



Supply chain issues will continue for the foreseeable future. They are the purview of Procurement and it is the Chief Procurement Officer (CPO) who is ultimately responsible for whether a company's logistic chain will be like a Halloween trick or a wonderful treat. If it's the latter, CPOs are then providing a wonderful competitive advantage to address this constantly changing business environment.

In fact, many CPOs are now stepping up to be Partners to the C-Suite AND the numbers are rising for CPOs that are also corporate Board Directors. The progression is similar to what has occurred with Chief Technology/Information Officers in the last decade where their role evolved from a siloed IT department head to being an integral part of the Chief Financial Officer (CFO)'s department, working closely with the CEO and executive team, and then gaining public and private corporate Board Director opportunities as cybersecurity rose in importance.

CPOs are following the same trajectory. Currently siloed in operations at most manufacturing corporations, the CPO heads the only department with the expertise to educate and protect their company, their direct boss (the CFO), and to accurately advise the company's Board of Directors regarding the risks and opportunities present in this ongoing supply chain disruption.

Similar to many past situations when a discipline is in the midst of much change, a number of parties arise with a wide variety of solutions that promise much and sound like they will perform, but are yet untested and may or may not have intentions aligned with the best interests and goals of the CPO's company. The CPO is the person who heads the only department with the capabilities to fully assess the likelihood of success and the alignment with corporate goals and interests.

In other words, it's the CPOs who have the ability to transform this supply chain disruption from a nasty trick of circumstances to a wonderful treat of opportunities for their companies, their boards, and their own careers. Below are more specifics for those interested.

What can the CPO do to assist the CFO, COO, CEO, and Executive Committee?

- Create a visual framework no longer than two pages—with supporting analyses, pros/cons, etc., in a separate report—that gives:
 - ✓ **Problem Statement** with definitions of key terms, no jargon. FOCUS ON ONLY 1-3 ISSUES.
 - ✓ **Issues:** impacts on Accounts Payable/Receivable, Inventory, Working Capital, Insurance, profit reporting, cost optimization, supply risk, spend/category/logistics/contract management, forecasting, pricing, cycle time, demand, order/volume fill rates.
 - Main issues: supplier prepayments, shipping times, shipping costs, interest rates, handover at port of origin, no credit cards, no extending terms, labor shortages; price of raw materials; upstream suppliers; contract terms; auditing; routing guides.
 - Other concerns: capital source certainty; credit/risk management capabilities/ownership; recession; further global political, climate, and/or health crises; potential/existing bottlenecks; supply chain's organizational structure; inflation; transportation restrictions; ESG issues; lens perspective: customer-centric, purpose-driven, internal needs-centric, regulatory; value created; redundancy levels and where; packaging/labeling; technical level of systems: how quick is response/ synchronous / visible / transparent / online / outsourced / reactive-proactive to changing inputs, digital, ERP, data architecture, AI, agile.
 - ✓ **Recommendations/Solutions** with pros/cons for each and request for C-Suite thoughts...and be prepared to answer questions succinctly, completely, with no jargon, and examples for clarification.

Reframe situations and achievements from the “do-er” perspective—aka “in the weeds”—to the risk oversight / opportunity identification perspective—aka “nose in, fingers (in the weeds) out.”

- ✓ Example: think of each of procurement's impacts on overall corporate margins and profitability; given the possible scenarios, consider what strategically would be best, next best, etc., positioning? What are positioning options for worst case scenario?
- Learn the approach (a group of talented peers who disagree without being disagreeable), language, structure, purposes of a corporate board.

What human capital skills will a CPO need to hone to achieve above?

- Excellent communication skills: listening, empathy, rephrasing, “yes, and...,” identifying/incorporating common interests, working through differences to reach decision consensus.
- Thorough understanding of corporate finance and accounting—there are many excellent nondegree resources, such as HBR's, etc.—and the ability to read financial statements (annual 10K, quarterly 10Q SEC filings; balance sheet; P&L, etc.).

Kathy Graham is a human capital expert and the CEO of The HQ Companies, Inc. where she focuses on enhancing corporate/career/board growth by alignment with apt strategy/people. Jeff Blade is/was a CEO • Operating Partner • Board Director • COO • CFO who started with Kraft Foods (NYSE) & was promoted 8 times to Director, Operations, Sales Finance & Strategy; then successfully transformed The Steak “N” Shake Company's (NYSE) procurement for 500+ restaurants; grew Vera Bradley Designs from family-owned through an IPO to NASDAQ exchange-traded public company; Matilda Jane Clothing, a private-equity founder stage company through successful sale to next stage private equity owner; Herff Jones, a \$380M+ Bain Capital portfolio company where Jeff led the delivery of time-sensitive graduation products throughout the pandemic; Fox Products, a world leader in artisan musical instruments manufacturing where Jeff has resolved key bottlenecks. Kathy & Jeff discussed above at the Procurement Foundry's FORGE ENGAGE sold-out conference as the second day's opening “Fireside Chat.”