Purchasing as a Facilitator in Supply Chain Management

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Seven Strategic Supply Chain Management Initiatives

- ◆ Inviting suppliers to participate in focus group sessions given by SCM for customers
- ◆ Conducting workshops for suppliers to explain to customers new products and services and / or new ways of using existing products and services more effectively
- ◆ Working with suppliers and customers to install electronic commerce systems

Seven Strategic Supply Chain Management Initiatives (Cont'd.)

- ◆ Allowing customers to participate in supplier performance evaluations
- ◆ Encouraging suppliers to recommend "best practices" to SCM organizations
- ◆ Integrating suppliers and customers into the SCM strategic planning process.
- ◆ Developing pilot programs to introduce suppliers' new concepts to customers at an earlier stage than normal

Inviting Suppliers to Participate in Focus Sessions with Customers

◆ Benefits:

– Direct approach to problem solving a particular concern

– Instant feedback

– Quick

– Closing the SCM loop

Inviting Suppliers to Participate in Focus Sessions with Customers (Cont'd.)

- ◆ Possible Applications:
  - – Consolidation of functions (such as mail, copy centers, etc.)

  - – Strategic cost reduction efforts

  - – Service or quality improvement endeavors

Conducting Supplier Workshops for Customers

◆ Benefits:

– Introduce cutting edge technology early

– Identify potential new opportunities for SCM to assist customers

– Rely on "expertise" of suppliers

– Making sure that the full utilization of existing products and services can be determined by users

Conducting Supplier Workshops for Customers (Cont'd.)

◆ Possible Applications:

– Personal computers, such as laptops

– Color printers or copiers

– Software (email, power point, buy-lease, etc.)

– Ergonomic equipment (chairs, keyboards, etc.)

Electronic Commerce Systems

◆ Benefits:
  – Improved cycle time
  – Better utilization of SCM staff and that of customers
  – Achieve cost economies in a proactive manner
  – Productivity improvements oriented towards corporate objectives
  – Faster exchange of information (order status, costs, specifications, bidding process, etc.)

Electronic Commerce Systems (Cont'd.)

◆ Possible Applications:

– EDI

– Electronic ordering

– Asset tracking

– Accounts payable

– Competitive bidding process

Supplier Performance Evaluations

◆ Benefits:

– A more accurate picture of supplier performance

– Customer buy-in to supplier selection process

– More timely feedback to suppliers

– Improved supplier performance levels or removal of poor performers

Supplier Performance Evaluations (Cont'd.)

- ◆ Possible Applications:
  - Select strategic suppliers
  - Select national suppliers that involve a wide array of customers, especially in different geographic locations
  - Create supplier councils to focus on best practices and include customers
  - Side by side supplier projects
  - Project management initiatives

Best Practices

- Benefits:
  - Demand suppliers exchange best practices of other SCM organizations
  - Involve suppliers in current SCM procedures and processes
  - Develop competitive spirit and team work concept among suppliers
  - Identify cost reduction and service improvement concepts
  - Provide expertise to customers

Best Practices (Cont'd.)

◆ Possible Applications:

– Focus of supplier councils

– Value added aspect of supplier selection process

– Project management projects working on key strategic efforts

– Technological endeavors

Integrate Suppliers and Customers into SCM Strategic Planning Process

◆ Benefits:
  – Focus SCM scarce resources on what is important to customers
  – Allows both suppliers and customers to better understand the workings of SCM
  – Feedback from SCM stakeholders' point of views
  – Improved chances for invitations to customers' and suppliers' planning sessions
  – Improved buying power
  – Reduce chances of "rush" jobs

Integrate Suppliers and Customers into SCM Strategic Planning Process (Cont'd.)

◆ Possible Applications:

– Budget preparations

– Service level agreements

– Staffing adjustments

– Procurement estimates of key products and services

Pilot Programs

◆ Benefits:

– Expand scope of SCM

– Increase strategic importance of SCM

– Introduce new products and services earlier, become "beta" sites.

– Keep SCM staff current and involved

– Win over "difficult" customers

– Solidify "partnership" with suppliers

Pilot Programs (Cont'd.)

◆ Possible Applications:

– New products and services (information technology and copiers)

– Difficult to comprehend projects such as the p-card and electronic commerce

– New customers

– Consolidation of corporate SCM-type functions

Some Thoughts Moving Forward

◆ As service providers (SCM-related functions), we only exist because customers want us to.

◆ As service providers, we are only as good as our suppliers.

Summary

Corporate objectives are best met through a team effort, with customers, suppliers, and SCM all contributing to a common goal.