

PERSPECTIVE

INSIDE: DELIVERING SUSTAINABLE RESULTS
FOR A FIZZY DRINKS MANUFACTURER

THE STATE OF PURCHASING –
VIEWS OF INDUSTRY PROFESSIONALS

THE SUCCESS OF PMMS CLIENT SERVICES

Green Purchasing

PMMS Asia Pacific is embarking on a major research study in the Pearl River Delta in support of the Business Environment Council of Hong Kong. Elman Lam, a senior consultant in the AP business, explains the purpose of the research study and its objectives which are of major concern to sourcing directors as they look to increase the credibility and role of the function on the Corporate Social Responsibility (CSR) agenda.

'Sustainable Purchasing', 'Environmental Purchasing', or 'Green Purchasing' can be defined as the application of sustainable development principles to the purchasing of goods and services. The increasingly stringent regulatory requirements in relation to environmental protection, in particular the EU's Directives such as RoHS and WEEE* for the electrical and electronic products, have raised the attention of business managers and executives for action. In response, the pressure of making the supply chain greener is not only put onto those companies doing business with Europe but also in other major markets like the US and Japan, and in particular China, in which both major global sourcing and manufacturing take place.

For the purchasing profession, how can we make ourselves 'visible' or even adapt a leadership role in this growing green trend? How can we help the company and the community as a whole to ensure that the products and services we purchase are sufficiently green that future generations will benefit from a sustainable quality of life?

In partnership with the leading eco-institution in Hong Kong, the Business Environment Council (BEC) and the Hong Kong Branch of The Chartered Institute of Purchasing and Supply (CIPS), PMMS has been invited to work on a project called the "Green Purchasing Guideline for Hong Kong and the Pearl River Delta". Based on case studies, this Guideline will provide step-by-step guidance to those organisations in the region which are committed to embarking on the green purchasing journey, and to those who want to improve the way that green purchasing is currently done in their organisations, through benchmarking with others in the same or different industries. The Guideline will be the first document of such kind in the Hong Kong and the Pearl River Delta region.

From a diverse cross section of organisations, industries, and locations in the region, the project will target 13-15 case studies to illustrate how green purchasing can be carried out along the various stages of the purchasing process. The project will develop a framework and model of green purchasing that fulfils the unique conditions and requirements of the industries in the region and in particular how green purchasing can be done in a practical manner in China-based sourcing and manufacturing.

The Guideline will address the following questions in relation to green purchasing:

- Green purchasing in the context of CSR (or Corporate Responsibility as many now call it)
- Green purchasing – is it a fad or the future?
- How to take the first step in green purchasing
- How to integrate green purchasing into our existing purchasing process
- How do our suppliers play a part?
- Taking green purchasing as a change management initiative
- What is happening in green purchasing in Hong Kong and the Pearl River Delta area
- How unique is doing green purchasing in China?
- The future of green purchasing

PMMS will play a major role in the project as the purchasing and supply management professional helping to scope the project, in the development of a green purchasing framework and model, and in the design, implementation and consolidation of case studies. The project started in June 2006 and will finish by the first quarter of 2007. It will be supplemented with a series of workshops to introduce the Guideline to the interested companies and parties, as well as providing a platform where experience and practices can be shared and where a community of green purchasing can be created.

For more information, please contact Elman Lam, Senior Consultant of PMMA Asia Pacific at elmanlam@pmms.com.hk.

* RoHS stands for "The Restriction of the use of certain Hazardous Substances in electrical and electronic equipment", and WEEE stands for "Waste Electrical and Electronic Equipment".

Do you influence others within your organisation?

Do you want to learn about negotiation in an interactive and inspirational environment?

Do you want to develop brilliant negotiation skills?



BRILLIANT NEGOTIATING

Let NRI help develop the potential in you!

NRI, the negotiation and behavioural skills division of PMMS, is proud to launch a series of new open programmes which highlight one of our key learning methodologies within the training environment – performance. Our core messages are now highlighted through various demonstrations of negotiation techniques using film, sound and performance to support the learning.

One of NRI's key differentiators is that experienced practitioners of buying and selling are used to role-play and bring the experiential learning to life. NRI practices accelerated learning techniques, together with NLP and coaching skills, to embed the core competencies of negotiation within each of the programmes.

There are four pure negotiation skills' courses:

- one day "Introduction to the art of brilliant negotiation"
- two day "Practising the art of brilliant negotiation"
- two day theory based "Competent Negotiator"
- the highly intensive and stretching one day "Negotiation for Maximum Performance – a masterclass"

Supplementing these courses is our new one day course "Maximising people dynamics in negotiation" which focuses on developing an understanding of our own and others' values; developing an understanding of behaviour in negotiation; and developing an understanding of maximising our own personal impact in negotiation.

The new programmes are running in Manchester, London, Dublin and Birmingham and can be booked using our online booking system on: www.nri-group.com

PMMS Client Services

More and more of our corporate clients are using the services of our Client Services operations. This division offers a range of consultancy and administrative support options for clients who wish to outsource such services or who require resource for a short time period or specific project.

Service options are flexed to client need but current contracts include:

- training of over 2000 customers in a client's revamped IT system
- coordinating a major recruitment campaign in support of our Recruitment Services team

- managing a global people assessment initiative in support of our Skills Development operations
- production and management of feedbacks and personal development plans within a major transformation programme
- managing a client's procurement staff through a blended learning programme from multiple providers

All our Client Services staff are experienced professionals who offer a "can do" attitude as well as capability in six languages. Ask us if we can help you.

Current clients include BAA, Huntsman, National Grid, Achilles Information, Reckitt Benckiser and Royal Mail Group.

PMMS is playing its part within the Royal Mail's ambitious Procurement Transformation Project. Ninian Wilson, chief procurement director, says this transformation has three elements, the first of which is people, the reorganisation, development and training of staff. Via Client Services, we are coordinating the whole recruitment process, including interviews and assessments.

DELIVERING SUSTAINABLE RESULTS

A global carbonated soft drinks manufacturer tasked PMMS with reviewing its sourcing processes and bringing it up to world-class. We carried out a full benchmark across their many and varied activities in order to establish their capabilities, then agreed action plans and placed two consultants on an interim basis to deliver and embed the recommendations.

The full strength of the suite of PMMS Practices was utilised – consultancy, negotiation, skills development and recruitment, with tangible results being delivered:

- Recommendations made and implemented to delineate purchasing and supply chain responsibilities
- Sourcing methodology, tools and techniques developed and personnel trained
- Policies and procedures developed and implemented to manage Sarbanes-Oxley risk
- New performance measures developed and implemented
- Skills development analysis with competency based appraisal processes, new job descriptions issued and succession planning frameworks established
- Low value e-procurement card implemented for low value transactions
- Significant sourcing projects were implemented in transportation and print production delivering step improvement in performance and cost savings of 15-20%, including improving on-time delivery by a third, dramatically lowering print production lead times, and reducing customer service costs substantially



Building on previous success, we are holding another Strategic Purchasing Forum, with exciting speakers and attended by executive purchasing professionals.

Don't miss this great networking opportunity. Please register your intention to attend on michele.alston@pmms-group.com

THE STATE OF STRATEGIC PURCHASING

Could do better?



The aim of the last PMMS Strategic Purchasing Forum held in London was to create a stimulating environment in which to discuss key purchasing challenges facing purchasing and supply management, with expert speakers to encourage debate amongst an invited audience of high calibre decision makers from high performing organisations.

In a new report published recently, based on a questionnaire completed by delegates, PMMS concluded that whilst more organisations are talking about strategic purchasing and/or supply management, the findings suggest this may still be just talk. Despite lip service being paid to strategic initiatives, success still appeared to be measured by old fashioned financial savings. There was evidence of a distinct lack of robustness in strategic purchasing – organisations had not yet established vigorous strategic purchasing practices.

Over half the organisations represented considered that only a maximum of 40% of their external expenditure was subject to an effective purchasing process. It does not seem to be many years ago that purchasing's responsibility covered only raw materials and packaging ie direct external supply items. Is this changing more slowly than we have expected?

Findings suggest a very low level of understanding of low cost economy sourcing – variable at best. The majority of delegates did not understand the challenges from low cost emerging economies and, where understood, doubted the availability of professional purchasing capability to deal with it.

Opinion of professional capabilities was poor, with purchasers considering them to be only acceptable at best. Delegates described their purchasing teams in terms of 'room for improvement' and concern was voiced about the quality of candidates in the external recruitment market. Less people responded to the section about purchasing capability...were they uncomfortable commenting on colleagues?

E-procurement was considered not to have delivered the promised benefits. There may have been too much hype in the past few years with over-exaggerated claims or it could be that purchasers do not actually understand

enough to implement 'e' practices.

Sufficient benefits were not yet being derived from supplier relationship management. The quality and quantity of SRM initiatives was considered poor. The lack of structured supplier attitude in the last three years would imply that the industry is again just paying lip service about building relationships with suppliers – the factors most used in delivering SRM all show underperformance. Control over suppliers is not robust and delegates admitted that they did not subject their supply base to a regular structured supplier attitude review.

When discussing some of the more recent processes such as offshoring activities, only a minority of delegates offered opinions. Does this imply that skills in such areas are low, is there not enough experience or perhaps a lack of specific training in these areas, or are they considered a fad?

Whilst respondents voiced concern over mission and vision statements, in practice there was relatively little importance attached to their communication. Delegates were not yet convinced of the need for clean SOX.

The final comment of the report says that it would appear that despite significant investment in the profession by large scale organisations over the last 15-20 years, there are still critical gaps in the capability of purchasers to enable them to rise to the professional challenges they face.

Co-author of the report, director Neil Wright, says "this is an issue of leadership. We are well aware of the kind of challenges to which we must rise. However, we appear still to be trapped in the performance criteria of the past. These results demonstrate the requirement for our purchasing leaders to re-invigorate the message of the profession to senior stakeholders and demonstrate the added value and effect which external resource management can deliver at operational and strategic levels."

PMMS intends to revisit these issues at a future date and measure the degree to which our purchasing leaders can rise to the challenges. Please ask for a copy of the findings.

CIPS ACCREDITATION

PMMS has strengthened its relationship with CIPS having now been awarded the contract to support CIPS in the assessment of the policies and procedures of any organisation.

Certification is the CIPS standard of excellence for an organisation's purchasing policies and procedures. The standard is a benchmark of recognised good practices that organisations can

compare themselves with. The attainment of the standard is a recognition by CIPS that an organisation is operating at a level of recognised good practice thereby taking care of Corporate Governance, Risk Management and Professional Practices. It is also a demonstration that the client organisation is progressive and embraces continual improvement.

PMMS now has six colleagues either licensed or in the process of becoming licensed to audit CIPS client organisations. The process of audit is evidence based and so we look in detail at how policies, procedures and guidelines are structured and assess these against a tough benchmark from CIPS. Once the audits have been completed there is a feedback review with the client organisation that

then has to provide proof that they have updated their documentation to the requisite standard. Once the standard has been attained, a proposal is made to the CIPS Accreditation Board who are the final decision makers.

To date we have audited fourteen organisations. If you require any further information, please contact Mark Henderson.



UPGRADING SKILLS

Internally & externally

Being a global organisation, PMMS likes to practice what we preach and share best practice...between our offices as well as with clients! Our integrated seven stage Purchasing Skills Development Process has proved very successful with clients in Europe over the last few years, using proven methodology which results in impressive upgrading of skills and capabilities.

The latest developments and updates for our global best practice training programmes were amongst several items for discussion when members of the PMMS Asia Pacific team joined a two day briefing session with UK Director Neil Wright.

Asia Product Update session, from left:



Graham Rice (MD PMMS SE Asia), Elman Lam (AP Skills Assessment practice based in HK), Sammy Chow (Procurement Development practice based in HK), Yin Wah Kok (Client Services Manager based in KL), Neil Wright (Director of PMMS Global Training practice based in the UK), Dannie Yung (Contract Management practice based in HK), Ramon Archer (Procurement Finance facilitation), Malcolm Andrews (MD Asia Pacific) and AS Gill (senior consultant based in KL).

ROUND UP

Cybercrime

Your security will be breached – it is just a case of when!
Here is a word of warning from Paul Abbiati, our legal expert, on getting rid of information on old, disused computers.

Paul has been commissioned by Wolters-Kluwer publishing group to write on the increasing threat to all of us from cybercrime, for example identity theft. Paul's articles have included how a BBC investigation discovered details of online bank accounts on recycled PCs sent from the UK to Africa, stressing the need for organisations to ensure hard drives are wiped before they dispose of old IT equipment.

The investigation screened on BBC TV in August found bank account details belonging to thousands of Britons were being sold in West Africa for less than £20 each after the data was recovered from hard drives found in PCs sent to Africa from the UK. Reporters discovered that many of the PCs for sale in Nigeria came from UK council recycling points. While most of the data compromised was from personal PCs, it is possible business PCs were also affected.

IT asset disposal experts said the revelations were a reminder to organisations that they should work with certified IT disposal firms and should audit their partners to ensure they follow best practices for wiping business data from end-of-life machines. They added that the best disposal firms prove, audit and certify that data is wiped and all of it will be destroyed. Some offer guarantees of £2m that they will destroy all the data. Organisations should follow the the latest UK government approved Infosec standard for data erasure.

Electronic Signatures

Paul Abbiati comments on a recent court case (Mehta v J Pereira Fernandes SA) surrounding whether a typed name on an e-mail was deemed to be a binding signature. For an e-mail to be legally binding under English law, the party's name must be typed into the body of the e-mail (even initials or a pseudonym might be enough), in order to give, and with the intention of giving, authenticity to it, satisfying the signature requirements of the Statute of Frauds.

Paul recommends that purchasers should use, when they are required to, one of the many types of acceptable electronic signatures used in business every day:

- A name typed onto an electronic document, eg on an e-mail.
- A biodynamic version of a manuscript signature. This is a digital version of the manuscript signature created by using a special pen and pad. The signature is then reproduced on the computer screen.
- A manuscript signature that has been scanned. Manuscript signatures can be scanned onto the computer and then converted into digital format. The digital version can then be attached to an electronic document.

Supply Management Contributions

David Pomfret reviewed 'Smartsourcing' by Thomas Koulopoulos and Tom Roloff for Supply Management in 7 September issue. David found it a thought-provoking book, addressing issues on how to be successful in our innovation-led global economy.

Richard May, MD of PMMS Asia Pacific, wrote the cover issue for 5 October issue on 'Asia specific'. It makes a really interesting read on the pros and cons of working in the region, with tips on what you should – and shouldn't – do!

Richard also wrote an article appearing in a sister publication, CPO Agenda, in the Autumn issue, entitled 'Raw Nerve'. If faced with supplier demands for raw material price rises, Richard advocated having the guts to respond in a strategic manner.

On the Law Update page in 16 November issue, Paul Abbiati examined cartel activity and the implications for procurement after recent alleged fuel surcharge price-fixing by airlines.

PMMS consultant Terry Jones is lead tutor on the CIPS training for 60 M&S buyers to gain MCIPS through a corporate award programme delivered in-house – story and photo in 16 November issue.

AROUND THE WORLD



The depths of Russia...

Ian Paterson and Alan Holder held an Advanced Negotiation course for the Sakhalin Energy Investment Group in Sakhalin Island, Far Eastern Russia. Ian was also invited to be a main speaker at the local Rotary meeting and was then interviewed by Russian television.

Far left Alan Holder and Ian Paterson (with badges) in Russia with delegates from the Sakhalin Energy Investment Group

Left Ian interviewed by Russian television