



Carter Morris

# **SURVEY REPORT**

## **PROCUREMENT & HR**

2014

## INTRODUCTION:

There was a time when purchasing goods and services for any part of an organisation used to be largely a matter for the department making the purchase – IT bought the hardware and software they needed, marketing bought printing services for brochures, HR bought training programmes and so on.

Over the last few years many businesses have harmonised and streamlined these purchasing processes and put the procurement function in charge. For all other departments this means that all goods and services are reviewed, priced and selected by a department whose decision making process may or may not include the preferences of the department being purchased for.

We wanted to understand the situation for HR and the extent to which the function has control over the goods and services it wants and needs.

## METHODOLOGY

Our questionnaire was sent to an internationally representative leadership group within the Carter Morris HR network, typically with “Head of”, Director or VP job titles. Over 200 professionals took part.

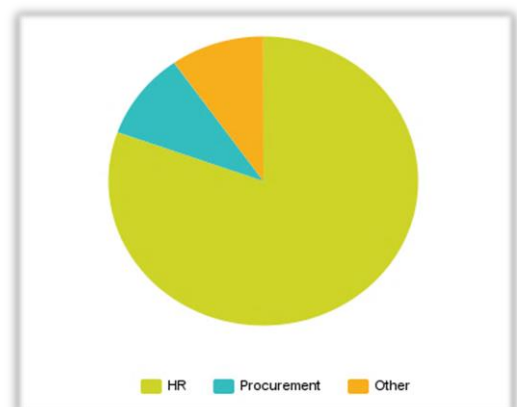
The questionnaire was emailed to the community who had to respond on-line and in confidence. All responses were received over a three week period between late April and early May 2014.

## SURVEY RESULTS IN DETAIL WITH NARRATIVE

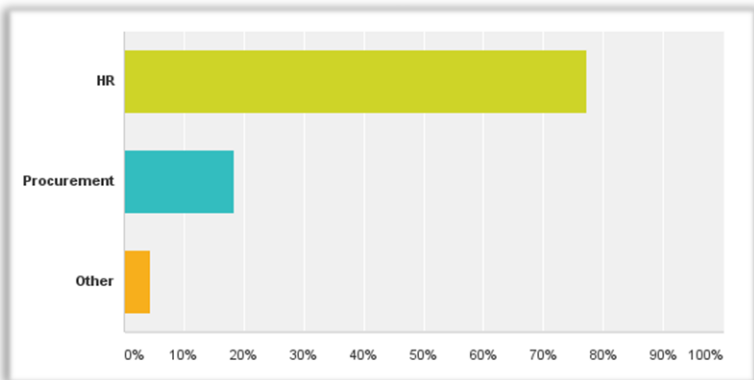
### Q1. Who is responsible for approving the purchase of HR services for your organisation?

An overwhelming (80%) say that HR is responsible for the purchasing decision for HR services although the detail emerging from the comments section suggest that it is often, to some degree, a joint effort with procurement. A number of respondents confirm that procurement is always involved in some way because “they are the process owners”, although others suggest that the involvement of procurement depends on the size of the contract i.e. the bigger the contract size the greater their participation, and that this trigger point is very specific to each organisation.

Interestingly, the finance department, and in particular the CFO was in some instances noted as being involved in very large purchase decisions.



**Q2. Who is responsible for sourcing the suppliers of HR services?**



Almost the same amount (77%) report that HR is responsible for sourcing those services although as with the previous question, there is considerable cooperation between HR and procurement. There is, however, a general sense that HR, as subject matter experts, will provide leadership and guidance on suitable

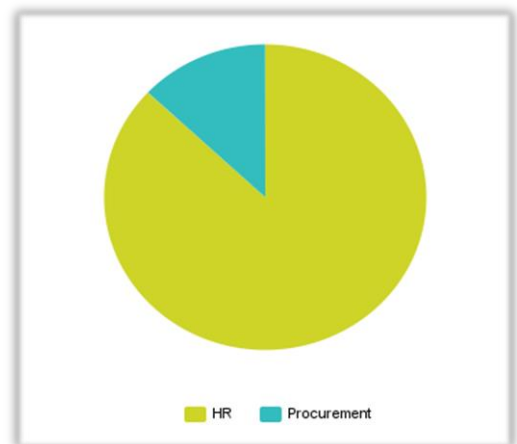
and appropriate suppliers. There was one organisation that reported operating a pre-defined supplier list from whom those interested can choose which seemed to apply across all functions and not just HR.

**Q3. Do any other parts of the organisation hold and control a separate part of their budget for their own HR related expenditure?**

Almost two thirds of respondents (63%) report that some other business functions hold budget for their own HR spend. Whilst HR will control most of the high level budget the reasons why budget may be held more “locally” was reported as being principally for training, presumably for specialist and technical skills. The comments suggest that there are a wide range of other reasons for departments to hold their own HR budgets including recruitment and search, certain projects, sales incentives at departmental level, and out of scope salary surveys.

**Q4. If there was a dispute between HR and procurement over the purchase of a particular service which department would, in most circumstances, prevail?**

87% of respondents report that HR makes the final decision in any dispute concerning the purchase of HR services. The only circumstances in which most respondents could see a dispute occurring was over the price or the financial stability of a potential supplier, in which case procurement would always prevail. A number of organisations report that during the procurement process they operate to internal SLAs which are designed to prevent such a situation occurring. If HR and procurement have done a good job of sourcing suppliers and in agreeing contract terms then this situation should not arise.



## CONCLUSIONS

Based on these questionnaire results the procurement process for HR services would seem to be firmly under the control of HR. From the choice of potential suppliers to approving the final contract terms the HR function appears to have complete control of the purchasing process for its own services.

Many of those who responded, however, provided additional comments to each section which suggest that there is in actual fact a much more cooperative arrangement than the pure survey results would suggest. Many of those additional comments referred to both official and unofficial contact with procurement which indicate that they were not entirely alone when making their decisions. There seems no doubt that both functions play an important part in the process but that the precise limits that each has are determined by the structure and organisation of the business in which they operate.

One respondent even said that it was ultimately the same budget i.e. the company's, and that it was the responsibility of both parties to get the best deal for the company.

Ultimately, most organisations just want to purchase the most appropriate, cost effective and useful products and services it can find, and in many companies this falls to the procurement department. Whilst HR and other user departments are best placed to advise and lead on what to buy and from whom, it is equally true that procurement may be best placed to negotiate and agree the final deal. It would be interesting to ask these same questions of procurement professionals; I suspect they would answer exactly the same but confirm that procurement were always firmly in control.

**Carter Morris Talent Solutions**

t: +44 20 3287 3727

e: [solutions@cartermorris.com](mailto:solutions@cartermorris.com)

[www.cartermorris.com](http://www.cartermorris.com)