

# Gaining an edge

Matthew Eatough has a long-term interest in making businesses more profitable. In the early 1990s, he turned around and sold a leveraged buy-out, and in the process, he found that one of the key levers of success in the company's transformation was better buying. Matthew decided to take this and make a business of it: buyingTeam, the UK's leading procurement specialist and outsourcer, is the result. Here he shares some of the benefits of his experience.

## How did you get to where you are today?

I started buyingTeam in 1994 and my career in procurement has mirrored the development of the company, where we have seen a gradual but nonetheless relentless movement of procurement from the corporate periphery to the heart of our clients' organisations. The challenge has been and, to a certain degree continues to be, how to make procurement ever more relevant to company executives and to look for new and effective ways for us to add value to our clients' organisations.

## What drew you to create buyingTeam?

Before forming buyingTeam, I was involved in a retail business. We spent a great deal of time repositioning the brand and forming marketing strategies, but very little time working on supply issues. After the business was sold to a third party, it was clear that the improvements to the procurement and supply chain management processes had played a decisive role in leading to the successful sale of the business. I saw an

opportunity for a standalone offering, which could implement similar improvements for other businesses and make procurement processes more effective on a wider scale.

## Could you explain what you do as a company and elaborate a little on how the company has evolved?

During the early years of buyingTeam, my role focused on managing service delivery to clients, which was designed to add significant value to their businesses. In the last five years, I have focused on attracting the right talent to the organisation and building areas of expertise within buyingTeam, as well as identifying and working on a strategy. The company has evolved over the past 17 years. We began life as a strategic sourcing consultancy, specialising in one-off improvements to companies' indirect procurement. More recently we have developed a long-term, outsourced procurement and supply chain management offering, which focuses on closer relationships with our clients. We've seen great progress in bringing this offering to life in the last five years and it continues to evolve.

## Could you tell me about recent contracts that you have won?

There have been several exciting developments over the past few months. For example, in January 2011 we began a global procurement outsourcing contract with a client in the entertainment industry. Originally, we just worked with them in the UK but the results we delivered encouraged the client to ask us to widen

In this Q&A, **Matthew Eatough**, CEO at buyingTeam, discusses making procurement more relevant to company executives

our focus to cover their global businesses. At the other end of the scale, over the past six months we have been working with one of the UK's largest retailers on a challenging assignment that has required us to exercise the full range of our capabilities. We are very pleased that this approach is enabling us to substantially outperform our client's savings targets.

## Any launches/developments that the company has undertaken or that are currently in the pipeline?

In 2010, we launched an expansion plan for continental Europe, which we saw as the next natural step in our evolution. We have opened offices in Madrid, Geneva and Frankfurt, all staffed by experienced local experts and we are currently establishing an office in the Netherlands. This investment underlines our ambitions for future growth and responds to the increasing demand for supply chain and procurement outsourcing that we continue to see in mainland European markets – particularly on a cross-border basis.

## What is current feedback you are getting about the market from your customers?

There is an increasing understanding that procurement is an activity that can be outsourced. Potential clients are beginning to see more clearly that the outsourcing proposition is around the added value potential and not the reduction in internal costs. We have found that many organisations are now looking inwards at themselves and realising that they are under-investing in procurement. These firms

are increasingly looking at procurement outsourcing as a way of managing their investment and capitalising on the returns that effective procurement can deliver.

## I noticed that buyingTeam has made some significant appointments recently – how would you currently describe your team?

We are currently working through a rapid and progressive expansion plan. Part of this plan involves making strategic appointments covering specific areas of expertise as well as those that provide buyingTeam with greater depth of experience. For example, we have appointed a non-executive director with more than 25 years of experience in the outsourcing industry, as well as senior appointments from companies such as Accenture, PwC and ICG Commerce. Our aim is to build the strongest team in the marketplace and we are on track to achieve this.

## Is it more or less difficult to find the right staff in today's economic climate?

The recession did not have a significant impact on recruitment in this industry. It has always been a competitive job market as good procurement skills continue to be scarce.

## You must have seen changes over the years you have been in the industry – what would you say have been the most significant and why?

The most significant change is the continued redefining of procurement and the role that it can play within a large company. Procurement has moved closer to the heart of business, becoming more important to senior executives because of margin pressures, for example. The challenges presented by the recession have brought procurement into the spotlight as an area that can make a real difference to large corporates, enabling them to rationalise their cost base and make long-term improvements to their buying behaviour. Together, these factors bring major benefits

to businesses, even as economic conditions improve.

## Do you still enjoy working in this industry?

Yes – it continually presents new challenges, for which we are well-placed to find solutions. Enabling clients to uncover these solutions and realise far stronger levels of effectiveness really motivates our teams and makes us set ourselves increasingly challenging targets for the future.

## What was the most important lesson you learnt?

As CEO of buyingTeam, I see the importance of working closely with both existing and prospective clients to understand their particular issues and design a solution that addresses their procurement needs. Within this is the necessity to ensure that solutions are compatible with their wider business objectives – it sounds obvious, but the two are not always reconciled. Our priority is to tailor individual procurement solutions and encourage company executives to see and use procurement as an implementation tool to help realise these objectives. Procurement has an important role to play in improving the underlying effectiveness of an organisation and we are working hard to move procurement into the frontline of corporate functions, along with finance and risk management, for example.

## If you could pass one word of advice/a piece of your wisdom, what would it be?

As senior executives engaged in supply management, you should constantly consider what problem the business is asking you to solve. You must think hard as to what you can do to move supply chain management closer to heart of the business and incorporate it into the wider business strategy.

## What developments/issues do you anticipate for the market over the next five years?

Procurement and supply chain management markets may appear young but they are



Matthew Eatough

clearly approaching maturity. These services are no longer a 'quirky' add-on – they are becoming an increasingly fundamental way for executives to nurture parts of their businesses. Over the next five years, outsourcing will go on a similar journey to that of IT, accounting and administrative outsourcing over the last ten to 15 years. It will become a more mainstream market offering and, as such, the number of models available to the market will shrink. Ultimately, a standard offering will emerge, which will make it easier for companies to identify who can deliver the best results for them and their businesses. □

*buyingTeam is a leading procurement specialist, delivering savings and benefits to clients across Europe through better buying. Having grown at more than 25 per cent a year for more than five years, buyingTeam is now the largest shared services procurement function in Europe.*

*For further information, visit:*

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