

Was procurement ever “Transactional”?

Anybody involved in procurement for a reasonable time would doubtless heard talk of “transforming” procurement teams from a “transactional” function to a “strategic” one. These words often come from expensive consultants or incoming CPOs aiming to make a difference.

One way or another, I have been involved with procurement since 1981. In all these 40+ years I have personally never considered my role to be “transactional”. However, the nature of procurement has changed beyond recognition in this time. The primary purpose of procurement in the 1980s was to protect the organisation from its suppliers. We spent a lot of time nailing down technical specifications, ensuring suppliers acknowledged our imposed terms and conditions, applying liquidated damages and sneaking phrases like “time is of the essence” into contracts. It was a war zone out there, buying and selling was an adversarial blood sport.

Today’s procurement professional is a totally different proposition from the hard nuts of the 1980s. The core purpose of procurement today is to deliver organisational objectives, policies and goals through a supply chain. This is a far more complex challenge. Organisations rely heavily on their supply chains to help deal with operational resilience, ethical challenges, human rights, climate change mitigation and adaptation, circular economy and much, much more. Suppliers are seen as an extension of the core organisational team.

This requires a complete rethink of the role of procurement in any organisation:

- Core skills for a procurement professional are the ability to build relationships, often through complex networks of supply partners
- Emotional intelligence is key, something usually lacking in the 1980s buyer (myself included!)
- Although procurement people need to acquire new skills, they can’t be expected to know everything. They will need support from the more traditional professions they relied on such as legal and finance, but also from sustainability experts, risk specialists and technical experts to help drive innovation
- Equally, suppliers can’t be expected to instantly acquire new knowledge. Supplier development, particularly for smaller businesses, requires time and investment.

Most organisations cannot do this alone. They must collaborate, often with those they considered to be competitors. There are plenty of examples around the world and in different sectors of collaborative partnerships, sharing knowledge and reducing the cost burden of engaging their supply chains. [Aim Progress](#) in the global FMCG sector, the [Sustainable Purchasing Leadership Council](#), a multi-sector partnerships in the USA, [Jaro Institut](#) in Germany, and, of course our own [Supply Chain Sustainability School](#), now also active in [Ireland](#), [USA](#) and [Australia](#).

These collaborations enable purchasing organisations to develop suppliers they don’t yet have. By taking a sector wide approach and upskilling tens of thousands of people from thousands of businesses, it is possible to build a bigger competitive pool of suppliers able to support the organisations objectives. More competition means keener prices. My 1980s self would have understood that!

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