



Materials
Management
Group

ISM Materials Management News

August 2009, VOL 5, ISSUE 4

DEPARTMENTS IN THIS ISSUE:

Materials Management “Job Search Survival 2009”

Deborah Walker, CCMC, 888-828-0814

Deb@AlphaAdvantage.com

Purchasing “The 7 Secrets of Strategic Sourcing”

R. David Nelson and Dr. Kenneth Killen, C.P.M.

Upcoming Seminar

MMG Leadership

About ISM

Founded in 1915, the Institute for Supply Management™ (ISM) is the largest supply management association in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities, and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit association that provides opportunities for the promotion of the profession and the expansion of professional skill and knowledge.

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MANAGEMENT ROLE

JOB SEARCH SURVIVAL 2009

Deborah Walker, CCMC

Career Coach
Alpha Advantage

Undoubtedly, this is the toughest year on record to land a new job. Reaching your career goal will take courage and nerves of steel. Are you up to the challenge? Here are four tips for job-search endurance that will keep you on the right track toward your employment goal.

1. **Keep your career goal realistic.**

This is not the time to strike out in a risky career direction. Following your heart toward a career in which you have little qualifications could yield months of frustration as you find yourself competing against legions of candidates far more qualified. Unless you are in the position to hold out for a very long job search, concentrate on positions where you are best qualified.

2. **Realize it will take longer to land your next position.**

If you've never experienced a lengthy job search, set your expectations out several months and practice patience. You will apply for many positions as the perfect candidate, and get no response. Expect that. You will conduct perfect interviews and hear nothing back. Expect that as well. Just remember that eventually the right company with the right job at the right time will come your way if you stay calm and focused and don't let discouragement keep you from moving forward. Just keep with it.

3. **Write a better resume than your competition.**

Less jobs and more applicants equals extremely high competition. The quality of your resume has never been more important. For the best possible resume keep these guidelines in mind:

- Focus your resume. Avoid a one-size-fits-all resume.
- Showcase your best information in the top half of page one.
- Include accomplishments that illustrate your ability to solve today's business challenges.

4. Sharpen your interview skills.

With employers interviewing only the best of the best, when you are chosen to interview be sure you are your competitive best. You CANNOT "just wing" an interview and expect to be called back for a second. Today it takes solid interview strategy to earn a second round of interviews. Interview books are helpful, but they usually fall short of teaching you how to read the interviewer's mind to understand his/her hiring motivations. A study in the art of selling is more effective to achieve great interview performance. A few basic selling strategies include:

- Asking the right questions to understand the interviewer's "hot button" motivations.
- Formulate answers around the interviewer's motivations.
- Know your accomplishments well enough to weave them effectively through your interview to achieve top candidate status.

Throughout 2009, the best jobs will go to those who persevere and stay focused. Keeping your expectations and goals realistic will help prevent the emotional ups and downs. Prepare for your job search as if you were competing in a marathon. With patience, endurance and skill you will win your next job.

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Deborah Walker, CCMC is a career coach helping job seekers compete in the toughest job markets. Her clients gain top performing skills in resume writing, interview preparation and salary negotiation. Learn more about Deborah Walker, career coach at:

<http://www.AlphaAdvantage.com>

# PURCHASING

## THE 7 SECRETS OF STRATEGIC SOURCING

R. David Nelson and Dr. Kenneth Killen

ISM defines strategic sourcing as "...the selection and management of supplier's sourcing process in any organization. It is clearly defined as a set of steps with starting and ending points in a specific sequence focused on selection and managing suppliers to achieve the long-term goals of the organization." This process, also known as Supplier Relationship Management or SRM, has as its goal the task to streamline the supply chain so as to make it as efficient as possible. SRM can include what goes on in the supplier's plant such as:

1. the handling and storage of your order
2. quality inspection
3. the way things are packaged for shipment
4. who they buy materials from
5. what they pay for materials
6. order placement
7. payment terms
8. invoicing
9. shipment of your orders to your plant.

Can SRM be applied to the purchase of service one might ask? Yes, with some obvious differences, for example, services are ordinarily performed at your location and the movement of goods is not an issue.

### **The 7 strategic sourcing secrets:**

1. Form a team or teams (depending on resources you have) to carry out your supplier development program.
2. Develop a Pareto Analysis of your supplier base to determine the 20% of the suppliers that supply 80% of your annual spend.
3. Meet with these key suppliers to see which ones seem to be the most interested in cooperating with you in your upcoming supplier development effort.

4. Using a supplier selection matrix -- reduce the number of key suppliers for each category to one or two where possible. This will allow you to control fewer suppliers while leveraging your spend.
5. Analyze the key suppliers to determine what and how much they need to improve.
6. Establish objectives, timelines and metrics for each.
7. Have your team work with the suppliers to meet the objectives.

The amount of success you have in implementing the above steps will depend mainly on the amount of leverage that you are able to exert based on how important your business is to the supplier. It will also depend on how persuasive you are. Supplier development should not be so hard but it is. This is because most suppliers resist the concept when it is first proposed; therefore, the program must be skillfully sold to them. The chief advantages to both you and your suppliers are: (1) it lowers both parties' cost (average savings for really good programs is about 23%) and, therefore, makes each more competitive and (2) it cements the relationship between the parties. This means the suppliers no longer have to spend time and money selling to you.

### **FAQ's**

1. What is the role of category analysis?  
When making a Pareto Analysis, one should combine like categories or commodity groups so that you can consolidate like items such as castings, or electrical components. In addition, if the same part is carried in inventory under different part numbers then the parts should be renumbered so that only one part number represents all of the items.
2. How do you establish true collaboration?  
To completely answer this question would take an entire book. However, the key elements of a collaborative relationship are: (a) likeability – that is the people on both sides have to like and get along with each other (b) trust – each side has to believe that the other side will keep the promises that they make and (c) each party must see enough of an advantage to their side to make the effort worthwhile.

3. How do you establish and monitor supplier metrics?  
What metrics should be used is determined by what upgrades you want the supplier to make. The three elements most commonly measured are price, quality and delivery. Key suppliers metrics should be plotted on a chart and reviewed regularly. Corrective action should be taken on a timely basis.
4. What contingencies do you need to plan for?  
When one reduces the numbers of suppliers for an item, delivery interruption becomes a concern. Purchasing will need to take the steps to keep this from happening and decide in advance what to do if delivery is interrupted.
5. Should reverse auction be used?  
Reverse auction is impractical in most cases because it stresses price over quality and delivery. It can sometimes be used to whittle down the number of suppliers that one has. But, once partners are selected they should not be pitted against one another in a bidding war. After partners are determined, price and other matters should be negotiated.
6. How do you get market intelligence, and what do you do with it?  
Your goal should be to use best practices that are being use by the top 5% of your competitors. ISM has developed benchmarks for numbers of industries. If you cannot find yours listed on the ISM web site, you may find that looking at other industries can help.

## **NEGOTIATIONS WORKSHOP 2009**

**SPONSORED  
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**ISM MATERIALS MANAGEMENT GROUP  
AND  
NAPM-Utah, Inc.**

**Location: Hilton Garden Inn  
250 West 600 South, Salt Lake City, Utah**

**Date: November 13, 2009**

**Time: 8:00 am to 4:30 pm**

**Fee: \$299 for ISM Members and \$399 for Non Members**

### **SPEAKER**

Dr. Ken Killen, C.P.M. is a very popular speaker and is a 20 year member of National Speakers Association. He has a way of adding the "light touch" to normally dry material. He can explain complex ideas in simple terms. This unique ability is the reason (over 40 years) for his popularity as a professor, speaker, and business trainer. From 1988 to 2003 he averaged presenting over 40 all day workshops per year. Besides the U.S., he has presented workshops in such international locations as: Bogotá, Caracas, Dubai, Jakarta, Kuala Lumpur, Mexico City, Penang and Singapore.

Before he began his teaching career, he worked for two major corporations, where he gained experience in general management, purchasing and transportation. He has since been a consultant to business, government, and health care organizations.

His management text (Published by Houghton Mifflin) was, also, published in Russia by the government when they were still under communist rule. He is co-author of: "Managing Purchasing: Making the Supply Team Work" and "Purchasing Manager's Guide to Model Letters, Memos and Forms." Killen is, also, co-editor-in-chief of the "Purchasing Handbook" (5<sup>th</sup> edition) He has written numerous articles on negotiations, business ethics, management and purchasing.

Dr. Killen is the recipient of many awards, including:

- J. Shipman Gold Medal Award
- NAPM Akron Speaker of the Decade
- Ted Thompson Purchasing Educators Award
- Ken is currently the Past Chair of ISM's Materials Management Group.

## NEGOTIATIONS WORKSHOP ©

By  
Dr. Ken Killen, C.P.M.  
800.685.1219

**The program that follows is specifically designed for buyers and sellers**

In a recent ISM survey of skills needed in the 21<sup>st</sup> century; purchasing manager's ranked "*ability to negotiate*" *third*. What is true of purchasing is also *true of sales*.

This presentation is content rich with practical time tested techniques that work. In addition, you will come away stimulated, motivated and entertained. You will solve case problems, participate in negotiation planning exercises, and participate in carrying out negotiations.

[How to Negotiate Price and More...](#)

7:45 - 8:00 Registration, Continental Breakfast, Introduction

8:00 – 9:30 Approach, Role, and Goal in Negotiations

- When to use the win/lose and win/win approach
- The role of negotiation in a partnership (or strategic alliance)
- The seller's goal in negotiations
- The buyer's goal in negotiations

9:30 – 9:45 Break, Snack

9:45 - 10:30 Winning Strategy, Plan, Steps, Open, Close, Counter

- Why many negotiations are won or lost before they start
- How to plan a winning strategy and tactics
- The steps to follow during the negotiation
- How to open the negotiations
- How to close – getting the agreement
- How to have power and how to counter power with skills

10:30 – 11:00 Cross Cultural Negotiations

- How to prepare for cross culture negotiations
- How to handle gender differences in negotiations

- The differences in the way cultures approach negotiations
- The differences in the way women and men approach negotiations

**11:00 – 12:00** Apply the techniques -- role play

- How to prepare yourself for the new negotiation arena – the new rules
- 7 sales tactics to watch out for or use
- 7 purchasing tactics to watch out for or use
- Partnering – win/win vs. win/lose – when to use each
- The buyer's role, The Seller's role
- Profile of a successful negotiator

**12:00 – 1:00** Lunch

**1:00 -- 1:30** Apply the techniques continued

- How to use price/cost analysis

**1:30 -- 2:30** Success strategy, Power tactics

- How to prepare negotiation strategy
- Develop a strategic diagram for success
- When to change strategies – using power tactics
- Deciding which tactics to use during the negotiation

**2:30 -- 2:45** Break, Snack

**2:45 – 4:15** Negotiations Best Lessons

- The difference between winners and losers
- Profile of a successful negotiator
- Power in negotiations
- Global negotiations – handling cultural difference

**4:15 -- 4:30** Summary and Evaluation

**Dr. Ken Killen, C.P.M.**

**Speaker, Trainer & Consultant**

**North America's Award Winning Purchasing and Negotiations Speaker**  
*He is known for his expertise and great stories.*



Dr. Killen is a very popular speaker and is a member of both the Ohio Speaker's Forum and National Speakers' Association. He has a way of adding the "light touch" to normally dry material. He can explain complex ideas in simple terms and can show you how to turn theory into practice. This unique ability is the reason (over the past 30 plus years) for his popularity as a speaker, teacher and industrial trainer.

Dr. Killen is a Professor Emeritus of Purchasing and Management. For over thirty years he headed up one of the largest college purchasing programs in the United States. Before he began his teaching career, he worked for two major corporations, where he gained experience in Purchasing, General Management and Sales. He has since been a consultant to business, government, and health care organizations, as well as corporate trainer.

Dr. Killen is co-author of: "Managing Purchasing: Making the Supply Team Work" and "Purchasing Manager's Guide to Model Letters, Memos and Forms".

He is co-editor-in-chief of the "Purchasing Handbook" (5th edition) and his management text was published in English and Russian. Ken has written over 175 articles and was a consulting editor for "Purchasing World" and "Midwest Purchasing" magazines. He has also written a monthly column for "Purchasing Management Bulletin" on successful negotiations. In addition, he has written, directed and appeared in two television courses: "The Principles of Management" and "Human Relations in Management".

**Dr. Killen is the recipient of many awards, including:**

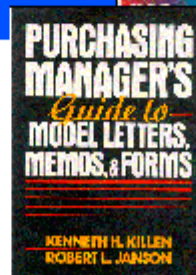
- Sixth District Professional Development Person-of-the-Year
- NAPM Akron Speaker of the Decade
- Lyle E. Treadway Award (6th District Purchasing Manager of the Year)
- Ted Thompson Purchasing Educators Award
- PMAC S. Holmes Mansfield Award (Purchasing Manager of the Year)
- LShipman Gold Medal Award (NAPM's highest honor)

### Purchasing Workshops

- Negotiations
- 33 Ways to Drastically Reduce Purchasing and Materials Cost
- World Class Purchasing: 30 Critical Success Factors
- Supply Chain Management (Partnering/Strategic Alliances)
- C.P.M. REVIEW MODULES 1 through 4
- Basics for Buyers
- How to Drastically Reduce Inventory
- Legal Aspects of Buying and Selling
- Care and Feeding of Suppliers

### Purchasing Keynote Speeches

- Buyer/Seller Ethics
- Management Myths and Realities
- Selling As The Buyer Likes It
- How To Handle Hardball Negotiations
- The Best Lessons I Ever Learned About Purchasing
- How To Make The Supply Chain Work
- 7 Mistakes Purchasing Managers Make



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continued ↓

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**NEGOTIATIONS CONFERENCE 2009**

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**RSVP and Payment Form**

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**ISM MATERIALS MANAGEMENT GROUP  
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**Location: Hilton Garden Inn, Salt Lake City, Utah 84101**

**Date: November 13, 2009**

**Time: 8:00 am to 4:30 pm**

**Fee: \$299 for ISM Members and \$399 for Non Members**

Name/Title: \_\_\_\_\_

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Send check to:

Salt Lake City Corporation

C/O Karl Harward, NAPM-Utah Inc.

PO Box 145455

Salt Lake City, Utah 84114-5455

(Or Fax registration form to 801.535.6618 to pay at the door)

Full payment must be received by Tuesday, November 10, 2009

Or Fax RSVP along with name and company info to pay at the door.

Questions may be directed to Karl Harward 801.535.6451 or by email:

[karl.harward@slcgov.com](mailto:karl.harward@slcgov.com)

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