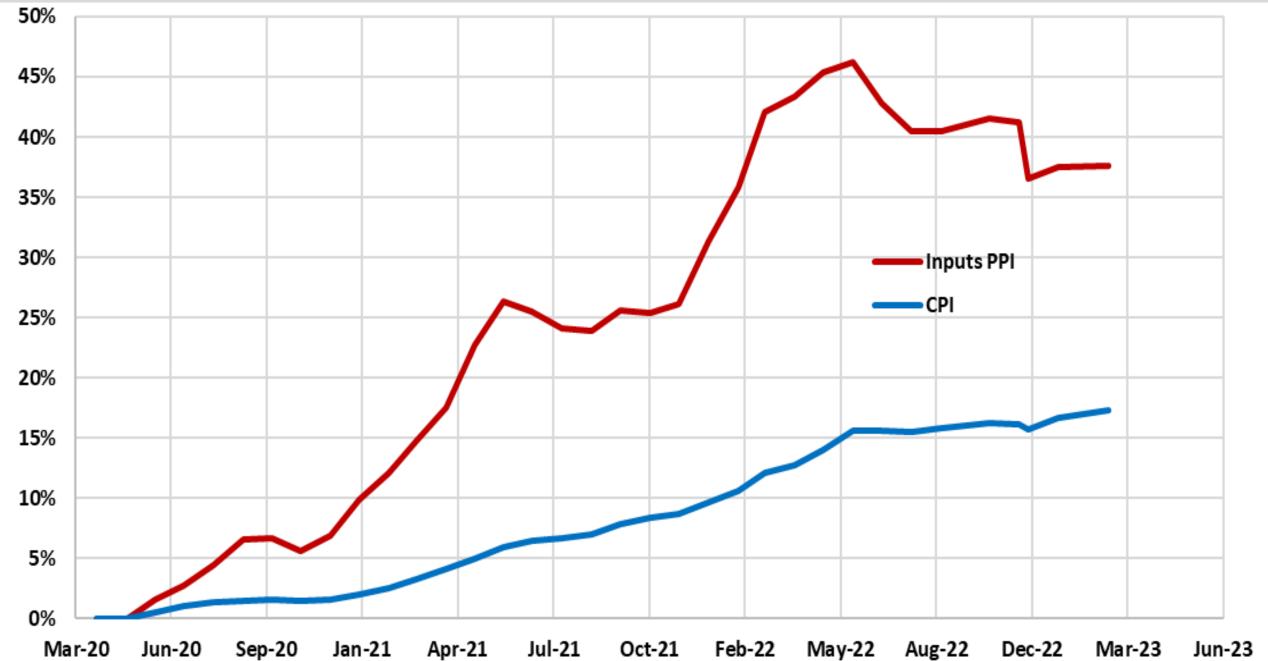
## •What challenges are YOU facing today? –Workforce...?

## Inflation?

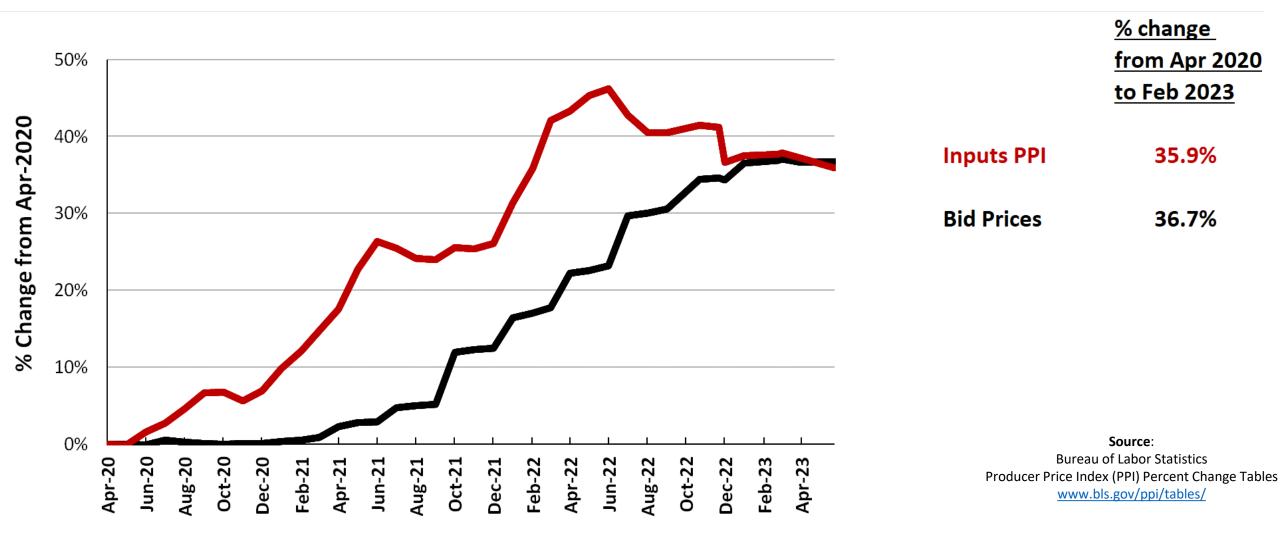
## •Finding people to get the work done?



## CPI vs. Inputs PPI: Benchmarked to April 2020



# Input Prices vs. Bid Prices for New Nonresidential Construction



## Recent Data Sample – Before vs Now (August 2022)

<b>Observed Items</b>	Past	Now
HVAC	6 Weeks	~ 14 - 18 Weeks
Steel Joists	18 Weeks	~ 54 Weeks
Electrical SES	20 Weeks	~ 55 Weeks
TPO Roofing	13 Weeks	~ 36 Weeks
Utility Pipe Materials	6 Weeks	~ 27 Weeks

## **Construction Workforce Numbers**

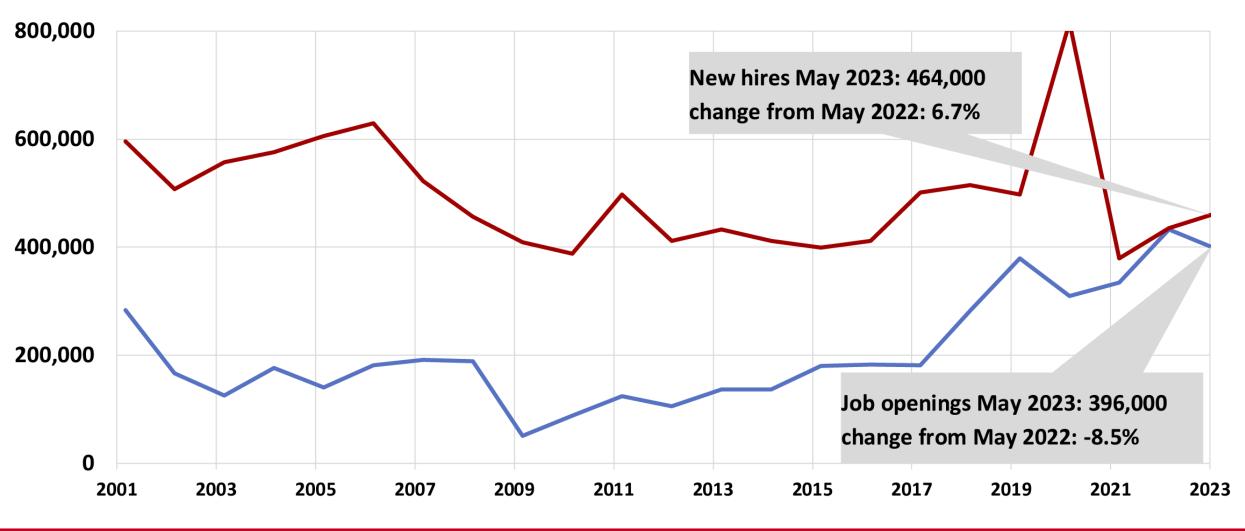
- The construction industry lost 1.1 million employees from February to April 2020—a 15% decline in just two months
- By June 2022, seasonally adjusted construction employment totaled 7,670,000—modestly higher than the 7,624,000 employed in February 2020.
- Summer 2022 Compared to February 2020 levels:
  - residential construction firms had added nearly 180,000 workers
  - nonresidential construction still down 134,000 employees or 2.9%

Source: AGC Construction Inflation Alert <u>https://www.agc.org/learn/construction-</u> data/agc-construction-inflation-alert

#### Construction job openings & new hires



Job openings and hires, May 2001-May 2023, not seasonally adjusted



4 | Source: Bureau of Labor Statistics, <u>www.bls.gov/jlt</u>, Job Openings & Labor Turnover Survey (JOLTS)

 $\ensuremath{\mathbb{C}2023}$  The Associated General Contractors of America, Inc.

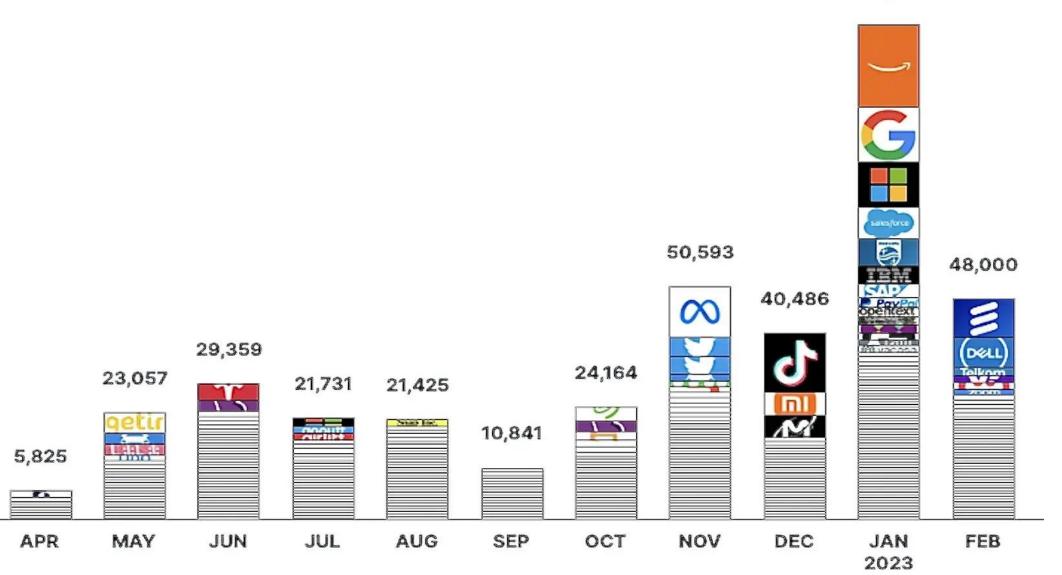
#### # of Tech Employees Let Go

as of March 7, 2023

## Layoffs at tech companies

(not necessarily tech workers)

108,080



## Are tech firms really firing their IT workers? No.

Headlines about 'tech' layoffs abound, but the reports can be misleading. While Big Tech companies may be letting workers go, the layoffs aren't dominated by IT talent firings. In fact, there are fewer IT workers than job openings — a lot fewer.





STAMFORD, Conn., January 30, 2023

#### Gartner Survey Shows 86% of CFOs Plan to Increase Employee Compensation in 2023, Despite Recession Fears

CFOs Plan to Remain Competitive in Tight Labor Market; Only 5% Plan Cuts to Compensation

#### Q: Do all of the layoffs in Big Tech mean the talent crunch is over?

**A:** The tech talent crunch is far from over. Current demand for tech talent greatly outstrips supply, which Gartner expects will be the case until at least 2026, based on forecast IT spend.

Contrary to what we're seeing in the headlines, many of those being impacted by layoffs are in business functions, rather than tech roles. Additionally, there are increasingly opportunities for IT jobs outside traditional tech companies, so it's important to look beyond just the tech provider community to truly grasp the state of the tech talent crunch.

Gartner research found that the companies behind the 10 largest layoffs in tech talent still employ over 150,000 more people in total than at the beginning of 2020.

• Since the year 2000, the US Population has gotten:

-Older or Younger?

• Since the year 2000, the US Population has gotten:

-Older by 3.4 years

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• This trend is:

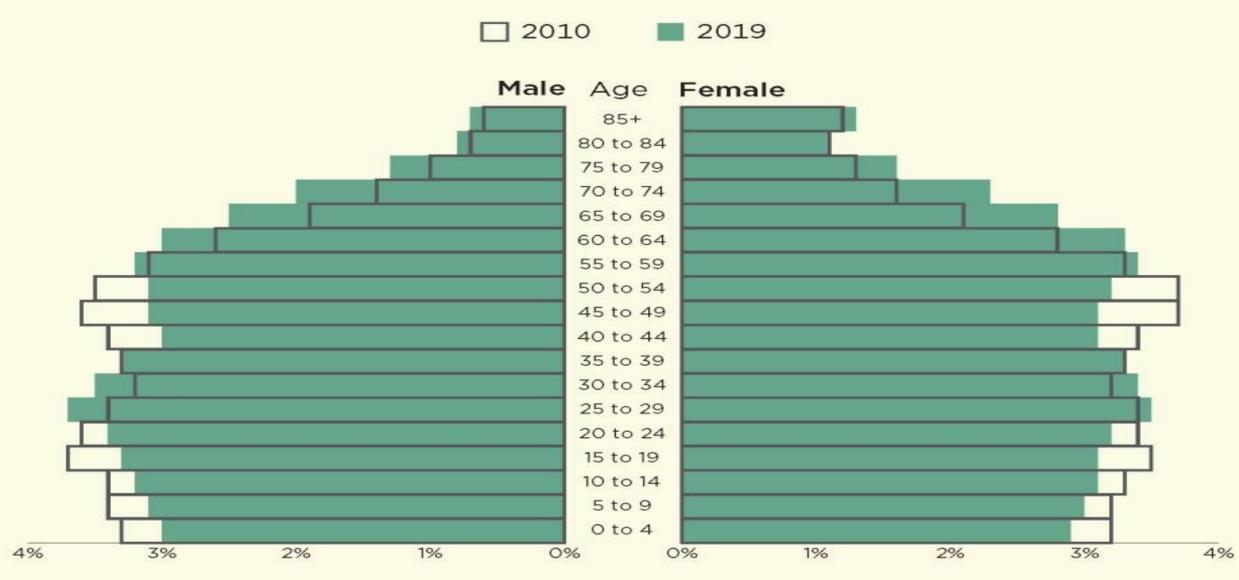
-Accelerating or Decelerating?

• Since the year 2000, the US Population has gotten:

```
-Older by 3.4 years
```

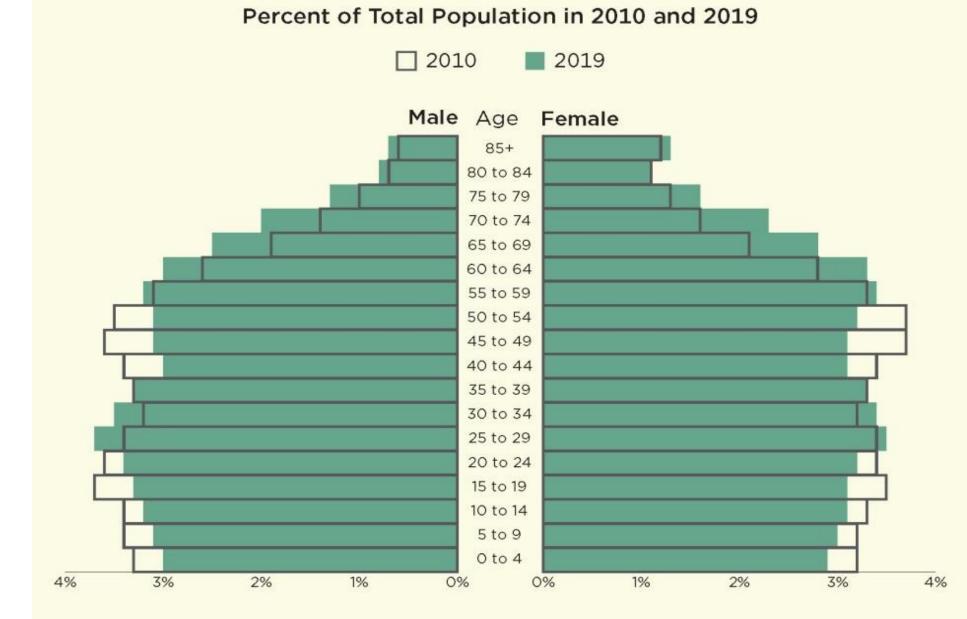
• This trend is:

-Accelerating (2021 was most rapid increase across the 21yr range)





U.S. Department of Commerce U.S. CENSUS BUREAU census.gov





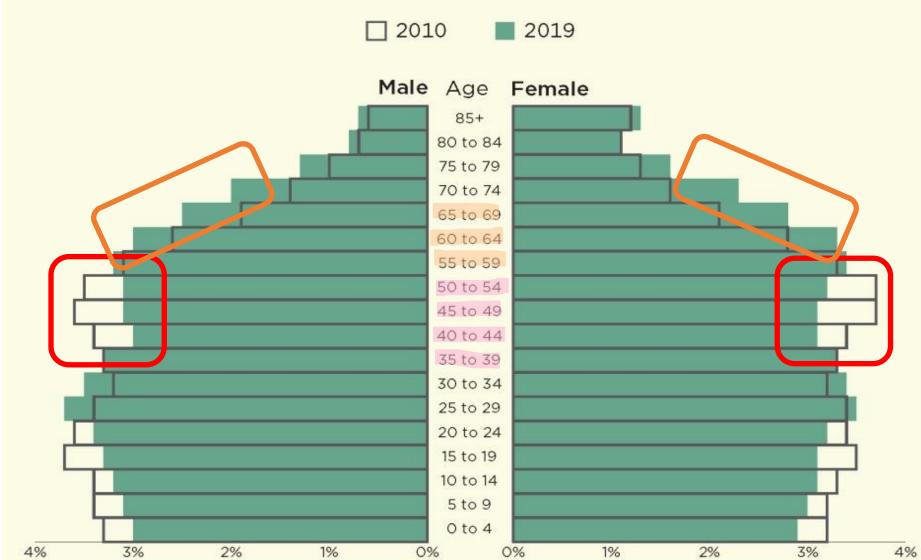
U.S. Department of Commerce U.S. CENSUS BUREAU census.gov



#### • <u>Senior Leaders</u> leaving the workforce



U.S. Department of Commerce U.S. CENSUS BUREAU census.gov



• <u>Senior Leaders</u> leaving the workforce

• <u>Next Leaders</u> large gap coming



U.S. Department of Commerce U.S. CENSUS BUREAU census.gov



• <u>Next Leaders</u> large gap coming

• <u>Millennial "Bump"</u> (brief) return to normal



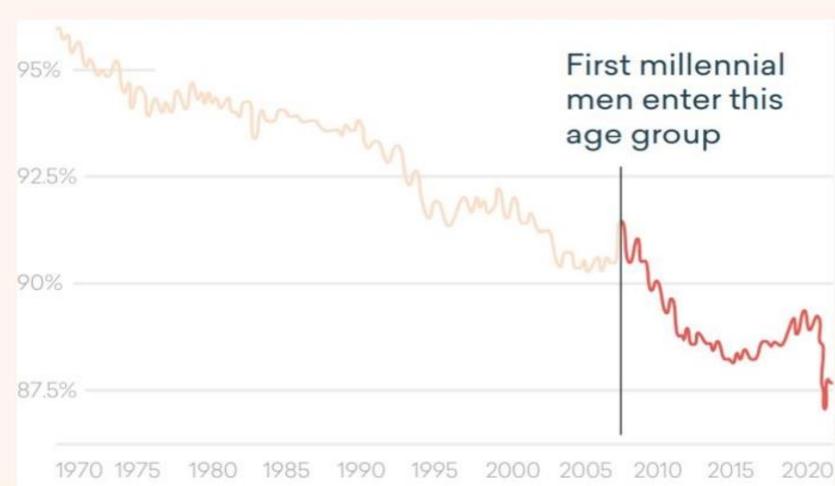


U.S. Department of Commerce U.S. CENSUS BUREAU census.gov

- More men 25-34 yo live with parents than with spouse
  - First time since 1880

- Leisure hours have increased
  - 75% of which are spent playing video and computer games
- Drugs are a big problem
  - Robbing nearly 1M prime-age men from the workforce every year

# LFPR for males ages 25-34 tanked as soon as millennials hit those ages



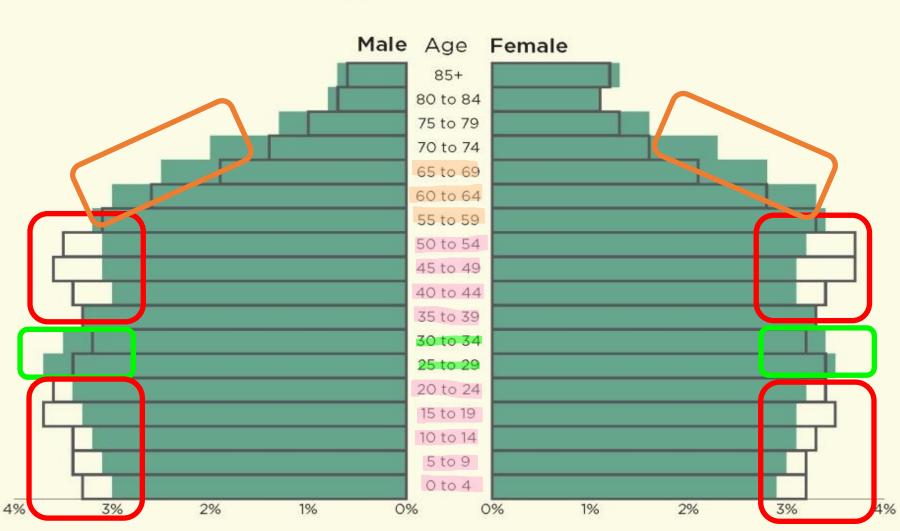
2019

2010



• <u>Next Leaders</u> large gap coming

- <u>Millennial "Bump"</u> (brief) return to normal
- Future Workforce shrinking reinforcements





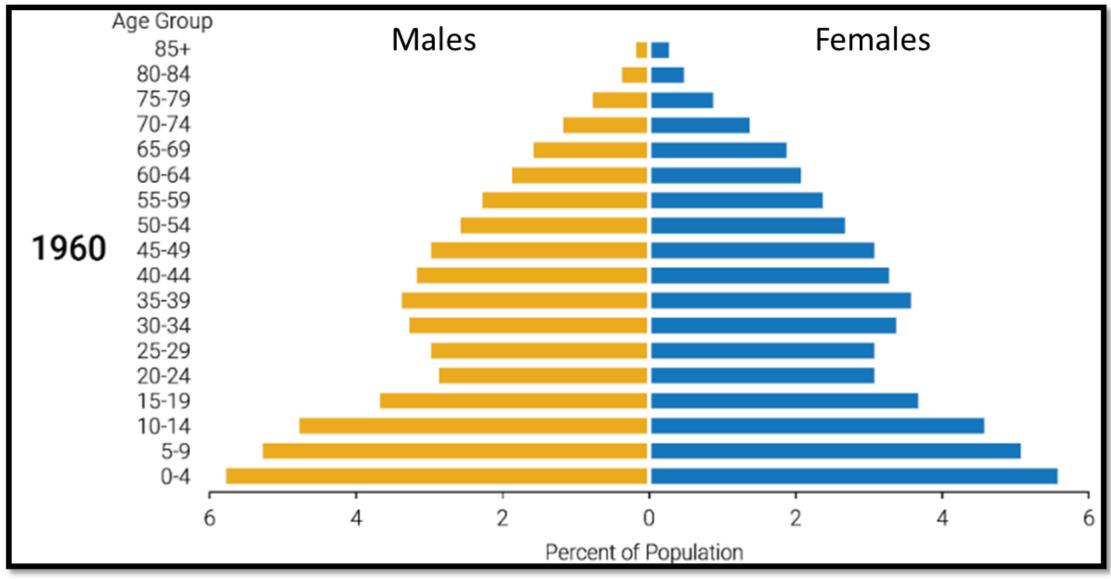
U.S. Department of Commerce U.S. CENSUS BUREAU census.gov

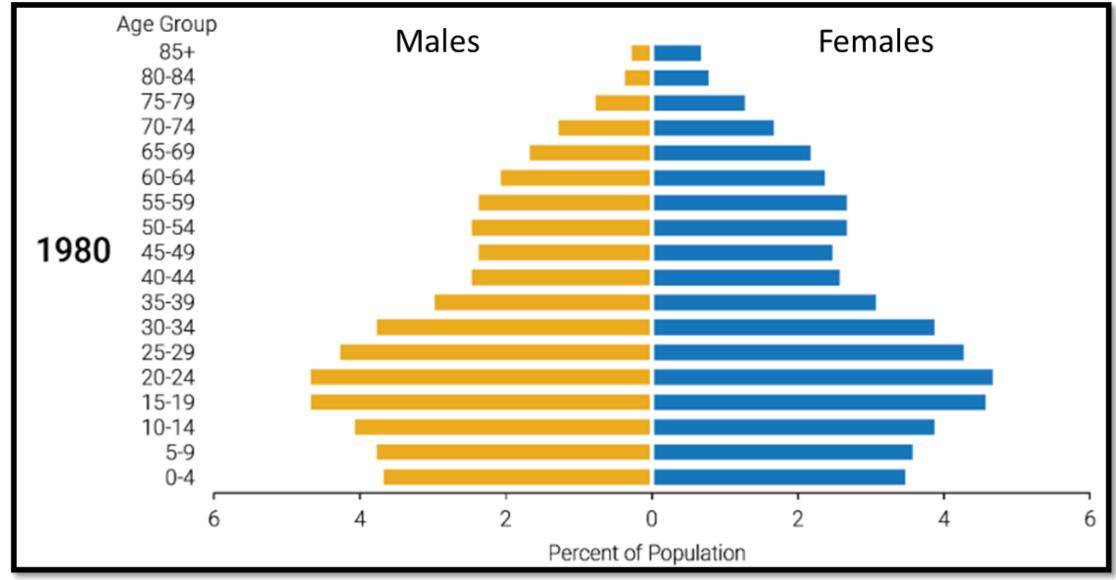
## • Pre-Pandemic Forecast of 2020 to 2029 (www.dol.gov)

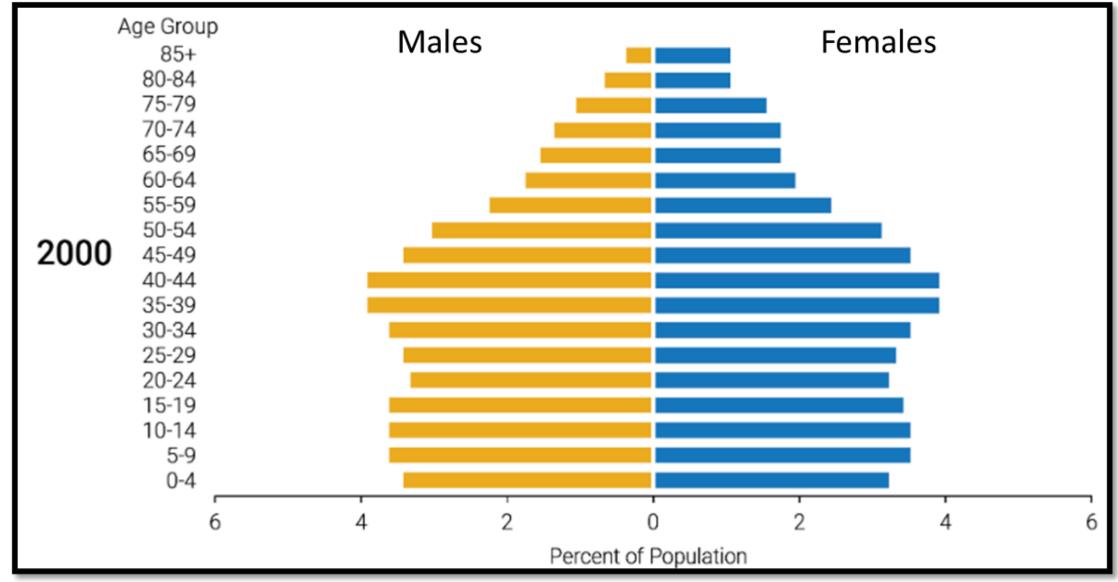
- Prime Age (25-54) <u>Male</u> Workforce Participation Rates to <u>decrease</u> by another 1.9%
- Prime Age (25-54) <u>Female</u> Workforce Participation Rates to <u>increase</u> by 3.8%
- but these are % of a decreasing total population in prime age demos

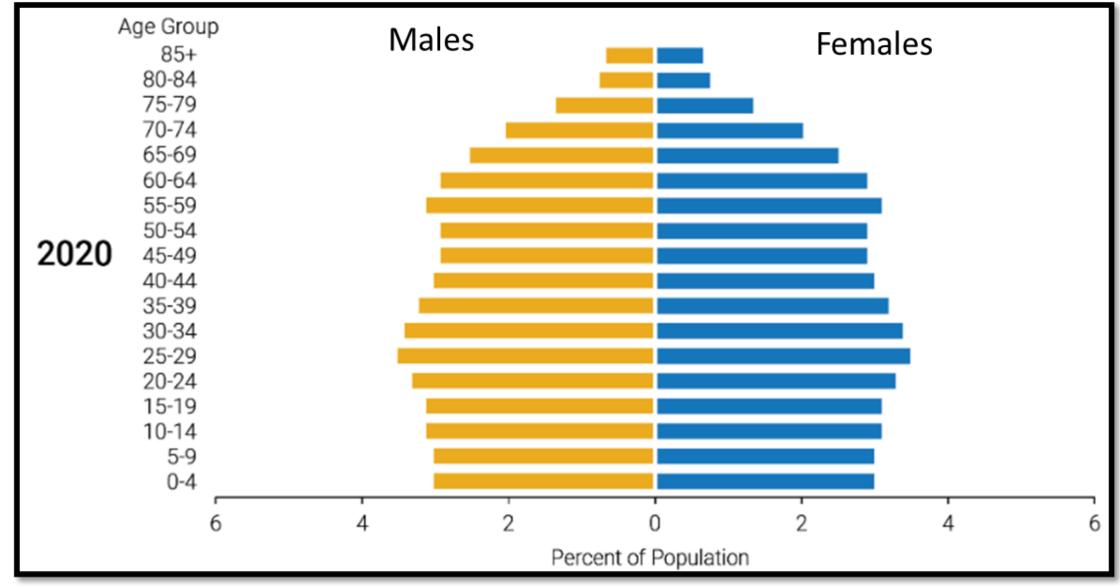
• 2.4M Women left workforce since Feb 2020

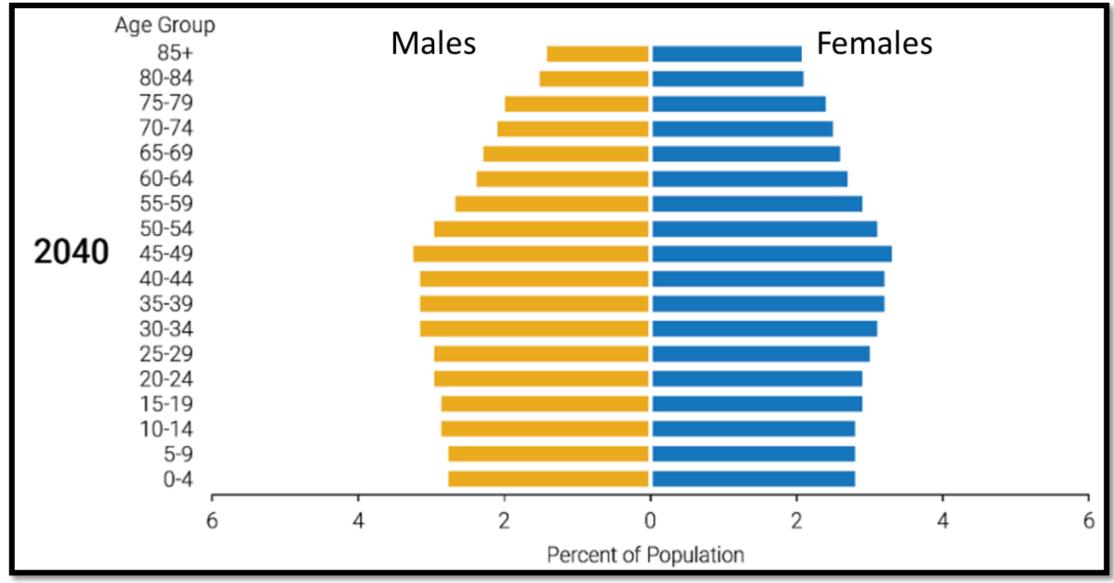
- Baby Boomers created incredible wealth
  - Millennials expected to inherit ~\$70 Trillion by 2030 from their parents











## **Mid- and Long-Term Outlook**

# this is the **BEST**

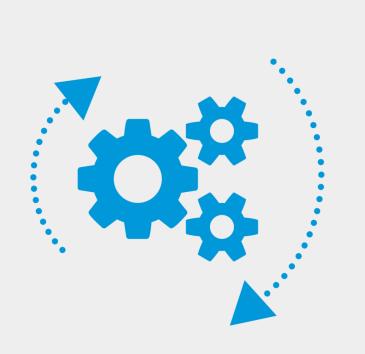
# it will ever be

(for the remainder of our careers)

## When You See a Another Employer

## Talking To Your Top Performer

## Process vs. People



Although Procurement is primarily about processes and procedures...

... a majority of time is spent interacting with people!



## Leadership Questions?



## How can you easily change others?

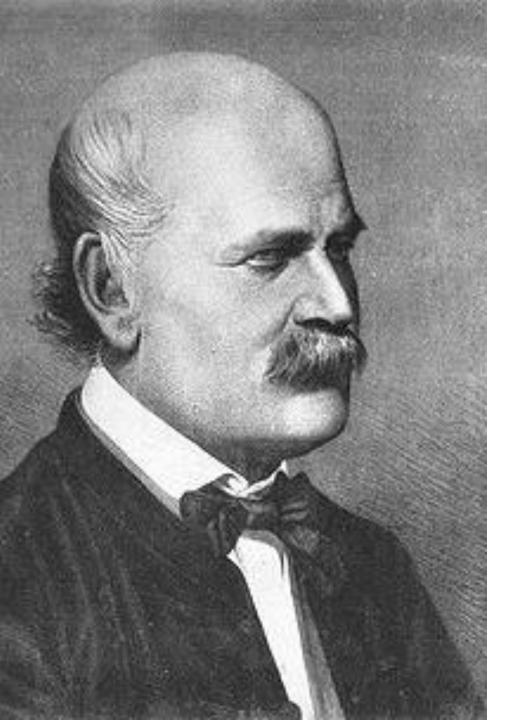


How can you easily control others?



Q: "How do you get some one to do the job you thought they were hired to do?"





## Ignaz Semmelweis



## Know Yourself / Know Others





## **Leadership Realities**

- People don't always listen even if your right & have data
- Everyone thinks they are doing the right thing
- You cannot easily control others
- You cannot easily change others



"People Skills" are among the most important attributes of effective Procurement & Supply Chain **Professionals** 





# Working with Internal User Groups



## Terminology

- Internal Team
- User Groups
- Business Units
- End Users
- Internal Clients
- Client Personnel
- And so on...

The <u>NON-PROCUREMENT</u> Members of the Client / Buyer Organization's Project Team



#### **Impacts of Client Personnel**

- 1. Client has never been involved in a procurement
- 2. Client has limited experience with this type of project/service
- 3. Client isn't sure what exactly they want
- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past





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Can Be Addressed Through Education & Toolkits



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Resistive Behaviors That Will Require Greater Attention



#### **Resistive Behaviors**

Most people are <u>not</u> intentionally trying to be difficult

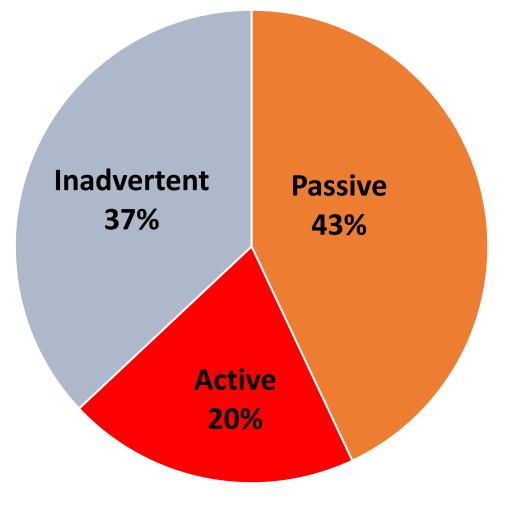
 Many are resistive due to fear of change or fear that the outcome of the project/service will impact their work personally.



## Simplar's Organizational Change Database

#### **Top 5 Resistance Behaviors**

- 1. Reversion
- 2. Reluctant Compliance
- 3. Arguing
- 4. Lack of Transparency
- 5. Delaying





#### Ask Yourself...

...Is the Client looking to sole source or pick a supplier just because they want to <u>increase the risk of a protest</u>?

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



#### Ask Yourself...

...Is the Client looking to sole source or pick a supplier just because they want to make your life more difficult?

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



Could it be because the Client doesn't think they have time to run a full RFP?

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



Could it be because the Client personally had a bad experience with Suppliers in the past, and doesn't want to get stuck with a low performing Supplier again

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



Could it be because the Client has personally invested a lot of time gathering information about products/suppliers and believes that they know what the best product/supplier is?

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



There are many "valid" reasons why the Client believes that they know best...

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
- 6. Client wants to pick a supplier that has worked for organization in the past



There are many "valid" reasons why the Client believes that they know best... but that is why the Purchasing Agent is so important to the Organization!

- 4. Client wants to sole-source
- 5. Client wants to pick a supplier that they know
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How Can Procurement Help?



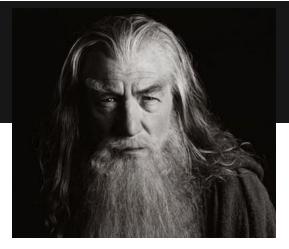
#### Four Wisdoms

1. Understand potential perceptions

2. Listen to what your customers are saying

3. Emphasize the importance of the project outcome

4. Act as a facilitator



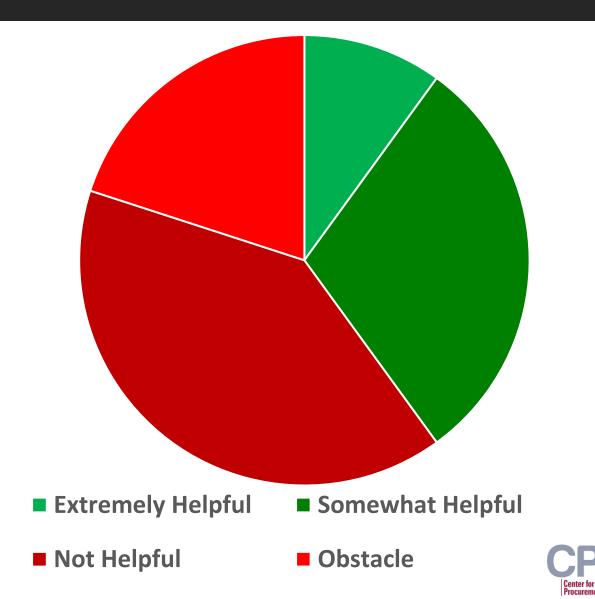


## Wisdom 1) Understand Potential Perceptions

#### **Research has shown:**

•40% view procurement as "helpful"

 60% view procurement as "not helpful" or "obstacle"



#### Why Do Some View "Procurement" As An Obstacle?

- Some think that procurement "slows things down"
- Some have had bad procurement experiences in the past.
- Most may not understand the true value that procurement can bring/add to <u>directly</u> improve their project results.
- Some view procurement as bureaucracy or a checkpoint they have to "get through" before they can "get back to the project"



## Wisdom 2) Listen To What They Are Saying

• Let the client share their thoughts, concerns, and current project information.

- Don't feel forced to answer a question that you are not 100% confident about.
  - It is OK to say:

–"<mark>Good question! Let me check with my team and get back to you soon</mark>"



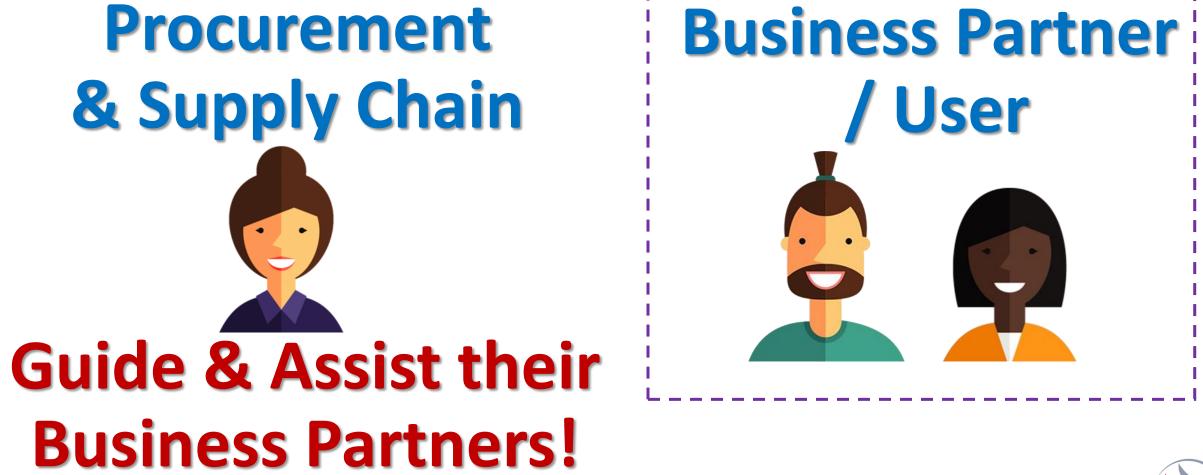
#### 3) Emphasize the importance of the Project Outcome

- Market Research
- Statement of Work
- Expert Vendor (Team)
- Opportunity for Innovation
- Price Competition
- Apples-to-Apples Comparisons
- Avoid Change Orders
- Etc.





## Wisdom 4) Act as a Facilitator





#### Wisdom 4) Act as a Facilitator

 Remember, for your Business Partners, the procurement process can be:

- -New
- -Unfamiliar
- -More complex than expected
- -Overwhelming
- -Disorienting
- -Etc.

A simple 30-60 minute "step-by-step walk-through" can help them understand that you have a plan to address their major concerns



#### Wisdom 4) Act as a Facilitator

Help them lay out their strategic plan & tactical schedule

- Don't just tell them "no" or "we can't do that"....
  ... Even if they are asking for something that can't be done!
  - -Suggest alternatives that can meet their objectives (and meet procurement policies)
  - -Remember, you are a problem solver!



#### Good Procurement Leadership Perspectives



## #1 Reality Checks

Just because something is written in a contract does not make it so



## #2 Alignment can be tricky

Do not assume the client can describe what they want or even knows what they really need



## #3 Creating Value

- Value can only be created through expertise
- Sourcing cannot create value, but can create an environment that:
  - Attracts Value Creators
  - Enable Value Creators to
    Differentiate Themselves
  - Leverages the Expertise of the Value Creators
  - Protects Value Creators
    - Good Cop / Bad Cop



## #4 The New Golden Rule

Treat people how they want to be treated

-Dr. Bill Badger



## #5 Captaincy and Accountability

You are the Captain of your ship, you control where it goes, who it sets port with, and you are accountable for your actions and inactions

-Dr. Bill Badger



## #6 Fast Future

#### Study the Future; it will be here faster than you think

-Dr. Bill Badger



#### Leader or Manager?

• What is the difference between a Leader and a Manager

#### Manager = someone you have to work for

#### Leader = someone you want to work for





# Introducing Human Dimensions



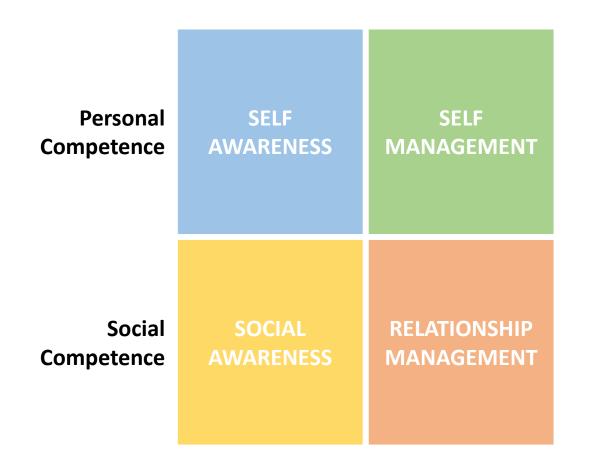
## **HEXACO Personality Inventory**

- Based on "Big Six" personality aptitudes and four sub facets each
- Each facet and sub facet is measured on a scale of 1 to 5
- Respondents indicate agreement or disagreement with various statements
- Developed by Ashton & Lee in the early 2000s
- Robust research background
- 60 questions

HONESTY-HUMILITY	EMOTIONALITY	EXTRAVERSION
Sincerity	Fearfulness	Social Self-Esteem
Fairness	Anxiety	Social Boldness
Greed Avoidance	Dependence	Sociability
Modesty	Sentimentality	Liveliness
AGREEABLENESS	CONSCIENTIOUSNESS	OPENNESS TO EXPERIENCE
AGREEABLENESS Forgivingness	CONSCIENTIOUSNESS Organization	OPENNESS TO EXPERIENCE Aesthetic Appreciation
Forgivingness	Organization	Aesthetic Appreciation



## **Emotional Intelligence**

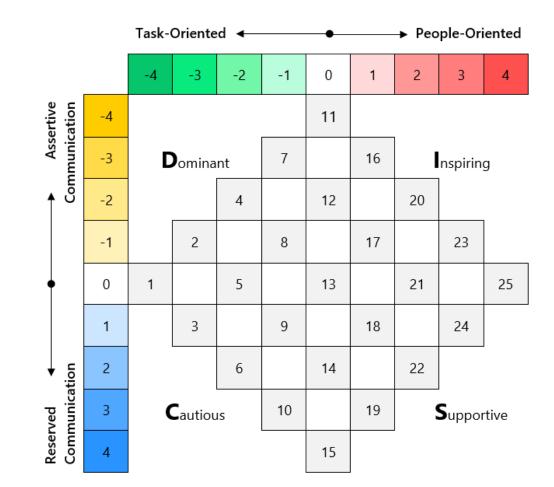


- Four primary skills under two main competencies: *personal competence* and *social competence*
- Measured on a scale of 1-100
- Overall Emotional Intelligence score computed from the scores of the primary skills.
- 28 questions
- Respondents indicate how often they demonstrate a behavior (never to always)
- Developed by Bradberry & Greaves



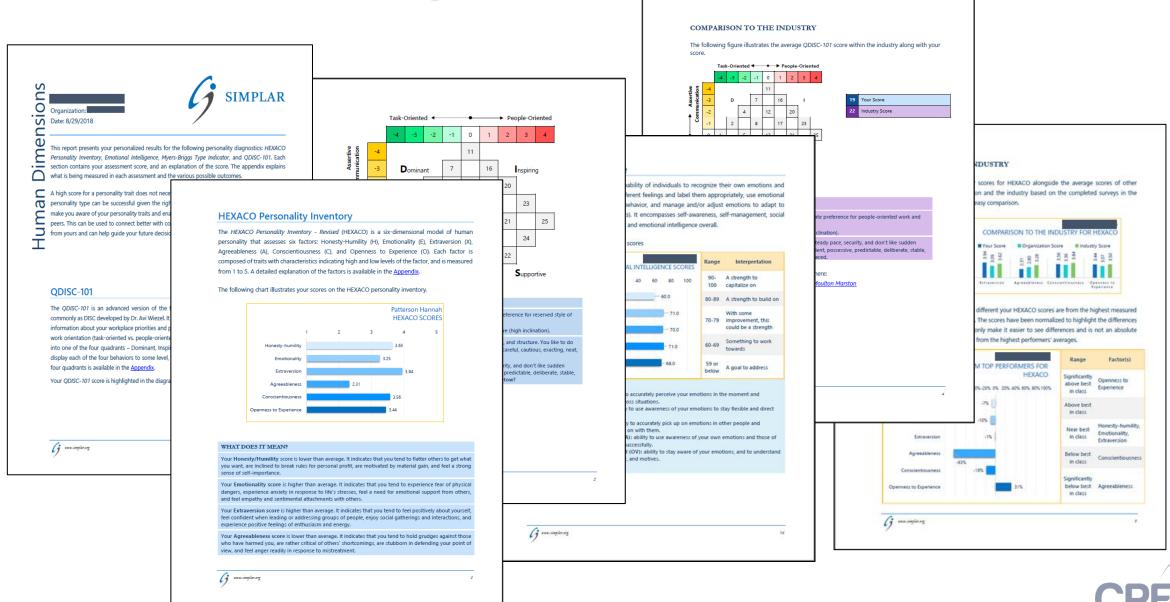
## **Behavioral Tendencies**

- Advanced version of the four-quadrant behavior diagnostic tool known commonly as DISC
- Provides insight into workplace priorities and preferences
- 48 questions
- People vs task orientation (-4 to 4)
- Reserved vs assertive communication (-4 to 4)
- Overall DISC (1 to 25)
- Respondents choose descriptions that are most/least like them :
  - Dominant
  - Cautious
  - Supportive
  - Inspiring





#### **Individualized Reports**



Procurement Excellence

# **Customized Individual Reports**

-	_

Individualized reports created for every respondent



Report provides a detailed insight into an individual's personality type



Each assessment illustrates how the individual's personality compares with organization & overall industry.



Information about how the individual compares against the procurement leadership in the industry is provided



# **Data Collection Efforts**



## **Ongoing Study of the Procurement Profession**







## **Ongoing Study of the Procurement Profession**

### The **259** procurement professionals comprise:

- •64 procurement leaders
  - -CPO
  - -CFO
  - -VP
  - **–Director**

## •195 procurement staff

- Buyer
- Contracts Manager, Specialist, Coord.
- Sourcing Manager, Analyst, Specialist
- + Senior & Assistant versions of above



## **Major Differences from Procurement Leaders**

### • Procurement leaders tend to have higher:

- Inquisitiveness (+16%)
- Social Boldness (+13%)
- Aesthetic Appreciation (+13%)
- Openness to experience (+11%)
- Procurement leaders tend to have lower:
  - Anxiety (-14%)
  - Patience (-13%)
  - People oriented (-45%)
  - Reserved Communication (-50%)



## **Major Differences from Client's Reps**

### • Client's Reps tend to have higher:

- Greed Avoidance (+15%)
- Social Boldness (+18%)
- Sociability (+17%)
- Extraversion (+12%)
- Unconventionality (+12%)

### • Client's Reps tend to have lower:

- Fearfulness (-23%)
- Dependence (-29%)
- Sentimentality(-25%)
- Emotionality (-23%)
- People Orientation (-44%)
- Reserved Communication (-50%)



# Free Webinar Series 3<sup>rd</sup> Thursdays every month @ 12pm Central

15-min Teaching Moment (learn a new tip, trick, or tool)

30-min Virtual Peer Group (network with professionals)

Office Hours (open Q&A until the questions run out!)







### **Previous Recordings Available Online!**



### center4procurement.org



the

Doctor

Home About CPE 🗸

Ask the RFP Doctor 👻 Certificatio

Teaching Moment Archive

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#### JOIN US FOR OUR NEW WEB SERIES

Interactive web series, "Ask of the RFP Doctor". In this first-of-its-kind virtual discussion, procurement experts provide practical advice in addressing today's purchasing, supply chain, and acquisition challenges. Here's how it works:

• **Teaching Moment (15 minutes):** the RFP Doctor will kick things off with a brief presentation targeted at a specific topic

• **CPE Virtual Peer Group (30 minutes):** next, we will split up into small groups and give attendees an opportunity to network with each other and have a discussion on a relevant topic. **Learn More** 

• Ask the RFP Doctor – Office Hours (15 minutes or until the questions run out!): we'll come back together for an open Q&A session. Have a challenging RFP ahead? Have a unique situation? Bring your questions and let's get it figured out!

### Third Thursdays of every month starting at 12:00pm Central

TEACHING MOMENT ARCHIVE VIDEOS

Previous Recordings Online!

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center4procurement.org



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center4procurement.org





eaching Moment Archive

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TEACHING MOMENT ARCHIVE VIDEOS

### **Register For Ask The RFP Doctor Event**

We will send you your personal admission credentials via email.

REGISTER NOW!

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Organization

Email

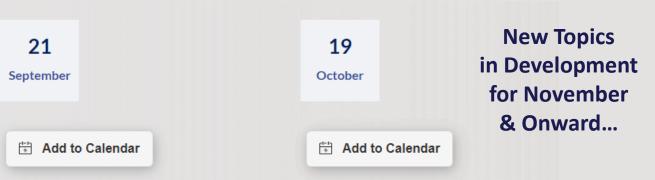


### ← Next Month!

Add to Calendar

### How to Handle Late Proposals

What do we do when vendors submit their proposals late? The answer may seem obvious, but we'll share several real scenarios that will challenge your procurement instincts!



#### Challenges of Minimum Qualifications

No one wants to waste their time evaluating a proposal from an unqualified firm, which is why many clients publish minimum qualifications. But min quals can be tricky to implement effectively!

#### Highly Qualified = More Expensive?

Do highly qualified proposals automatically come with a hefty price tag? Let's review a study which correlated cost vs. qualifications across more than 1,850 proposals.



# **Upcoming Topics!**

**Register at:** <u>center4procurement.org/rfp-doctor</u>



## **Upcoming Conferences We'll Be At!**

Group	Location	Date	Торіс
Mississippi Association of Governmental Purchasing and Property Agent (MAGPPA)	Jackson, MS	8/16	Practical Leadership Skills for Procurement Professionals
American Public Works Association Annual Conference	San Diego, CA	8/27 – 8/29	(1) High-Performing Teams in Technology Procurement, (2) Developing a Great SOW, 3) Drones & Roof Inspections, and 4) Enhancing Public Procurement Policy
California Association of Public Procurement Officials (CAPPO)	Pasadena, CA	8/30	Full-day Procurement Workshop
California Association of Public Procurement Officials (CAPPO)	Sacramento, CA	8/31	Full-day Procurement Workshop
Georgia NIGP	Decatur, GA	9/12 - 9/14	(1) The Practical Guide to Effective Supplier Evaluations, (2) Creating Win-Win Partnerships Between Procurement & Your Internal Customers, (3) Practical Leadership Skills for Procurement Professionals
International Facility Management Association	Denver, CO	9/27 – 9/29	Facility Benchmarking Best Practices
NAEP – TOAL Chapter	Rogers, AR	10/1 - 10/3	SOW Workshop, Buying IT, Procurement Leadership
Kentucky NIGP	Owensboro, KY	10/18 - 10/20	Statement of Work, High-Performing RFPs
Virginia NIGP	Virginia Beach, VA	11/14	Procurement Leadership
Rocky Mountain NIGP	Denver, CO	12/5	Statements of Work, Procurement Leadership

Center for Procurement Exceller

## **\*FREE\* Online Course!**





National Association of State Procurement Officials



### **Better RFPs = Better Projects**

- Session #1 = Organizing a High-Performing RFP
- Session #2 = Effective Statements of Work (SOWs)
- Session #3 = Evaluation Best Practices & RFP Admin
- Session #4 = RFP Ethics & Vendor Debriefings

### **Register via NASPO's Procurement U**

- Log on to the Procurement U Learning Management System (LMS) to register, access the course and materials.
  - www.naspo.org/procurement-u/
- Open to all (even non-members of NASPO)
- Limited to first 100 participants.



# **Reading List**

- John Maxwell (has several) 21 Irrefutable Laws of Leadership, 5 Levels of Leadership
- Covey Seven Habits of Highly Effective People
- Drucker (has several) Effective Executive
- Carnegie How to Win Friends and Influence People
- C. Terry Warner Bonds that Make Us Free
  - Leadership & Self Deception (Arbinger Institute)
- Kahnman Thinking Fast and Slow
- Rath/Conchie Strengths Based Leadership
- Harvard Business Review (On Leadership)
- Gordon Power of Positive Leadership
- Greene Laws of Power
- Clear Atomic Habits
- Goldratt The Goal
- Blanchard Servant Leadership (there are several but he is my fav)
- Heath Switch

(Compiled list: https://www.amazon.com/hz/wishlist/ls/2U439J076CDS8/ref=nav\_wishlist\_lists\_3)



# **Key Learning Points**

- Procurement Leaders are in the People Business
- RFP Success is dependent on Soft Skills (<u>Team</u> Leadership)
- Resistive Behavior is fairly common!
  - Usually <u>IS NOT</u> because of *nefarious* or *adversarial* reasons
  - Usually <u>IS</u> due to a lack of *experience*, *time*, or *sense of* value



 Procurement Agents who can navigate these realities are an important asset to the organization!!!

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