

THREE WAYS TO HAVE HUMAN RESOURCES WORK WITH PROCUREMENT

By Sherry Knight, President and CEO, Dimension 11 Ltd.

The government is notorious for having all things human resource-related go through their procurement department. And it's not just the government; often big businesses are in this same situation. Sometimes departments don't get what they need, then, because procurement looks after the \$\$\$\$ while Human Resources is more concerned about the people. It's all procurement's fault, right?

Not exactly! Traditional procurement, maybe, has evolved to a strategic sourcing organization. Procurement looked at human resources and believed they only take from the

bottom line because they are not strategic. And in the past, this may have been true.

Today, on the other hand, procurement's purpose is primarily on the operations side of things – they source and they review the invoice to pay it; they also recognize they are part of a strategic sourcing organization. Human Resources professionals see their job as sourcing professionals who handle high-value, high-risk, high-reward and highly complex types of purchases. Procurement and human resources are collaborating and strategizing to bring greater value to the organization. Together, they must generate efficiencies to build this kind of value-driven working relationship.

Procurement departments and Human Resources departments must each have a strong foundation and a mutual understanding and respect for one another's competencies. How do you get this? By collaborating on projects to be sure!

Here's what to do:

LEARN

- **Give HR** knowledge about how procurement/supply chain management is handled – if procurement shows insights to logistics, purchasing or manufacturing, HR can do a better job of providing a process that works for both departments.
- **Show Procurement** the key elements of hiring – if HR does this then procurement can better understand the nuances and ensure the right organization is hired to assist HR.

BUILD RELATIONSHIPS

- **Trust** each other's department – each department must know the objective of the other in order to meet the business goal.



- **Speak the same language** – speaking in your department slang and abbreviations will drive the other department crazy – keep it simple and learn how to communicate.

RECOGNIZE VALUE

- **Realize value is the goal** – if you are in procurement and you think its cost savings, you'll fail to realize HR is the purchase of a service and isn't returnable, and you will not be able to build a relationship.
- **Realize HR is strategic** – if you can't recognize HR as providing a very strong supporting role then you will fail to identify the skills needed to bring you great procurement people.

In 2010, MIT's Centre for Transportation and Logistics published a white paper on the crisis in the supply chain's skill shortage. In 2012, they updated this: HR needs to be part of the process to ensure the right fit within the organization, as well as long-term performance.

Philip Wood, Executive Director of Sales at insurer, Health Shield, told *HR Magazine* as much as 85 per cent of his business comes, not directly through meeting clients HR directors or managers, but through their procurement department. Thus, it is essential to have your HR

department aligned with the Procurement department. This will, in the end, lead to cost efficiencies due to a consistent approach.

Supply Chain Management have often viewed themselves as "second cousins"; think how much stronger they might be with a Human Resources connection. By understanding the values of cost savings and putting the right person in the right job at the right time, you can be a winner!

Start today. Build a relationship with HR and guide them in being open to ideas and recommendations for great human resources within your company. Your CEO will love you for it!

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