Combining Forces
— A case study in collaboration

When IT means more than Technology

The nature of the Financial Services Industry requires a strategic reliance of information technology. Many financial organisations are at the forefront of commercial IT application and the industry has to employ highly professional IT staff. In the course of their work they come into regular contact with equally skilled people in hardware and software and service supplier organisations.

In commercial dealings these same IT professionals will find themselves sitting across the table from professional sales people who are highly motivated and, more importantly, highly trained and skilled in their trade.   The IT specialist can confidently discuss technical issues with their counterparts in the supplier company. But should they be expected to have the necessary commercial skills to negotiate prices, terms and conditions effectively against highly skilled, experienced and motivated sales professionals? What business gains are at risk through this unequal match?

This is the story of a major financial organisation that foresaw the need to bring complementary skills together and bridge a common gap in organisations, the gap between Procurement and IT professionals

Innovate and Collaborate

This institution recognised the need for change back in 1985 when they took the then revolutionary step of recruiting a highly experienced purchasing director from the motor industry – an industry with huge experience of effective, professional procurement. His brief was to plan, set up and develop a centralised purchasing unit.

A clear mandate from the bank's senior management helped open doors and create awareness of the new strategy. However the new purchasing team recognised that their success would depend at least as much on the willing co-operation of their IT colleagues. Without that ready collaboration Purchasing would have most likely been destined to become little more than 'order placers' — a role which would add little if any real value to the organisation.

Effectiveness through teams

Some early successes soon built an awareness among the IT professionals that Procurement did indeed have something to offer; through the achievement of benefits, which they valued too. Procurement's next task was to build on these initial 'wins' to ensure the function's involvement would become fully accepted as part of the way business was carried out. The acid test was for purchasing to become part of the team on all IT projects.

The institution's strategy ran counter to the current vogue of operating through a consultancy model – purchasing 'consultants' who move from one unrelated project to another. Their structure virtually shadows that of the IT function so that Buyers are responsible for specific product ranges and suppliers. As an example one buyer deals with mainframe systems and software, another looks after branch systems and another PCs and PC software.

This enables them to gain an in-depth market knowledge of their product range and – equally important – the opportunity to develop effective working relationships with suppliers. In effect they become specialists too, complementing the technical skills of their IT colleagues.

Underpinned by understanding

Whilst encouraged by these early results the management team recognised that teamworking built on market and commercial knowledge was not enough on its own. Working relationships had to be developed to underpin practical co-operation. In their early days working in IT, each buyer spent up to two weeks working alongside his or her opposite number, meeting people, understanding what their work involved, understanding the jargon and understanding the time and pressure constraints that IT Operations and Development staff work under.

The time spent in those early days paid dividends and the relationships forged then have been sustained. There is now constant interaction between IT and Procurement, who now get involved in new projects right from the early stages.

Level to level

Relationships were formed not only at working level but also between the senior managers of both areas. The Head of Purchasing and the IT Director meet each month to discuss Purchasing's involvement and progress with projects, to discuss any areas of concern either may have and to hear first hand details of forthcoming projects and expenditures and agree between them the procurement process and time frame.

Recommended!

The value Purchasing bring to the procurement process is recognised by the IT team. Not only are they happy to continue to use them for commercial negotiations but they also now recommend Purchasing's services to their colleagues in other parts of the Group.