

Procurement Consulting Needs More Than a Remake

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Over on **Spend Matters**, [we explored just one reason](#) why procurement consulting is in need of a remake: the lack of ideas and true sector leadership. At first glance, the procurement and operations consulting sector appears to be healthy. It is, after all, contributing materially to overall firm growth and profit inside many of the largest global firms (and many boutiques as well).

Take these signs as proof:

- Typical procurement and operations practice compound annual growth rate is at least 10% in most firms and ~~exceeding 20% in many cases~~ © 2015 Spend Matters. All Rights Reserved.
- Chargeability/utilization within procurement and operations practices at many organizations is high throughout all levels of the consulting pyramid — in some cases at all-time highs
- Firms cannot hire experienced consultants fast enough — the market for those with both experience in procurement as well as consulting skills has never been stronger
- In many (not all) cases, the Big 5 have doubled down not only in the area of technology implementation, but also in general strategy and process-based advisory in procurement — and in certain cases, even managed services
- Strategy firms are not only admitting to offering procurement practices, but are actively hiring and developing broader teams in the area (and in certain cases, procurement accounts for a significant portion of firm revenue)
- Business process outsourcing (BPO) firms are retooling their go-to-market approaches to capitalize on consulting and more discrete managed services opportunities

Yet as a former consultant, I would argue the growth seen in the market is not only unsustainable, but also that some key fundamentals could shift the very nature of procurement services entirely.

Besides the lack of new players and innovation in the procurement consulting market, there are other signs the market is in need of a remake. For instance, the rise of alternative skills and knowledge models that my colleague [Andrew Karpie](#) so frequently covers.

Imagine [HourlyNerd](#), for example, becoming an on-demand category expert for companies seeking targeted experience for sourcing, supplier management, supply chain risk management (SCRM), contracting or other areas. These types of new talent marketplaces and worker intermediation platforms (WIPs) are likely to increasingly take talent away from firms that offer less flexibility.

Moreover, alternative delivery models for both consultants as well as software providers are increasingly delivering expertise as part of new kinds of solutions in which convergence (technology, expertise, content, outcomes, etc.) is the operative concept (versus just expert, analytical and project-oriented expertise combined, ideally, with knowledge transfer).

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In short, procurement consulting may appear on the surface to be enjoying not only a renaissance, but a complete rebirth. Dig below the type of CAGR numbers, chargeability levels, day rates and related metrics that Kennedy and industry rags like to report and the actual situation looks like a great time to “go short” on the traditional market at its current peak.

Some CPOs I’ve spoken with who have been procurement consultants can sense this, even if they’re using procurement consultants today to their advantage. Curiously, many are changing how they consume procurement services — and how they provision both their own and external services to the business — as smarter and more discriminating consumers.

In the next decade, procurement consulting will need not just a remake, but a new remit. And if firms don’t make the change themselves, the invisible hand of professional services and solution buying will ultimately make the change on its own, putting all that talent that is jetting across the country these days at breakneck pace back on the bench — or repurposing itself in new, creative and more nimble ways.

And maybe then I’ll stand a chance at getting a 1K courtesy upgrade to come through from SFO to ORD. Just maybe.

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