April Harrison  0:03

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 this inaugural episode of procurement block, I am being schooled by Kelly Barner. Kelly is the owner and managing director of Buyers Meeting Point and My Purchasing Center. She has been in procurement since 2003. Starting as a practitioner and then serving as the Associate Director of Consulting at Emptoris. She has covered procurement news, events, publication solutions, trends and relevant economics at Buyers Meeting Point since 2009. Kelly is also the General Manager at Art of Procurement and the host of Dial P for procurement and Supply Chain Now. Kelly has her MBA from Babson College, as well as an MS in library and information science from Simmons College. And she has co-authored three books "Supply Market Intelligence for Procurement Professionals", "Procurement at a Crossroads" and "Finance Unleashed". On this episode, Kelly and I discuss supplier lifecycle management and how our high school biology lesson of the lifecycle of a frog can be a helpful
Illustration. Kelly, welcome to the show. Can you tell me a little bit more about yourself? And also perhaps just let us know if you had one superpower, what would it be?

Kelly Barner  1:41

Absolutely April. First of all, thank you for having me. I'm always glad for an opportunity to talk about procurement. In terms of myself, you've shared a lot in my bio, so I'll maybe give you some stuff that didn't necessarily fit that that people might not know. Unsurprisingly, procurement was not my original plan. My original plan was actually to be a college professor focusing specifically on English literature before 18 hundred's so Shakespeare, Chaucer, writing in Middle English, that was my original plan. So very little of that is useful to me on a regular basis now. But it's good to have diverse interests, right? I have three kids, they've been around for most of my entrepreneurial journey. And so one of the things that I will always share with other people, oh, and especially over the last year, right, with everybody working from home, I have a couple of key tricks that have sort of gotten me through this journey. One is, if your kids are little, put them in the bathtub and sit right there and work, that's a great way to pass some time. The other trick, and this is my very best one is Italian ice. If you buy Italian ice and give them spoons, it takes forever to eat.

And children will typically sit for a very long time if sugar is involved. So they've been a very fun part of my of my business journey. And I'm based in the Boston area. And so with that comes with comes all kinds of interesting things. I love history, right? This is a great place to be interested in history, if you live in the US. I have rode the head of the Charles four times. So that's a unique Boston experience. I will never run the Boston Marathon. I think that's a promise. But I don't have to because I wrote the head of the Charles. And the really tricky question is if I could have a superpower. So I gave this a lot of thought and actually came up with with two things. One that I'm going to acknowledge right up front probably does not count. I would love to be able to sing. I know that's not a superpower. So I'll disqualify myself. April, I won't make you do that, to me.
April Harrison  3:56

I disagree that that's not a superpower. I think music is the universal language. So, you know, you could definitely hit a lot of emotions and connections there with that, but what would be your alternative superpower then?

Kelly Barner  4:09

Okay, so my more legit superpower would be I would like it if I didn't need to sleep. Because if I didn't need to sleep, I would take all of that time. And I would watch more movies and I would read more books and I would learn how to do all kinds of things. I am always glad when it's time to go to sleep these days because they're very full busy days. But at the same time, it feels like Oh, if I just had that six hours to do something else with I could have so many more interesting things that I was into. So that's my official superpower that I would like to have. I would like to not need to sleep and yet never be tired and never run out of energy.

April Harrison  4:50

Yes, that's a good one. I've never really thought about that one before. I've always thought of like cloning myself but not just giving myself that extra time.

Kelly Barner  4:58

Nobody else will probably use that, other people would probably say, "Oh, I wish I could work faster", like you said, clone myself so I could get more sleep. Like if I could just not sleep that times already there, I could put it to better use.

April Harrison  5:10

Right, right. And think of the things you could do with your bedroom. Right? If you didn't need to a bed.

Kelly Barner  5:16
Oh, I could have a library? Yes.

April Harrison  5:21
Well, you know, I will also say that I will also not ever be running the Boston Marathon, but perhaps we could cheer them on on the sideline someday,

Kelly Barner  5:30
Absolutely cheer for all those crazy people that are willing to run it, some of whom I can say from personal experience, they run it in chicken suits, people run it in military uniforms. It's actually an amazing thing. If you get an opportunity to catch a little bit of it. Good for all those people that are crazy enough to do the training and get out there and run the 26.2. But not in my future.

April Harrison  5:54
Yes, yes. Well, that is one thing that we're going to have in common. Yes, for sure. So Kelly, you already know this about me. But I am a procurement novice. And I am trying to learn a lot more about procurement and supply chain. And I'll have to say similar to you, this is not the path, I thought I would end up on either. My background is in history and psychology. And I'll have to say after this past year with the pandemic, I personally probably everybody else, even my kids, have this new appreciation for an efficient secure supply chain. You know, we all saw the empty shelves, we all were worried about toilet paper, that kind of thing. And so I'm, very interested now in this topic. And because I'm just delving in, I thought we would start with a fairly broad topic which is supplier information management. And from the bit of research I've done, there seems to be a lot of different aspects in this area. And so I'm kind of curious to know what you see as the important phases of supplier lifecycle management to industries in the climate that we now live in today?

Kelly Barner  7:11
Absolutely, so I guess I would say to you that the key to this idea of supplier lifecycle management being so important, is exactly what you pointed out that we've learned over the last year, we have learned how important suppliers are to our businesses. And that's both in the first tier, so suppliers that your company directly buys products and services from as well as going out into the supply chain. And so understanding who are your suppliers, suppliers, or your suppliers, suppliers, suppliers, right, there's this whole chain of companies a whole network of companies that have to effectively work together in order for any business in that network to be successful. Now, in terms of phases, if we think of the lifecycle from a procurement standpoint, you sort of go from this time when you know, you're going to need to buy something or contract for it, whether you've ever bought it before or not. You have some suppliers that you currently work with that could potentially provide the product or service. And then there are always new alternatives that are direct competitors to the suppliers that you're you currently work with. And there are also alternatives that satisfy the business need in a slightly different way. So the broader you can be around that initial pool of suppliers you bring in the better. So that's probably the start of the lifecycle. And it goes through qualification. Once you get into sourcing, you may be finding out basic information about their company and having maybe an elimination round before you start diving deeper into how they would meet your business's need and collecting pricing. Then, of course, you go through negotiation and feedback to those suppliers, the final selection process that happens in conjunction with the business. That's kind of where your life cycle forks. And we have to manage this very carefully because you know, if you think of that traditional sort of elementary school idea if you ever learned about like the frogs lifecycle, right, I think of that as the standard, it's a circle. And one of the things that procurement always needs to remember is that not all of the tadpoles in our sourcing lifecycle are going to make it all the way around to frog. Some of them somewhere before frog are going to be you know what, we're glad you participated in this process. We appreciate what we learned from you. But somebody else could do it better, more efficiently, more cost effectively with greater value. our culture's are a better match, something like that. But everything always has to be purchased again, and companies provide multiple products and services. So part of the lifecycle is about getting companies from the point of learning about their solution through information and bids and negotiation and contract and performance management and renegotiation. Right where the circle would start over. But we as procurement also have to make sure that
anybody that departs that lifecycle circle at any point during the journey isn't left with a bad feeling about our company, our team, our process, the way that we conducted things from a communication standpoint, because sometime in the future, we may need to loop them back in either to that same life cycle as it goes back around, or into a complimentary lifecycle where they also have the qualifications to provide us with some value. So in from the simplest perspective, it's who could we potentially work with all the way through selecting people and hopefully being successful in managing that relationship. But it also includes people that leave the journey along the way, and we need to manage those things as well.

April Harrison  10:50

So it's also about not burning bridges so that you can maintain those relationships, even if the relationships altered a little bit, at least temporarily or permanently.

Kelly Barner  11:02

Absolutely. And we know we all want to be professional in the sense that we show up for calls on time we answer emails promptly, we answer emails promptly with straight information in them. But suppliers that don't get chosen. One of the things I think procurement has a greater appreciation for now than we did maybe five or 10 years ago, is just what the cost is to those suppliers to participate in our process. And in the early days of procurement, where we were really churning through purely economies of scale driven in our sourcing projects, there was this non complimentary phrase that we would sometimes hear that suppliers knew they were basically bid fodder, right, they were being brought in to a bid process, simply because we needed a number of suppliers or because we were trying to beat up our incumbent suppliers to get them to give us more value or lower prices. And that's not good because we then lose that competitive advantage. If we can't create leverage in the marketplace. The other thing we've learned is that an awful lot of our current or prospective suppliers are also potentially customers. And so any bad feelings or bad relationships or bad taste that we leave in people's mouths, that absolutely can come back to bite the company, whether it bites procurement or not. So we have to be very careful about that.
April Harrison  12:26

That's a really good point. In my own personal life, I know when you have to get a quote on something like a house repair or something. You don't want people to feel like they're just there because you need that second or third quote, and you're trying to get the person you really want to come down on their price.

Kelly Barner  12:43

So absolutely. And it's awkward to say I'm really sorry, you didn't win the business, right? That's not the phone call anybody wants to place that's not fun to receive. And it's not fun to deliver, but it is a necessary part of the process.

April Harrison  12:56

So with this idea of supplier lifecycle management, you've kind of hit on some some reasons why this is important. But are there other reasons it's important to any organization? And what are the key attributes to make a successful SLM?

Kelly Barner  13:14

Well, I think that the key things that make an SLM program successful starts with kind of where I started with the organization and whoever's leading procurement really, and truly understanding how important those suppliers are. It's important the language you use when you talk to them or about them. When I when I talk about how much procurements relationships with suppliers have changed. One of the things that I often think about is, you know, I can't sing and I'm also terrible with language. But something somebody told me once about people who are fluent in multiple languages really stuck with me on this and it's that, you know, you're fluent when you think or dream in a different language, right, that's kind of like a milestone in terms of fluency. And I think about that fluency from a relationship standpoint, that comes into play multiple times during the supplier lifecycle. If we don't think nice partnership thoughts about our suppliers, we will inadvertently behave in that way towards them. So if we, if we use phrases like supplier relationship management, but our actions and our tone of communications are very tactical suppliers can feel that. And so I think, really one of the critical
attributes to having successful supplier relationships and a successful supplier Lifecycle Management program starts inside each procurement professional and starts inside the team. All discussions about individual suppliers should be respectful, constructive, optimistic, right? All of those things. Each of us and then when the team approaches things, it needs to be the same way, we really do need to make sure that if we're speaking the language of relationships and partnerships, that we are behaving that way internally, as though the supplier were sitting there with us or participating in the call with us, even when they're not, we need to be very consistent about that. Because I think it has a way of shining through to suppliers, I think they can feel it, if you don't ultimately trust them if you don't ultimately value your contract their contributions, if you don't believe in their solution. And so we really need to think hard, and we can't do it with all suppliers. But we need to focus very hard on the mindset that we have, and the approach that we take to process communication, technology, all of those things inside the company. So that the right type of what would I say, it's almost like a brand, right? You want to broadcast the right type of brand concept out to suppliers?

April Harrison  16:03

Yeah, and you know, it really resonates with me what you were saying about our thoughts and our actions. You know, with my psychology background, I think it is really, really powerful. I know I've seen tips in the past, like, put a mirror next to your phone and smile, because over the phone, they can tell if you're smiling or not.

Kelly Barner  16:27

Absolutely.

April Harrison  16:29

Because everything's so global, and there's all these different ways to connect with people, and it's not just a handshake and looking somebody in the eye, do you think that has complicated things? Or brought new challenges to these relationships?
Kelly Barner  16:45

Oh, I definitely think it has. And I think the thing that has really complicated it, not only are we using all of these communication methods and styles and channels that we weren't using in the past, it's not like we had to adjust to a situation where we're using these different channels to talk about happy things, where we're using all these different channels of communication, kind of in panic mode, right? We're saying, Oh, my gosh, we can't open this facility. If the janitorial service provider can't, you know, level us up from a cleaning standpoint, or we can't operate this consumer facing facility if we don't have sufficient PPE, and cleaning supplies. And so over the last year, we had to learn to use all of these different communication methods to talk through some really tough stuff that would have been hard to discuss in the ways of communication that we were already familiar and comfortable with. So I think we've grown up a lot, I think, fortunately, has been a very forgiving time. I think it's been forgiving. In terms of companies working with each other. I think it's been forgiving in terms of, you know, executives understanding that people are working under extraordinary circumstances. And they're doing their best. But it has, it has pushed procurement. And I think I'm personally hoping that the experience of the last year does not completely wear off as eager as we all are to go back to whatever normal means now, I hope we hold for a long time, some of the feelings that we had on those days, when there was a legitimate fear or a legitimate risk. And we as procurement, and as a company couldn't rise to that situation. Without the support of our suppliers, we need to remember, who stepped up sometimes there were surprises. Sometimes there were suppliers that we would have thought of as Super strategic key partners. And we apparently weren't as important to them, or we found out that we had been hard to serve as customer in the past. And so we weren't on there. You know, we weren't in their inner circle, maybe put it that way. But we also had suppliers that maybe we would have considered transactional or tactical type relationships in the past, they turned out to be real heroes for us. And so we need to remember what we learned about different companies, we need to remember what we learned about our own past work habits and practices. And we need to take that information and incorporate it where we can and change some of the things that we have control over. Because nothing is completely bad if something good comes from it. And I definitely think this is one of those instances where we have a huge
opportunity to sort of grab hold of this silver lining and allow it to change productively the way procurement has worked with suppliers in the past.

April Harrison 19:47

That's a good point. It kind of reminds me of whenever you have hard times that's when you find out who your real friends are.

Kelly Barner 19:56

Absolutely. And it's it's not always who you think it's going to be. Sometimes you're very surprised by who falls through and who comes through.

April Harrison 20:05

Yeah, yeah, exactly. So, you know, you just spoke about a few challenges, are there any more that come to mind?

Kelly Barner 20:14

You know, I think there are two other challenges that come to mind. And these are timeless, right? These are always the challenges. The first challenge is that there are so many suppliers, right? Any company has such a significant portion of their revenues, go back out the door to suppliers, you know, and depending on the industry, you're in, the terminology you use may be slightly different, but I'm from retail. So we would talk about direct and indirect, you know, and so much of that revenue either goes back out the door, in order to buy the products, the components that are going to be sold for profit, or has to be spent on product and service providers that indirectly allow the business to function. And as much as we've talked about being consistent and being true to goals around relationship and partnership, it is not realistic to think that procurement is going to have the same type of engagement with every single supplier. Some companies have 10s and hundreds of 1000s of suppliers. And a procurement team that maybe on the high end is a couple 100 people, even if you have a couple 100 people and a couple of 100,000 suppliers, you you can't be on a first name basis with everybody, you
can't have a monthly call or a quarterly business review with everybody. It's just not realistic. And so the ways we address those numbers, that that can be a real challenge. But I think the other challenge is actually to your point about life cycle. Not everybody is at the same stage of that life cycle at the same time. So it's not like saying, okay, it's the summer and so everyone is going to go through performance reviews, that would be still a challenge. But it would be much simpler. No, you have some people going through initial vetting, you have some people going through negotiation, some people are being spoken to, because their performance has flagged, some people are being rewarded or commended or brought into r&d opportunities as collaboration partners, because they've done so well. And other people are getting ready to go through some kind of contract renewal. And so procurement is managing all of these suppliers through all of these systems with all of these different information needs and ties to the business across multiple categories, types and tiers of suppliers. And they're all at different places on that lifecycle. At the same time, it's an incredibly complex effort. And if a ball drops, it is typically felt. So both the scope and the scale of the challenge are very real. And they're constant. Because there's never a point where you can detach from that supplier lifecycle. There's always some phase of effort going on. It might not require as much hands on time, at every single point in that lifecycle. But there's always some type of effort that's happening.

April Harrison  23:02

Yeah, I think I'm going to look at things differently the next time I'm at the grocery store, picking out ice cream, and all the effort in pulling that together to get it right there for me to purchase. It's absolutely, yeah, that is really incredible. How do you suggest that we address some of these challenges?

Kelly Barner  23:24

Yeah, I mean, part of the answer is always automation. Right. And so, you know, if we can't be first name basis, hands on with all the suppliers. At the same time, we have to leverage technology. I think the important thing about that automation is that it has to be a good experience for the suppliers. We can't say, oh, you're, you're tactical and therefore not all that important to us. So we're going to shove you through this crappy platform that you know, is hard to use and requires a ton of
training and doesn't give you the visibility that you need. It does not matter how small a business you do with a supplier, they are going to feel that right. And that's a risk that no company wants to take. And frankly, given how much we've learned about what makes for a good user experience. In any kind of digital interaction, there is just no excuse for that anymore. Um, but the other thing that we can do to address the challenge is empower other people in the organization. I think in the past procurement has been so focused on notions of control. And whether you think about that control in terms of governance or compliance or, you know, looking at Maverick spending, or you know, off contract buying, we've been so focused on if we don't rigidly control it, then we can't say it's happening the right way. And partially because of what has changed on the consumer side or the e-commerce side, and partially because of what has changed with enterprise technology. We really through supplier lifecycle, we need to make sure that every single person in the company has some role with regard to that supplier lifecycle. Now, depending on where we are, that could be a way for people to provide us with suggestions about suppliers we should look at, that could be allowing a larger, more distributed group of people to provide feedback on rfis RFPs, or have cues, look at contract documentation, provide performance feedback, or just simply get in touch about questions that they have that are not necessarily tied to a specific supplier, but are associated with a product, a service a category of spend. It This is one of those things where there truly is strength and numbers. And I think it works nicely with the progression that we've seen in terms of technology, because it makes it possible for us to create this proactive army of people in some cases that have visibility into things that procurement will never be able to see. Because if we're not a consumer of the product or service, we can't possibly see it in the same way as someone who is and feedback from those people, both in terms of, you know, how is Acme Inc doing. And also in terms of what makes for a good MRO supplier, what makes for a good template labor firm, understanding what these categories of product or service or spend and these relationships mean to the business is a crucial perspective for procurement to have. And if we can use technology to help us gather that because just like we don't have time to be face to face with all our suppliers, we also don't have time to be face to face with all of our internal stakeholders. And so using technology for frictionless information gathering is is a huge opportunity that we both should want to and also have to seize if we're going to really do a better job of effectively managing the entire lifecycle.
April Harrison  27:08

Yeah, that's a really good point. You know, you have you have me convinced about the importance of managing the supplier relationships. But based on my research, I found that supplier Information Management ranks as the lowest priority and procurement activities. And I'm curious, do you feel that supplier lifecycle management is given its due importance from procurement organizations?

Kelly Barner  27:32

I definitely don't. It's predominantly an issue of focus and training. Right. So just like I said, earlier, as much as we've talked about relationships, you know, supplier relationship management in the past, what we really meant was supplier performance management. It's not a relationship, if I periodically call you up and tell you what I don't think you're doing so great. Or tell you what you're not doing that I think you should be doing. That's not a relationship. So you can call it whatever you like. But we've not kind of walked the walk in the past around things like life cycles, and relationships and partnerships. So part of it is generally training people on the ROI of doing a good job of working with suppliers. But part of it actually has a more expansive benefit. When you think about the skills that are probably either weak or missing, that would make procurement better at managing supplier relationships. It's not math, it's not analytics. It's not category expertise. It's all of the soft skills that we've talked about for so many years that we've acknowledged procurement needs to improve upon. for everyone's sake, not just for suppliers. We need better communication skills, negotiation skills, written communication, active listening, brainstorming, approaching things creatively, knowing how to research knowing how to handle conflict resolution, all of these very broad business skills, if we can invest in them. The nice thing about supplier Lifecycle Management is it right now the business case should be pretty straightforward, because we've all seen how important suppliers are. But the amazing thing is if we make the business case for training, procurement in these soft skills with the immediate payoff expectation, being through the supplier relationships, it's it's just like thinking in the other language. It's not like procurement, soft skills are going to improve with regard to suppliers. But we're still going to be a pain in the neck for internal buyers to deal with. those soft skills
once improved, are going to improve everywhere. And so you end up with this multifaceted, improved improvement in all of our relationships and therefore the doors that open to us that give us opportunities to impact the organization in further ways. And so I absolutely agree with you April, it's not our strong suit right now, fortunately, it's not a mystery what we need to do in order to improve it, it will take time it will take investment, it will take training and also a focus on hiring and recruiting because some of those skills you need to bring in and others of those skills you can instill in an existing team. We may be at the beginning of the journey, or some lucky organizations maybe maybe further along, but it is absolutely something that we should all be pushing for, both as individual procurement professionals and collectively as teams.

April Harrison  30:36
I feel like I could have a whole separate episode with you just on that topic.

Kelly Barner  30:41
I know, I know. It's such a huge topic. Yes, for sure.

April Harrison  30:46
Do you have any advice or hacks that you would like to share with our audience who may be new to procurement like me?

Kelly Barner  30:53
Sure. So well, my first piece of advice is always to read, write, read everything you can get your hands on, read a combination of books, and blogs, and news stories, and white papers and ebooks really bring in as much information as you can. I think the other piece of advice that I would offer up and this is something that I learned over the years, and I've always found it to be very effective. Sometimes, a well phrased question is so much more powerful, and even more influential than a very strongly worded statement. Right. And that goes for negotiation that goes for tough conversations with suppliers that maybe aren't performing. That goes for sort of
risky first foray conversations into potentially close collaboration with suppliers who really are performing any of these difficult conversations that procurement has to have. And there's a lot of them, it seems like there's more all the time, rather than trying to always go into a conversation and say, You know, I think I know, right, here's the way we're going to do it based on my training based on my experience, you know, constantly saying, I think it's so incredibly important, and it is a soft skill, to ask a really well thought through question. And I think it's partially important because it sets a collaborative tone, it creates a very positive impression in the other people that we're working with. But then it gives procurement an opportunity to practice another soft skill that I think is important, which is active listening, you know, if you're not going to listen to the answer, don't ask a question. But if you're willing to learn, there is absolutely nothing that can't be achieved. And so, to me, that's one of my huge pieces of advice that I think can be kind of a good trick when you end up in a tough spot. We all find ourselves in situations where we've been knocked back on our heels a little bit, maybe we didn't see something coming. Maybe we thought someone was happy and they were upset. You know, maybe we didn't realize a lurking issue is going to come to a head quite as quickly as it does. Always asking questions to learn more buys you time, gives you a more accurate basis on which to respond and positions you as someone who is collaborative and willing to problem solve. So I think that would probably be the the procurement hack that I would offer up.

April Harrison  33:35

Well, that also carries on over into just a lot of places in life in general. So that was a great life hack. When in doubt, ask questions. Kelly, what projects do you have on the horizon? And where can our audience find you to follow and connect with you?

Kelly Barner  33:54

Fortunately, I have no shortage of stuff going on. And I always welcome people to get in touch. People can find my writing at Buyers Meeting Point, they can find my writing and podcast audio work at Art of Procurement. And they can find my podcast and also live stream video work through Supply Chain Now. So you can either look up one of those brands and follow me there or you can just simply connect directly with me on LinkedIn. Kelly Barner, I should pop right up especially
if you stick procurement in there somewhere then there's not a lot of Kelly Barners in procurement. That makes me pretty easy to find.

April Harrison  34:37
This has been a fantastic conversation and because I feel like I could talk to you for the whole rest of the day I hope you'll be willing to come back and we can take a deep dive into something else at some point in the future.

Kelly Barner  34:50
Absolutely. April, it was my pleasure. Thank you so much for inviting me and for asking such great questions. I thoroughly enjoyed it.

April Harrison  34:56
Yes, and thank you so much for schooling me on Supplier Information Management. I'm definitely smarter now and I think you've met your goal of being a college professor.

Kelly Barner  35:06
Oh, excellent. So maybe not Shakespeare but I did use the frog lifecycle to explain procurement. So that's probably a first.

April Harrison  35:14
That's great. Well, I look forward to having you on again in the future and thanks again. Take care.

Kelly Barner  35:21
Thank you.
April Harrison  35:24

That’s it for this episode of procurement block. I'd like to thank our guest Kelly Barner 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 knowledge pays the best interest."

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