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Time for the Urgent and the Important

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Rapidly changing business conditions have created a host of urgent supply chain issues including supplier bankruptcies, renegotiation of payment terms and critical supply shortages. These urgent issues are pulling supply professionals from the important work of managing supply chain cost, quality and delivery.

However, some companies and individuals are bucking the trend. Here are some examples:

- A manufacturing company needed to significantly reduce manufacturing engineering and gain control on its investment in supplier tooling. Engineers have been reassigned to leverage their knowledge to reduce their tooling expenditures.
- A \$500 mil manufacturer has experienced a 40% fall in revenues due to economic conditions. Knowing that realigning its manufacturing footprint would only produce limited profit improvements they have resourced a team to identify and implement cost and inventory savings on non-direct material purchases.
- Consolidating purchasing staffs from two divisions would help one company reduce overhead costs in line with falling revenues. However, by looking at the elimination of non-value added processes it was able to achieve the reductions in overhead costs and still deploy resources to launch a new cost reduction initiative.

We see procurement organizations doing the following to help keep focused on the important while handling the urgent:

- Create a quick list of current processes and reports. Eliminate as many as possible.
- Ensure that payables issues are being handled as efficiently as possible. Consider setting up a small focused purchasing-finance team with an 800 number to handle all such issues.
- Adhere to strict disciplines on meetings – start on time, focus on the issues, limit meaningless discussion, make decisions, and end on time.

In a similar vein we see individuals doing the following:

- Keep a “quiet time” where they do not answer the phones or text messages but focus on the issues.
- Respond to enquiries. Not responding may seem efficient but it often leads to more messages taking up more time. A quick e-mail that says I got your issue and will get back to you in a week will save time down the road.
- Reducing e-mail traffic by limiting addressees to those who need to take action and need to know.

APD has a full complement of solutions to help companies collaborate more effectively with their supply base. For information call 734-927-0836 or e-mail jburriss@apurchasingqd.com.

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