



PROFESSIONAL PURCHASING

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What You Must Know About Computerization

If you are not a techy you probably don't realize that the development and use of computers is changing at lightning speed. Every day there are new software, hardware, and associated products on the market. Use of these products is widespread. Many of the new products are for business operations and need to be installed and used if an organization is going to be able to compete in today's marketplace.

Not only must buyers know about many of the products but also must be well enough informed to judge their value and importance for their organization. Purchasing managers need to be aware of which of these products may improve their purchasing operation and what the advantages or drawbacks are for adapting to the new products.

In order to evaluate computer equipment and software, purchasing personnel must have at least a minimum of knowledge about the topic. Today nearly all businesses have computers and have various applications that are essential for efficient operation. But that is not enough if the equipment is old and slow or if the software is unreliable and inadequate.

Installing new equipment or new software requires not only an initial investment in the products but it also an investment in the time required to learn about the products and the use of the software. Old systems may have problems, but so too do many of the new products. There is a learning curve to get up-to-speed with new software that may actually slow down operations before any benefits can be realized.

Large organizations have the personnel to install and test new products before converting all users, but smaller companies may not have the luxury of adequate testing before converting the operation to the new system. Buyers should endeavor to have backup systems available when new systems are installed. Frequent backup of data should be routine to make certain that any shutdown is brief and that no data is lost.

Buyers should be cautious about new products or systems.

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and purchasing managers

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What You Must Know About Computerization

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They should be more skeptical of the advantages of new methods being promoted by suppliers than they usually are of older, widely tested products. They should be more cautious going to newer companies to source their important data. For example, be careful about sending your data to a cloud server provided by a new Internet provider.

Moving from a manual purchasing system or an old computer system should be carefully evaluated by looking at the details of the older system and comparing them with what the new systems offers. For example, how many screens need to be referred to in order to get the information you need is an important consideration. What reports you are able to easily obtain with the older system compared with what you can quickly obtain with the new system should be compared. Saving time is a cost savings and may justify going to a timesaving new system.

New systems usually provide ways of getting valuable information that may not even be realistically possible to obtain with an older system. For example, a new system may provide a report of the number of times that a supplier was late with delivery, that orders were received with quality problems, and that prices were higher than other suppliers for similar items.

Buying the hardware you need requires some knowledge of computer equipment. Suppliers sometimes specify hardware that meets your present needs, but offers no room for growth. Such suppliers do so with hopes of obtaining your business at an added cost for an upgrade to meet your future needs. Other suppliers sell you equipment that is many times bigger than what you really need.

To overcome these problems, you need to calculate what you reasonably should have based upon the number of transactions you expect to have and the size of your expected database. Your database size is calculated based on the number of fields of data, the number of records, and the type of data you expect to process and store.

Finding a good consultant, the proper software, and the best suppliers is a major challenge. Salespeople normally tell you they are the best, they are experts, and no one else is capable to do what they do. Don't believe it. That is hardly ever all true.

Buyers of software should investigate suppliers in the same way they do with sellers of other products, but more thoroughly. Ask for more references. Check each reference out more carefully. Visit the supplier's reference to see how the software works and question the customer about specific problems encountered.

Purchasing managers should make sure that every new buyer and other purchasing personnel are knowledgeable about computerization. Make sure that there is a continuing education process and that buyers attend seminars about computer operations. And don't neglect old time purchasing personnel. Make sure that they get their knowledge upgraded to keep pace with the times. ♦

The Economy

Economic Conditions Indicate A Possible Increase in Interest Rates

Major Indexes of Business Activity	MAR 15	FEB 16	MAR 16	% Change from 2015	% from Prev Month
Consumer Price Index - All Urban Consumers	236.1	237.1	238.1	0.8	0.4
Producer Price Index - All Commodities	191.5	181.5	182.4	-4.8	0.5
Producer Price Index - Industrial Commodities	190.0	179.8	180.8	-4.8	0.6
Finished Goods	193.6	188.9	189.9	-1.9	-0.5
Finished Goods Less Food and Energy	191.8	194.9	194.6	-1.9	0.5
Manufacturing	186.2	178.8	179.8	1.5	-0.2
Machinery and Equipment Wholesaling	111.6	119.6	117.0	4.8	-2.2
Construction Machinery Mfg	245.0	246.5	246.7	0.7	0.1
Lumber	204.6	193.7	196.9	-3.8	1.7
Iron and Steel	205.2	172.3	175.0	-14.7	1.6
Steel Mill Products	187.3	157.1	157.8	-15.8	0.4
Meats	198.6	176.7	179.0	-9.9	1.3
Grains	157.6	139.7	143.0	-9.3	2.4
Converted Paper & Paperboard Products	228.4	227.6	227.8	-0.3	0.1
Industrial Chemicals	244.7	221.7	219.2	-10.4	-1.1
No. 2 Diesel Fuel	193.1	114.0	118.6	-38.6	4.0
Gasoline	179.9	112.7	130.9	-27.2	16.1
Crude Petroleum (domestic production)	127.5	67.1	94.4	-26.0	40.7

Major Indexes of Business Activity	APR 15	MAR 16	APR 16	% Change from 2015	% from Prev Month
Consumer Price Index - All Urban Consumers	236.6	238.1	239.3	1.1	0.5
Producer Price Index - All Commodities	190.9	182.4	183.3	-4.0	0.5
Producer Price Index - Industrial Commodities	189.3	180.8	182.0	-3.9	0.7
Finished Goods	193.1	189.9	190.5	-1.3	0.3
Finished Goods Less Food and Energy	191.6	194.6	194.8	1.7	0.1
Manufacturing	185.7	179.8	180.4	-2.9	0.3
Machinery and Equipment Wholesaling	111.6	117.0	115.8	3.8	-1.0
Construction Machinery Mfg	245.2	246.7	246.7	0.6	0.0
Lumber	202.8	196.9	199.9	-1.4	1.5
Iron and Steel	200.9	175.0	183.6	-8.6	4.9
Steel Mill Products	181.5	157.8	161.0	-11.3	2.0
Meats	199.6	179.0	183.5	-8.1	2.5
Grains	153.8	143.0	139.9	-9.0	-2.2
Converted Paper & Paperboard Products	228.2	227.8	227.7	-0.2	0.0
Industrial Chemicals	245.5	219.2	221.6	-9.7	1.1
No. 2 Diesel Fuel	183.8	118.6	123.2	-33.0	3.9
Gasoline	179.1	130.9	140.9	-21.3	7.6
Crude Petroleum (domestic production)	143.0	94.4	111.0	-22.4	17.6

* Preliminary. All indexes are subject to revision four months after original publication. Source: U.S. Department of Labor, Bureau of Labor Statistics. NA equals Not Available.

Minutes from the Fed rate-setting meeting in April indicated that the Fed is getting ready to increase interest rates at its next meeting next month.

The president of the Federal Reserve Bank of Boston, Eric Rosengren, said that most of the conditions required to raise interest rates were close to being met.

The Federal Reserve wants to see three different things in order to raise rates. The first one is to see additional signs of an economic rebound in the second quarter. The second is increased strengthening of the jobs market. And finally, for inflation to get closer to the Fed's goal of 2 percent.

Mr. Rosengren said, "Because we are closer to full employment and because we are closer to our inflation target, I am more confident now that a more normalized

situation makes sense."

The next meeting of the FOMC (Federal Open Market Committee) is scheduled for June 14-15.

James Bullard, President of the St. Louis Federal Reserve, said, "Labor markets are relatively tight. This may put upward pressure on inflation going forward." He indicated that this raises the case for raising interest rates.

"U.S. labor market performance has been very good. By nearly any metric, U.S. labor markets are at or beyond full employment," he said.

The jobless rate is now at 5 percent, which is close to what most economists consider full employment.

If the economy keeps improving as expected, the FOMC plan is to gradually raise interest rates over the next several years. ♦

Employment Opportunities

COMMODITY MANAGER

Diversified Foods & Seasonings, Covington, Louisiana. The Corporate Commodity Manager will be responsible for developing and supporting the company's supply chain. This will consist of implementing and maintaining a commodity inventory strategy for the tactical procurement of raw materials and packaging of approximately \$60MM for use in manufacturing finished goods. Further requirements will include developing and executing strategic purchasing plans. This will be attained by utilizing analytic, forecasting, and negotiating skills to procure materials at the most favorable costs and terms. The creation and overseeing of sourcing and procurement budget will ensure compliance with organizational expenditure requirements. The manager will administer the control of raw material purchases for the organization. Responsibility for establishing and implementing a sustainable sourcing strategy is also required. This will be done through source selection, supply base rationalization, and choosing suppliers for sources and materials, thus meeting the requirements and goals. One will need to develop and implement plans to meet yearly total acquisition cost reduction goals in conjunction with sourcing strategy. Working closely with the Sales, R&D/Technology, Manufacturing, Quality Assurance and Finance departments will ensure precise specification and procurement of critical materials to meet customer end product needs, and therefore is required. Qualifications required include a Bachelors degree with an advanced degree, and certifications are preferred. At least 7-10 years of progressive experience in Purchasing/Supply Chain, with extensive knowledge of the manufacturing industry is a must. Salary range is \$90,000-\$100,000 annually. Please submit correspondence to: jbramlett@diversified-foods.com.

How to Plan Your Career and Prepare a Resume Online Course

A self-running Web based course developed by the APS and only available from the Society. In Part 1 learn how to plan your career to achieve your goals. Then in Part 2 learn how to prepare a great resume that will get you more and better job interviews. Part 3 will tell how to take a successful job interview and avoid serious mistakes. Go to www.american-purchasing.com and click on Courses and Seminars to register. All students who complete this course will earn a certificate of completion and 2 CPP Points.

SENIOR SOURCING AGENT

Located in Lake Charles, Louisiana, and reporting into the Senior Sourcing Agent (in Strongsville, OH and functionally to the Director of Manufacturing (in Lake Charles), the Sourcing Agent is a key and strategic partner to the PPGs Silica Business and the Lake Charles manufacturing plant. In order to be considered successful you will optimize value, reduce cost and strategically source & support the acquisition of needed goods and services locally. In order to be successful and within the first six months its critical that you quickly learn and understand PPG, develop relationships with external suppliers and internal stakeholders including members of the plant, general purchasing team and the corporate PPG Purchasing strategic team. S/he is responsible for bidding, negotiation and contracting for the location and contracts will consist of materials and services used, including production materials, MRO supplies, and maintenance and construction services needed to support facility operations. The maintenance operation of this facility is heavily dependent on local purchasing support for acquiring the parts and services needed on a daily basis. S/he will obtain proper supplier certification, by gathering information and analyzing requirements to ensure suppliers meet PPG requirements before soliciting, evaluating and negotiating bids and initiating and finalizing on-site service agreements and contracts. The utilization of various tools including Ariba Spend Analysis (SMART), Contract Workbench (ACW), Sourcing (QAS), Buyer (eBuy) is and SAP is necessary to perform the role. Additional Responsibilities: Manage with assistance of corporate purchasing the larger raw material contracts to provide the lowest price for the business (e.g. sand, natural gas, CO2, and sulfuric acid). Support maintenance and engineering by executing the actual purchase of the item/service through execution of the vendor contact and ensuring the accuracy of the documentation. Communicate updates both locally and on a corporate level both timely and in a professional and accurate manner. Ensures purchasing function is carried out in an ethical and professional manner while fostering purchasing practices that comply with all Corporate Purchasing Policies. Skills: Excellent oral and written communication skills with strong interpersonal skills to work collaboratively with all levels of manufacturing and management personnel. Proficiency and have tech savvy and be able to quickly learn, understand, and use computer systems. Strong computer skills and proficiency in the use of respective ERP, purchasing and computer software including MS Office. Strong ability to influence, evaluate, recommend and drive change. Strong negotiation skills that allow them to manage suppliers even when competition is limited. To Apply: www.ppg.com/corporate/careers. Search job ID 1600002474.

Employment Opportunities

PROCUREMENT SPECIALIST 2 CAPITAL NON-OPERATIONS

New York, New York. The objective of this position is to assist the Manager in support of the Capital/Non-Operations Procurement subgroup by providing Metro-North Railroad with the management of material, miscellaneous and professional services, engineering, construction, IT, maintenance and corporate service contracts in a timely and efficient manner. Duties to include: Administration and maintenance of high volume of on-going contracts. Represent Metro-North at project meetings and has the ability to deal effectively with proper decision-making levels, both within and outside Metro-North. Make decisions exercising independent judgment requiring immediate solutions. Responsible for Metro-Norths contractual and business interests. Clarifies contract terms, conditions and intent for all contractual parties as well as our internal customers. Ensures Metro-North, contractors and subcontractors comply with all contractual terms and conditions. Required qualifications: Working knowledge of products and materials, procurement principles, terms and conditions and contract law. Ability to learn public sector purchasing (i.e. MTA Agency, NYS, NYC) and governmental regulations (FAR, FTA) and NYS contracting provisions. Strong ability to evaluate contract terms and conditions. Knowledge of procurement and accounting principles. Detail oriented and strong organizational skills. Strong analytical skills. Strong oral, written and communication skills. Strong ability to interact with internal and external customers. Knowledge of Microsoft Office Suite and/or comparable applications. Negotiation skills including planning and implementing negotiation strategies. Strong ability to manage multiple service contract requests and a large volume of contracts on an on-going basis. Preferred qualifications: Familiarity with MTA All-Agency Procurement Guidelines. Working knowledge of an internal procurement system. Professional certification in procurement desirable. Required education and experience: B.S./B.A. Business Administration, Finance, Accounting, Management, Transportation, Public Administration or an associated field with specialized procurement/contract administration training. Demonstrated equivalent experience, education and/or technical credentials may be considered in lieu of degree. Minimum three (3) years of progressive business experience in the area of design and engineering, construction, procurement of goods and services and contract administration with a strong emphasis on the solicitation, negotiation and award of contracts. We offer a competitive salary and a comprehensive benefits package. If interested, please visit <http://web.mta.info/mta/employment/> and Search Procurement Specialist 2 Capital Non-Operations Procurement under Metro-North Railroad. EOE.

STRATEGIC SOURCING MANAGER (IT Category)

This position will lead sourcing projects and assist in implementing strategic programs for the procurement of Indirect Services. Atlanta, GA headquarters opportunity! Annual spend sourcing projects will range to \$100 million. This position will work with key functional and internal stakeholders to capture business requirements, develop the appropriate sourcing strategy, evaluate responses from the supply market and negotiate agreements that deliver best value. Duties include: Conduct research and analyze the supply marketplace, maintain working knowledge of business trends including industry issues, cost drivers, global pricing, market conditions, and economic indicators. Identify new and/or alternate sources of supply. Participating, as needed, in continuous improvement initiatives using tools such as Six Sigma, and other process improvement techniques. Create thorough business requirements to incorporate in sourcing strategies and agreements. Negotiate best price, quality, service levels and delivery terms for purchased products and services. Perform complex financial and cost analysis, projects and financial evaluations of bid proposals and suppliers financial strength. Manage cross functional teams on multiple projects with wide category range. Requirements: Bachelor's Degree in Business Administration or Supply Chain Management. MBA or Master's degree is a plus. Professional purchasing certification is preferred. You should have a minimum of 6 years experience in a Strategic Sourcing role with increasing level of financial responsibility. Be able to multi-task in a fast paced environment and prioritize duties to meet deadlines daily with limited supervision. Proven negotiation skills. Ability to interact with C-level executives and make presentations to that level. Must have indirect spend experience success in one of more of the following areas: Networking, including voice, data, wireless, SIP, conferencing, VOIP, network equipment. Telecommunication, including contract terms, tariffs, fixed and variable bandwidth based pricing schedules, minimum revenue commitments, and service level agreements for voice and data. IT Hardware, including personal computing, mid and high range servers, mainframes and security appliances. IT Software, including complex enterprise agreements. IT Services, including outsourced infrastructure, data center, application development and product assessment. Must have strong and effective influencing skills and capable of gaining consensus. Should be able to effectively and efficiently navigate across the organization. Must be able to make the "tough choice" when confronted with complex decisions including people and demonstrate flexibility on resolving issues. Base salary of \$95-120k + Bonus + paid relocation, strong benefit and retirement package and future career advancement opportunities! Email joeknose@corpimg.com for more information.

Online Course Schedule

For more information, a complete schedule and to register today go to www.american-purchasing.com

New! Purchasing For Manufacturing - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. This course is for those who work for manufacturing companies or who want to prepare themselves for the possibility of obtaining a position in a manufacturing company. It is a course for buyers and managers who buy products and services for manufacturing organizations, for those new to their jobs, or for those who want to refresh their knowledge. The course gives information about the differences in buying for various types of industries. You will learn about the objectives of purchasing for manufacturing. The course covers the buying process for manufacturing, the important issues of buying tooling, the importance of proper specifications, and the essentials of inventory management. JIT, MRP, and Supply Chain Management systems are described, as well as Six Sigma and Lean Six Sigma.

New! Distribution and Warehouse Management - Available at all times and repeated continually. Fee \$129, APS members \$99. Qualifies for 2 CPP points. This course will teach students what is meant by warehousing, definitions, its importance, related functions, types of facilities, and more. Also covered in this course are warehouse design and space required, equipment, operating activities, and locator systems and product identification.

New! Inventory for Distribution and Warehouse Management - Available at all times and repeated continually. Fee \$129, APS members \$99. Qualifies for 2 CPP points. This course covers many aspects of inventory and how they relate to distribution and warehousing functions. Covered are types of inventory, types of controls, record keeping, item identification, locator systems, RFID, counting methods, and much more.

New! Management Operations and Logistics - Available at all times and repeated continually. Fee \$129, APS members \$99. Qualifies for 2 CPP points. This course will teach students about management operations and include information on its purpose, duties, decision making, organizing, staffing, planning, controlling, and more. Other areas covered are management psychologies, human resources and the law, transportation and logistics, domestic and international transactions, and ERP.

Forecasting for Buyers, Managers, and Business Executives - Available at all times and repeated continually. Fee \$129, APS members \$99. Qualifies for 2 CPP points. This course provides essential knowledge about forecasting methods. Using these methods helps you predict how prices will change, what inventory you will need, and the size of your staff required to run your operation efficiently. Buyers and purchasing managers should use forecasting to time their purchases for lower prices. Forecasts should be used to determine how much they should buy at any point in time. Predicting sales and usage volume helps the manager know when to increase or decrease the workforce. Buyers and management should use forecasting to predict market changes that may affect their operation. Participants will learn the strengths of short-term forecasts and the limitations of long-term forecasts. The course was developed by Mark Miller, Associate Professor of Business at Carthage College with many years of business experience in purchasing and supply chain management. Prior knowledge of some mathematics is helpful for those taking this course.

Preparation for CPP Exam - 3 week online course including exam. Qualifies for 13 CPP points. June 20 to July 10, 2016. Fee \$700, APS members \$540. This course is required for the CPP and is the best training for buyers and purchasing managers to prepare for the Certified Purchasing Professional (CPP) examination. When completed, you will be encouraged, if you have not already done so, to apply for professional certification recognition. The course includes an instructor, the study guide, five different online courses, and the exam. Registration and payment are required in advance. Register online at www.american-purchasing.com or phone (630) 859-0250. Please visit our website for more details.

Preparation for CPPM Exam - 3 week online course including exam. Qualifies for 10 CPP points. May 23 to June 12, 2016. Fee \$600, APS members \$440. This is the only online course available and approved by the APS to prepare for Certified Professional Purchasing Manager recognition. The exam is given at the end of the course without extra charge and is accepted by the Society as fulfillment of the CPPM requirements providing the student has achieved CPP and has made separate application for the CPPM recognition.

Preparation for CGPP Exam - Up to 45 days online course including exam. Continuous enrollment. Fee \$300, APS members \$215. Qualifies for 3 CPP points. Included are the workbook "Green Purchasing and Sustainability", the two-part self-running course titled "Green Purchasing and Sustainability", and the CGPP examination. As more and more executive decisions include sustainability, buyers and purchasing managers need to learn how they can be part of the process before the policies and procedures are set in place. Sustainability is quickly developing and changing, and the sooner purchasing professionals begin to learn about the subject and current things that they can do to encourage and embrace it, the better position they will be in for the long-term future. Students will be taught what purchasing's role is in sustainability, how to develop a green purchasing plan, how it can be included in facilities practices, how to utilize the 3Rs, energy savings ideas, and more.

Applied Cost and Price Analysis - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. This new online course will identify, define, describe, and differentiate the constituent elements of both Cost and Price Analysis. It will also provide step by step processes, lists, and actions that must be taken and/or avoided in selecting and managing suppliers and their performance, and furnish specific tools and templates that make the Cost and Price Analysis decisions based on hard "Dollars and Numbers" criteria. Cost and Price Analysis skills are among the most effective purchasing management tools. They reduce prices by eliminating unnecessary costs which leads to mutually beneficial results for supplier and customer. Some of the important skills you will learn are: The eight most common Pricing Strategies revealed and explained. How prices are established. Dozens of tools, techniques, and modifiable, reusable templates. How to identify and apply Cost Drivers. How to apply Cost and Price analysis to basic Spend Analytics. In addition, the course will demonstrate with tables and templates how to use Cost and Price Analysis for better results in supplier negotiation, bid analysis, and supplier performance evaluation. Website sources investigated and found to be useful for purposes are included as supplementary resources.

Online Course Schedule

For more information, a complete schedule and to register today go to www.american-purchasing.com

Business Ethics for Buyers and Sellers - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. The Certified Purchasing Professional (CPP) program has always stressed the importance of proper business conduct. Now, recent surveys have discovered that there is renewed interest in courses related to business ethics. College students are beginning to request that their attending school offer classes in ethics. This self-running course fills this need. Learn the meaning and sources of ethics. Learn how ethics affects the way in which we do business. Know how to make ethical decisions. Understand the relationship between the law and ethics. Feel more comfortable making ethical decisions. Become familiar with the ethical issues that buyers and sellers confront. Know the APS Code of Ethics. Qualifies as one of the free courses for new joining and renewing members. Course runs approximately two hours long.

How to Save \$Thousands Buying a Car - Available at all times and repeated continually. Introductory Price \$29.99. Qualifies for 1 CPP point. Many of us overpay when we buy a new or used car. Take this course to learn how to save hundreds, maybe even thousands of dollars when you buy a new or used car. You will learn the best places to find information about the car you want. The course will tell you how to negotiate with the dealer. It will let you know how pricing methods may mislead you and how you can avoid being deceived. It will tell you about different ways to finance the car. It will give you information about leasing compared with buying. It will give you what you need to know about trading in your old vehicle. The course covers certified cars and service agreements. What you learn will help you now and for many years in the future.

About F.A.R. - Available at all times and repeated continually. Fee \$59, \$39 APS members. Qualifies for 1 CPP point. If you buy for the government or your organization sells to the government you should know about the government's rules and regulations concerning purchasing. Even if you work in private industry you should take this course to learn about the policies and procedures used for government purchases. If you only buy for private businesses, this course will help you understand the differences between private and public purchasing. You will learn about the federal government positions who are authorized to buy and what their authority is. You will learn what the applicable laws are that are related to federal government transactions. The course includes various terms and conditions useful for purchasers. It covers the differences between government contracts and those used by private industry.

Influencing Suppliers, Colleagues, and Management - Available at all times and repeated continually. Fee \$129, APS members \$99. Qualifies for 2 CPP points. This course teaches you how to negotiate better deals by influencing or persuading those individuals you deal with at work or anywhere else. The course tells you how to persuade others by the proper way you talk, the appropriate way you look, and how you behave. You will learn the importance of dressing properly, having proper body language, and expressing your interest in what others are also interested in. Using the information in this course is proven effective by a wide range of experiments and research studies, as well as the experience of professional buyers, managers, and executives. The course was developed by Harry Hough, an experienced negotiator, consultant, and business executive.

Managing Quality - How to Get the Quality and Service You Want - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. A course designed to help you obtain the best quality for your purposes. Good quality starts with defining what you expect. The course covers quality issues both inside the organization as well as the quality produced by suppliers. Different quality theories, measurement techniques, and the cost of quality are discussed. Testing tools are also described. Quality standards and awards are listed. This course should be a must for every quality control employee as well as for all buyers and purchasing managers regardless of their industry.

How To Be A Smart MRO Buyer - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. The course explains the differences between MRO buying and other types of purchases and gives you the information that will permit you to take advantage of the unique features of MRO buying. Take this course to learn the best ways to reduce MRO costs. Learn the best places to obtain supplies. Find out how you can reduce your workload and satisfy requisitioners' needs.

Accounting, Finance, and Cost Management for Buyers and Managers - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. This course is an introduction to accounting and finance and suitable for those who have never had a course in accounting as well as those who wish to review the subject. Topics include the accounting process, financial reports, methods of evaluating inventory, budgeting, methods of evaluating financial performance, and many other related subjects.

Fundamentals of Business Buying and Purchasing Management - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. A self-running Web-based course developed by the APS. Don't know much about business or buying for business? Then this is the course for you. A three part online course that introduces you to accepted business practices and gives you the understanding to accept a position as a buyer or purchasing manager.

76 Ways to Improve Purchasing Performance - Available at all times and repeated continually. Fee \$154, APS members \$129. Qualifies for 2 CPP points. Invaluable information and tips to help you negotiate transactions, show you ways to reduce costs, and provide help to make your purchasing operation more efficient. The course provides well over 76 ways to improve your operation.

5 Convenient Ways to Register

Call 1-630-859-0250, or Fax to 1-630-859-0270,
or fill out the online form at www.american-purchasing.com,
or send an E-mail to propurch@propurch.com, or mail to:
American Purchasing Society
8 E. Galena Blvd., Suite 203, Aurora, IL 60506

Member Profile: Patrick Harrison

Straight As An Arrow

by Jeff Steele

Patrick Harrison loves serving the citizens of his adoptive hometown. He is the purchasing manager for the city of Broken Arrow, Oklahoma, a southwest suburb of Tulsa with a population of 105,000. In addition to its name, which reflects the city and state's Native American history, Broken Arrow is home to an aerospace industry maker, a major outdoors retailer, and many parks and hiking trails.

His zest for the purchasing job, along with his commitment to keeping purchase prices low as a service to the citizens, have combined to make him our choice as this month's featured member in the APS Member Profile Series.

The city of Broken Arrow provides services to its residents, Patrick says. "We stock parts, and are always locating and ordering parts for the police and fire departments, as well as the utilities, sewer utilities, and parks, among others."

Patrick works under the general services director for the city, and works over three buyers and two warehousemen.

Purchasing is centralized and in 2015, the city spent \$14,977,087. Among city purchases are fire trucks, police vehicles, janitorial supplies and safety gear. Major areas purchased include all types of brass fittings, saddles and curb stops for the water utilities department.

"A lot of suppliers and vendors contact us to set up appointments. They drop off literature and we enter them on a bidders list. When the particular item they sell comes up for quote, we include as many of them on a request for quote as possible, to ensure lowest price is paid, as a service to Broken Arrow citizens."

Prices on brass and copper items vary so much that they change week to week. "The janitorial and safety supplies fluctuate quite a bit as well," he says. "One vendor doesn't get the purchase every time, which is good because it makes them sharpen their pencils."

On occasion, when a pump goes out on a lift station, the city needs new parts almost immediately. At those times, Patrick and his staff can have a half dozen vendors give verbal quotes over the phone on an emergency basis. Instead of having to wait three to five days, the part can be obtained that day or next.

"When I became purchasing manager, I made the buyers and warehouse people count the shelf when we issue something in stock to a department," he adds.

"It better match the computer tally of the number in stock."

Patrick relies on the Internet to find suppliers. "It's a very good tool to research items," he says. "But occasionally, we purchase off the Internet with our city-issued credit cards. Mainly, I use the Internet to research and find new vendors, and to research for specs. I also use it when we're doing sealed bids, which are required of any purchase above \$25,000."

Born and raised in Muskogee, Oklahoma, south of Broken Arrow, Patrick entered the United States Navy in 1982, and was discharged in 1986.

He lived briefly in Houston, then returned to Oklahoma. He found employment with the city of Broken Arrow in 1993, starting in the special projects department.

As a certified welder, he then entered fleet maintenance, where he also served as the backup automotive warehouse employee. He became the primary automotive warehouse parts clerk in 1998.

"I really loved that challenge, and that sparked my interest in purchasing," he recalls. "It was challenging to find the right parts and get them here in a timely fashion. It was something new every day. In 2007, I applied for the city purchasing manager position and got that job, and have remained here since."

The second-year APS member plans to pursue certification. He just completed the Certified Purchasing Professional (CPP) prep course. "I want that credential because I want my colleagues and the citizens of Broken Arrow to know I'm certified," he says.

In his spare time, Patrick enjoys playing with his grandchildren, visiting his brother's Texas ranch and watching Oklahoma City Thunder NBA basketball.

Patrick's view of both his job and purchasing in general reflects a strong sense of civic responsibility. "We buy so many items every year, and we need new vendors all the time," he says. "Advanced training from purchasing training courses and seminars can teach buyers new methods and the best practices. We need to be good stewards of the taxpayers' money." ♦



Recently Certified



Certified Purchasing Professional (CPP) Awards

Scott Bater works for Lupin Pharmaceuticals, Inc. in Baltimore, Maryland. Certification number - 121378P.

Fredrick B. Brown is an employee of Gulf Coast State College located in Panama City, Florida. Certification number - 117062P.

DiAnn Butkay is employed at the City of Flagstaff in Flagstaff, Arizona. Certification number - 121696P.

Deepak Dewan is employed at Global Contacts in New York, New York. Certification number - 104557P.

Brensen D. Feese is an employee of BPI Outdoors located in Lawrenceville, Georgia. Certification number - 121532P.

Terry Govostes works for Gerber Technology in Tolland, Michigan. Certification number - 120938P.

Edward Madsen works for A&B Packing Equipment in Lawrence, Michigan. Certification number - 121537P.

Harold Kenneth Midgett Jr. works for the Adams Group in North Port, Florida. Certification number - 121762P.

Daniel Wayne Palmer is employed at the Mack Molding Company in Arlington, Vermont. Certification number - 121625P.

Ryan Schmitt works for The Shepherd Chemical Company in Norwood, Ohio. Certification number - 121486P.

John Schwartz is employed at ADP of Roseland, New Jersey. Certification number - 121769P.

Alix M. Scoblionko works for Harvard Business Publishing in Watertown, Massachusetts. Certification number - 120914P.

Joginder Singh works for Lupin Pharmaceuticals, Inc. located in Baltimore, Maryland. Certification number - 121379P.

Kay K. Syed most recently worked for Orange County Public Schools located in Orlando, Florida. Certification number - 114167P.

Mimie L. Woods is employed at The City of Atlanta, Georgia. Certification number - 121558P.

Certified Professional Purchasing Manager (CPPM) Awards

Justin Byington is employed at GSC Foundries in Ogden, Utah. Justin earned the CPP in November of 2015. Certification number - 121425M.

Laurent Debret works for Club Med Resorts in Singapore. Laurent was awarded the CPP in December of 2015. Certification number - 121517M.

José A. Gamboa works for Rosewood Cordevalle located in San Martin, California. José was awarded the CPP in January of 2011. Certification number - 106174M.

Michael Hanfman is employed at TRAX International in Greenbelt, Maryland. Michael earned the CPP in December of 2015. Certification number - 121410M.

Darrell Hilkert works for the Carmel Country Club in Charlotte, North Carolina. Darrell was awarded the CPP in December of 2014. Certification number - 119633M.

Rene L. Lavoie II works for the Dairy Farmers of America in Syracuse, New York. Rene earned the CPP in November of 2015. Certification number - 121184M.

Thomas Lee was most recently employed at McKeen Towers in West Palm Beach, Florida. Thomas earned the CPP in July of 2014. Certification number - 120828M.

Dedria A. Lunderman is an employee at Northwest Florida State College located in Niceville, Florida. Dedria was awarded the CPP in November of 2015. Certification number - 120793M.

Catherine Luzzi works for Biogen in Cambridge, Massachusetts. Catherine earned the CPP in November of 2015. Certification number - 121368M.

Rachel Oster is employed at TRAX International in Greenbelt, Maryland. Rachel was awarded the CPP in November of 2015. Certification number - 121351M.

Janice Trossbach is employed at TRAX International in Greenbelt, Maryland. Janice earned the CPP in November of 2015. Certification number - 121335M.

Sherie Wai Tsang most recently worked for M.D. Stetson Company, Inc. in Randolph, Massachusetts. Sherie earned the CPP in October of 2015. Certification number - 120833M.

Questions From Members

How Is An Approved Supplier List Obtained?

QUESTION:

We are trying to improve our quality of purchased items and feel that an approved supplier list would be helpful. How is it obtained?

ANSWER:

An approved supplier list is a good way to improve quality and reduce the amount of time to place new orders. Not every item purchased will be obtained from one of the suppliers on the list because some purchases are very infrequent or one time buys. Those items purchased from approved suppliers are usually those that are going to be used in production or that become part of products for resale.

You may begin making your list by using a form to give to potential and existing suppliers to fill out, and that you require being returned before any new orders are sent to the supplier.

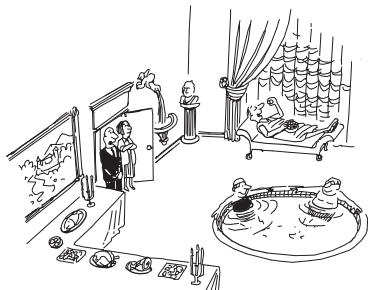
The form should include information about key personnel and contacts, the supplier's business start date, and the facilities of the supplier. The form should ask for information about testing facilities and quality control policies and procedures.

Once the forms are returned they should be evaluated carefully for adequate and accurate information. Each supplier should be checked and approved or not. Suppliers may be told what they need to do or what they need to improve upon to become an approved supplier.

A good starting place for preparing an approved list is to download the sample forms available from the Society's website and clicking on Resources. ♦

Send your purchasing or job related questions to the Editor, *Professional Purchasing*, American Purchasing Society, P.O. Box 256, Aurora, IL 60507 or Email to propurch@propurch.com.

All part of the job



"I always suspected the Partners' Lounge looked like this."

Lesson 177 Fundamentals

What To Tell and Not Tell Suppliers

Good salespeople try to find out as much as they can about their customers and potential customers. The more they know, the better they can sell their products or services. The more they know, the better they can tell the buyer what he wants to hear and avoid saying something inappropriate. Buyers need to tell the supplier representative some things to obtain a better proposal, but they should not tell other things that only tell the supplier something that helps the supplier but is detrimental to the buyer's interest.

Usually, it is a good idea to tell the supplier how you are going to use their product or what you want the product for. A good salesperson will try to match his product up to your intended use. Also, a good representative will warn you if an inappropriate use of his product will be dangerous or harmful in any way. He will warn you if your use will void any warranties.

It is normally best to give the supplier some idea of how much you are going to buy annually of the product, especially if it is a large amount. This will encourage the supplier to give you a lower price. However, the buyer should never exaggerate or inflate the amount excessively, although an estimate is acceptable.

It is not a good idea to tell a potential supplier who you have been buying from or what you have been paying. It is considered unethical by professional buyers and is considered unfair by other suppliers.

Of course, you should never tell suppliers about your company's financial or legal problems. You should never speak critically about your company's management or speak ill of other employees within your organization.

You should never speak despairingly about other suppliers. If you do, it will get back to them and shed a bad light on you and your organization. Any bad statements about others may be reported to your boss or other company executives.

You shouldn't lie to a supplier or mislead him or her. It will eventually be discovered and discussed among other suppliers. Then, they will not trust you and are not likely to give you any really good deals.

You are encouraged to report your company's growth, and prosperity. You are encouraged to brag about your company's great products. This will make suppliers want to do business with you. It is always better to do business with a successful company. ♦

Vertical Integration 2.0: This Time, It's Strategic

For years, academia and the real world have long preached about the value of outsourcing, part science and art, for its ability to give purchasing organizations a competitive edge by allowing them to focus internally on core strengths, i.e., what they do best. It's also well-documented that those organizations that best command and have unfettered visibility of their supply chain are among the most nimble and successful.

No single event fueled outsourcing more than free trade policies and the Internet – both of which led to the crumbling of geographic walls in the global economy. Those that resisted or were slow to react to globalization and embrace exponentially larger, more diverse supply chains did so at their own peril. But as a recent article in *The Economist* points out, many companies, especially Silicon Valley types, have long or are now revisiting hybrids of vertical integration and doing so successfully.

The article asserts there are five major reasons for this vertical integration revival: Customers want the elegance of simplicity and compatibility, particularly with electronics parts; efficiency (Boeing's 787 Dreamliner "disaster" of poorly fitting and late-arriving parts, for example, forced it to bring manufacturing back in house); greater market share by offering customers choices (Amazon and Netflix created their own video streaming services and now feed them with their own original content); speed (one fashion company, for example, hired its own designers, shops and factories and created its own delivery system); and finally, risk avoidance from increasing geopolitical instability and environmental uncertainty.

There are numerous recent examples of successful efforts with vertical integration. Take module-level power electronics (MLPEs), a complex global solar energy market that includes things like photovoltaics and so-called "power optimizers." The increasingly vertically integrated market has a 20% CAGR that promises to continue over the next 3-4 years, according to IHS, a leading global economic analysis firm. Major module suppliers are either partnering with MLPE suppliers or beginning to switch to "make" in their make-buy decisions. As IHS points out in a recent report, "Module suppliers recognize that adding a microinverter to create an AC module, or adding power optimizers to create a smart module in the factory, allows them to differentiate themselves from the competition and

give their customers more options." There's that "choice" word again.

Another example is Tesla, a market leading electric car company whose sister firm, SpaceX is in a race to produce privately manufactured rockets. Tesla is a fiercely entrepreneurial company whose "outside the box" culture screams vertical integration. All of the company's vehicles are produced in one California plant; it is building a nationwide network of its own branded charging stations; and in the Nevada desert, has built a massive factory that will begin producing the lithium battery power plants for many of its vehicles by 2017. Even the plant was designed to produce its own renewable energy and operate on a completely self-sustaining basis.

Old lessons about vertical integration ring true, especially for historic and venerable companies like IBM. A company that built its fortunes on behemoth mainframes, big blue's entrance into the personal computing business in the 1980s seemed logical. Much of the early software that ran its PCs also came from IBM. Some techno history buffs blame the near-disaster on a company that miscalculated the explosion of PC and software competitors, a lack of strategic sourcing expertise and a bureaucracy that allowed the firm to bleed red from the loss of market share for too long. Since shedding its PC and laptop business in the early 2000s, the company has returned to its core business and touts a world class purchasing organization. Even its management describes the company today as horizontally integrated.

For decades, Xerox's bread and butter was photocopy machines and like so many companies, had a vertically integrated structure. The digital revolution changed Xerox and today it is as much known as a data and technology company as a provider of many kinds of outsourced business services serving innumerable, unrelated markets across the globe.

Are there any companies today that are 100% purely vertically integrated and completely self-reliant? Unlikely, if not impossible. Even companies like Apple rely on companies in Asia to make their Apple-conceived, designed and marketed products. But the age-old business model is starting to get a second look. The difference this time is companies are using vertically integrated structures because it gives them a strategic advantage. ♦

Today's Tip

Don't Wait For A Better Offer

Most purchasing professionals wait to receive a bid or a better offer for items they are already buying. Unless there is a time limit on an RFQ or RFP, they have a very long wait. It is infrequent for companies to suddenly come in with a lower price or better terms. It only happens if there is a change in the market or the competition is taking away their business with other customers and the suppliers don't want you to get an offer you can't refuse from one of those other competitors.

Well before you are ready to place your next order, surprise your supplier. Tell him that you will give him a new order if he can accept the following terms. Then give the supplier a new lower price or the new better terms you would like. By doing this a long time before you are ready to place your order, you give the supplier enough time to check his cost and determine if he can do what you ask and still make a good profit.

An alternate approach would be to ask for an immediate decision. This may be appropriate if you know, or think you know, that the supplier has plenty of room to reduce his price or agree to your offer of better terms.

Don't worry if the supplier won't budge. You can still place the order with the old terms, and it is perfectly all right if the supplier knows that you may be unhappy about his refusal of your offer. He will likely be worried about his competition and your motivation to shop around for a better deal. He will be more unlikely to raise his prices in the near future because of your aggressive action.

Make sure you are talking to the person who has the authority to agree to your proposal. The salesperson you normally deal with may or may not have the authority to change prices or terms. Some have the authority to modify the terms to some extent, some do not. If they say they will need to check back with their office, chances are they don't have the authority. In those cases, call the sales manager or an officer of the company to get favorable results.

Don't try this too often. It works best if rarely used and it is a surprise. Suppliers are not used to it. ❖

"When the final result is expected to be a compromise, it is often prudent to start from an extreme position."

John Maynard Keynes (1883-1946)
British economist, journalist, and financier.

How Closely Is Purchasing Supervised?

The American Purchasing Society's recent online survey asked how often the top purchasing person meets with the general manager or a company officer. There were 234 responses with the following percentages of answers as indicated here.

<u>Frequency Of Meetings</u>	<u>Percent of Respondents</u>
Daily	33.3%
Once or twice per week	30.8%
Every other week	11.5%
Monthly	7.7%
Very infrequently or never	16.7%

Perhaps meeting daily is too often. It could mean that the general manager does not trust or have confidence in the purchasing personnels' capability. Weekly seems reasonable and indicates an interest in purchasing's contribution to the organization. In most cases it probably indicates a healthy view of the purchasing operation and purchasing personnel. Monthly meetings may also indicate confidence in the purchasing activities, but it could also indicate a lack of interest. General managers often have not had purchasing management experience and therefore don't know how to evaluate the function properly. In such cases, it is helpful to the organization and to the chief purchasing officer to inform general management about purchasing activities and how to measure purchasing performance. Go to the Society's website to view the current survey and to give your answer. ❖

Avoid Problems Buying Tooling

The American Purchasing Society's new online course, **Purchasing For Manufacturing and Supply Chain Management** gives new buyers and others who want to check their buying knowledge valuable information about buying for manufacturing organizations. The discussion about buying tooling is particularly useful. Go to the Society's website for more details about the course.