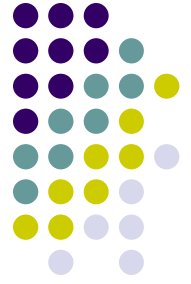
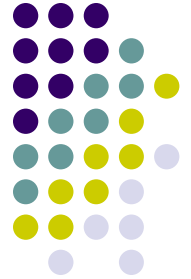


Session Code: DB
Implementing Best Practices in
Small- and Medium-sized
Purchasing Organizations
Dr. Peter E. O'Reilly
Chairperson- ISM Services Group
Monday, May 5, 2008,
2:30 p.m.-3:30 p.m.

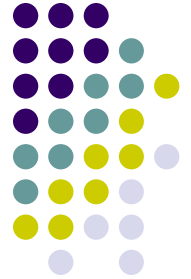


Types of Limited Resources

- **Staffing**
- **Systems**
- **Time**
- **Senior Management**
- **Lack of Direction- Strategic Planning**
- **Complacency**



What is a Best Practice?



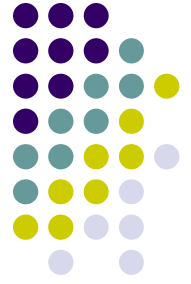
Why are Best Practices Important to your Purchasing Organization!

What Best Practices Should Purchasing Organizations Strive for with Limited Resources?



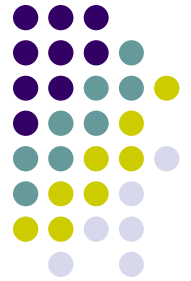
- **Strategic Planning**
- **Savings**
- **Stakeholders**
- **Scorecards**
- **Suppliers**
- **Senior Management**
- **Staffing**

The Purpose of a Strategic Plan



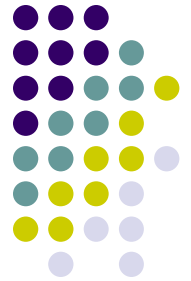
- **To give direction to the Purchasing Organization**
- **Informs all stakeholders that you are a strategic entity within your firm**

Develop a Strategic Plan



- **Create Mission and Vision Statements**
- **Determine who should participate in formulating a strategic plan**
- **Discuss what role your organization should serve in your firm**
- **Use SWOT Analysis**
- **Develop and distribute a strategic plan to all stakeholders**

Establish Dynamic Savings Program



- **Re-evaluate your current savings process and results**
- **Include a partner from Finance in moving forward**
- **Also include key customers (After all, it is their money you are saving.)**
- **Be aggressive, but realistic in forecasting**
- **Use spend analysis to identify strategic areas to work in for savings**
- **Gain some early successes**

Expand Stakeholder Involvement in Purchasing Operations



- Why?
- Do you know who your stakeholders are?
- They should be:
 - Your staff
 - Your key customers
 - Your strategic suppliers
 - Support department personnel- Legal, Finance, IT, etc.
 - Senior Management

Expand Stakeholder Involvement in Purchasing Operations

(Continued)

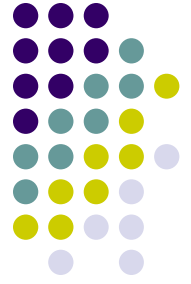


- **Use Supplier Councils**
- **Customer Councils**
- **Purchasing Planning Sessions**
- **Customers and Support
Departments' Planning Sessions**
- **Business Luncheons with Financial
Management Personnel**

Optimize Role of Strategic Suppliers



- **Periodic meetings with supplier representatives**
- **Semi-annual or annual sessions with senior management of strategic suppliers**
- **Use of scorecards to evaluate and develop strategic partners**
- **Supplier Councils- savings, cost reductions, and process improvements**



Scorecards

- **Periodic supplier evaluations-**
 - **annual report cards**
 - **point of comparison among suppliers**
 - **sending a message to the senior management of suppliers**
- **Use with RFPs and RFIs- quantify presentations and submissions**
 - **reduces the mystery of supplier selections**
 - **feedback from key internal stakeholders**

Win Over Senior Management



- **Invite to Purchasing Planning sessions**
- **Include in Supplier and Customer Councils**
- **Ask for their support, be specific**
- **Include in periodic Purchasing functions**



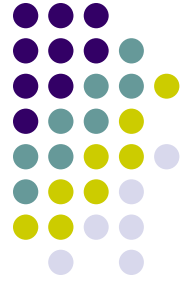
Professional Staff

- **There is nothing more important than developing and maintaining a highly motivated professional staff.**
- **Personnel is needed that can meet and exceed today's challenging sourcing requirements.**
- **Select a staff that can take the purchasing organization to the next level.**

Lessons Learned



- **Do not let “perceived” resource limitations restrict your thinking and actions.**
- **Select the best practices, initially, that fit your resources.**
- **Strive to work on several best practices at the same time.**
- **Use a team approach when working on best practices.**



Final Thoughts

- **Working on best practices can improve your purchasing organization's productivity quickly and significantly.**
- **Helping to fight “complacency”.**
- **Creating a working environment that is both dynamic and fun.**