

Buylines



of the Institute of Supply Management - St. Louis, Inc.

June/July 2009

PRESIDENT'S MESSAGE

"One generation plants the trees; another gets the shade..." Chinese proverb

Our ISM program year has come to a close, and we are steadily working towards our future plans for next year. As we move forward, it's time to assess where we are and what we've accomplished this year to continue to meet our member's needs. It is gratifying to see so much involvement and growth in our affiliate.

- MEMBERSHIP grew from 332 to 338 from July 1 through May 30.
- ATTENDANCE at general dinner meetings this year increased from an average of 51 members to an average of 75 members, an increase of 47%.

Continued on page 2

WEBSITE UNDER CONSTRUCTION



Very shortly we will be making some upgrades and improvements to our website. We ask you to please bear with us as the website may experience some blackout periods during this time. We expect to have a new and improved look up and running before summer is over. This will not affect your ability to contact any Board member via email. Watch for progress update notifications during this period.

Supplier Relationship Management Best Practices



An article in the spring edition of the CPO Agenda addressed the issue of SRM in turbulent times. Noting that *now is **not** the time to put efforts to develop stronger supplier relationships on the back burner*, in addition to addressing the important issues of trust and being a good customer, it outlined some specific measures that you can take to improve your relationship.

As these measures were some of the best recommendations I've ever read in a traditional publication, I'm going to address them, and dive into the best ones.

Continued on page 2

PRESIDENT *Continued
from page 1*

- VOLUNTEERS to committees have 17 new members contributing their time to our programs and operations.
- SEMINARS on Global Sourcing, Lean Purchasing, and one satellite seminar were attended by approximately 80 members.
- SATELLITE SEMINARS were piloted with the first one given in October 2008. This was very successful with our membership and more of these will be conducted in 2009/2010.
- The DIRECTOR OF TECHNOLOGY role was established and the role filled for 2009/2010 to guide the affiliate in choosing and implementing tools that will allow us to serve our members more effectively.
- RECOGNITION AWARDS were instituted to allow us to recognize and reward those volunteers and board members who spend significant effort and time to move the affiliate forward and make our programs possible.

continued on page 3

SUPPLIER RELATIONSHIP

continued from page 1

1. **Accurate, Timely, Information (Exchange)**

There's a reason they kept telling The Prisoner "*We Need Information*". Simply put, you can't effectively operate without it. And if you can't effectively operate without it, how can you expect your suppliers to? Implement a web-based system that allows them to access what they need, when they need it. Insure that they get *accurate, adequate performance metrics frequently, that design specifications for new products are complete and unambiguous, and that you provide them with realistic volume estimates for pricing new business.*

2. **Realistic Cost Reduction Targets**

It's okay to have stretch goals, but 20% cost reduction when commodities, energy costs, and labor costs are rising across the board may not be realistic. Work with the supplier to understand the process, the savings opportunities, and then set realistic targets. Also implement a program that shares the savings between you and your supplier in an equitable manner.

3. **Cost Avoidance Proposals Are Just As Good As Cost Reduction**

If your supplier comes up with a new process to produce the product that takes out certain production costs, or a new design that allows for cheaper materials to be used (without affecting performance or quality), that qualifies as a cost reduction.

4. **Provide Them With Lean Experts**

This will help both of you find ways to take waste, and cost, out of the system and demonstrate that you are committed to their success as well as yours.

5. **Provide The Supplier with Free Training**

Once you identify where they need improvement, give them the training they need to improve.

6. **Make It Clear That The Best Suppliers Get the Business**

This will reinforce the message that improvement will result in more business, and more profit.

7. **Align Purchasing And Engineering Expectations**

Nothing risks a good relationship more than forcing a supplier to be a referee when there are internal conflicts in your company when it comes to requirements.

8. **Fairly Compensate Suppliers When You Don't Meet Your End of the Agreement**

If you cancel a program, fail to meet expectations, or change the requirements, don't try to weasel out of your end of the agreement and force the supplier to bear the brunt of sunk costs. Pay for your mistake, or award them the new contract with an increased profit margin to allow them to make up their losses.

Posted by the doctor at 4/10/2009 6:00 AM

Categories: Best

Practices, Supplier Management Tags: Supplier Relationship Management

- CVENT on-line registration and management was launched, allowing us to make it easier and more cost effective for us to manage registration to events, membership renewals, roster maintenance, and surveys.
- Our WEBSITE traffic over the last couple of years has increased from about 1000 hits per month to about 2500 hits per month this year. The website redesign last year and growing importance and visibility of the Career bank have contributed to the success of the website as a communication tool.
- ADVERTISING packages for the website are being developed as an additional revenue stream, which will contribute to increased programs and service offerings in the future.

I am extremely grateful to the Board of Directors and all our volunteers for their work to make ISM St. Louis a strong affiliate and an organization that provides outstanding education and networking opportunities for our members. I am humbled to have had the honor of serving as the President of ISM St. Louis this year, and have enjoyed getting to know all of you better. We have a talented group of leaders and volunteers for 2009/2010, and I know they will continue to lead us to develop our supply management skills and build a professional community in our affiliate! Enjoy your summer and see you in September!

Julie B. Wulff, C.P.M.
President, ISM St. Louis

ISM Membership

By Marty Rutkovitz, President Elec

ISM and ISM-St. Louis by-laws provide for unemployed members, a one-time, one year extension. In order to apply for this waiver, a member must be in good standing, and current with dues. This waiver is for **dues** only. You will, however, be required to pay for any dinner meetings you attend.

Special Membership Extension

Membership will be extended an additional 12 months without requiring payment of ISM dues for persons who have been a member of ISM and are unemployed for six months, excluding first-time membership applicants, provided that the affiliate also waives the affiliate dues. Dues-free membership will be extended to those members serving in full-time active military duty for the length of their service, provided that the affiliate also waives the affiliate dues. Both types of special membership extensions shall be available to Direct Members.

For those members who are contemplating renewal, please note that in light of the

continued on page 4

economic conditions today, an Associate Membership is available for you. This membership will provide you all of the benefits of the Affiliate which you enjoy under a Regular Membership. The only difference is you will not be able to access ISM, its website, tools, discounts, etc. Cost: \$160

Associate Member:

As an Associate member, you receive ISM-St. Louis Membership Only, ISM-St. Louis website access, Buylines Newsletter, 7 Local Dinner Meetings including local pre-dinner educational seminars, discounted local seminars and other educational events by ISM-St. Louis.

Associate members do not maintain the same privileges of ISM members and do not have voting rights, nor can they hold office or chair a national committee.

Please contact myself or any other Board of Director member for additional information.



SUMMER READING

By Patrick Williamson, C.P.M.

"The kind of commitment I find among the best performers across virtually every field is a single-minded passion for what they do an unwavering desire for excellence in the way they think and the way they work. Genuine confidence is what launches you out of bed in the morning, and through your day with a spring in your step."

- Jim Collins-

This summer expand your knowledge by reading a few good business books! Two such books are by Jim Collins. "Built to Last: Successful Habits of Visionary Companies" is fascinating, insightful & inspiring. In "Good to Great: Why Some Companies Make the Leap... and Others Don't", Collins aims to describe how companies transition from being average companies to great companies and how companies can fail to make the transition. A good business book makes me think. Just like the body needs exercise, the brain needs exercise too. Reading a good business book or two per month is like taking your mind to a gym. Many motivational books abound and reading can renew your spirits and perhaps even give you some insightful ideas for the workplace. So while you're enjoying the summer and all it brings, take time to feed your mind with a good business book and rejuvenate yourself!

LEADING ECONOMIC INDICATOR FOR MID-AMERICA ECONOMY NOT AS WEAK: BUSINESS CONFIDENCE INDEX HIGHEST IN FOUR YEARS

Survey results at a glance:

- Business conditions index rises for fifth straight month but remains below growth neutral.
- Region loses jobs for the 16th time in past 17 months.
- Two-thirds of supply managers are opposed to providing taxpayer relief for GM.
- Economic confidence index soars to highest level in more than 4 years.

Omaha, Neb. – The May overall index for the Mid-America region, a leading economic indicator from a survey of supply managers for a nine-state area, expanded for a fifth straight month but remained below growth neutral. While the index reached its highest level since September of last year, the reading points to a continuation of the regional economic slowdown, at least until the end of the third quarter of 2009.

The Business Conditions Index, climbed to 46.6 from April's 42.7 and March's 39.7. "An index of 50.0 is considered growth neutral. Thus readings over the past several months indicate that the regional economy has bottomed out. However, little in the May survey points to an economic turnaround in the next three to six months," Creighton University Economics Professor Ernie Goss said today. "While our survey is not indicating an economic turnaround for the next three to six months, economic indicators are certainly improving from record lows achieved earlier this year. I continue to expect the Mid-America economy to be out of a recession by the end of the fourth quarter of this year," said Goss, director of Creighton's Economic Forecasting Group and the Jack A. MacAllister Chair in Regional Economics.

The May employment index unexpectedly declined to 40.5 from April's weak 41.4. "The region is now matching the nation in the pace of job losses. Over the past three months, the region lost jobs at an annualized rate over five percent. Even as the regional economy has bottomed out, the rate of job losses will likely continue on a negative pace with rising unemployment rates for most states in the region. Even as the regional economy moves out of recession territory, I do not expect job gains of any significance until well into 2010," said Goss.

Despite record low interest rates and expanding federal spending, the region's inflation gauge continues to point to deflation in the supply pipeline. The prices-paid index, which tracks the cost of raw materials and supplies, advanced to 39.3 from April's 34.2. "As the economy has moved off the depths experienced earlier in the year, cuts in input prices have likewise moderated a bit. Even so, these price trends, which match those at the national level, allow the Federal Reserve (Fed) to maintain its aggressive interest rate policies with little fear of inflation in the near term," said Goss. "The Fed interest rate setting committee meets next on June 23 for two days. I expect no changes in the current funds rate of 0 percent to 0.25 percent, its lowest level since the Federal Reserve was created in 1913. However, given the notable increase in long-term interest rates over the past several months, I expect the Fed to raise short-term rates before the end of 2009. I expect this move will be too late to thwart excessive inflation surfacing in 2010. However at this point in time, this is a terrific time to borrow for businesses and individuals with solid credit scores," said Goss. Looking ahead six months, economic optimism, captured by the May confidence index, reached its highest level since February 2005.

Continued on page 6

The index expanded to 65.9 from 61.4 in April and well up from last November's record low 22.4. "Very low interest rates, both short-term and long-term, and the federal stimulus package have clearly buoyed the economic outlook of supply managers in the Mid-America region. Even the Chrysler bankruptcy and the impending GM bankruptcy have failed to derail economic optimism," said Goss.

This month, business buyers were asked about their view of the provision of taxpayer relief for GM. Almost two-thirds of the survey participants, 66 percent, were opposed to the bailout with only 16 percent supporting the current approach of President Barack Obama's administration.

As in previous months, trade numbers were not good. "The global recession has negatively affected both exports and imports. Nonetheless, new export orders advanced to a weak 44.9 from 42.4 in April. The recession continues to place downward pressure on imports. May's import index stood at 48.2, but up from April's 44.0," said Goss.

Supply managers in the nine-state region continue to trim inventories. The May inventory index was 39.3, up from April's record low 36.2. "We have yet to record any restocking of inventories for raw materials and supplies. However, I expect replenishment of inventory levels later this year to have strong positive impacts on the regional economy," said Goss.

Other components of the May Business Conditions Index were new orders at 55.1, up substantially from 43.0 in April; production at 51.0, up from 42.8; and delivery lead time at 46.8, down from 50.0.

The Creighton Economic Forecasting Group has conducted the monthly survey of supply managers in nine states since 1994 to produce leading economic indicators of the Mid-America economy. States included in the survey are Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

The Creighton Economic Forecasting Group uses the same methodology as a national survey by the Institute for Supply Management, formerly the Purchasing Management Association, which has formally surveyed its membership since 1931 to gauge business conditions. The overall index, referred to as the Business Conditions Index, ranges between 0 and 100. An index greater than 50 indicates an expansionary economy over the course of the next three to six months.

May Mid-America Economy



The May overall index for the Mid-America region, a leading economic indicator from a survey of supply managers for a nine-state area is available for your review at <http://www2.creighton.edu/business/economicoutlook/>

For ongoing commentary on recent economic developments, visit our blog at www.economicstrends.blogspot.com.

New Webinar! Strategic Sourcing Stimulus Plan: Leveraging Meetings Related Spend for Dramatic Costs Savings

Date: Thursday, June 18, 2009

Time: 12:00 p.m. EDT / 9:00 a.m. PDT

Don't miss this Free, 1-hour STREAMING ONLY Web event hosted by ISM and sponsored by American Express. For full information and to register, please visit <http://www.ism.ws/1309>

Applying the principles of strategic sourcing to meetings and travel is often new territory for procurement. Harnessing an organized and collaborative process for leveraging meetings and associated travel spend with select suppliers can dramatically lower costs while more readily achieving broader corporate goals. But how?

This webinar provides corporate procurement, travel and meetings professionals with guidance regarding strategic sourcing opportunities for meetings and how to take that effort into the supplier marketplace successfully. You'll also get a sneak peak at the latest Strategic Meetings Management research from Aberdeen.

In this one hour event, we will discuss:

- Garnering percent discounts for guaranteed meetings business
- Negotiating rebates for excellent performance
- Establishing service level expectations and ensure meetings quality
- Reducing planning time/resources
- Minimizing risk in your organization

Featured Speaker:

Kevin Iwamoto, Vice President, Enterprise Strategy, StarCite

Moderator:

Nora Pollard Neibergall, CPSM, C.P.M., Senior Vice President at Institute for Supply Management™

This Web Seminar qualifies for one CEH credit at ISM.

Participation Details: You will need a computer with Internet access and sound in order to participate in this event. This is a streaming only Web seminar and you will not be required to have a phone in order to listen. After you register, our provider's system will recognize your PC when you return to attend. If you wish to attend the event on a different PC from which you registered, you will need to input the email address that was included in your registration in order to log in.

For multiple people viewing the seminar on one PC, please print-out a copy of the CEH certificate for each participant and have the person who registered for the event (or the participants' manager/s), sign the certificate in order that all participants receive CEH credit. CEH's are issues via email within 10 business days after the event.

ISM Web seminars are archived on ISM's Web within 10 to 14 days.

Current Career Bank Postings

Position	Posted	Industry	Location	Salary	Posted by
Product Manager	Jun-09	HVAC	O'Fallon, MO	\$70K - \$90K	Nordyne
Supply Chain Manager	May-09	Industrial, Commercial and Defense HVACR Coils and Air Handling	High Ridge, MO	\$65K - \$75K	DSR Marlo Coil
Inventory Control Supervisor	May-09	Industrial, Commercial and Defense HVACR Coils and Air Handling	High Ridge, MO	\$53K - \$63K	DSR Marlo Coil

For details on the above postings, go to www.ismstlouis.org!

To post opportunities onto the ISM-St. Louis website, please complete the Career Bank Form and submit to Eugene Kattak, CPSM, C.P.M. ISM-St. Louis Career Bank Facilitator: eugene.kattak@covidien.com

Announcement



David H. Schwind, CPM was elected Chairman, ISM Steel Buyers Forum at the ISM National Conference in Charlotte, NC, May 2-6, 2009. ISM Forums are composed of members who purchase in a specific sector, and come together for the sole purpose of exchanging information and ideas about purchasing in that specific sector. Schwind has been a member of the St. Louis affiliate since 1992 and has been V.P. Purchasing Custom Steel Processing Madison, IL since 2005.

Welcome New Members

ISM-St. Louis welcomes our recent new members. Thank you for your participation.

New Members

Mr. Greg Diamond

Procurement Manager
**Higher Education Loan Authority of
the State of Missouri (MOHELA)**
633 Spirit Drive
Chesterfield, MO. 63005
Phone: 636-532-0600 ext 3315
Fax: 636-530-9438
Email: gregd@mohela.com

Mrs. Jackie Johnson

Analyst
Ameren
1901 Chouteau
St. Louis, MO. 63103
Phone: 314-554-3431
Fax: None listed
Email: mjohnson8@ameren.com

Mr. Jeffrey Mudd

Director Supply Chain Mgmt
DRS Marlo Coil
3505 Victor St.
St. Louis, MO. 63104
Phone: 636-677-7731 ext 174
Fax: None listed
Email: jeffrey.mudd@gmail.com

Ms. Tamara Roach

Asst. Director of Purchasing
City of Kirkwood
212 S. Taylor Ave.
Kirkwood, MO. 63122-4327
Phone: 314-984-5982
Fax: 314-984-5975
Email: roachtg@kirkwoodmo.org

Mrs. Barbara M. Stiegemeier

Strategic Sourcing Analyst
Ameren
1901 Chouteau
P.O. Box 66149 MC645
St. Louis, MO. 63166
Phone: 314-554-3539
Fax: 314-613-2638
Email: bstiegemeier@ameren.com

New C.P.M. Certification

Mr. David Ramsay

Contracting Officer
METRO - TRANSIT
707 N. 1ST STREET
ST. LOUIS, MO. 63102
Phone: 314-982-1400 X1886
Fax: 314-982-1558
Email: dgramsay@metrostlouis.org

New Life C.P.M. Certifications

Ms. Mary Umfleet, C.P.M.

Manager Equipment & Supply
Schnuck Markets, Inc.

Upcoming ISM Seminars

Below is the list of ISM seminars for the months of June and July 2009. For seminar details, please call the ISM Customer Service Department at 800/888-6276 or 480/752-6276, option 8, or visit the ISM Web site at www.ism.ws and select Education — Seminars, Conferences, then Seminars and then [Public Seminars](#).

TITLE	DATE	LOCATION
June 2009		
Contracting Basics: What All the Ts and Cs Mean #4487	June 18-19, 2009	San Francisco, CA
Legal Aspects of Supply Management: The Basics You Need to Succeed #4393	June 24-26, 2009	Philadelphia, PA
July 2009		
Fundamentals of Purchasing: The Building Blocks of World-Class Professionalism #4534	July 8-10, 2009	Chicago, IL
Seminars <i>Continued from page 4</i>		
Principles of Effective Inventory Management #4336	July 9-10, 2009	Chicago, IL
Best Practices in Procurement #4464	July 13-15, 2009	Baltimore, MD
Contracting for Purchasing and Supply Management: Beyond the Basics #4421	July 20-21, 2009	Cincinnati, OH
Introduction to Logistics and Transportation Operations Concepts and Practices #4557	July 23-24, 2009	Minneapolis, MN
Capital Equipment Purchasing: Big Risk, Big Dollars and Big Results #4481	July 23-24, 2009	Chicago, IL
<i>Continued on page 11</i>		

<i>ISM Seminars</i>	<i>Continued from page 10</i>		
Fundamentals of Purchasing: The Building Blocks of World-Class Professionalism #4533	July 27-29, 2009	Nashville, TN	
CPSM® Exam Review #4249	July 29-31, 2009	Chicago, IL	
Supplier Relationship Management for Collaboration, Impact and Business Success #4327	July 29-31, 2009	Tarrytown, NY	

OFFICERS AND DIRECTORS
July 2008 – June 2009
President

Julie Wulff, C.P.M.

Director of Marketing

Rebecca Klutho, C.P.M., A.P.P.

President Elect

Marty Rutkovitz

Director of Membership

Dwayne Yount, C.P.M.

Vice President

Rebecca Klutho, C.P.M., A.P.P.

Director of Professional Development

Patrick Williamson, C.P.M.

Secretary

Pat Greathouse

Director Education

Deb Schaeffer, CPSM, C.P.M.

Director of Finance

Larry Jackson, CPSM, C.P.M.

ISM St. Louis

 P.O. Box 31673 Des Peres, MO 63131-9998 Phone and Fax: (314)646-7442 email: ismstl@sbcglobal.net

 Visit us at: <http://www.ismstlouis.org>

Buylines editor and layout design: Cindy Wessel, C.P.M.