
Preface

In 2005 Robert A. Rudzki led an effort that resulted in a book titled *Straight to the Bottom Line*[®]—*An Executive's Roadmap to World Class Supply Management*. This book argued persuasively that the actions taken by progressive supply organizations will work their way, as the title suggests, straight to the bottom line. This book was immediately embraced by practitioners as they pushed forward into a brave, new, and oftentimes uncharted world. The book continues to sell well as more and more supply leaders recognize the need for their procurement groups to become strategic contributors. After *Straight to the Bottom Line*[®] Bob Rudzki authored two more books—*On Demand Supply Management: World Class Strategies, Practices and Technology* and the general leadership book *Beat the Odds: Avoid Corporate Death and Build a Resilient Enterprise*.

About a year after the introduction of *Straight to the Bottom Line*[®], Robert Trent introduced a book titled *Strategic Supply Management—Creating the Next Source of Competitive Advantage*. This book detailed what purchasing groups needed to do to become strategic supply management organizations. He then published two more books—*End-to-End Lean Management: A Guide to Complete Supply Chain Improvement* and *Managing Global Supply and Risk: Best Practices, Concepts, and Strategies*.

These six books provide a solid picture of what procurement and supply organizations (as well as supply chain organizations) should look like today. The problem comes whenever we use the word “today.” The word becomes obsolete as another word called “tomorrow” replaces it. Soon, a whole bunch of tomorrows come and go, so much so that it eventually becomes time to define the next level of knowledge and understanding. And that is exactly what we do here. Welcome to the next level of supply management excellence.

What is Unique About this Book?

A number of unique themes and features underlie this book. They combine to create a final product that we think differentiates itself from other procurement and supply management resources. These themes and features include the concept of the next level; a focus on leadership and transformation; a set of new and expanded topics; the inevitable merger between supply management and finance; and the power of collective wisdom.

Defining the Next-level

This book is about something we have termed the “next level.” Every discipline has a body of knowledge that defines what we know or what defines excellence today. This knowledge changes, sometimes dramatically, as we discover new and better ways of doing things. Today’s standard of excellence becomes tomorrow’s average performance. If knowledge does not advance the inevitable result is stagnant economic growth and lower standards of living.

Next-level supply organizations have the capability to look at where they have been, understand the current state of knowledge, and project what they need to do to be successful over the next five years. They can visualize what that next level of knowledge and expertise looks like. It was not that long ago when supply base reduction and crafting longer-term supply agreements, for example, were new, exciting, and even a bit frightening to most supply managers. Now, these practices barely elicit a yawn. But what comes after that? And instead of a strict focus on material cost reductions, why not think about revenue enhancement and better management of capital projects? Instead of thinking about direct materials, why not think about how to manage every good and service that an organization requires? As supply organizations take a broader view of their domain, entirely new areas of opportunity and growth begin to take shape. This broad-based thinking begins to define areas that require next-level thinking, something that is a major focus of this book.

A Focus on Leadership and Transformation

It is not enough to present next-level activities and approaches and assume they magically happen. Equally important is a need to provide a framework for getting from “here” to “there,” or what we refer to as the transformation process. We view transformation as the process of fundamentally altering organizational capabilities to improve the achievement of results. And let’s not underestimate the central relationship between leadership and successful transformation. An emphasis on leadership and transformation appear throughout this book. In fact, the first section of the book, titled *Leading Supply Management Transformation*, includes six chapters that deal primarily with leadership and transformation.

New and Expanded Topics

One of the more enjoyable parts of crafting this book involved identifying the procurement and supply management topics that have not received serious attention from other sources. This book is not about reiterating what others have already done. New topics appear that are not addressed well in other supply management books, making this a valuable resource. Some of these topics include:

- an in-depth treatment of supply chain complexity, one of today’s hot business topics

- applying Lean thinking and techniques to supplier development
- a comprehensive framework for sourcing and energy management
- combining Lean Six Sigma and supply management
- achieving enhanced sourcing through idealized design
- appreciating what happens when the worlds of sales and procurement collide
- import and export issues affecting international trade
- toolkits for strategic sourcing success
- an enhanced set of supply management performance measures
- five chapters that relate to the important connection between supply management and finance, including working capital and capital project management

Topics that are more familiar to readers are enhanced to include next-level thinking. In one of our earlier books we addressed early procurement involvement during new product development, primarily to achieve product cost reductions. We extend this topic in this book to feature collaborating early and often with suppliers, including during new product *and* technology development, to achieve top-line, revenue growth. A narrow focus on cost reduction, while still important today is becoming passé.

In the organizational governance realm we define what a future supply organization should look like as well as introduce some important ideas related to virtual teams. Within talent management we think about something called talent analytics as well as how to manage external talent resources, not just internal resources. We also extend our thinking about strategic sourcing, negotiations management, and supply risk management beyond today's commonly accepted body of knowledge. A focus on the next level drives some new thinking across a variety of areas.

Regarding supply management technology, we make the point that technology is a key "enabler" of the overall supply management plan or program. This key enabler continues to undergo rapid evolution in capabilities, service models and providers. As a result, we decided to create an out-of-book supplement on technology - a resource that can be easily updated as appropriate. Readers are invited to visit the book's website (www.NextLevelSupply.com) and periodically check the Technology section for supplemental materials.

Stressing the Inevitable Merger between Supply Management and Finance

We are of the strong belief that next-level supply leaders must understand and speak the functional language of finance. That language, perhaps more than any other captures the attention of corporate leaders, shareholders, and Wall Street analysts.

A number of chapters in this book relate to financial topics, something we do not see in other supply management resources. Chapter 4 addresses speaking like

a CFO and getting senior management's attention; Chapter 7 is about collaborating with suppliers to achieve revenue growth; Chapter 10 deals with comprehensive energy management; Chapter 15 focuses on procurement's central role in managing working capital; and Chapter 16 is about early procurement and supplier involvement in capital projects. Whether we like it or not the next level of supply management excellence will feature strong linkages between procurement, finance, and financial thinking. Don't worry—this book has you covered when it comes to the inevitable merger of supply management and finance.

The Power of Collective Wisdom

This book includes the contributions and insights of several dozen procurement and supply management leaders. These individuals have generously contributed in various ways—some authored or coauthored entire chapters; others provided in-depth interviews that became end-of-chapter cases or value-added content within a chapter; some provided relevant research and data from their companies, and still others reviewed our completed chapters for accuracy, completeness, and content. When you read this book you are benefitting from the wisdom of procurement and supply leaders who have hundreds of years of collective experience. This book taps into some really good minds.

Organization of the Book

This book, which is for anyone interested in understanding what a more advanced state of procurement and supply management will look like over the next five years, is divided into three major parts. Part One, *Leading Supply Management Transformation*, includes six chapters that build the foundation and provide the framework for moving to the next level of supply management. In particular, leadership, transformation, organization, and talent management all play a predominant role in Part One.

Part Two, *Critical Topics in Supply Management Transformation*, includes ten chapters that provide significant detail about areas that essentially define a next-level supply organization. And finally, Part Three, *Additional Key Topics in Next-Level Supply Management*, presents a variety of topics that will add value to the reader's knowledge base and next-level professional agenda.

Most readers will find that some of the ideas presented in this book require some appreciable changes that take them out of their comfort zone. The journey that results from these changes will bring higher-level visibility, accountability, risk, and hopefully reward. But no matter how far we travel, or how much we change, there will always be another destination beyond the one we just arrived at. The next level of supply management presented here will eventually be replaced with a new next level. As Zig Ziglar once said, "Go as far as you can see and when you get there, you will always be able to see farther." It is time to see and go farther, keeping in mind that continuous change is inevitable.