

By John D. Blascovich, C.P.M.

From CPO to CEO

The road to the corner office may not be such a long haul after all, based on recent advancements by supply management professionals.

Who better to appreciate Rodney Dangerfield's famous "I don't get no respect" schtick than a chief procurement officer (CPO)? Until the early 1990s, a job in procurement meant shuffling transactions and pushing purchase orders. A few years later, the job improved to "buyer" and, by mid-decade, had made it to strategic sourcer(er). Although the word "strategic" finally appeared in the title, the level of respect still lagged. But by 2000, procurement took a big step up when the role of the CPO, became a strategic leadership position and the procurement organization became supply management and was doing more than cutting costs. "Don't just save me a few bucks," one CEO told his CPO, "you have to deliver value from suppliers."

If history is any indication, the next stop for supply management professionals could be the corner office. Rick Wagoner's path to CEO of GM included a stint as head of the automaker's procurement organization. Before Thomas Stallkamp was CEO of Chrysler, he headed the company's supply management organization and fathered the legendary SCORE program. Willie Deese at Merck moved from senior vice president of global procurement to president of Merck manufacturing in less than two years.

Why are supply management professionals suddenly catapulting to the top levels of their organizations? Because the playbook has changed. Yesterday's leaders achieved success by optimally managing each and every business function. Today's leaders must take a more modular approach — mastering the core pieces that they keep internally, and then choosing how best to manage the other functions through a combination of joint ventures, alliances, offshoring and outsourcing. Growth no longer requires optimally

managing your resources — it requires having access to and managing competitive resources, internal or external, exclusive or shared.

The skills necessary to succeed today have more to do with engineering relationships than engineering products, and no one does that better than the folks in procurement. CPOs are skilled negotiators, have solid change management and leadership expertise, and are highly effective at strategic sourcing, category management and supplier relationship management.



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Still, the road to the corner office is wide open, but with many twists and turns along the way. In the next few years, we will see new roles emerge, and executives will have to decide whether to navigate a functional path or a business path. Those who choose the functional route will eventually become heads of operations or supply management, which will require a broad capability extending into production and possibly shared services. Those who follow the business path will focus on becoming strategic business unit presidents or chief relationship officers, or CROs — the new tagline for the person who manages the next-generation joint ventures, alliances and outsourcing relationships.

Of course, most supply management professionals will not go after the CEO job. But the mere fact that they could if they wanted to is interesting. It shows how much supply management's profile has been raised, and how far the skills have advanced in recent years. **ISM**

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