



## Vision 20/20: Preparing today for tomorrow's challenges

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### ABSTRACT

This special issue includes five of the best papers presented at the 20th IPSERA conference. This conference was organized by Maastricht University and took place in Maastricht, The Netherlands. The conference theme was: 'Vision 20/20: Preparing today for tomorrow's challenges'. In this editorial we discuss the future challenges in Purchasing and Supply Management and how one can prepare for these today. **We make use of the concept of weak signals to detect a number of emerging future trends. All abstracts of the 110 conference papers were analysed using text mining and tag clouds.** Also we introduce the five papers that were selected by the conference reviewers and track chairs as the best papers of the conference.

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### 1. Introduction

In 1992, IPSERA started as a small-scaled conference in the UK. Now, 20 years later, the conference has evolved into one of the largest international conferences on Purchasing and Supply Management (PSM hereafter). It is tempting to give an overview in this editorial on how we evolved from almost scratch to the academic discipline that we are today. Indeed, we have come a long way, from where PSM was considered to be an operational function, to today where more and more people perceive PSM as a strategic contributor to firm success. PSM serves a key role in helping suppliers contribute directly to the competitive advantage of the buying firm. However, this transformation from operational towards strategic is already well known and discussed in JPSM. For a good example, see [Wynstra \(2010\)](#), who provided us with an excellent overview of fifteen volumes of JPSM. In this editorial, we will take a different perspective; we will look at where we currently are and what the future might bring to us. Often we are so consumed with what we are doing today, that we forget to think about tomorrow's challenges. Think a moment about how the world might look like 20 years from now? Will there still be academic journals, or do we share our research findings and publish primarily through open access websites? What about social media; how will that change the PSM profession? Will Brazil, Russia, India and China (the BRIC countries) lead the global economy? Will there be enough oil, water and other resources for all our needs? Will Neuroscience change the way we do research in PSM? Are we living in a better

world? It is easy to ask the questions, but very difficult to come with solid answers.

A few years ago the article "How will Procurement have changed by 2082?" was published in Supply Management ([Ellinor, 2007](#)). Although it is extremely challenging to look 75 years ahead, different futurologists and academics were consulted to see what they predicted for the future and what it might hold for the purchasing profession. It was expected that by 2082 almost all procurement activities will be done by artificially intelligent machines and a new breed of young independent "deal shapers" who control access to market and supplier information. Also, there will be new business models based around closely connected networks of companies (including buyers, suppliers and other partners) competing against other networks. Purchasing as a function will not exist any longer. Instead, collaborative inter-organizational teams will plan across the value network to optimize total end-to-end cost, value and risks. Whether this will become reality in 75 years is difficult to say, but it is clear that we may expect more collaboration internally across hierarchical levels with different business functions, as well as externally with suppliers and customers.

### 2. About the Conference

This special issue of JPSM contains a selection of the best papers presented during the 20<sup>th</sup> Annual IPSERA Conference. The conference attracted 210 academics and practitioners from 19 different countries to Maastricht University (The Netherlands) to present the results of their research oriented toward the theme: *Vision 20/20: Preparing today for tomorrow's challenges*. In total,

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110 papers were presented during the conference (34 competitive papers, 73 working papers and 3 practitioner papers).

Vision 20/20 refers to the normal visual acuity of the human eye. In the expression, vision 20/20, the numerator refers to the distance in feet between the subject and the chart (20 feet or about 6 m) while the denominator is a reference for the size of the letters and the distance of the lines between letters, expressed in millimeters. For the conference, Vision 20/20 was translated into how clearly we view our current situation based on the past 20 years and how clearly we view the next 20 years. It is our belief that by looking back and forward we would be able to identify new research areas and contribute to solving some of the challenges that PSM professionals will be confronted with in the future.

IPSERA 2011 was dedicated to take a look into the future, so we welcomed papers focusing on a diverse range of PSM topics. A great deal of the papers challenged participants to re-examine their perceptions of PSM's future and to take notice of the lessons learned from the experience of the past 20 years of IPSERA conferences. Within the overall theme of the conference we defined 20 specific topics. These topics resulted from a short survey amongst the participants of the annual Workshop for Purchasing Researchers in The Netherlands (WION). During this workshop about 30 Professors, PhD's, lecturers and researchers presented their latest research and discussed topics of common interest. We invited all participants to answer the question: What do you consider as the most important future hot topics in Purchasing and Supply Management? We received many good suggestions. For our call for papers we clustered and summarized them into a short list of 20 topics (as listed below).

1. Innovation: using suppliers as a source of competitive advantage
2. Developing collaborative buyer–supplier relationships
3. Aligning sourcing strategy with business strategy
4. Engaging internal stakeholders in sourcing activities
5. Human Resources Development (HRD) in PSM
6. Reverse Marketing: how to become a customer of choice for your key suppliers?
7. Corporate social responsibility and impact on the supply chain
8. Value Chain Management
9. Supply Risk management
10. Value based sourcing
11. Performance based contracting
12. Organizing the future PSM function
13. Insourcing and outsourcing

14. Managing the services supply chain
15. Purchasing and SCM in the Health sector
16. Supply network management
17. Supply Chain Finance
18. Public procurement and public–private collaboration
19. Purchasing leadership
20. Return-on-Purchasing: do investments in purchasing pay off?

When we plot these topics in their corresponding phase in Van Weele's (2005) PSM development model, it becomes clear that these topics correlate with the more complex and integrated stages 4, 5 and 6 (see Table 1). Despite the critique that one can have on these PSM development models (Ramsay and Crom (2008)), they are nonetheless useful—not only in terms of classifying organizations in terms of their current position, but especially for helping to determine, in a systematic way, the possible directions for future change in PSM (Rozemeijer, 2008). Over the past 20 years much research has been done on PSM topics that are related to the first three stages of PSM development model (e.g. ordering, securing availability, commercial tendering, supplier selection, purchasing process, negotiation, supplier reduction, contracting, global sourcing, purchasing synergy). Based on the input from the WION workshop, we expect that for the next 20 years, the research agenda will be more related to the challenges and issues that are related to the last three stages (e.g. collaborative buyer–supplier relationships, Reverse Marketing, CSR, Value chain management, Supply risk management, Value based sourcing, Performance based contracting, Insourcing and outsourcing, Managing the services supply chain, Supply network management and Supply Chain Finance). In these last stages, PSM is a business driven function aimed at supporting the business strategy by using suppliers as a source of competitive advantage (T1). Top management will critically review whether their investments in PSM do pay off (T20). In order to pay off, PSM strategies need to be fully aligned with the business strategies (T3), requiring high levels of internal stakeholder and supplier engagement (T4).

How will we organize PSM in the future? This is difficult to say, but it is inevitable that organizational structures and team-work initiatives need to adapt to the future PSM strategies (T12). One thing is clear—PSM organizations will become more complex. In the future, we believe that different knowledge and skills will be demanded from PSM professionals, managers and leaders (T19). In order to recruit, develop and retain the future PSM professionals, we may expect that there will be more attention for Human resources development in PSM (T5). Finally, it is expected

**Table 1**  
The conference topics and their position in the purchasing development model (Van Weele, 2005).

| Stage 1 Transactional Orientation<br>'serve the factory' | Stage 2 Commercial orientation<br>'reduce price' | Stage 3 Purchasing coordination<br>'savings through synergy' | Stage 4 Internal integration<br>'reduce total cost of ownership' | Stage 5 External integration<br>'supply chain optimization' | Stage 6 Value Chain integration<br>'total customer satisfaction' |
|--|--|--|--|---|--|
| Ordering   | Commercial tendering                             | Contracting  | Engaging internal stakeholders in sourcing activities            | Supply Chain Finance  | Value chain management   |
| Securing availability                                    | Negotiating                                      | Supplier reduction   | Aligning business strategy with sourcing activities              | Supply Risk management                                      | Value based sourcing   |
|  | Supplier selection                               | Purchasing synergy   | Performance based contracting                                    | Managing the services supply chain                          | Insourcing & Outsourcing   |
|  | Purchasing process                               | Global sourcing  |  | CSR impact on Supply Chain                                  | Innovation   |
|  |  |  |  | Developing collaborative buyer supplier relationships       | Supply network management  |
|  |  |  |  | Reverse Marketing   |  |

that PSM will receive more attention in the public domain (T18) and in the Health sector (T15).

### 3. Listening to weak signals

In preparing the program for the 20<sup>th</sup> IPSERA conference, we originally had the idea to invite a trend watcher as a keynote speaker and discuss the impact that some global trends, such as consolidating supply markets, increasing scarcity of raw materials, increasing concern for social and corporate responsibility and the increasing pace of innovation, might have on the purchasing and supply management profession. Unfortunately this was not possible, but we learned from these trend watchers that if you want to be a step ahead tomorrow, you have to look at the weak signals that happen today. **Weak signals are small things that you see or hear today that are indicative of larger-scale emerging future trends.** By following weak signals it is possible to anticipate future changes. **A weak signal can emerge from anywhere, a newspaper story, a blog on social media, a picture, a magazine article, a video or even piece of music.** The key in weak signals is to rely on the power of quantity; **the more weak signals point to the same direction, the greater the possibility of the development.** What if we regard the 110 papers presented at the 20<sup>th</sup> IPSERA Conference as weak signals? Can we detect some trends?

A common approach would be to classify the papers into topics to see which subjects attracted more paper submissions. However, we took a different approach to detect the weak signals; text mining via tag clouds. For this, we used 'WordSift', a software program developed by Stanford University ([www.wordsift.com](http://www.wordsift.com)). We analyzed all abstracts, since abstracts often give a better indication than only the title to unravel the real topic of an article. In the analysis we checked which keywords (tags) were used most often. In order to discriminate amongst competitive and working/practitioner papers, we ran two analyses. The underlying reason is that competitive papers often are one step further in the publication process and are often initiated before the call for papers was available. Working papers are probably more often a reaction to the call for papers and might therefore be much more influenced by the theme of the conference. Figs. 1 and 2 show the tag clouds for the competitive and working papers, respectively.

The focus of current research lies clearly on the 'Management' of 'Supplier', 'Supply' and 'Chain', since these four tags were most frequently used in both competitive and working/practitioner papers. One key element of supply (chain) management concerns managing buyer–supplier relationships, so it is not surprising that 'Relationship' has a prominent position as well in both tag clouds. The tag clouds also show that we do not forget our origins; both

'Purchasing' and 'Procurement' are both frequently used in the abstracts. Based on its popularity in practice, we also expected a tag for 'Sourcing' but apparently that is not a research topic or term at the moment.

When we take a closer look at the differences between competitive papers and working/practitioner papers, we have four main observations. First, working/practitioner papers show a greater focus on developing an understanding of supply chains and supply networks than competitive papers. Both 'Chain' and 'Network' are much more prominent in the tag cloud of the working/practitioner papers. Secondly, both 'Innovation' and 'Value' are more important tags for competitive papers than for working/practitioner papers. One explanation could be that 'Innovation' and 'Value' are often positioned in a more specific context in working/practitioner papers. For example, this occurs by directly linking innovation to 'Services', analyzing the innovation in the context of 'Sustainability' or exploring the value focus in 'Public Procurement'. Third, the results indicate that 'Cost' is not often used in both competitive papers and working/practitioner papers. This might be a weak signal that value and risks are becoming more relevant for the future, and consequently take the academic attention away from cost. At this moment 'Risk' management is a more dominant theme than 'Value' management. Our analysis also clearly shows some other differences between competitive and working/practitioner papers. Since working papers are often in the initial stage of the research cycle in exploring new ideas, tags such as 'Case', 'Research', 'Framework' and 'Literature' are much more prevalent, while in competitive papers, tags such as 'Model', 'Effect', 'Finding' and 'Impact' are observed more frequently. This indicates that competitive papers are often more 'mature' and less explorative of nature.

We were pleased to notice that each of the 20 themes triggered at least one paper. We are convinced that the themes we selected will continue to be part of the future research agenda in PSM. Given the results of the tag cloud analysis, we are not surprised that 'Purchasing & Supply Management for a Sustainable World' became the main theme of the coming 22<sup>nd</sup> annual IPSERA conference in Nantes (France).

In selecting the papers for this edition it was our intention to address three criteria. Firstly, we wanted to present some of the strongest papers from the conference. Competitive papers have been reviewed and selected for their academic rigor and practical relevance. Secondly, we wanted to provide a flavor of the conference in terms of the range of issues explored. Thirdly, we wanted to have a fairly international representation in the papers published. We hope that we have achieved our objectives in this collection.

The papers were chosen from a shortlist of the 34 competitive papers presented in Maastricht, and our process was to begin



Fig. 1. Tag cloud for competitive papers.

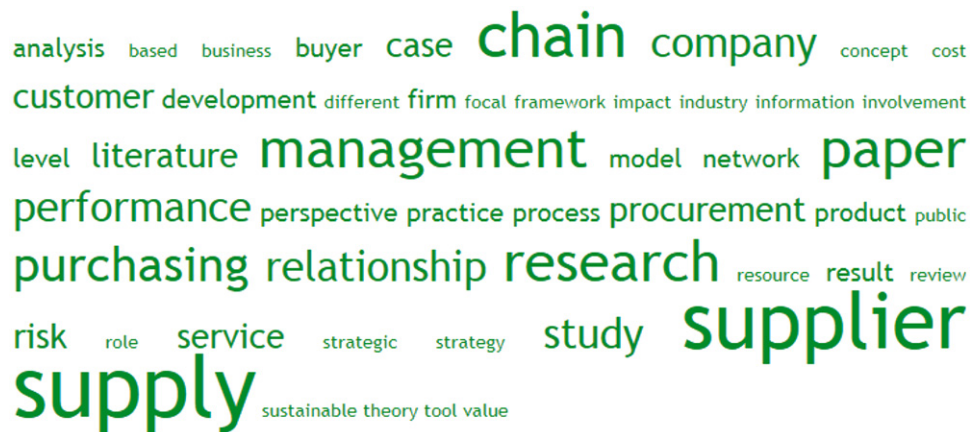


Fig. 2. Tag cloud for working/practitioner papers.

with those papers that were highly recommended by the reviewers and particularly the session moderators (track chairs). We then sent 12 papers out to review and following extensive and efficient turn rounds by both reviewers and authors, we have been able to present this issue in a timely fashion.

Under the conference theme “Vision 20/20: Preparing today for tomorrow’s challenges”, five papers were invited to this year’s Special Issue. The selected papers address some of tomorrow’s critical challenges in purchasing and supply management:

- The role of supply management in value creation (Kähkönen and Lintukangas);
- Supplier selection decisions (Kaufman, Kreft, Ehrigott, and Reimann);
- Working capital management—financial value chain analysis (Lind, Pirttilä, Viskari, Schupp, and Kärrä);
- Interpersonal interaction in business triads (Holma);
- Governance in complex procurement projects (Caniëls, Gelderman, and Vermeulen).

The first paper in this special issue “The underlying potential of supply management in value creation” by Anni-Kaisa Kähkönen and Katrina Lintukangas focuses on the value creation that takes place in buyer–supplier relationships (i.e. value of co-creation). The study highlights the significance of buyer–supplier collaboration and the corresponding critical capabilities, building on the resource-based view and the value net approach. The authors conclude that the supply management function of a company should focus on triple value creation, instead of managing dyadic relationships.

Value can be created via co-creation, but also via a careful consideration of suppliers. The paper by Lutz Kaufman, Sebastian Kreft, Matthias Ehrigott, and Felix Reimann titled “Procedural rationality in supplier selection decisions: the effect of the national task environment” compares supplier selection decisions in the dynamic environment of an emerging economy (China) with the decisions made in a more mature economy (Germany). The article investigates the impact of procedural rationality and task environment on the quality of selection decisions. It was concluded that procedural rationality is positively related with (supplier selection) decision quality and that this influence is stable across the investigated national task environments.

Besides looking at value alone, the whole value chain should be taken into consideration. The paper “Working Capital Management in the automotive industry: financial value chain analysis” by Lotta Lind, Miia Pirttilä, Sari Viskari, Florian Schupp and Timo Kärrä focuses on working capital management as an essential part of the short-term finance of a firm. The authors introduce a

method of financial value that shows the position of the value chain and its stages and compares the stages during the observation period of three subsequent years. The main managerial implication for supply management in this article is that a company that seeks to reduce its working capital at the expense of its value chain partners does not become more competitive. After all, competition is a matter of value chain against value chain rather than company against company.

Interpersonal interactions are also critical in supply management. The paper by Anne-Maria Holma titled “Interpersonal interaction in business triads—case studies in corporate travel purchase” applies a triadic perspective of an industrial buyer, its service supplier and intermediary partners. Interpersonal interactions are studied in a longitudinal case study on corporate travel purchases with the help of three social capital dimensions: a structural, a relational and a cognitive dimension. The paper highlights the importance of social bonds between individuals from different companies.

The final paper in this special issue takes a totally different perspective. The paper by Marjolein Caniëls, Cees Gelderman, and Nicole Vermeulen is titled “The interplay of governance mechanisms in complex procurement projects”. The paper reports on a case study in the Norwegian oil and gas industry. The investigated project had many problems with cost overruns and schedule delays. The study clearly illustrates the interrelationships between governance mechanisms and their effect on project outcomes. The findings suggest that relational governance (trust) is only beneficial for project outcomes when it is accompanied by contractual incentives and control systems (authority). Relational governance in itself does not guarantee positive project outcomes.

In summary, what can we learn from these 5 papers about the future? Each paper addresses a specific research area, making a significant contribution to the current body of knowledge in PSM. A common characteristic of the papers is their focus on managing supplier relations in a wider (network/chain) context instead of a dyadic buyer–supplier relationship. This supply network/chain perspective is an inevitable consequence of the increasing complexity in today’s world. The future does not allow for comfortable oversimplifications.

#### 4. Back to the future

Of course we do not have a crystal ball and it is impossible to predict the future. However, based on the weak signals that can be derived from the tag clouds and the fruitful discussions we had during the conference, we can safely predict that the relational

and collaboration aspects of PSM will remain important in the next decades. We believe that future PSM professionals will spend a significant amount of their time developing their social networks (i.e. internal stakeholders, suppliers, partners and customers) and engaging them to support the business strategy and increase customer value. In addition to this, we anticipate the continued growth social media and other information and communication technology to speed up knowledge and information exchange. Ultimately, it's the people who determine the quality of relations and collaboration. It could therefore do no harm to study these people in more detail and, for example, try to create a deeper understanding of what levels of social intelligence are needed to be effective as a PSM professional in the future.

Regardless what will happen in the future, there are still many research domains to explore (e.g. sustainability, open innovation, value networks, cross-functional teamwork, coping with scarcity) and many more research problems to unravel, so it remains safe to say: The future looks bright for PSM! It's clear now that future PSM leaders will face different challenges than the generations who preceded them. In our research and education we have the task to prepare this next generation of leaders for these new challenges. With the research presented in this special issue and in the proceedings of the 20<sup>th</sup> IPSERA conference, we hope that you will be better prepared for these challenges.

## 5. Thanks

First of all, we would like to congratulate the authors of the five papers selected for this special issue and also want to thank them for respecting our deadlines. As guest editors, we are also extremely grateful to the reviewers without whose diligence and constructive advice this special issue could not have been published. Finally, we are thankful towards the co-editors of JPSM and the president of IPSERA for giving us the opportunity to produce this special issue. It was an honor to work on it!

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