**Supply Chain – Ask an Expert with Ratri Loudes**

So far, as part of our Ask an Expert series, I have had the opportunity to interview two supply chain experts in the form of [Farzana Shubarna](https://www.allthingssupplychain.com/supply-chain-ask-an-expert-with-farzana-shubarna/) and [Sheri Hinish.](https://www.allthingssupplychain.com/supply-chain-ask-an-expert-with-sheri-hinish/) I’m delighted that for my third article in the series, procurement professional Ratri Loudes has agreed to be my interview partner.

Ratri has a unique insight into global supply chains and procurement practices. Not only has she lived in 4 different continents (North America, Asia, Africa, and Europe), she also has experience in many different industrial sectors such as oil and gas, automotive, railway transport and aerospace.

Ratri has been involved in global procurement and multi-site project management for more than 10 years. Her experience includes multinational companies such as TOTAL and ALSTOM and is currently working on global project procurement with a Spanish leading multinational company.

**Emilia Ashton (EA): What are the three most important attributes of a successful procurement organization?**

Ratri Loudes (RL): If I have to describe procurement in 3 words, I suggest defining it in 3Vs: visibility, values, and victory. These are not new terms for people in procurement, but I believe that it is quite challenging to implement them. Allow me to explain a little more about the definition of each term. Visibility is about a state-of-being which is seen or visible by all parties that are involved in procurement processes, in this case mainly suppliers and internal stakeholders from top to bottom. Visibility is related profoundly with transparency. In order to create visibility, transparency needs to be promoted within the procurement ecosystem.

When relating this to values, although procurement-to-cost will always be considered as a major role of the procurement function, Covid-19 has proved that there are many other strategic roles of procurement. We have heard recently about re-shoring, near-shoring, etc. The role of procurement is more important than ever to contribute to their organization how to define strategic sourcing post-Covid-19. There are some other lessons learned that we could take from this world-wide pandemic, which again showed the important roles of procurement such as contract and risk management.

Some other aspects that are also important in procurement function are creating competitive advantage through innovation development and ensuring laws, ethics, and sustainable compliance. Now we can see that the procurement function can bring a lot of values to an organization.

Finally, visibility allows procurement to create added values, which will bring success not only to their organization but also to suppliers. Adding transparency to suppliers will allow them to offer products and services aligned with the organization’s goals and be profitable for them. It is called a win-win relationship or in another word: a victory.

**EA: A key buzzword in the industry at the moment is supply chain visibility. Why do you believe visibility is so important in the supply chain, particularly in procurement? And how do you think the supply chain could become more visible?**

RL: Procurement is more than the purchasing process. It is a strategic function and is cross-functional. Visibility is the only way for procurement people to do their function accordingly with the organization’s goals. For this purpose, procurement should have a seat in Management Board, or it should report directly to the Top Management. In this way, firstly, it will guarantee early-buyer-involvement in all organization’s projects. Secondly, procurement department can purely understand different interests of internal stakeholders in neutral position and will deploy strategies to satisfy the organization’s goals. If procurement people were attached to a non-procurement department, it would limit them to make actions in favour of this department’s interests or goals.

Compared to procurement, the supply chain’s ecosystem is more complex as it is about an end-to-end process. If we look at the process of the supply chain from plan, source, make, deliver to return of products and/or services, we can understand quickly that they involve many parties. In my opinion, we can create visibility in the supply chain through people, organization, and technology.

Visibility can only be built by people who share information. For this reason, an organization needs to create a sharing-culture by promoting transparent communication and creating easy communication tools. Communicating bad news should not be punished. Giving feedback to our team or suppliers is important in order to keep them aligned with the organization’s goals. Last but not least, technology is an enabling means to pull data easily and to create an easy access tool for people and their organization, so that data or information is rapidly and easily visible.

EA: **The pandemic has highlighted how reliant supply chains are on sourcing from China and as a result we saw shortages after the country locked down. In your opinion, do you think buying patterns will change as a result of the pandemic? And if so, how?**

RL: The pandemic resulted in a new vision to design supply chains differently. We can see from media that the USA and Europe are planning to re-shore manufacturing sites especially for essential products, such as pharmaceutical equipment and medications. From a procurement standpoint, re-shoring or near-shoring will shift the way we manage procurement. For example, logistics costs will be less prominent in the analysis of Total Cost of Ownership as it will be replaced by an analysis of ROI machine/robot automation. In terms of sourcing, it might no longer be global, but it will become local or regional procurement.

Despite high costs and long lead-time in implementing re-shoring or near-shoring, from a risk management perspective, indeed these sourcing strategies will reduce our dependence on China. Yet, going back to the function of procurement as a business partner, an organization who decides to implement them needs to make sure that, in the end, it will be profitable as well for their end costumers (i.e. no sky-rocketing sales price increases due to expensive labour or high-cost automation investments).

Furthermore, we all know that China is rich of natural resources and that not all countries have as much as China does. For example, China is the major rare earths production owner in the world, used commonly in high-tech devices and automotive industry. Until we can find an alternate source, we will still be reliant on sourcing from China.

**EA: Another key issue for supply chains is sustainability. What role do you think procurement plays in achieving a sustainable supply chain? How do you believe procurement can be more sustainable?**

RL: An organization who does good business includes Triple Bottom Line (TBL) into their goals and strategies. It means that in every aspect of an organization, they take into account economic, social and environment factors. This is applicable for procurement too.

As a representative of their organization in a commercial relationship with suppliers, procurement people need to ensure that all the organization’s policies relating to TBL must also be applicable not only for Tier 1 suppliers, but also for the next tiers since it is about the performance chain: one’s performance is the result of the others.

Furthermore, suppliers bring their customers’ image and pride too. A small company supplier feels proud to work with well-known organizations which has a good reputation, and vice-versa. Some action plans which can be implemented to ensure that procurement can be more sustainable are: a strategic sourcing by focusing on local suppliers and by implementing dual or triple sourcing; a guarantee that suppliers have standard certifications such as ISO 9001 and/or ISO 14001; regular audits and performance evaluations must be implemented for the purpose of risk management too.

**EA: What would your advice be to people who would like to make a career in procurement?**

RL: There are many hard skills and soft skills needed in order to work in procurement. I would like to emphasize that procurement is not only about cost reduction or supplier relationship management. Procurement is more than that. I mentioned previously about values that procurement people must be able to bring to their organization. Nowadays, it would be too bad to think if procurement’s role in an organization is only as a cost killer, but there may still be some organizations who think so. As a business partner in their organization, procurement people must have a customer-centric sense, both to satisfy internal demands and to commercialize our other values to the Top Management or other departments.

Furthermore, relating to supplier relationship management, we sell our arguments during a negotiation with suppliers and we market our organization if we want a new potential supplier to work with us.

In conclusion, procurement isn’t just about the skill of buying, but it does cover two-sided commercial aspects: buying and selling. Finally, persuasion and influential skills are not only useful for our negotiation with suppliers, but they are indispensable in taking procurement roles vis-à-vis the organization.

**EA: Thank you so much for your time, Ratri. You have provided some great insights into the world of procurement.**

If you want to take part in our Supply Chain Ask an Expert series, feel free to contact us at [contact@allthingssupplychain.com](mailto:contact@allthingssupplychain.com)