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A CPO's View on Building Effective Procurement Teams, w/ Greg Tennyson, CPO, VSP Global

Announcer: Welcome to the Art of Procurement Podcast with your host Philip Ideson. Hear thought leaders share the trends, strategies, and tactics that you can use to elevate the role of procurement, and your career.

PI: Hi everyone, and thanks for tuning into another episode of the Art of Procurement. Today I have another in the series of five different interviews that I recorded back in early May at the Coupa Inspire Conference in San Francisco. My guest on the show today is Greg Tennyson. Greg's the Chief Procurement Office of VSP Global. VSP Global is the largest provider of vision insurance here in the United States. Prior to his role at VSP Greg has also been the chief procurement officer at a couple of leading Silicon Valley companies that I'm sure you've heard of; Sales Force, and Oracle. Greg is also the founding member of the Bay Area Procurement Council.

In today's discussion I really wanted to pick the mind of a CPO with regards to procurement talent, and hiring. So I ask Greg if the so called talent shortage is real, and the skills that he looks for when he hires talent into his team. Greg also shares his views on what a procurement professional can do to stand out from the crowd, and increase their chances of a promotion. This is a really interesting discussion for me because we talk a lot here on the Art of Procurement, but I also hear it spoken and written about elsewhere about the challenges in terms of procurement skill sets. So it was really insightful for me to ask a CPO, and really understand what's going on on the ground.

All right. Well before we go into the show I wanted to let you know that I recently published a new report, and it's called 50 Lessons From 50 Shows. In this report the 50 different lessons that I've learned talking to procurement thought leaders over the first 50 episodes of the Art of Procurement show. So if you're interested in grabbing a free copy of the report you can just head on over to artofprocurement.com/50lessons. That's artofprocurement.com/50lessons. All right then, let's roll the tape.

Welcome to the Art of Procurement today. As I mentioned in the introduction I'm really delighted to welcome Greg Tennyson, the CPO of VSP Global to the show. So Greg, welcome.

GT: Thanks Phil. I'm happy to be here.

PI: Thanks. Today we're going to talk a little bit about talent, talent shortages, skills, and also some of the things that you can do to stand out if you aspire to be a CPO. Before we do that I have a first question, Greg, that I ask most of my guests. That's did you choose procurement, did it choose you? How did you come into the function?

GT: Yes. I'm sorry, I'm smiling. You can't see the smile on the audio. But I actually fell into procurement. I'm sharing too much of my history, but I graduate university in '82, a very tough job market. My first opportunity was sales, and selling a commodity, if you will, to a very hard, difficult market. I realized right away I didn't like



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being on that side of the desk. Then I took an administrative role. Part of that administrative role introduction to contracts, procurement, buying. That's why I say it was purely by accident I fell into the role. But I knew right away the art of procurement. I love negotiating. I love partnering with a business, and understanding their objectives, what their needs are, and driving that value proposition for them. Early in my career I was exposed to procurement, contracts, and just fell in love with it. 30 years later I'm sitting here with you.

PI: Still here.

GT: Yes.

PI: How has it evolved over time?

GT: Wow. Night and day. I mean we used to talk about requisitioning, paper reqs, getting approvals. Paper racks sitting in somebody's physical inbox, having them approve it. The natural delays, the lack of visibility, accountability, a night and day difference. A very manual, paper intensive process. Boy, you're drudging up some history. To today where it really has moved the level of the needle to be more digitized. We're not there yet, but with e-seg, with the technology, with the e-procurement, the Indian solution, the e-invoicing, evaluated receipt settlement, a lot of functionality now. Not only functionality, but the discipline has changed dramatically.

The skill set required to play the role is entirely different, more consultative. It really requires a broader skill set. Back in the day, 30 years ago it was all about consummating the transaction. Now it's about building partnership, building relationships. It's being more of a generalist from having a finance background, having a manufacturing, demand planning, supply chain background, having a contracts background. To be successful, in my opinion, it requires the individual to be much more diverse, a generalist rather than a specialist.

PI: Interesting. Has the role of a CPO in the boardroom, or the way that the boardroom looks at the role of the CPO, has that changed? Do they have different expectations today?

GT: At some point over the last 30 years the CPO became less and less a buyer, and you're a salesperson, you're selling. You're constantly selling within the organization, building relationships, building credibility, delivering value. It takes an entirely different skill set. If you haven't leveraged off that inflection point to develop those skills those are the individuals that get jettisoned because they couldn't keep pace. But it's an entirely different skill set 30 years ago versus today.

PI: Yes. Ironically, maybe this is just me speaking from personal experience, I found myself on the buying side because the selling side was hard, and it was something that was difficult to do. When you're starting your career buying you suddenly have all this "power", because you have these relationships to manage, the spend



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to manage. Turning the corner to then be essentially a salesperson is a difficult leap for a procurement professional, or at least it was for me.

GT: Yes, interesting. I agree with you 100 percent. I was on the buying side, loved being in the power seat in negotiations. But as I reflect on those three years, three decades of experience I realize that it's more about relationship. It's about selling, even to a supplier. If you look at a supplier engagement as if you're buying from that supplier you've missed it. You need to invest, you need to sell, build a relationship. Because there will be those phone calls. I can tell you, with Coupa, the procurement tool we implemented back in 2009, having the relationship with, at the time, the three founders, and being able to pick up the phone call, having their mobile to get things resolved was because of the relationship, not because I was the buyer.

PI: Right. When you fast forward to today what are...? These may be your personal biggest challenges, it may be the biggest challenges that you hear from CPOs from which you network with. What are the biggest challenges that you're hearing about.

GT: It's interesting. The whole conversation around talent shortage within the procurement space, I've heard that conversation now probably for the last five, maybe ten years. I think what's missing is people need to get creative on how they go after it. When I look to hire I'm not looking for a procurement professional. I'm maybe looking to hire a JD grad, somebody who's a recent graduate of law school, somebody with a finance background, somebody on the supply chain side, somebody that was in sales. It does require you to be more creative. It does require greater investment in the individual to ramp them.

But the output, the result is that you get potentially a better rounded person that addresses a talent shortage within your team. You'll never have the perfect hire, so it's a matter of compromise, and really understanding that deficiencies, or let's say a talent shortage within the team, and how you can enhance the mix. If you are lacking from a contract review red lining perspective go out and hire a JD. The risk is that you'll have greater churn, because they'll be exposed to the opportunity, procurement, and their talent lies more in becoming general counsel somewhere. I look at it as making an investment, making that individual more rounded, getting them exposed to the procurement side so they can then help evangelize the function wherever they go onto.

PI: Yes. I was going to ask, isn't that important? If you're thinking long term you then start to get people who have experienced procurement in the business so they then become your advocate.

GT: Right. Not only at your company, but wherever they land.

PI: For the profession, yes.

GT: Yes. Because it's the profession.



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PI: We're all kind of in this together.

GT: Yes. Definitely.

PI: You talked about the talent shortage. Is that real? Is it something that we talk a lot about? Is it very specific based on job types?

GT: Yes. I hate the answer, but I'm going to give it to you anyways. It depends. It depends on the market that you're in, the skill that you're looking to hire, the talent that you're looking to hire, the level of the talent, the market that you're in. San Francisco high tech I would agree there's a talent shortage, so get creative. Maybe you take somebody, your function, and put it in a remote setting, or you allow somebody to work virtual. You look to other disciplines, other functions to bring a new resource in, and then you round them out from your ramping of the talent, assimilation of skills, etc. But just simply to say there's a talent shortage, and do nothing about it is a naysayer attitude. Get creative.

PI: Yes. Is it because of the skill sets, where there are the shortages is it because we're evolving, and we haven't, a lot of the profession hasn't moved at the speed of change? Is it, again, I guess it may be situational, because just we're in a market that is at the top of the cycle in terms of hiring. It's just difficult to get people, period, not necessarily good people.

GT: Yes. Again it depends. I look back at my prior company, and I had an engineer playing a procurement role. I had somebody in finance on the team, I had attorneys on the team who were playing a procurement role. If you constrain the opportunity by looking for a specific skill set you're naturally going to have challenges. Just keep an open mind, expand. I had somebody come join the team from marketing, internal transfers, because they saw the value I sold them on the opportunity, that gets back to the sales role. But I sold them on the opportunity, had them join while they were in the group for five years, and then left, and went back to marketing.

But back to your earlier point I now had an evangelist within marketing, an advocate who helped me do my job better. She had a greater appreciation for what procurement was about, what the opportunities were, how to negotiate better outcomes, so in the end it was a win win. Again, just keep an open mind, and get creative as far as what talent you want to attract. Then have a program, I don't want to say indoctrinate, maybe assimilate is a better way of describing it, into the procurement function that will make them successful and you successful.

PI: Teaching your people, for example, some of the technical skills that we may have looked for as basics before, they're actually secondary to some of those softer skills that are a lot harder to teach. You can teach



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them procurement skills.

GT: Exactly. Yes.

PI: Does that mean there's a bigger focus on training and retention?

GT: Definitely on training. It's interesting with retention. My philosophy is regardless of skill set hire the best resource, train them, invest in them. Then from a retention standpoint if they leave they become an advocate, and I'm fine with that. Actually it's not my philosophy, it's something that I've mimicked from a CFO at one of my prior companies. He very much subscribed to the philosophy of he wanted to have everyone with the capability of becoming a CFO leaving the organization, and then becoming an advocate for not only the discipline, but for Sales Force. It's something that I've just been mimicking ever since. But great philosophy.

PI: What's the risk of doing nothing? Do we risk being bypassed ultimately because we don't have the people that we need to drive ourselves forward in terms of helping a business? Do we risk being automated out?

GT: It's not being relevant, to be very blunt. I mean with lack of relevancy comes redundancy, which is a RIF, reduction in force. It's really appreciating the culture that you're in, understanding the skills that you need to complement, operate within that culture, and really having those soft skills, to your earlier comment, to be more effective in selling the relationships, building the relationships. You look at the competencies for a procurement professional, and I hadn't really given it a thought until we just started having the conversation. The ability to negotiate successful outcomes, the ability to read and red line a contract, the ability to build a relationship. If you were to stack rank those it's almost the inverse. In my opinion the soft skills are now more important within the procurement function than some of those technical skills.

PI: So for a professional who's been in the function for a long time, that has the technical skills, how can they react at all? How have you seen professionals who have those technical skills be successful in developing those softer skills that have allowed them to then move on?

GT: It gets back to the conversation of relevancy, right? They'll quickly realize if they don't have those soft skills the function becomes less and less relevant. Something I've always done throughout my career is I've always stayed current on the job profile that I aspire to. Back in the day there was an author called, I'm probably going to butcher the name, it has been a while, Dress for Success, John Molloy. His philosophy was don't dress to the level that you're operating at, dress to the level that you aspire to. A simple philosophy that applies to how you develop your skill set. Don't develop your skill set to the level that you're applying, but to the level you aspire to. The best way of doing that is staying current on job functions, job postings, developing a peer network, understanding what, the peer level that you aspire to, how they operate, what their strengths are, their



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weaknesses, doing that SWAT analysis. That has been a philosophy that, ever since I read Dress for Success that I've incorporated into my career path.

PI: As a CPO when you're looking at, across your teams, and you're thinking, as you're looking at talent planning who really stands out from the crowd, and who you have confidence to take to the next level, what are you looking for? What do those people do that others don't?

GT: This gets back to the environment, the culture that you're operating in. I joined a company, VSP Global, that has well tenured staff. It is beyond me individuals who have been there 25, 26 years, which is unheard of in the industry. Having come from high tech if you can retain talent for a period two to four years, check the box...

PI: They're doing a good job.

GT: ...that's successful. Yes. It has given me a new perspective on how to identify and grow talent within the team. I quickly realized I needed to complement the team's talents in a number of ways. I had the senior director of IT join the procurement team. I had another, if you will, opportunity around project management. I had somebody PMP certified join the team, and as a manager within the team. It's really doing that skill set assessment, partnering with a third party to get their point of view, but to do your own assessment of the team, and developing a game plan from an organizational development standpoint. How do I complement the talents within the team internally as well as externally? That's the journey that I've been on now for the last two years, two and a half years at VSP. But it's similar to what has occurred over my career at my prior companies. It's key to do the skill set assessment, identify deficiencies, and figure out a plan to complement.

PI: You just talked about working with lot of well tenured professionals who may not have the same breadth of experience from an organizational perspective. Do you give that same amount of time to see if people have the ability to change, or do you shift them into positions that are better suited to what their experience level is? How do you manage that? I imagine it's a bit of a jigsaw.

GT: It is a bit of a jigsaw, and a great organizational development question. I mean you want to put people into roles that will challenge them, challenge them in a healthy way, not challenge them to fail. Part of it is these are the needs of the organization, needs of the team, this is my skill set assessment. Are you a good fit? Is it going to challenge you in a healthy way? Then I'll have those conversations. It's funny, one of my best hires was at Oracle. An individual that played NCAA basketball. Had no procurement technology background. I hired her because I knew that she was naturally competitive, I knew that she had the competency level to learn quickly, and she's in a senior role at Oracle today playing a technology role. Just because of her can do attitude that allowed her to be successful.



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I mean it's really providing an opportunity for somebody, giving them a challenging role, in a healthy way. But I've also, to be totally transparent, I've put people in roles that will challenge them, and being very authentic with them to say this is going to be make it or break it with you. Grab the opportunity, and I'll invest. I'll give you the training that you need, internal, external. But if it's not successful I'll be your best reference. You have to jettison people, but I mean that's the difficult part of a leadership role. But it is very rewarding when you have somebody accept it, do it, and be successful at it.

PI: Right. For those that aspire to be a CPO, and let's say they're at a manager or a director level, what kind of actions do you recommend that they should take in their careers to really start increasing their chances of working up the ladder to becoming a CPO?

GT: Well them IDPs, individual development plans. It's funny, everyone has their acronym. Back in the day it was MBOs, management by objectives. At Sales Force it's V²MOM vision still indelible. It's vision, values, methods, obstacles, measures. At VSP at KJA, it's key job accomplishments tethered with an IDP, individual development plan. On an annual basis I sit down with the team, we put KJA's in place. They're smart, specific, measurable, actionable results, etc. But also the IDP. We put development plans in play. We sit down, we have a conversation, and I'm real with people. I say what do you want to become? How do we need to invest? How can we make that happen? It's having those heart to heart discussions with people that generally have very successful outcomes.

PI: How do you motivate high potential players who may be de-motivated either because of circumstances around them, or they feel that they're not getting the recognition they deserve, or that they're not in a role that challenges them?

GT: It's interesting. In my experience there's the hi-pos that have lack of engagement that become a challenge. There's also what I would call the people that have achieved a certain level of complacency, and they don't recognize the value that they can bring to the table and/or the needs of the organization. It's having that pep talk with those people that, in my opinion, can be a more challenging conversation. Because with that level of complacency they may have reached a point where they've accepted it, and are no longer motivated, or they're in denial, and they don't appreciate the, it sounds harsh, but they're shelf lified, how much long they're going to be in the organization. Of those two groups of people, I would say the so called complacents, or the steady Eddie's, are the more challenging. But to your point having a hypo not realize their full potential because the environment, the lack of engagement, whatever those factors are, I mean in my career those have been the easier conversations. It's the complacent ones that have been more challenging.

PI: Right. Is that then about driving them to change? I don't want to say, well I will I guess, snapping out of the complacency.



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GT: That's where it gets back to the selling. You have to become your own cheerleader within the organization, and really educate people on what the opportunities are for them, for their family. Understand what's important to them; work life balance, career development, whatever that might be, and appealing to them on those levels, and really sorting out what motivates them. Certainly with somebody that's complacent it's more challenging, because it's difficult to discern the motivators. But I have found that if you sit with somebody, you're real with them, you're authentic, and you appeal to them from a these are the needs of the organization, this is where I see you playing a role, this is how I see you developing your career path going forward, people will generally be receptive. If they're not do you really want them in the organization?

PI: Right. They're already past the point of no return.

GT: Yes.

PI: As you looked at hiring, how important is the diversity of somebody's experiences? It can be inside and outside of procurement. But it could also just be around different functions of the procurement value chain. Is that something that you look for particularly?

GT: Yes definitely. More important today than 30 years ago. 30 years ago given the environment you could be a subject matter expert within a space. You want the diversity, you want the generalist, in my opinion. Certainly if you have, if you're supporting your IT organization, and it requires somebody to have that in depth knowledge around memory, data centers, storage, servers, whatever that might be. Maybe you either hire it, or develop it, but it really becomes more about partnering with the business, to draw on that subject matter expertise you having the soft skills, the relationship building skills, and that's what my focus has been on.

PI: Right. You're not perceived as a risk by the business when you're actually going to them, and asking them for help, acknowledging that you don't know everything. But if you have a breadth of experience at least it gives you a bit more maturity in terms of how you think of approaching that.

GT: Yes. A lot of times too being seasoned in how to manage through those situations, through the relationship. Even if you don't possess the SME, the subject matter expertise, I would still place my bet that that individual will have a successful outcome.

PI: I wanted to just move into a final question, and it's more tactical. That's a lot of times we struggle to build relationships, and become relevant to our stakeholders just in our day to day activities. What's one thing that you recommend to your team in how they can start becoming relevant to their stakeholders?

GT: Sit with the business, understand what their challenges are, look at the opportunity from their perspective. I'm not suggesting compromise your values, compromise your ethics. But I'm saying go meet with the business,



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spend a week, a month learning what their challenges are, living the opportunity from their seat, their view of what those challenges are. I think having that appreciation makes you more effective. It's a simple skill. But I think what happens is people just get involved in the turn of the day, and they default to their point of view, and not fully appreciating the opposite view.

PI: Does some of that then come into how as a leader you're setting the objectives of the professionals? Because then they're ultimately going to revert back to type in terms of well if I'm only, if my objective is cost savings then at the end of the day that's what I'm going to be focused on.

GT: Yes, interesting. I have a simple message to the team. If I get up out of my chair to go to the restroom, to go to the cafe I don't want to see anyone here. Simple message. Get out of your seat, go meet with a business, live with the business, come back for a meeting. But I don't want to see you. Simple message. It's interesting, so some people get it. You have to moderate it, obviously they have to deliver, you have to have expectations aligned, measures in place to make sure that they're being successful and not out playing hooky, or golf, or whatever the case may be. But the professionals get it, and they'll perform, and those are the people end of day that you want to surround yourself with.

It's interesting, I'm sorry, back in my days, 15 years ago, we bifurcated transactional from strategic. Day one, before that happened people were doing both. Human behavior is interesting. If somebody has confidence, competency around doing something they'll gravitate towards it. What I quickly realized is a lot of the individuals on that team were transactionally focused, they were tactical. You can't just go in and anoint somebody, and say changes happen, day two, you're now strategic. You have to develop it, you have to build it, and you have to place the expectation on them that they're no longer playing that role, and these are the expectations now that you're expected to deliver to, and I didn't do that. It was a key lesson now that I've incorporated going forward. But because a week, year, two years into the process they were still gravitating towards those transactional responsibilities, because that's where their comfort was. It really changed how I hired, and developed, and retained talent, so it has been a key lesson for me. Being a leader in the procurement space you really have to adapt, be flexible. Once you become stoic, stationary, sedentary in your role you're no longer relevant.

PI: Right. I have actually another question that came out of that. This kind of goes at a tangent. But you talked about the separation of transactional and strategic.

GT: Yes.

PI: I'm interested from a CPOs perspective is that going to continue, and continue at a faster space? Especially as we start talking about technology, and the things that technology can do for some of those transactional and



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administrative tasks? Will it even change what we view as being strategic ultimately?

GT: It's interesting. You, so robotic procurement, artificial intelligence. Honestly that has been around a long time. If you order off catalog you can auto generate the PO, the buyer doesn't touch it. You can build price breaks into your underlying structure within the PO generation. All of that has been there. What the procurement function, what I've seen is the shift away from the technical, tactical to the strategic, and development of soft skills. I've seen it, I've lived it. Those organizations that haven't gotten on that bandwagon are the ones that are no longer relevant, somebody's out of a job. That shift has occurred, and technology has been a key enabler to make that happen. When people talk about robotic, or IA within the procurement space I would say that blaze, it has already happened. We're now trying to figure out how we can further leverage it. Maybe through enabling sourcing tools, and giving them to the business, and becoming an overseer is the next shift.

I was talking to somebody at one of the big four's. The irony, there is always this constant shift. Back in the day it was around tele quality management, TQM. Then they just rebranded it, and it's called something else nowadays. Now the focus from a big four perspective is on post award contract management. It's not tools, it's managing the contract, which procurement has naturally moved away from, because we just consummate the deal, and turn it over to the business. You go manage it, you talk to me when you have a problem. There's this shift now back to procurement engaging around contract management, and it's keeping current on those trends that becomes the challenge for the CPO.

PI: Here's one last thing that I have that segways from that that I'm interested in, again, no necessarily related to hiring, but interesting in perspective. That's, you talk about post contract award, and what we think of supplier relationship management. SRM, from my perspective it was just another way to beat up a supplier that we didn't have power with in the relationship, so we're starting to talk more about collaboration. Are we moving there? Is it something we'd like to move to, but we don't really know how? Where do you see that fitting into our future?

GT: There's a professor at the University of Tennessee that talked about vested outsourcing.

PI: Kate Vitasek, yes.

GT: Yes. The whole concept of vested outsourcing, think about taking that concept and putting into supplier relationship management. Part of my career at Sales Force I was managing all of the outsourced tech support. What we did is we used Chatter, which is a Sales Force tool, and we created open collaboration with the suppliers. We'd do all of our contract negotiations, put the contract into the Chatter tool. We'd create a group. We'd put all of our performance measures in the tool. We'd try to create a mini to mini, or a multi-threaded



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conversation as I like to refer to it. I think it was kind of early. I'm surprised, when people talk about SRM they talk about supplier information management, they talk about getting access to PO's, to an invoice, what's my payment. That is so archaic. It needs to be more about collaboration, collaborating, and doing it in such a way that collaboration is open, and granting access to others to contribute, making documents referenceable. If I have a contract in Chatter, and I change something it provides notice to the other party that something has been changed. If I post something they get notice that I posted something.

PI: It's like bringing transparency to the relationship.

GT: That's where the conversation needs to go. We even started to, across that outsourcing community three, four different suppliers posting everyone's performance results, and driving behavior through transparency. I would know how you're performing, I would know what line of business, or book of business that you had, you would know what I had. If I wanted to encroach on your book of business I easily could see how you were performing, and develop my value prop to the buyer to make that value statement. Your driving competition through collaboration, and driving the right behaviors because now there's transparency. That's where we need to go. I don't think we're there yet.

PI: I have a ton of other questions, I could probably go in that direction because I just love speaking to you, and getting your perspective as a CPO, but time is against us. I just want to thank you Greg for taking part in our conversation, and just thank you for your time today.

GT: Phil, it has been a pleasure. Best of luck to you.

PI: Thank you very much. I will link up to the show notes for today's episode. They are going to be at Artofprocurement.com/Greg. There you can download the audio file from today, and check out some of the lessons that I learned from the conversation. That's Artofprocurement.com/Greg. Greg, thanks again.

GT: Thank you Phil.

PI: Thank you for listening to another episode of the Art of Procurement. To find an archive of all past episodes you can go to Artofprocurement.com/episodes. To ensure you never miss another show go to Artofprocurement.com/subscribe.