

The Rise and Rise of Professional Procurement

Many AANA members working in corporate marketing departments will have noticed the inexorable rise of professional procurement. In the national Census in August 2011 it was the fastest growing profession in Australia – and probably throughout the business world as well.

It's not surprising then that a need to talk about an increasing procurement focus on marketing expenditure has been raised by AANA members.



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To this brief, the AANA together with Strategic Partner Trinity P3 has convened a new Forum to facilitate the exchange of views, practices and information through discussions and debate and knowledge sharing around common marketing procurement practice.

It is fairly typical to find most major companies spend between 30–70% of their revenues on third party goods and services – on their suppliers. Shaving just a few percentage points off this aggregate expenditure can save millions on the bottom line. If strategically managed for companies operating in mature industries it can also contribute to increasing market capitalisation more quickly than revenue growth.

Procurement is questioning the return on large marketing budgets and the sometimes sloppy process through which that spend is deployed into the market. As a vast area of investment for many companies, who have long wondered aloud at its effectiveness, the marketing budget is being brought to account. At least that's the thinking of the CEO or CFOs that unleash the procurement professionals.

But there are other goals as well. More and more organisations are recognising not just the potential value to be extracted from the supply side, but are also seeking to manage what (since the GFC) has become one of the biggest issues in business – risk.

Procurement has emerged as a channel through which companies can manage risk – not just at a financial level, but at a reputational level, for example, the risk of sourcing from suppliers in third world countries. The peak body for procurement in Australia, CIPSA, published a list of the EIGHT 'strategic' benefits of professional procurement input:

1. A certain cost base
2. Secured supply lines, with improved time to serve
3. Responsible & sustainable supply solutions
4. Goals aligned with policy
5. Driving beyond compliance
6. Brand reputation protected
7. Added value commercially
8. Competitive advantage



Increasingly, CMOs will find it more and more difficult to quarantine their budgets from the advances of professional procurement efforts because they represent the interests of the organisation, its governance, the consumer and the supply chain. It is a powerful set of stakeholders.

The AANA Marketing Procurement Forum will meet for the first time later this year and we look forward to sharing with you developments, the debate, best practice and initiatives as they form.

Written by Jonathan Dutton, FCIM FCIPS, Chairman of Trinity P3 and former managing director of the procurement peak body CIPSA.