

Professional Purchasing

Heart of Purchasing

Total Cost of Ownership (TCO) (Price ≠ Cost)

- How to identify and quantify TCO = the costs of Quality + Service + Delivery + Price
- Break down QSDP into significant sub categories
- How to use TCO as the basis of Certification, Evaluation, and Negotiation plans

Spot Exercise - "Rank QSDP"

Establishing Cost criteria and rankings for procurement – a mini Negotiation Plan

Price Analysis

- Why do buyers want to know about this?
- Eight pricing strategies of sellers that buyers want to know
- The effect of Sales on Price and Cost

Cost Analysis - The most essential tool for buyers

- How and why buyers identify and eliminate unnecessary costs
- Quantifying cost for evaluation and negotiation purposes
- How to use costs in negotiation

Spot Exercise - "The Ol' Restock Fee"

Applying Cost and Price Analysis to solve an old problem

Supplier Management

What Do We Know about Our Suppliers?

- What problems do suppliers have with us?
- Expertise in Strategic (Commodity or Service) Sourcing
- How could we improve the process?

Supplier Certification (Why is it necessary?)

- How to establish minimum standards for suppliers
- How to base standards on Costs
- How and why does it save money to reduce the supplier base?

Supplier Evaluation

- The 3 reasons to use Supplier Evaluation
- How to set up metrics and enforce performance
- When to invest in supplier development?

Formal Exercise "The Gaylord Principle"

How to create a simple, user-friendly model to measure and evaluate supplier performance using dollars, and numbers

Preferred Suppliers

- The mutual cost reduction rationale for preferred suppliers
- Vendor Managed Inventory (VMI) and Vendor Owned Inventory (VOI)
- Single and Sole Sources

Informal Exercise "Round Table"

What are our Single and Sole source problems? Where are we going? What is our strategy?

Partnering "A cost reduction strategy for both parties"

- Reducing the costs of doing business together, short and long term
- Cost reduction and profitability
- How and How NOT to Partner

About

Robert Menard

Bob Menard helps companies make money by saving it. His unique supply side philosophy is embodied in the corporate slogan: Sell for a dollar, earn a dime; save the same dollar, earn ten dimes. For three decades, he has been helping clients with customized training and hands-on consulting bringing his unique buyer's perspective of Purchasing, Negotiation, and Supply Chain Management to clients in the US and abroad.

An expert in business strategies involving Negotiation, Purchasing, Green Procurement, and Global Commerce, his expertise and experience creates value that has led to multiple repeat clients, the hallmark of his practice.

Among his client focused talents are:
PROFESSIONAL CERTIFICATIONS:

- Certified Purchasing Professional (CPP)
- Certified Professional Purchasing Consultant (CPPC)

CONTENT EXPERTISE:

- author of
 - You're the Buyer – You Negotiate It
 - Green Purchasing and Sustainability
 - several CD sets
 - multiple on-line study programs
- <http://PurchasingNegotiationTraining.com>
- two thousand seminars, workshops, and talks



Practical Purchasing Law

Spot Exercise “What’s Your UCC Quotient?”

A Brief intro into why we need things they didn’t teach in college, grad school too

Uniform Commercial Code (UCC) basics including

- The 4 requirements of a P.O to avoid personal liability
- The 4 requirements of a contract and the 4 forms of purchasing authority
- UCC listings (liens) and searches
- The 7 obligations of an agent

Spot Exercise “Do We Have a Deal?”

Another familiar question, the answer to which may be different now that we know more

Other important legal considerations

- Important federal statutes Robinson-Patman and Reciprocity
- Battle of the Forms and Offeror vs. Offeree
- Mirror image rule, Last Shot principle, and Oral contracts

Warranties

- Basic protections under law
- Buyers remedies
- Sellers Remedies

Contracts Management

Spot Exercises “Round Table Examination”

- Where are we now with forms of contract familiarity?
- Where are we going?
- What kind of problems do we have

Forms of Contract

- Lump Sum, Cost plus, Unit Price, Take or Pay
- Escalation/De-escalation, Fixed price re-determinable
- Shared savings
- Contracts from the FAR side, CPFF, CPAF, IDIQ, NTE, etc

Spot Exercise “Contract Form - Whatchu talkin’ abow?”

An eye opening exercise in learning about appropriate contract forms

Related Issues

- Insurance W/C, CGL, and others
- Bonding Surety and Fidelity
- Letters of Credit Domestic and International

Supply Chain Management (SCM)

Spot Exercises “Round Table Examination”

- Where are we now with SCM familiarity?
- Where are we going?
- What kind of problems do we have

Transportation

- Delivery and risk of loss
- JIT and teeth in delivery clause (Does Time is of the Essence mean anything)
- Inspection rights

REPRESENTATIVE CLIENTS

PUBLIC, NON-PROFIT HEALTH

- Boehringer-Ingelheim
- US House of Representatives
- Baylor Health Care System
- University of Texas
- Dormitory Authority of State of NY
- City of San Antonio
- Providence Housing Partnership
- Parkland Hospital
- Chicago Public Schools
- Danbury Health & Hospital System

INDUSTRY ASSOCIATIONS

- APICS chapters in Rochester, Twin Cities, New Orleans, Dallas, Nashua, Santa Rosa, Fort Worth
- ISM (NAPM) Affiliates in Madison, Dallas, Mid-Ohio Valley, Rhode Island, Central Texas, Maryland, Columbus, Fort Worth
- American Management Association
- American Purchasing Society
- Warehouse Education and Research Council
- American Galvanizers Association
- Sheet Metal and Air-conditioning Contractors National Association
- National Precast Concrete Association
- American Society of Safety Engineers
- Manufactured Concrete Products Expo
- Precast/Prestressed Concrete Institute
- Canadian Precast/Prestressed Concrete Institute
- Sealants, Waterproofing & Restoration Institute
- Construction Financial Mgmt. Association
- American Society of Safety Engineers

CORPORATIONS

- Dole Foods
- United Rentals
- Timbar Packaging and Display
- Progress Software (US, Europe, Asia)
- BASF (US and Germany)
- Aerojet Corporation
- Mack Industries
- Portland Cement Association
- Aerojet Corporation
- Cabot Microelectronics
- Lehigh/Heidelberg Cement (US & Canada)
- Gourmet Award Foods (US and Holland)
- Atofina Petrochemicals (France)
- Fabcon, Inc
- Schlumberger (US & Asia)
- Burlington Northern Santa Fe RR
- Energia Petrobas (Argentina)

Spot Exercise “To be customized to client interests”

Logistics

- Transportation modes
- Material Handling and Storage
- Packaging and Shipping
- 3PL and Dedicated 3PL

Inventory Metrics

- Fill Rates Accuracy
- Back Orders and Stock Outs
- Inventory turns
- ABC's and Pareto's Principle

Inventory Costs

- Obsolescence and Spoilage
- Shrinkage (Loss, theft, breakage)
- Expedited delivery
- Carrying costs and EOQ

Spot Exercise “To suit client interests”

Business Matters

Business Entities

- Private Corporations, Partnerships, and Proprietorships
- Public
- Non-Profit Does Not for Profit = For Loss?
- Reporting differences

Ethics

- Legal versus ethical considerations (Ethical Behavior is the law!)
- Ethical practices and good faith
- Land mines to avoid

Spot Exercise “Legal Conduct vs. Ethical Behavior”

An interesting and extremely relevant challenge

Supplier Finance

- Financial statements
- Credit investigation
- Ratio and trend analysis

Formal Exercise “The Shaky Supplier Samba”

Learn how to recognize all the moves

Procurement cards, Ghost Cards, and P/R cards

- What are they?
- Why and how to use them most productively
- How they cut costs for buyer and seller

Global Commerce

- Off shore sourcing costs
- Low cost country sourcing
- Demographic trends
- Impact of Supply and demand on prices and availability
- Emerging economies

The Convention for the International Sale of Goods (CISG)

- How does international transportation practice differ from domestic?
- UCC and INCO terms and the CISG (Convention for the International Sale of Goods)
- The 2 essentials for a contract
- Foreign sourcing by country
- NCO terms

Outsourcing

- Make or Buy Analysis
- Core competency identification

Spot Exercise “To be developed?”

This is a good spot for a more advanced and customized exercise

Welcome to Purchasing Guide

- How it serves internal customers and suppliers
- How to construct one
- How it improves productivity

Professional Advancement

- American Purchasing Society (APS)
- Certification as CPP, CPPC, and CPPM