



ADAPTING THE WAY WE SOURCE IN A CHANGING WORLD

NIRANJAN SESHADRI
EXECUTIVE ADVISOR TO THE MANAGEMENT, MAHLE
Purchasing conference- Zagreb, Croatia

Overview

- Who is Niranjana?
- What has changed?
- How can we adapt?
- Conclusion

WHO IS NIRANJAN?

- 15+ YEARS EXPERIENCE IN SALES AND PURCHASING
- LIVED IN 7 COUNTRIES
- WORKED WITH MAJOR OEMs
- FORMER CPO AT AKRAPOVIC

Things have changed... in the world and in our lives

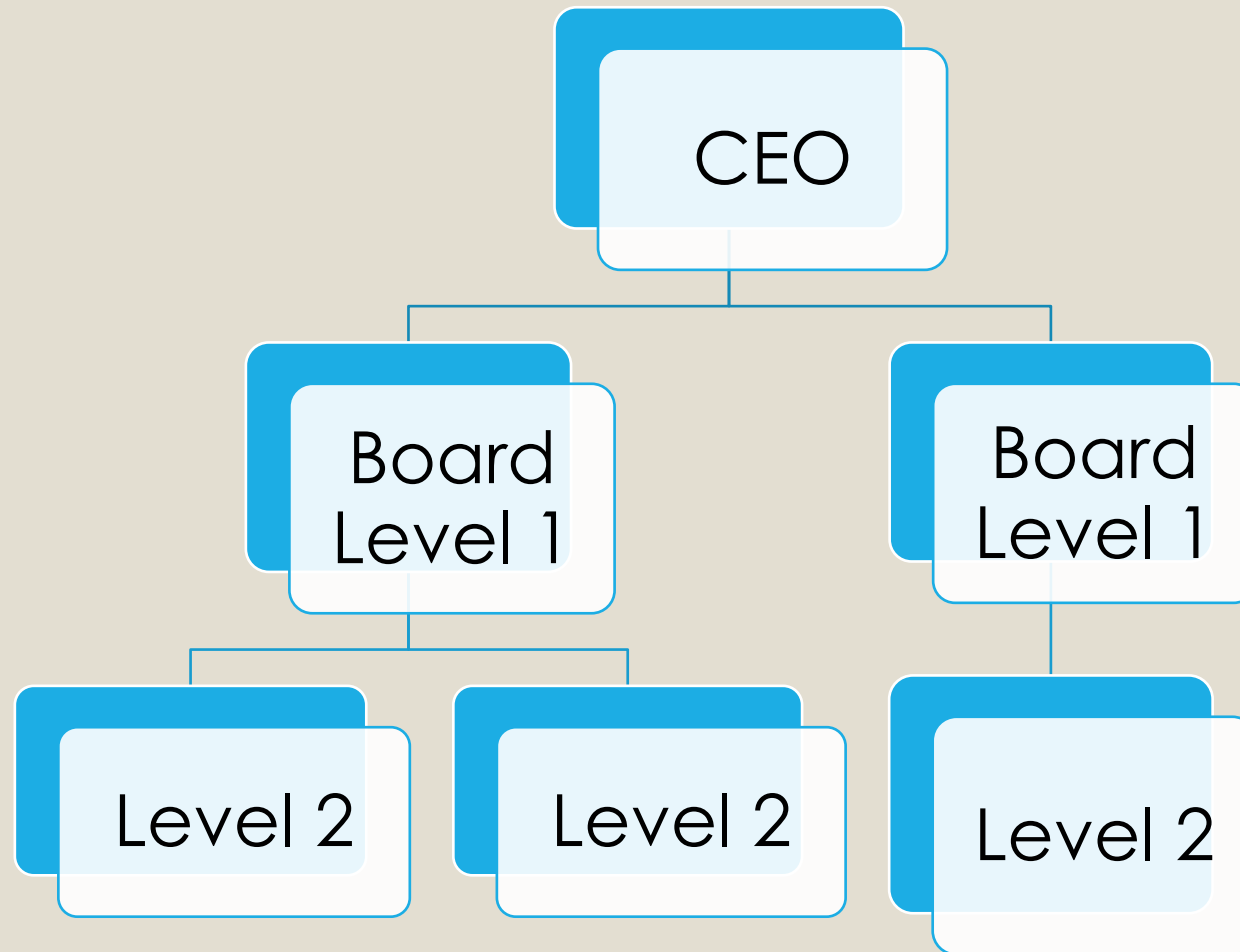
- COVID-19
- Geopolitical issues and conflicts
- Natural disasters (Earthquakes, Floods, Hurricanes etc. impacting certain areas)
- Generational changes and mindsets
- Climate & Environmental impact
- Technological changes
- Economic and Governmental policy changes

AND AS A RESULT....

- THE WORLD OF PROCUREMENT HAS CHANGED

How do we adapt to these
changes?

Where is Purchasing in your organization today?



Are we still using the same KPIs in purchasing?



Photo source: Shutterstock

Those KPIs may....

- Not be (as) relevant
- Be misleading
- Be dangerous
- Not take into account new developments
- Need to be updated to deal with the new situation

How do we adapt our KPIs?

- The famous Cost Saving KPI- Is there a new '0'?
- Did we modify KPIs to ensure deliveries were made on time to us?
- Did we have a common KPI(s) in the organization to ensure goals were achieved?
- What about things that KPIs cannot cover?
- Order of importance may need prioritization
- Changing the way we incentivize?

Adapting how we hire?

Traits of the upcoming and future purchasers

- They are the future consumers, employees and purchasers!
- Their time horizon is different from ours: Targets in 2035/2045/2050 and being responsible about this.
- They are extremely direct
- Their dependence on technology is more

Choosing candidates?

- How are we selecting and interviewing candidates?
- Do we shortlist or outsource the shortlisting process?
- Questions we ask in an interview?
- How quickly do we get back to candidates?

Cost Optimization vs Risk Management

Case Study Question

A can of soda has a fixed price and is a monopoly supplier. We need that can of soda. Negotiate a good for the company.

Possible Alternatives...

1. Longer Payment Terms
2. Improved Delivery conditions (Eg: DAP instead of EXW)
3. Increased Frequency of deliveries
4. Implementing consignment stock
5. Air transport/Express transport for last minute orders
6. **Penalty fee** incase of delay
7. Free quantities end of the year incase target reached
8. Training of our employees on latest technology
9. Long-Term Agreement **protecting** pricing and quantities for future
10. First Right of Refusal
11. Lower lead time
12. Shorter cancellation period of orders
13. **Exclusivity** to deliver to us
14. Setting up production near us
15. Being our development partner

Purchasing Strategy: Transition from Reactive to Proactive

COVID-19: INFLATION



Photo source: Stanford University

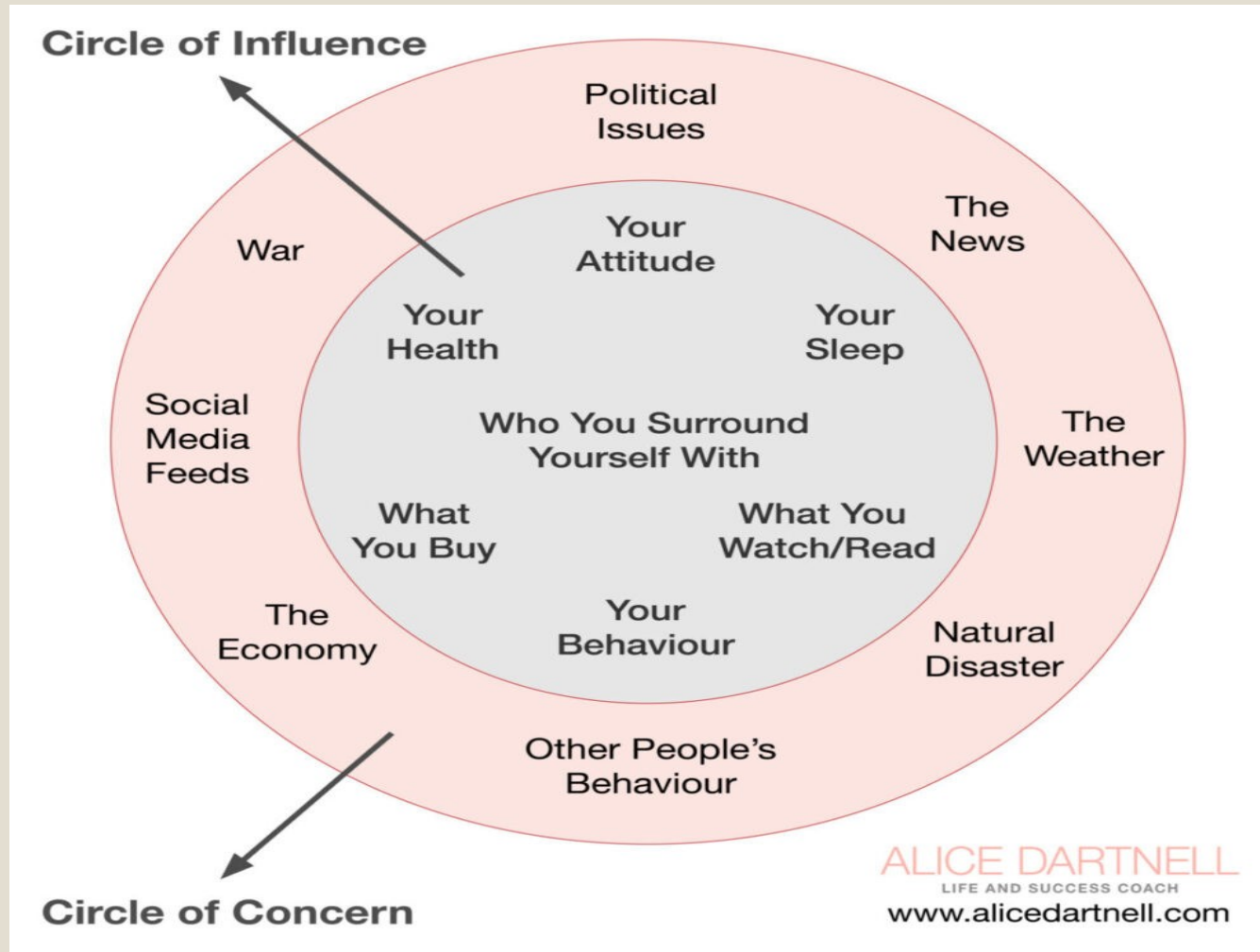
Proactiveness and Geopolitical challenges

We are all facing the same issues (level-playing field)*

But do others see the issues the same way we do?

Are we informed? Have we made a scenario analysis of "what if"

Circle of Influence vs Circle of Concern



How would we react on the procurement side to:

- An Asian Conflict?
- Another recession like the great depression/financial crisis
- Health scare- a pandemic, famine, drought

Climate Change and Procurement

- Are we walking the talk?
- Willingness to pay?
- What is our real strategy? Do we even have one?
- 20XX Carbon Neutral Strategy: Just to sound good and/or buy time or do we mean it?

Internal Communication and the Role of Procurement

- Are we good salespersons internally?- (almost) everyone inside the company is our customer...
- Are we showing the benefits of a solution to others and aligning interests rather than just focusing on cost savings?
- Do we have both executors and "out of the box thinkers"?

Training and Education

- Are we simply “outsourcing” training as a company or are procurement leaders involved in the training itself?
- Is the training relevant to our business?
- Case study

Conclusion

- Being Proactive vs Reactive
- Adapting and aligning KPIs to the situation
- Preparing scenarios so that when something happens, we are focused purely on implementation and execution
- We are all competing with each other
- Changing the way we hire?- the new generation thinks differently
- Case Study Analysis of others- motivating the team and making them think

Contact details

Niranjan Seshadri

Executive Advisor and Consultant

Email: niranjan.seshadri@gmail.com

Linkedin: <https://www.linkedin.com/in/niranjanseshadri/>

Disclaimer: Thoughts, views and perspectives shared during the live event and in this presentation are of the speaker and are not representative of any of the current or past employers or clients of the speaker or otherwise. The presentation was made purely to understand the speaker's perspective on various topics and should not be used otherwise.