

In the programme he was listed as “executive vice-president, group procurement”. But when Pierre Attendu took the podium at the ProcureCon event in Amsterdam last November, his opening slide displayed a different job title – “chief procurement officer”. The CPO badge was one he chose personally, explains Attendu, who heads the global procurement function at train manufacturer Bombardier Transportation.

“Our new president, André Navarri, wanted a clear change from the past – a function that was recognised as being top level and reporting directly to him,” says Attendu, a French-Canadian based in the company’s headquarters in Berlin. “Having looked at various possible titles to reflect that, I told him I preferred CPO because it brought more seniority to the role, in terms of perception.”

Attendu is one of a small but growing band of procurement leaders who now have CPO on their business cards. Purchasing has been something of a late-comer to the “chief officer” or “CXO” bandwagon, with the title only really taking hold since the late 1990s. In contrast, acronyms such as CEO, CFO, COO and CIO – collectively known as the “C-suite” or “C-level” senior executives – have been common currency for longer.

A quick internet search on Google illustrates the relative differences in usage. Type in “chief executive officer” and you get over 6.5 million hits. Next in the ranking comes chief financial officer with four million, chief operating officer (2.5 million), chief information officer (1.5 million) and chief technology officer (one million). Chief marketing officer, or CMO, is well down the order at 300,000, but that’s still three times more hits than chief purchasing officer and 10 times more than chief procurement officer.

Most of the hits for CPO are of US origin, reflecting the distinctly North American heritage of the title. Big US companies that have CPOs on their staff – if not necessarily their boards – include global powerhouses like DuPont, Motorola, ChevronTexaco and JP Morgan Chase. And since the Services Acquisition Reform Act was passed in 2003, the trend has also

# Elevated C to the C-suite

by Geraint John

**Is ‘chief procurement officer’ just a trendy American job title, or does it signify greater access to, and influence in, the boardroom?**

spread to the government sector, with public bodies from the City of Atlanta to the post-9/11 Department of Homeland Security having either CPOs or “chief acquisition officers”.

“We’ve definitely seen an increase in the prevalence of the CPO title over the last five years,” confirms Brian Powilatis, managing director of the Procurement Strategy Council, a research-based membership organisation headquartered in Washington DC.

In Europe, the CPO label is also growing in usage, albeit from a small base. Companies that have adopted it include Philips, Novartis, SAP, ABN Amro and Swiss International Air Lines. Anecdotal evidence suggests it’s more likely to catch

on in those organisations that already use the vice-president/senior vice-president nomenclature – titles that often continue to be used alongside that of CPO. But this isn’t always the case. At BT Group, the market-leading British telecoms firm, CPO replaced the more modest-sounding and far more commonly used “director of procurement”, notes Meryl Bushell, who has held the position since 2001.

One reason CPO is catching on is the globalisation of business. At BT, says Bushell, CPO first came into use after the company entered its abortive Concert joint venture with AT&T in 1998. In this sense, the American sway over international corporate life mirrors its cultural influence in areas such as music, film and food. Few companies symbolise the fusion of these two trends better than Coca-Cola, so it’s no surprise that the iconic beverage producer’s bottling operations have several CPOs dotted across five continents.

At Coca-Cola HBC, which covers 26 European countries, the trigger was the merger of Coca-Cola Beverages with the Hellenic Bottling Company, a Greek concern, in August 2000, according to its Vienna-based CPO, David Cowell. With a bigger stage to play on, “procurement has become a much more significant business function in Coca-Cola over the past five years,” he says. “The title is an acknowledgement of that.”

Another reason for the growing popu-



larity of the title is that unlike director and vice-president, which are often spread quite widely, CPO clearly differentiates the postholder as the overall functional leader. That can be useful not only for stakeholders inside the organisation, but also for consultants, software firms and other suppliers who either want to target the senior decision-maker or simply know who calls the shots. And, of course, it's also helpful for procurement leaders when they want to compare notes with their counterparts in other organisations. "If I want to talk to the person who runs procurement in a US company, I always ask for the CPO," says Cowell.

### Bigger remit, similar role

In terms of responsibilities, just as at Coca-Cola HBC the adoption of the CPO title often coincides with a bigger remit for procurement. At Bombardier, Pierre Attendu now oversees 11 business units compared with four previously, and is seeking to take 30 per cent out of its \$4.8 billion annual spend over the next two years. At BT, meanwhile, logistics and distribution activities were brought under procurement's wing, rather than being run by a separate supply chain director.

However, there don't appear to be any significant differences in the CPO job description versus those of their more conventionally titled peers. Whatever they are called, the most influential will have responsibility and accountability for the full breadth of third-party expenditure. And at a time when compliance and risk issues such as Sarbanes-Oxley and corporate social responsibility are high on board agendas, they have added a greater degree of governance and policy-setting to their more traditional cost-control duties.

"If you are about getting the best commercial deal and safeguarding the company's position, you will think about its brand," says BT's Meryl Bushell. "That takes us into a wider area and shows that we are a business function rather than just a buying function."

She stresses that "a fancy job title on its own does not give you influence. What you

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### PROFILE: BARBARA KUX

## Influencing the board at Philips

For a European example of how enhanced status for procurement and the CPO title come together, look no further than Barbara Kux. As CPO of Royal Philips Electronics since October 2003, she is part of the company's top management team, a position that many in the profession can still only dream about.

A Swiss national, Kux spent 24 years working as a management consultant for McKinsey and at Nestlé, ABB and Ford Motor Company in a variety of general management roles before joining the Dutch maker of televisions, home appliances, lighting and medical systems.

As well as leading the group's procurement function, which has 2,700 staff spread across 73 countries and a €20 billion annual spend, Kux is a member of its group management committee and reports to its CFO and board vice-chairman, Jan Hommen.

That position has led to her being named by *Fortune* magazine as one of its "50 most powerful women in business" internationally in each of the past two years – the only CPO to be included in either its US or global lists.

Kux says she was attracted to the CPO role – a new position based in Eindhoven

– because of the opportunity it afforded to transform what she sees as a critical strategic function and add incremental value to the company. "The fact," she says, "that the business leaders in Philips chose to have procurement on their group management committee signals that they see this as a substantial opportunity."

She identifies two major goals. The first is to exploit more of its purchasing power across what are highly decentralised operations, under the "One Philips" banner. Steps she's taken so far include setting up a shared service centre for non-production spend; establishing "virtual teams" across 12 key commodities; and implementing an IT system to track spend, which went live at the beginning of the year.

The second goal is to manage professionally the company's increasingly complex web of outsourcing, contract manufacturing and other relationships with business-critical suppliers (worth €4.6 billion a year and growing).

Kux believes that this "broader, more challenging and more strategic role" bodes well for the procurement profession, and that it should lead to the appointment of more CPOs across a wide range of industry sectors in the future.



need is access to and engagement with senior people, including the CEO." A clutch of recent surveys suggests that more procurement leaders than ever before are reporting in at board level, which ought to help. A direct reporting line to the CEO may still be the preserve of a minority (Bushell herself reports to the CEO of BT's wholesale division), but many now answer to a CFO.

Research last year by the Procurement Strategy Council concluded that: "The key driver of increased procurement organisation spend coverage and compliance is access to 'C-suite' executives, measured as the number of hours spent with the CEO, CFO and COO." Those that enjoyed around 10 hours per month tended to produce the best results, it found.

For Barbara Kux, CPO at electronics giant Philips, that access is enabling her to involve procurement earlier in the product development cycle – "where 50 per cent of the value lies" – as well as to get the CEO

and other top executives involved in building stronger relationships with key strategic suppliers (see profile, above).

Looking ahead, it seems likely that the CPO tag will stick, and that in most cases where it is adopted it will represent more than just a superficial or ego-massaging change of title. And, whether you personally like it not, CPO has one other hugely important and powerful advantage, reckons Theo Theocharides, a former group procurement director at Blue Circle Industries who now leads the UK procurement practice at IBM Business Consulting Services.

Because it positions the function firmly in the strategic arena, at or near board level, "it is very aspirational for the next generation of procurement leaders", he says. It may also encourage greater numbers of talented business graduates to choose procurement rather than simply falling into it by accident later on. "It sets a clear career path and shows them exactly where the top is." ■