

## Art of Procurement Podcast Transcript

Episode 175

Creating a Culture that Challenges the Status Quo w/ Jocelyn Stahl, The Hershey Company

**Philip:** [00:00:29] Hi everybody! Welcome to this week's Art of Procurement podcast. I'm really delighted to be joined this week here at the ProcureCon Indirect East Conference by Jocelyn Stahl, the director of Indirect Procurement of the Hershey Company. Welcome to the show!

**Jocelyn:** [00:00:45] Hello! Thank you. Thank you for having me.

**Philip:** [00:00:47] Not a problem. I'm really happy you're able to join me. The first question I had is a question I often ask procurement leaders. I know that when we talked off mic beforehand you get an interesting backstory. The question really is: Did procurement choose you or did you choose it?

**Jocelyn:** [00:01:03] Yeah. So, that's an interesting question. I often tell people when I was going through college and in my early days I didn't even know there was such a field as procurement. So, I have a chemistry background. I went to school for chemistry. Worked my first two roles in an analytical laboratory. What I found was that there was just something missing for me. And so whenever, you know I was in a lab where we were testing incoming raw materials for pharmaceutical organization, and what I found was that when there was an issue with a raw material from a supplier I became the point person to call the supplier, work a few technical details, and I actually found over time I actually enjoyed that a lot more than the chemistry portion of the role. And so over time that transitioned into some various roles within the global operations but many of them were supplier facing. And so, here I am today 20 years later with a broad based procurement background.

**Philip:** [00:02:04] And didn't look back.

**Jocelyn:** [00:02:05] Yeah.

**Philip:** [00:02:05] I don't know what it is that kind of gives us the book. I had the same never heard of it but ended up getting into procurement and then I just loved it. I don't know what it is -- the interaction or maybe the responsibility you have at perhaps a younger age than you may do in other areas of the business but it's just something that for me just stuck.

**Jocelyn:** [00:02:21] Yeah. I agree with you. At a younger age, more junior in the role, you certainly do have broader influence externally with suppliers than you might have internally within your organization. And also, the other thing I really like about procurement is you get to learn so much from the third parties that maybe your own

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organization might not be aware of and you can bring that expertise back and also educate your own team. So, I find that to be another benefit of this role.

**Philip:** [00:02:51] Was there anything from your chemistry background that you thought actually helped you as you embarked on a career in procurement and still today that perhaps you wouldn't have had the benefit from if you hadn't had that kind of journey before you got into procurement.

**Jocelyn:** [00:03:04] Yeah, absolutely. Absolutely. I definitely believe that a technical background has been incredibly helpful for me in my career particularly in the early days of procurement where I was heavily involved in the business analytics components of procurement analyzing RFPs and so forth.

[00:03:25] So, when I'm looking to hire someone for my team, of course I'm interested in those soft skills and ability to interact with folks of all layers of both the external and internal organization, technical background is pretty important to me. I found it to be quite helpful for myself.

**Philip:** [00:03:44] As you're looking at-- So, you mentioned skillsets you know as you look to hire people into your group. I think sometimes when we think of technical skills in my procurement perspective I'm not sure if we underrate them or if we overrate them. I'm kind of a little imbalanced on whether we think too much and that kind of the table stakes to take us to the next level. That's not dismissing the fact that you absolutely need strong procurement skills, but I wonder your perspective on what are the things that you look for from folks who you think are going to make a difference and make an impact in your group.

**Jocelyn:** [00:04:17] Yes. That's a great question. I think that number one they have to have the right interpersonal skills that can number one asked provocative questions and not be afraid to challenge the status quo. Just have a natural level of curiosity is incredibly important to me and that really plays into the technical background. Certainly, I want the individuals to have the level of confidence that they can talk to a CEO of a supplier...

**Philip:** [00:04:48] They can kind of hold themselves accountable.

**Jocelyn:** [00:04:49] Yeah, bring it back to the team within our organization and translate what they've heard and learned. Do I always look for someone who has procurement experience? No. In some categories it's more important than others but I have found

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that I've taken someone/brought someone into my team that had little to no experience in a particular category and could quickly use all of those other skills and be very very successful.

**Philip:** [00:05:16] You talked about challenging the status quo as being something that's important. I think a lot of that is down to mindset. Maybe it's confidence too but there is a little mindset that comes with feeling that you're comfortable to be able to do that. I wonder if there's anything from your perspective in your group that you think about how you can enable that. Because a lot of folks may fear challenging the status quo because of recriminations. So, it's not all in the individual, it's also something about the culture of the groups that you create to kind of foster that.

**Jocelyn:** [00:05:45] Yeah. So, great question. I mean I certainly encourage my team members to -- if you see something, say something. If you identify an opportunity that maybe the business owners might not see because they're too close to the day-to-day, speak up. We foster an environment where we get together regularly and share best practices. Even though the team members all work in different categories there's a lot of similarities that we can share and brainstorm. The power of the team is pretty incredible when you get everybody together and we share ideas. Sure, there are folks, particularly some individuals early in their career that might be concerned of pushing a little bit too far--.

**Philip:** [00:06:25] Right. It's not their comfort zone yet.

**Jocelyn:** [00:06:27] Yeah. That's something that we encourage and develop. Frankly, that's some of the value that we add in procurement is asking those questions and pushing the boundaries a little bit, and then working with the stakeholder and the supplier to send that out where we should land.

**Philip:** [00:06:45] Yeah. I wanted to ask a little bit about the transformation journey that you're on at Hershey's from a procurement perspective. Of course I'm mindful of the fact that there's some things that you can't share but I think it's really valuable for our listeners to kind of be able to place from a contextual perspective kind of the experiences that you are seeing in the work that your team is going against what they're experiencing in their own groups. Could you just share a little bit about your transformation journey and whereabouts you are on the maturity right now?

**Jocelyn:** [00:07:14] Sure. Sure. Where we are at right now is we are in the process of rolling out an improved source to pay process utilizing technology to improve user

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experience. That ultimately allows us to focus less on transactions and compliance and focus more on delivering strategic value for the organization. And so, like many of my peers, our teams are challenged with delivering margin expansion while supporting the growth of our organization and that's where we want to dedicate our time and resources. The transformation is really focused at optimizing the procure to pay space so that we really truly can focus our energy and our talent in the areas that deliver the most value to the org.

**Philip:** [00:08:02] Great! That's really helpful because I think it's a journey that a lot of folks are on. It's kind of "Okay. We have a function. We have a team that's respected within the business. How do we take that to the next level?"

**Jocelyn:** [00:08:13] Exactly.

**Philip:** [00:08:14] One of the things that--. There's a couple of things I wanted to actually touch on that you talked about. One was user experience. I think that's really important and something we so often miss because we look at building tools or using technologies that perhaps give us the data that we think we want or they are easy for procurement to manage. We don't necessarily think about how easy they are for the users and that's really what drives a lot of the adoption.

**Jocelyn:** [00:08:40] Exactly. Exactly. And so, that's where our focus is. We took on this this journey that the primary focus was improve user experience because we know that that'll lead to greater adoption, greater spend visibility which ultimately allows us to manage our categories better than we do today. And so, with that in mind we spend a lot of time with stakeholders understanding what their barriers are, what their challenges are, and we identify technology that helps us to achieve those goals.

[00:09:14] In terms of if you put procurement first then you're missing the mark, right. And so, we made sure that the user was first, and we'd automatically get the end goal of what we were looking for. So, we had the customer mindset if you will, as opposed to what's best for us.

**Philip:** [00:09:29] Yeah. I love that because you're thinking as a... your stakeholders, your users, or clients. You are not thinking of yourself as "We exist, and people have to use us."

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**Jocelyn:** [00:09:39] Yeah, no. Absolutely not. I mean at the end of the day our internal stakeholders are our customers. If we satisfy their needs, ultimately, we'll be successful in what we're trying to achieve as well.

**Philip:** [00:09:52] How do you think about kind of self-service or guided buying as an element of the future procurement? It's something that I'm pretty passionate about in terms of when I think about that step up that you take--. The people in our organizations know how to buy things. Sometimes we dismiss that a little bit and think that we're best placed to buy things on their behalf but so much of the things that we buy we can kind of get out of the way as long as we provide them the tools through themselves, so you can focus those resources. I wonder if that's something that you see or if that's part of the vision and the journey that you are on.

**Jocelyn:** [00:10:26] Absolutely. So, guided buying is part of our strategy. Right? We're pushing the self-service application. We want users to be able to, you know and I kind of parallel to an Amazon-like experience where they can log on, find what they need, and move on. Then that gives us the master data that we need to understand what the behaviors are. And so, that's all part of the strategy. I'm one hundred percent in agreement with you on the importance of simplifying the process but also giving some of the decision-making rights to the appropriate people in the organization.

**Philip:** [00:11:02] Right. Sometimes getting out of the way.

**Jocelyn:** [00:11:03] Right.

**Philip:** [00:11:04] And that as you think about the perception of procurement most of the people who'll ever work with procurement or most people who have a need to buy something within the organization they're only interaction with those is when they are trying to buy something pretty simple. There really isn't any reason for us to really interact with those. We end up putting barriers in place which then I think drive some negative perceptions that folks get of working with us. That then stops them or gives them pause to actually work with us in the future when they have more interesting or more impactful projects.

**Jocelyn:** [00:11:37] Exactly. Exactly. So, we want to streamline those every day purchases so that we can partner and focus on the strategic work. Right.

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**Philip:** [00:11:46] You mentioned about -- as you look at hiring, you're looking at bringing people into procurement from outside the function. Have you ever had success in convincing those people that procurement is a place where they will be fulfilled in their career, that they should aspire and want to come and join?

**Jocelyn:** [00:12:07] Yeah. That's interesting. We've actually had some really good success within my organization relative to recruiting top talent out of other areas within our organization. I think a lot of it has to do with that the individuals are seen that this could become a career, or it could become a stepping stone to the next opportunity for them. And so, within our organization we encourage folks to get different levels of experience to build out their tool box of skill sets.

[00:12:36] And so in my mind if they have the right... like I said the soft skills, the analytical skills and just the natural curiosity to learn and challenge the status quo, I encourage them to consider organization. I'm talking regularly with members of other areas of the organization about opportunities in procurement, and so I've been really pleased with the interest level for many.

**Philip:** [00:13:01] I see more and more organizations doing that, whether it's hiring from the outside or trying to rotate folks from within the organization. The good thing about doing it from people within the organization is they become advocates, hopefully, if they have a positive experience as they've been rotating into other areas of the business. For folks who have a career in procurement and that was you know me. I started and never left procurement. It's easy to feel threatened by that. But I think there's things that you can look at why an organization bringing folks from the outside, what are the skill sets that they're bringing, and how can we then look at developing ourselves and putting ourselves in positions where we also get that experience too, so we don't get left behind.

**Jocelyn:** [00:13:43] Agreed. I have essentially had a career in procurement as well, but I certainly encourage individuals in procurement not to feel threatened because that additional mindset experience that those individuals bring to the table for us is incredibly helpful. I also encourage people within procurement to step outside of your comfort zone.

[00:14:04] Previous to this role I stepped outside a little bit and went into more of an operations role. It certainly gave me the skills that continue to help me within my career. We talk about a T-shape professional. You get the breadth within your... Across multiple functions, you build multiple skill sets, and then you have the depth

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that you're building. Right? And so, your deep technical or functional expertise. And so, I encourage folks to really focus on both.

**Philip:** [00:14:34] Right. And there's some vulnerability that comes with putting yourself in that position, isn't it?

**Jocelyn:** [00:14:37] Oh, absolutely.

**Philip:** [00:14:38] ...you're going through an operational role. And that's hard. For some people they strive for that. For others it's really hard to get out to a comfort zone.

**Jocelyn:** [00:14:47] Yeah. Well, that's the other thing I tell a number of people on my team regularly. When you're comfortable you're not growing. So, you need to make sure that you continue to grow and put yourself in some uncomfortable positions because when you're comfortable then what are you really learning?

**Philip:** [00:15:03] Yeah. Everything seems easy. Maybe you're going about and you're not that stressed and you picking up a paycheck and everything that comes with it. But the pace of change around us is a... various skills if you don't seek to continue to grow them and evolve them will ultimately, you know it can cause you difficulties later on as everything around you changes.

**Jocelyn:** [00:15:22] Absolutely.

**Philip:** [00:15:24] One of the other things I just wanted to touch on a little bit about Hershey as an organization from a procurement perspective... I ask this because I hear the similar challenge from a number of organizations and that's a company of your size it's not possible to go and have an expert in every single category. I think one of the speakers yesterday talked about having two or three hundred categories across indirect procurement as an example. What are some of the things that you encourage your team to do or that you even do from an operational or sort of from an organizational design perspective to really be able to make an impact on all categories when you don't necessarily have the experts, the expert knowledge on all of them.

**Jocelyn:** [00:16:06] Sure. Well, number one we focus on our largest categories. For those large categories we make sure that we have experts. But you're right, we certainly can't have experts in all categories. So, what we do with respect to all of our categories but particularly the ones where we might have gaps are we encourage

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our team members to read literature benchmarked with peers in the industry. So, things like ProcureCon. Get yourself out there and talk to other folks. Listen to what the suppliers have to say because sometimes you can learn a lot just by understanding their best practices and things that we're not taking advantage of. And then of course occasionally we have to employ the assistance of a third party to assist us. But in general, we can work with stakeholders, work with suppliers, and learn categories. And then there's always those opportunities where we may need a little extra boost.

**Philip:** [00:16:59] Yeah. It's not necessarily positioning yourself as an organization who knows everything but as an organization that is here to essentially partner with the knowledge of your stakeholders for some of those categories but help them achieve better results than expected.

**Jocelyn:** [00:17:11] That's right. We're a mid-size company so we certainly don't have the team size and infrastructure that some of our peers have so we have to behave a little bit differently and be a bit more creative. We do that through a number of opportunities to remain competitive in the industry.

**Philip:** [00:17:34] You mentioned a little bit about the role that you took prior to your current role going into the operational space. I think from an earlier conversation it was around co-manufacturing and working closely with a lot of suppliers. Is that right?

**Jocelyn:** [00:17:49] Yes. Yes.

**Philip:** [00:17:51] When you think about suppliers you obviously... There's such close partnerships and so critical to essentially the success of the business. Out of these things that you learned stepping out of procurement and more into the operational and co-manufacturing role that changed how you think about building supplier relationships or even affirmed what you thought about building supplier relationships.

**Jocelyn:** [00:18:13] Yeah, I mean certainly I learned additional skills with every role that I've had and co-manufacturing was a special role where I spent a lot of time with suppliers where I would spend time in the factories on the shop floor with mechanics and operators learning the operation and really understanding the day to day operation. And so that certainly gave me an appreciation that I might not have had had I not had that experience where generally you're working with account management, CEO, directors of the organization. It really highlighted to me the need to listen, the need to understand what the real challenges are. In many cases

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understand how we might be contributing to those issues and what we can do within our organization to be more successful and to allow the supplier to be more successful on our behalf.

**Philip:** [00:19:09] Yeah, to enable their success as opposed to getting in the way of it sometimes.

**Jocelyn:** [00:19:13] Exactly. Exactly.

**Philip:** [00:19:15] And so, how does that then impact the way... so that was within some very specific suppliers. You then look at scaling that and scaling essentially building stronger relationships. We all know about SRM. It's benefits brought pros, cons. It really depends on how you approach SRM and how much it's ingrained in your culture versus it being a program that is essentially trying to make your suppliers feel a little bit better about working with you. I'm really interested in how you've looked at trying to scale then the spur of building stronger partnerships with your supplier through SRM.

**Jocelyn:** [00:19:52] Sure. Obviously, SRM, we conduct formal reviews with suppliers based on supplier segmentation and that sort of thing as well. But of course, the informal discussions that we have with suppliers where we take the opportunity to listen to them and you know in many cases our suppliers are providing us with innovation and cost saving opportunities that we might not have been able to identify without them. And so, sharing with suppliers what our challenges are, listening to them, and understanding their challenges, and working collaboratively throughout the years as opposed to add formal review sessions which are also important. I think is really the key to our success.

**Philip:** [00:20:37] I think one of the things that is important is you mentioned like asking your supplier. So often we think, and I say we. I don't mean procurement solely but versus our own internal organizations think we know how to solve a problem. And so, when we go to market we go to market to say not even this is my problem but I'm just going to buy the mechanism by which I think I need to solve the problem that I have. We don't necessarily think about just saying this is the outcome I want to get to suppliers. How would you recommend that I actually go and solve that problem?

**Jocelyn:** [00:21:11] Right. Right. and you know I believe that you can do that during the pitch or RFP process, but you can also do that on a regular basis where you have challenges that you're faced with every day. In many cases the power of your

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supplier and the experience is because of course they're working with all of your peers. They many times can offer you a better mousetrap than you may have thought of on your own.

**Philip:** [00:21:33] Right. Yeah, I found that it takes a little bit to build that trust. I think one of things it's difficult is because trust takes time to build. Some organizations don't necessarily... It's probably not fair to say patience but they have priorities which inhibit the ability to say "Okay. I know I'm not going to get cost savings from the supplier for a certain period of time because I'm building a different kind of relationship." It's really hard to protect your suppliers from that perhaps when business cycles change or when there's an initiative where we need to go to all of our suppliers next time on payment terms, for example. Whatever it may be that impedes upon the trust that we're trying to build with the suppliers. I wonder if you've had any experiences of like how to protect our suppliers from our companies sometimes from the intentions of our companies that may go against some of the relationships that we're trying to build.

**Jocelyn:** [00:22:23] It's an interesting question because at the end of the day the company that I'm looking to protect is the Hershey Company. However, in protecting the Hershey Company, in some cases I need to protect our suppliers because ultimately that supplier is a valuable asset to our organization and in our long-term success. And so, again it all goes back to listening and communicating with the supplier. Sharing that feedback and insights with my senior leaders within my respective organizations that I support. The first priority of protecting my own organization sometimes you need to protect to the partners that support your organization. It might not be that apparent to everyone that that's kind of how it works. And so, in procurement we have to wear many hats. The best opportunity for us to be successful is to communicate both internally and externally regularly.

**Philip:** [00:23:21] Yeah. Make sure that there's an open line of communication from the supplier from the execs from... A lot of it comes down to managing up, doesn't it, as well, or managing expectation upwards.

**Jocelyn:** [00:23:31] Absolutely. Absolutely. And providing senior leaders with a clear picture of what's actually happening and what the ramifications might be if we don't take action or if we choose to take action on a particular issue.

**Philip:** [00:23:48] Enabling them to make informed decisions as opposed to ones that may come from a perspective or something.

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**Jocelyn:** [00:23:54] Exactly. And you know I like to give our senior leaders an overview of what's happening but meanwhile give them my recommendations. I don't believe that we should be going to them saying "Hey, these are all the problems we have. What do you want to do about it?" I'd rather give recommendations and then...

**Philip:** [00:24:10] Offer them solutions.

**Jocelyn:** [00:24:11] Exactly. Exactly.

**Philip:** [00:24:14] I know it's coming up on time to wrap up, but I just have one last question and that's more related to the events this week. I just wonder if there's anything that you are going to take back to your team that you walk away from the event this week thinking you know what that's something we've got to think about a little bit more or that's something that we have to change or put into practice.

**Jocelyn:** [00:24:33] Interesting. I've attended a couple of sessions, category specific sessions, where I was able to pick up some insights specific to a couple of categories that we're focused on here and now. I've been in contact with folks back home sharing some of the insights up front relative to a few new suppliers in the space that we work in for them to touch base with and some new practices that I think that we should consider.

**Philip:** [00:24:03] All right. Well, thank you very much for joining me Jocelyn. I really appreciate it. I hope you enjoy the rest of the conference. I'll speak with you again soon.

**Jocelyn:** [00:25:12] Oh thank you so much for having me and have a good day. Thank you.

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