

Procurement Section's Role in Japanese Leading Company

Procurement/ purchasing team's role in the Future

SAMPLE

The Future Role of the Procurement Section in Leading Japanese Companies

Preface to the English Edition

In 2007, Japan Management Association (JMA) launched the nation's first certification program for procurement professionals. This program certifies individuals who have mastered the skills necessary to perform their jobs as procurement specialists, and awards the designation "Certified Procurement Professional (CPP)" to qualified individuals. It aims to set an industry-wide standard for the certification of the skill level of procurement professionals, enabling them to enhance their expertise and performance.

Since the launch of the CPP program 10 years ago, the JMA has provided education and training to over 10,000 people working in diverse industries such as construction, telecommunications, and chemicals, as well as manufacturing.

One reason that a growing number of people from a broad range of fields have come to attend our seminars is that large-scale streamlining has been taking place in organizations across industries. In light of this, companies need to transform their procurement practices through structural reforms, and make accurate and timely decisions to respond to the current needs of the increasingly complex and diverse business environment.

This report reviews the history and current status of procurement departments in Japan's leading companies, and discusses, from a management perspective, how purchasing activities can increase profits for businesses. The report covers topics essential to management, such as efficient use of management resources, responses to the challenges of globalization, and coordination with relevant departments within a company.

We hope that this report will contribute to the development of the industry as a whole.

CPP Office

Japan Management Association

November 2016



Japan Management Association (JMA):

Since its founding in 1947, Japan Management Association (JMA) has been contributing to the development of Japanese companies and industries through the creation of its membership system and the establishment of organizational bodies, such as the Board of Directors, the Management Council, and the Board of Councilors. The JMA provides an environment that brings people together from home and abroad, fostering the exchange of information and expertise and creating a network of professionals across the industry.

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1) History and current status of the positioning of the procurement team and current status

Amid environmental changes driven by globalization and information technologies, many companies have faced with the need for structural reforms. If a company fails to reform itself, it could suffer a great risk. Accordingly, now is the time that all sectors in each company are required to have the courage to address the challenges. Since the procurement team has an important role of negotiating with suppliers on behalf of the company, the team might be one of the teams mostly exposed to external changes. Amid increasingly complex business environment, I believe you might feel that the procurement team has been more and more expected internally from other teams and top management than ever.

Without only reviewing the roles of procurement officers in light of traditional and conventional purchasing operations up to now, I would like to propose you to shift your vision to the management perspective on your roles. By so doing, I believe you will be able to get a clear picture as to where operational resources should be reallocated and what operational fields should be more focused. This is my role in this book. Before discussing the "Procurement Section's Role in the Japanese leading company," let us review the transition of the procurement activities in the past.

(1) Procurement activities in the 1980s

The 1980s might be positioned as early stage of overseas procurement in Japan. Some Japanese manufacturers started so-called "knock-down" production in overseas. Accordingly, such Japanese