What & Who is a Chief Procurement Officer?



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According to Business Dictionary, the Chief Procurement Officer, or CPO, is "[An] executive level employee whose responsibilities include sourcing, supply management, and procurement for the company.

Generally, the CPO reports directly to the [chief executive officer] CEO of a company."

And according to Wikipedia, a CPO is, "typically the executive of a corporation who is responsible for the management, administration, and supervision of the company's acquisition programs.

They may be in charge of the contracting services and may manage the purchase of supplies, equipment, and materials."

These definitions are both vague and redundant because the procurement industry lacks common definitions.

Procurement is a business function focused on supply management, which by default includes sourcing – beyond day-to-day supplier management and transactional activity.

Ultimately, the procurement function is what develops and executes supply chain management processes, whether the resources used to perform the processes report to procurement or not.

This means the CPO is the highest-ranking person in the company with the authority to influence the supply and the spending required to acquire the supply, throughout the entire company.

The procurement policies and procedures determine which purchases require procurement's input, and which ones are handled by end users.

Generally, the purchasing department must play a role in any complex, long-term, or expensive purchases, while end users are allowed to handle one-off transactions that are simple and low cost.

For instance, you can allow clerical and support staff to order their own basic office supplies, while requiring procurement specialists to be involved in purchasing new servers or SaaS solutions that affect company workflow.

> *Some organizations give the CPO an alternate title, such as assistant vice president for procurement. Some companies will also have an assistant chief procurement officer.*

CPO Duties: What They are Responsible For

As a CPO, you must keep an eye on costs, keeping them under control, and doing what you can to reduce them.

This means developing a procurement strategy based on strategic sourcing, helping purchasing staff with the evaluation and selection of suppliers, overseeing, and occasionally participating in contract negotiations.

You won't handle all the purchases but will focus on the ones that are high cost or

involve one of your strategic partnerships.

CPOs must also work to make sure procurement policy and procedure adhere to internal and external compliance guidelines – be they for government requirements for supplier diversity (to avoid discrimination against women-owned and minority-owned businesses), or company initiatives for ethical procurement and corporate social responsibility.

In larger procurement organizations, CPOs commonly oversee procurement teams comprised of an assistant chief procurement officer, purchasing managers – also known as procurement managers, purchasing directors, contract administration officers, and others.

In startup operations and smaller companies, the team typically only includes a few procurement professionals. In these organizations, it's common to have a CPO with a different job title, such as procurement director, procurement contract officer, or deputy chief procurement officer.

The size and scope of the organization also affect who the CPO reports to. While it is most common for the CPO to report to the CEO, it's also possible to the CPO will report to the chief operating officer, chief financial officer (CFO), or another senior vice president position.

Required Training and Experience for CPOs

CPOs are expected to have a bachelor's degree at minimum, usually in either business or finance.

Some larger enterprises, particularly those dealing with global procurement, may require a master's degree in any of the following:

- Business
- Finance
- Supply chain management
- Procurement.

To work as a Deputy Chief Procurement Officer for the Metropolitan

Transportation Authority (MTA) New York City Transit, for instance, you must have a bachelor's degree in Supply Chain, Procurement, or a related field – and master's or other advanced degree is preferred.

Beyond the educational requirements, CPOs must have experience working in purchasing and procurement departments, have excellent communication skills, and decision-making skills.

It also helps if there's a proven track record of collaboration with other business functions, such as IT, HR, finance, and legal.

Your role involves all departments in the company, and you have to be a team player.

You must have experience managing all company spending, no matter what operating model was in place – whether you built the strategy or not.

You must be able to show that you've been able to save a company money, if not just by reducing costs, but also by improving profits through cost avoidance and risk mitigation.

You must be familiar with laws and regulations around procurement in general, and specific to the industry you're handling procurement for.

You must be able to negotiate with suppliers and be prepared to use those skills for large deals.

To demonstrate your negotiation skills, it's helpful to be able to show any past deals you've helped solidify, and how those relationships helped your company grow.

You must be able to focus on the needs of a customer, anticipating them ahead of time when and where possible to manage risks and effectively handle supplier relationship management.

You have to be able to analyze the data to find insights to help you and your company.

Chief procurement officer jobs will always be looking for leadership skills. Organizations need people who can prove they've been able to transform

companies they've worked with in the past.

They want people who are willing to collaborate across departments to improve company culture, and people who are willing to embrace technology to make procurement processes more efficient and effective.

The length of experience in procurement will vary from job to job, but the MTA position requires 15 years of "satisfactory full-time experience" in procurement, leading a sourcing function, along with at least five years managing at least 10 full-time resources.

It will take years to get to a CPO position, but those who get there will enjoy being at the top of their field.

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