

Procurement Block S1E4 Joyce Harkness

📅 Wed, 8/18 4:13PM ⌚ 33:32

SUMMARY KEYWORDS

supplier, risk, business, risk management, manage, joyce, procurement, fairchild, technology, seatbelt, australia, companies, april, philippines, problem, critical, important, people, hack, supporting

SPEAKERS

April Harrison, Joyce Harkness

A April Harrison 00:03
Welcome to Procurement Block, a podcast all about digital transformation in procurement and supply chain and how blockchain risk management and change management all factor in. I'm your host April Harrison, Marketing Director for Trust Your Supplier. I'm a procurement novice eager to learn more from the people who are at the forefront of procurement innovation. On today's episode, I am being schooled by Joyce Harkness. Joyce has held a broad range of senior leadership roles in business and IT transformation, customer operations and IT management and companies like Nortel Networks, Fairchild semiconductors, Australia's NBN company and Avon Mutual while based in Australia, the Philippines and the USA. Joyce was born in the Philippines and graduated from the University of the Philippines diliman with a degree in chemical engineering. She earned a master's degree in business administration from Macquarie Business School in Australia and completed advanced studies in cybersecurity from Stanford University. Joyce joins us from Australia as we discuss the basics of supplier risk management from the viewpoint of the CIO or technology leader. Fasten your seat belts for this conversation. Joyce, welcome to the podcast.

J Joyce Harkness 01:21
Thank you, April. I'm happy to be here.



April Harrison 01:24

You have quite an impressive bio. Can you tell me a bit more about yourself?



Joyce Harkness 01:28

Well, I was born in the Philippines, which actually is in my bio. But what is not in my bio is I'm the eldest of four children and the only girl but I had such a blessed childhood. I learned English before I could speak because my mother spoke and read to me in English. Why? Because she was a teacher. And she wanted to teach me English early, as early as possible. She later became a regional leader in the education department. My mother opened to me a variety of experiences. I learned to play the piano. Even we did not own a piano, would you believe that? I simply practice. I simply practiced with my neighbors on their piano. She brought me to the studio of a Filipino painter, a grand master painter, who taught me the art of painting at an early age, I learned how to use different media pencil watercolor oil, and then to capital. She supported me my my father, too, but she supported me to go to a selective University far from home, where I studied chemical engineering. So you could say I had a dream run really, until I had my first taste of rejection. Just before I graduated from university. I wanted to share that story because I think it's a encouragement stories for those who might be going through that at this stage. And it's about closed doors and open doors, as is the usual practice, you know, this big name companies, they came to the campus just before we graduated, to interview candidates for their new graduate programs. I remember rushing to the dean's office to check my name on the board for a schedule of interviews by a global petrochemical company that we would not name. I am barely 150 centimeters tall. So I had to tiptoe and strain to look above the heads of students. Yeah.



03:46



Joyce Harkness 03:46

Finally, I made my way closer to the board. I scan the list. I blinked. I could not find my name. I looked again and again. No, it's not there. Why is my name not there? I was among the top students of my graduating class. Why is my name not there? Not even to be interviewed April. Wow. I mean, yeah, I turned away from the board. I remember walking away, but not really seeing the path. I was training not to cry, you know, not to embarrass myself. But it was so heavy the disappointment in my heart. I grew up with my brothers, the oldest and the only girl as I said, and I had opportunities to learn a lot of new things. I never was restricted, constrained or limited because of my size or my gender. And

so that was such a disappointment to me. I did not get very far from the dean's office, one of my classmates saw me. He caught up with me and he put his arm around my shoulder as if that would console me. He didn't. But what he said stayed with me even until now. He said Joyce, it's their loss. They missed a great talent, always remember that. And he was right. I did not know them. But that moment was pivotal. So instead of going into a petrochemical company, I was led to another better road. And I joined the Fairchild semiconductors. And if you know Fairchild and if you don't let me tell you, I'm so proud to say it was the grandfather of semiconductor companies in Silicon Valley. You know, more of Moore's law came from Fairchild, and noise who founded Intel caper Fairchild. The last interview with Fairchild was amazing. Karl Stall, I still remember his name was the top executive of the manufacturing plant in the Philippines after the usual questions. We ended up chatting for over an hour. Can you imagine having a first interview experience that amazing, I felt welcomed and appreciated. And although Fairchild was only recruiting mechanical and electrical engineers, my CV caught their attention. And so they brought me in. So to cut the story short from Fairchild, I went to join Nortel networks. And you know, I expanded my role in Nortel from covering Australia and New Zealand to Asia Pacific and then to global business and IT transformation programs. And then from there, I went to a very large startup called the National Broadband Network in Australia, and then to financial services and medical legal services. So it's just amazing how that rejection really led me to where I am today.

A

April Harrison 07:02

Rejection can be very powerful. At the time, it seems devastating, right? I've had a similar rejection of a program and university. How it put me on a different path, right, which now I wouldn't change that path. I really appreciate your sharing that with us.

J

Joyce Harkness 07:22

Yes, I hope it inspires someone else. At this moment.

A

April Harrison 07:27

I ask all my guests a similar question. Just a kind of fun question for my own entertainment. If you had one superpower, what would that be?

J

Joyce Harkness 07:40

Oh, so easy - vision! But better than Superman's. He could only see beyond the physical, right? I want physical and time boundaries to be removed. I want to be able to see

forward and backward. And it's all to do with problem solving. Can you imagine if you can see what's behind something? Right? Then you can solve the true problem can and also imagine if you can anticipate what might happen? You can make sure your solution is future proof. So I want vision, not Superman's vision. I have got to call it Joyce's vision supervision.

A

April Harrison 08:23

Yeah. I never thought about it that way as as as a problem solving solution. So thank you for sharing that. So Joyce, I am learning the basics around initiatives and technology within the broader areas of procurement and supply chain. And I've asked you to come on and school me on supplier risk management. Let's start with a very basic question. What is supplier risk management? And what are the different elements and supplier risk management?

J

Joyce Harkness 08:58

Now you've got to make sure that I do these in the hour that you've given me. Otherwise, we can be here for days.

A

April Harrison 09:09

Keep it very basic. I'm new.

J

Joyce Harkness 09:12

Yeah, let's let's just peel it back to really the word risk, I think, because supplier is the qualifier to risk. What is risk? Risk really is because we are uncertain about the future. We might think we're quite certain but in fact, we can't predict the future. We might be able to assume some things, but there's always uncertainty about the future. And risk management is about the ability to anticipate and put in place actions that can reduce the uncertainty and if it can't be reduced any further to manage what could be the likely. In fact, and you know, what, if you can relate to this when you look at your home, right? You, you, for example, there's, if, if some damage comes to your home, and you can't afford to repair it, what do you do? You actually say, let me ensure, let me take an insurance policy, so that if there's a damage beyond this level, I can use that insurance policy to help me fix the damage, you are managing risk. Okay, good. So I'm not sure what might happen. Yeah.



April Harrison 10:38

Yes, absolutely, I absolutely have insurance on my house.



Joyce Harkness 10:44

And I think there are several things that we do beyond the insurance that we actually manage risk to ourselves, our health, our safety, that our family and we just go about it more in a natural fashion, not not, you know, the big planning thing. We, we put our seatbelts on, when we go into the car, because we're managing the risk of a collision, that might harm us. If you have a seatbelt on the, the harm could be lessened the impact you can lessen. So that's it's almost automatic, you just, you know, you'd never even think about it, you get in the car, click, you just put the seatbelt on, that's also managing risk.



April Harrison 11:36

I never thought about those types of things in terms of managing risk, even like going to the doctor for a checkup, or, you know, like you said, put your seatbelt on. But that makes a lot of sense.



Joyce Harkness 11:48

That's right. So when you add the word supplier, supplier risk management is really just applying this approach with respect to our suppliers in the business. What if something goes wrong? That's a risk? How will we manage that risk? What is the likelihood of it happening? And if it happens, what can we do to limit the damage? So that's supplier risk management. You asked about what are the different elements in supplier risk management. When you look at the analogy of you know, insuring our home, putting the seatbelt on going to the doctor, there is actually a similar thing that you can do to approach supplier risk management in all of these things. There's actually three major components. The first one is process. There's a process by which you start your drive, right, take your keys, open the car, sit with the CFO, that's a process. And the process needs to also consider the people that implement that process. And for the car, that's the driver, they need to know what the processes they need to be trained to also drive. And that's where the analogy stretching a little bit, you need to be trained to drive because if they don't know how to drive, then you're also increasing the risk. third component is supporting technologies and systems. So one way to look at supplier risk management, whether you're building it from ground zero, or you're improving it is to look at three elements, the process that, you know, has the risk around it, the people who are involved in the process, and the culture of the people as well. Whether they are risk aware or they

are risk responsible. And then thirdly, the supporting technologies and systems. Because in the end, as the company grows and becomes more complex, and in many cases or in different locations, that complexity that distributed nature of the people actually increases risk. So that's where technologies and systems come in, because they can help with repeatability of a process, the quality of the process, the reliability of the process. So three components people, people and culture process and the supporting technologies and systems

A

April Harrison 14:32

I imagine that the world has changed and with globalization, organizations are dealing with a lot more businesses around the world. More people, different cultures and so the technology and supporting systems become more important.

J

Joyce Harkness 14:49

That's right. That's right. Also, there's always imperfect knowledge transfer so as much as possible when a process can be Automated automation makes it more repeatable. Now, if we hone in on the process itself, because this is where, you know, if you want to manage the risk, what is the process of managing the risk? Let's look at the risk management process itself. Now, there are many ways to approach the risk management process. But I thought there are really five broad steps. And those five broad steps are identify them first, you know, identify the risk. The second step is assess that risk, then, once you've assessed then take action, what is your response to the risk, then most likely, your responses to mitigate the new monitor the risks, so the five steps I have in mind I identify, assess, respond, mitigate and monitor. And I'd like to unpack them a bit for you, April, sure, if you don't mind. So in many companies, they use what we call risk management framework. So you define risks in broad categories? Because we're not talking business, right? Not personal risks. So the broad categories that I've come across are like, what is the financial risk? What is the risk to the financials of the company, many companies operate in multiple countries and are sensitive to the politics in that country. So you might actually also have a category called political risk, then there is a risk in the market, which is competition, new products coming in. And you know, people and companies coming in, that are from another industry bought, breaking into the industry and with digitalization, that has occurred, actually, I mean, Uber is a classic example, where it disrupted the taxi business. Yeah. And you can also have a category called technology risk. Now, many boards these days have added one more, and that's information security and privacy risk, because we're really speeding towards a highly digital world. So, you know, these are the things that one needs to consider to identify the risk. So you'd ask, How do I identify the risk? was really asked questions, what could go

wrong? That's, that's as basic as that. What could go wrong? What could go wrong with the financials? What could go wrong with the political side of things? What could go wrong with the market? What could go wrong with a technology? And you can also flip it, you can be positive, what could change? Because change, though positive, is also can also introduce risk to the business. So that's how you identify risk?

A

April Harrison 18:03

Do I have to implement a supplier risk management program for all my suppliers, or just the most critical ones?

J

Joyce Harkness 18:10

Well, you need to look at the universe of suppliers. Because how would you know if one's critical or not? So that's actually step two, assess the risk. So if you go look at the suppliers, and the risks that in is involved with having suppliers provide that product or that service, then you need to assess the risk that's associated with a supplier. And they're usually two things, if you want to just have a very quick assessment of the risk, the likelihood that it will happen. And if it happens, what is the consequence? So for example, if you have one supplier for Cloud Service, I'll talk about that technology service provider. And that supplier was attacked, and therefore went down. What is the likelihood of that risk? Well, there's a few cyber attacks lately, right? Yeah, so you might say, that's kind of medium high, because that just happens every day now. So even the strongest of companies can be can be attacked successfully. Now, if that happens, what does that mean to your business? So what's the consequence? And you might say, Actually, I trade one, let's just say for the sake of an example, my revenue is \$1 million a day. And I could be down for I don't know if they're attacked, two to four weeks. It depends how fast they can recover. So this is now where you, you, you are assessing that the risk associated with that supplier is actually medium high. And because of the consequence, blending with that medium high likelihood, you might say, actually, it's a critical risk that supplier, their service is critical to our business. And then then you go into the third step, which is what would you do, then? How would you manage this risk? And there are four ways you can manage the risk, you can avoid it. Well, don't go cloud. Oh, gosh. But then, but then actually, that's not black and white, because in fact, you can manage your own data center and still be attacked. So maybe avoid snap, a good option for this one. You can also say, well, I'll just accept the risk. Other companies are accepting the risk, I think the board would not allow you to accept that risk. Because in fact, the third response is you can reduce the risk,



April Harrison 21:05

how do you go about reducing the risk?



Joyce Harkness 21:09

Well, that's where you really need a lot of experts to come in, to actually identify the many ways the many options you can to reduce that risk in this particular example. It's a matter of understanding the ability of the supplier to manage their own risk, right? Because they supposed to be protecting their network as well. So understanding that they have a program to manage the risk, to have, you know, their defenses, their cyber defenses up. They are their cyber security systems certified by third party that's managing the risk if the supplier is managing that risk, right. But you might also say, Actually, I might like redundancy, I might like to have the ability to recover in such a disaster situation, by making sure that I have access to backups. And I can bring the systems up in another cloud environment, or in my own environment. So I'm going technical here now. But that's the point in that you need to bring the experts in, because they can think about the many options to manage. If it does happen. There's actually a fourth response to risk. Can you believe that we actually covered it earlier, insurance is a way of sharing risk, isn't it? Yes. And so I think a few years ago, a new product came into the market, which is cybersecurity insurance. And for that insurance cover, they they pay you any impact to the business. And they might pay you for other, you know, recovery activities, you have to look at the insurance cover detail, in particular. Because this product is evolving very rapidly these days.



April Harrison 23:15

Yeah, I've never heard of that before. But that it makes a lot of sense. You know, I wouldn't drive my car without insurance or, own a house without insurance. So your business is just as important. Having insurance for that makes a lot of sense.



Joyce Harkness 23:30

I think you also have to implement it for all, I think I just like to wrap it up by saying you do have to look at your universe of suppliers and make sure you categorize them to whether they're critical or medium critical or not really critical. And you would have to apply the risk management strategy as appropriate for the criticality of that supplier to your business. So for example, you wouldn't go to lengths you would go to, for a cloud supplier versus a supplier, that supplier that provides your printer paper, right? Yes, they're just at the opposite ends of the spectrum of criticality to your business, unless your business is sprinting books. Right. I just thought of that.



April Harrison 24:25

What things should organizations consider when implementing a supplier risk management program? Are there any typical issues or pitfalls to avoid?



Joyce Harkness 24:35

I always find that just like, you know, the IT organization sometimes. Some companies have that approach. It's just an IT problem. And so in supplier risk management, there's a danger where it's just the vendor management teams problem or the chief procurement officers problem. It isn't It must be a business problem to solve. And so multi disciplinary team is needed in supplier risk management. Why do I say that because no one knows it all the vendor management and procurement experts know about their space. But in fact, to really understand the underlying risk that is being managed, you need the business, because then they can peel back the business scenarios that are most critical for them. And in that sense, you then are able to prioritize what's really important, and also have business buy in on what's really important. So in this particular examples that we've gone through, if you spend more time with your technology vendors, because they're really critical to your business, as you've got gotten more digital and more towards cloud, then we don't you only have finite resources, then you would spend less time possibly on other vendors. And that's a risk too. But that's also prioritization. And so you can get business buying by involving them in supplier risk management.



April Harrison 26:23

Yeah, I think prioritization of resources is a common exercise for many areas, but I didn't really associate it until just now with risk management.



Joyce Harkness 26:34

Well, some companies have hundreds of vendors, and you imagine how many people would be required to just make sure risk is being managed. So it needs to really be prioritized. Otherwise, you end up with so much paperwork as well as the other one, you can get bogged down and bureaucracy, checkers, checking checkers, and so on, and and take the focus away from what's really important.



April Harrison 27:02

So it's, it's what I call extra credit time. Do you have any advice or hacks that you would like to share with our audience?

J Joyce Harkness 27:10
Yeah, I've got a couple of hacks, one for myself and one for family? Will I get extra points?

A April Harrison 27:16
Oh, yeah. Yes, you will.

J Joyce Harkness 27:19
All right, this one is about managing my health. Now, many of your listeners would agree that we're not just a physical being right, we have mind, soul, and spirit. So to maintain all around good health, I have daily practices that aim to balance my focus in these other areas. So rather than waiting for the annual retreat, or the annual vacation, and I do this when I eat alone, and more often than not, I do because I like the quiet of eating alone. And that's around breakfast or at lunchtime. When I eat alone, I refresh my mind, my soul and my spirit by thinking or meditating on deeper things. I just really like switching topics from, you know, a hard three hours in the morning at work. Then having a lunch on by myself. And refreshing my mind, I read the Bible, I read a magazine on fashion or art, I listened to a diverse choice of podcasts that are encouraging to me, or helped me learn about the different world. I still sometimes tune into us radio, because I want to know what the what the local news is, sometimes I go to a web page of a newspaper in Raleigh, North Carolina, just to know what's going on because I live there, what once and sometimes I read a book, a page or two, or enjoy music. So the point is that as I'm eating, I'm feeding the body. But I'm also nourishing my mind, and nourishing my soul and my spirit. And this also goes through for when I go for a walk, I I tend to go into deep, deep thinking. And I find that really refreshing. So when I go back to the office or to the desk now that we're working from home, I, I just feel that I've just got this new energy to apply to the work. So that's my hack.

A April Harrison 29:31
That's very refreshing. I'm going to take up that challenge and instead of eating at my desk while I'm working, I'm going to try to do that, you know, take a few minutes out and do something else for my mind.

J Joyce Harkness 29:43
Yeah, nourish your body. nourish your mind. Yeah, go for it. April.

A April Harrison 29:47
Yes, I'll report back to you on how that goes.

J Joyce Harkness 29:51
Now, the second hack is family scheduling. I've shared this before with other women because I have three children. I'm a single parent, my husband died when they were young. So I'm the only parent that can attend school events. So my family hack is that we have a shared online family calendar. And ever since they have their own computer, therefore can access calendars or their own iPhone, at the beginning of each school year, we would put the usual school and family events in the calendar. And then it helps us then have conversations about who's attending what, because it means that if I'm attending, you're swimming Carnival, for example, a sports day, I might not be able to attend the other child's one. And therefore I have to recruit an uncle or a neighbor or a friend. And so everyone's covered, you always have support.

A April Harrison 30:53
It's also a good way to teach them about problem solving and negotiations. It sounds like

J Joyce Harkness 31:00
That's right. That's right. Now, they are now young adults. And they we still maintain that habit. Because it has actually been really useful. Not that we find ourselves working from home or studying from home. So I actually add significant really critical work meetings in the family calendar just as a placeholder, just to alert them that that is really important to me, just to keep the noise down. We have pets with us. And so when I put a significant work meeting in the family calendar, I've agreed with my children, that that actually means please make sure the pets are in the back of the house. Are cat loves to show up and chat to me when I am on video calls. He just he is meowing and meowing and really talking to me and won't stop and it happened

A April Harrison 32:02
Sounds like he wants to be a YouTube star.

J Joyce Harkness 32:06
Yeah, he wants to solve problems with me. Right anyway, the dog gets so excited with the

unusual voices and noises in the computers. So anyway, that's been the benefit of having that online shared family calendar.



April Harrison 32:24

That's another great one I'm going to implement. Joyce, thank you so much for being on the show and schooling me on supplier risk management. I have two teens learning to drive. So risk management is now at the forefront of my mind. And when you mentioned the seatbelt, I completely got it. So thank you for helping me understand.



Joyce Harkness 32:50

I'm glad I'm glad to be here.



April Harrison 32:52

It's been a pleasure. Take care.



Joyce Harkness 32:54

Thank you, April.



April Harrison 32:58

That's it for this episode of Procurement Block. I'd like to thank my guest Joyce Harkness, for joining me on the show. Procurement Block is produced by Trust Your Supplier. You can reach us at procurementblock.com. Show notes are available on our website and you can leave your questions and comments via the listener comment form. Thank you for learning with me today. I'll leave you with wise words from Benjamin Franklin, "An investment in knowledge pays the best interest."