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Managing Teams and Individuals

CIPS L5M1

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Topic Break Down

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Topic 1, Understand the role of team management in procurement and supply	12
Topic 2, Understand the development of teams and individuals	8
Topic 3, Understand the principles of leadership and management	14
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QUESTION NO: 1 - (SIMULATION)

Q:*Describe FIVE types of power that a stakeholder may have and compare how they may interact with the procurement department (25 points).*

ANSWER: See the explanation for the answer

Explanation:

French and Raven's five bases of power help explain how stakeholders can influence procurement activity. Procurement should identify the source of a stakeholder's influence and adapt its engagement approach while protecting governance, competition, ethics and whole-life value.

1. **Legitimate power (formal/positional authority)**
   Power arising from an organisational role, delegated authority, policy or governance right. For example, a budget holder can approve expenditure, a procurement director can approve sourcing strategy, or a technical authority can formally sign off a specification.
   Interaction with procurement: this normally requires procedural compliance: procurement obtains approvals, follows delegated authority limits and presents a compliant business case. However, legitimate authority does not mean a stakeholder can bypass tender rules or contract controls. Procurement should explain the process and escalate conflicts through the correct governance route.

2. **Reward power**
   Power derived from the ability to give valued benefits, such as promotion, bonus, recognition, funding, access to resources or future work.
   Interaction with procurement: a senior manager may incentivise buyers to deliver savings or support a strategic project; equally, a stakeholder may offer favourable treatment in return for prioritisation. Procurement can use legitimate performance recognition positively, but must ensure targets do not drive poor behaviours, such as selecting a low-price supplier that offers poor total value or rushing an unjustified single-source award. Incentives should be transparent and linked to ethical, measurable outcomes.

3. **Coercive power**
   Power based on the ability to impose a negative consequence, for example withholding approval, reducing resources, making a complaint, escalating to senior management, or applying disciplinary/contractual sanctions.
   Interaction with procurement: an operational stakeholder may threaten escalation unless procurement expedites an order, while procurement itself may apply contractual remedies to a non-performing supplier. This form of power can produce rapid compliance but often causes stress, conflict and defensive behaviour. Procurement should respond calmly with evidence, documented priorities, service-level agreements and escalation routes rather than allowing threats to override fair treatment, risk controls or procurement policy.

4. **Expert power**
   Power arising from knowledge, experience, qualifications or scarce specialist skills. Engineers may be authoritative about technical requirements; legal advisers about contractual risk; procurement about supply markets, sourcing methods, cost analysis and negotiation.
   Interaction with procurement: this is usually the most collaborative form. Technical stakeholders should define functional needs and evaluate technical suitability, while procurement challenges unnecessarily restrictive specifications, tests market capability and manages the commercial process. Procurement's own expert power enables it to advise stakeholders rather than simply process requests. Cross-functional evaluation and clear role allocation prevent one specialist from making unbalanced decisions alone.

5. **Referent power**
   Power based on personal credibility, reputation, respect, relationships or charisma. A trusted project sponsor, respected clinician or influential long-serving manager may shape colleagues' views even without formal authority.
   Interaction with procurement: procurement can build trusted relationships with such people and use them as champions for early procurement involvement, compliance and change. However, referent power can also lead to favouritism, such as pressure to retain a preferred incumbent supplier. Procurement must remain objective, maintain audit trails and make decisions against agreed evaluation criteria, not personal preference.

Comparison: Legitimate and coercive power are more likely to produce compliance because of formal authority or fear of consequences; reward power motivates through positive incentives. Expert power is primarily evidence- and knowledge-based and therefore supports joint problem solving. Referent power depends on trust and informal influence, making it valuable for coalition-building but potentially vulnerable to bias. In practice, a stakeholder may hold several types at once—for example, a senior technical director may have legitimate, expert and referent power. Procurement should engage early, clarify decision rights, use data and governance, and tailor communication to the stakeholder's power base while maintaining integrity and value for money.

QUESTION NO: 2 - (SIMULATION)

What is the 'human relations' approach to management? (20 points)

ANSWER: See the explanation for the answer

Explanation:

The **human relations approach to management** is a people-centred approach which argues that employees are motivated not only by pay, rules and working conditions, but also by social, psychological and emotional needs. It therefore treats good relationships, communication, recognition, participation and employee wellbeing as important drivers of performance.

It emerged in reaction to highly mechanistic management theories, such as Taylor's scientific management, which focused principally on task efficiency, supervision and financial incentives. The approach is closely associated with **Elton Mayo** and the **Hawthorne studies**. These studies suggested that productivity could improve when employees received attention, felt valued, developed a sense of belonging and worked positively within a group—not simply when physical working conditions changed.

Key features are:

recognising employees as individuals with social and emotional needs;
using supportive, consultative or participative leadership rather than relying solely on command and control;
promoting two-way communication and employee involvement in decisions;
encouraging teamwork and understanding the influence of informal workplace groups;
providing recognition, feedback, development and a sense of job security or belonging; and
linking job satisfaction, morale and engagement to improved performance and retention.

For example, a procurement manager applying this approach could involve buyers in planning sourcing strategy, listen to concerns about workload, recognise successful negotiations, encourage collaboration with stakeholders and provide training and career-development opportunities. This can increase commitment, cooperation and team performance.

A main strength is that it can improve morale, engagement, communication, teamwork and staff retention. However, it should not be used as a substitute for clear objectives, performance management and efficient processes. Critics also argue that managers may overstate the effect of happiness on productivity, or use apparent concern to manipulate staff. In practice, it is most effective when balanced with appropriate structure, accountability and operational controls.

QUESTION NO: 3 - (SIMULATION)

Q:*Describe ONE model for classifying stakeholders. When communicating with different types of stakeholders, for example to notify them of an intended purchase of high value, how should this be managed by the Procurement Function of an organisation? (25 points).*

ANSWER: See the explanation for the answer

Explanation:

One stakeholder-classification model is Mendelow's Power–Interest Matrix. It maps each stakeholder according to:

Power: their ability to influence, approve, delay or stop the procurement.
Interest: the extent to which they are affected by, or concerned with, the purchase.

Procurement should identify stakeholders for a proposed high-value purchase, place them in the matrix, and use a communication plan appropriate to each group. Communication should be timely, factual, two-way where appropriate, and consistent with procurement governance, confidentiality and delegated approval limits.

High power / high interest — manage closely (key players).
Examples include the budget holder, executive sponsor, Finance Director, procurement lead, user department head and project board. They should be engaged early and regularly through meetings, workshops, approval papers and detailed reports. Procurement should provide the business case, total cost of ownership, specification, route to market, risks, supplier evaluation results, legal/commercial issues, sustainability considerations and required approvals. Their feedback should be sought and recorded, because they can materially determine whether the purchase proceeds.
High power / low interest — keep satisfied.
Examples may include senior executives, legal, compliance, audit, regulators or a board member not directly involved in the

requirement. They do not need operational detail, but must receive concise, relevant assurance: value for money, compliance with policy and law, financial exposure, key risks and exceptions requiring approval. Briefing notes, exception reports and milestone updates are suitable. Procurement should avoid overloading them while ensuring that they do not become dissatisfied or intervene late.

Low power / high interest — keep informed.

Examples include end users, operational staff, technical specialists, service recipients and affected internal teams. These people may not approve the purchase but can provide essential requirements and practical insight. Procurement should communicate the scope, timetable, expected benefits, changes to processes and implementation arrangements through updates, demonstrations, consultation sessions, surveys or FAQs. It should invite feedback on the specification and usability, respond to concerns, and explain decisions where suggestions cannot be adopted.

Low power / low interest — monitor with minimum effort.

Examples are staff or groups not materially affected by the purchase. Procurement should provide proportionate general communications, such as an intranet notice or brief summary, only where useful. Excessive detailed communication would waste resources.

For a **high-value purchase**, Procurement should additionally establish a stakeholder register and communication schedule showing the stakeholder, classification, information required, channel, owner, frequency and escalation route. Formal governance is especially important: approvals should follow the organisation’s financial authority limits; evaluation and conflict-of-interest controls should be documented; commercially sensitive supplier information should be shared only with authorised stakeholders; and all key decisions and communications should be auditable.

Therefore, Mendelow’s matrix enables Procurement to give detailed involvement to those able and willing to influence the decision, assurance to powerful stakeholders with limited interest, meaningful consultation to affected users, and only proportionate information to the remaining audience. This builds buy-in, reduces resistance and supports sound approval of the high-value purchase.