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SERVICES GROUP

LEADERSHIP COUNCIL:

CHAIRPERSON

Peter O'Reilly, DPS, C.P.M.

Drpor@aol.com

DIRECTORS

Vik Goel

Vik.goel@gs.com

Cynthia Alexander, C.P.M.

cyalexander@ontrac.com

Paul Howard, C.P.M.

pshoward@terracon.com

Ellen Berry, C.P.M. CPSM

ellen.berry@kcpl.com

Tom Ribardo, C.P.M.

tomribardo@aol.com

Chris Flum, C.P.M.

Cflum@harmanbecker.com

Marika Lindstrom

Marika.a.lindstrom@gmail.com

Fred Ledbetter, C.P.M.

fred_ledbetter@lifenethealth.org

Marty Bell, C.P.M. A.P.P.

mbell@amfam.com

Andrea Grable, C.P.M.

andrea.grable@dowjones.net

Membership

member-
ship@ismservicesgroup.org



Services Group

“Where Services Come Together”

www.ismservicesgroup.org

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Message from Peter E. O'Reilly, DPS, C.P.M., Chairperson, Services Group

Dear Purchasing Professional:

On behalf of the ISM Services Group, welcome to the 2010 International Supply Management Conference!

In this Newsletter you will find several informational articles, including:

1. Highlights form ISM Services Group Membership Survey
2. Supplier Relationships
3. University Relations
4. 2010 Scholarship Winners
5. A suggested list of conference sessions that the ISM Services Group is supporting or sponsoring.

Our 11th Annual ISM Services Conference will be held on December 2-3, 2010, at Point Hilton Tapatio Cliffs Resort in Phoenix, AZ.

We hope that you find the 2010 International Supply Management Conference a good source of strategic knowledge in our profession.

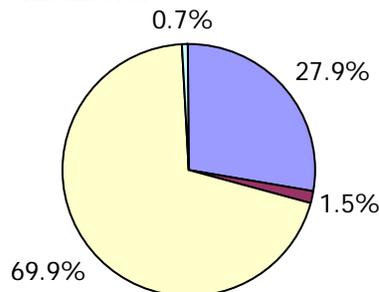
If you would like more information on the sourcing of services or work in a services-related industry, please join the ISM Services Group. You can contact us via our website: www.ismservicesgroup.org

Dr. Peter O'Reilly, C.P.M.
Chairperson- ISM Services Group

JOIN US! AT THE SERVICES GROUP RECEPTION, MONDAY, April 26, 6:00 to 7:00 PM, Room 206—Indigo Level, Hilton San Diego Bayfront

The ISM Services Group Leadership Team thanks each of you that responded to our recent Survey. We are reviewing all the responses to ensure that the ISM Services Group is meeting the needs of our membership. Stay tuned for more results...

Below is the response to question 11, “How would you rate your overall level of satisfaction with the Services Group?” It’s our goal to increase the percentage of “Very Satisfied” members.



Supplier Relationships

The Relationship Equation – Why the Other Side Matters

By Kelly S. Longgear, C.P.M., CTPE



It is human nature that as people we spend much of our time focused on ourselves. Unfortunately, we carry this inward focus into our relationships, both personal and professional. Selflessness is just not a strong suit for most of us. While this problem can be devastating personally, it can also wreak havoc on supplier relationships. The interpersonal skills we use in our personal relationships are generally the same ones we use in managing supplier relationships. We tend to see things only from our viewpoint, which makes relationships and negotiations unnecessarily difficult. There are at least two parties to every relationship, and both matter equally. We all have a sense of importance regarding our lives and our careers, and if the other party to a relationship or a negotiation does not recognize and acknowledge our importance through their actions (and vice versa), it diminishes the relationship and the outcomes. To be effective in building relationships, we have to learn to view the world from the other person's perspective.

Negotiating with the Other Side in Mind

The typical approach in a negotiation is to make a list of the things that you or your organization want from the supplier. Instead, what if you were to develop a list of things you believe the supplier needs from the negotiation, and approach the supplier with that list? It certainly would create a different atmosphere and series of conversations, would it not? Since suppliers are obviously going to fight for those things that are important to them in a negotiation, it makes sense to not only try to understand what those things are up front, but also to embrace their wants and desires, to the extent practical. While you will never give them everything they want, why not give them the things you can afford to give them – it will certainly make negotiations less painful. The mentality that says, "They will fight for everything they get, and they will get as little as possible" really is a shortsighted mentality, if you think about it. Small minds do not win big victories. Long-term relationships are built with mutual commitment and benefit, not one side

winning and the other side losing.

Talking vs. Communicating

Communication is the biggest challenge in any relationship, and supplier relationships are no exception. Buyers become very frustrated with suppliers that do not communicate proactively, but do those same buyers communicate proactively and effectively with their suppliers? Remember, just because you talk does not necessarily mean you are communicating effectively. Most of us spend our communication time explaining what WE need, and once we have gotten that off our chests, we walk away with the impression that we have just engaged in an effective communication event, which may not be even close to the truth. The most important ingredient to effective communication is the recipient. What we say to suppliers is not necessarily, what they hear, so it is very important to understand what the other side is hearing. Any lasting supplier-buyer relationship will have strong, effective communication as the foundation upon which everything else is built.

Many people struggle to communicate through the tough issues, but those are the very issues that can doom a supplier relationship. Even so, those communications can be delicate, and so it is not only what we say but also how we say it that determines outcomes. As buyers, most of us are skilled at beating up suppliers, but how good are we are counseling suppliers? What would you rather work with, a bully or a counselor? The message is the same, but the delivery is considerably different.

Being a Trusted Partner

Suppliers can be trusted partners, but only if we give back to the relationship. Paying a supplier for their work is great, but how many times have we asked our suppliers "What would you really like out of this relationship?" They may want a long-term contract, an opportunity to bid on other products or services, special recognition for their contributions to your success, or other things. When you really take time to understand what your suppliers want

out of the relationship, you begin to take the relationship to a new level. They will begin to see you as a more comprehensive partner, and they will sense that you care about their needs and are in the relationship for the long-term. This can make each party feel more important to the other, and increases the chances for mutual success. Quality will probably go up, as will satisfaction. People stay in relationships that satisfy them.

Dealing with Failure

Here is a tough one – admitting that we made a mistake. It makes us feel weak and ineffective, and so most of us do not do it very well, if at all. Unfortunately, it is a potentially deadly problem in a relationship because when one party will not admit to the other that they made a mistake, the guilty party appears to be pretending they are infallible, and we all know better. The basic premise in supplier relationships should be that both parties owe each other things such as honesty, fairness, openness and a chance to correct mistakes and admit failures. I'm not suggesting that you should allow a supplier off the hook for costing your organization money by failing to perform adequately, but many times we spend a great deal of effort trying to prove the other party is at fault, even for insignificant issues. This is counterproductive.

Getting Beyond Simple Deliverables

We expect our suppliers to comply with our contracts, and we should. However, relationships with suppliers go well beyond a list of deliverables. There is a very human element to the supplier-buyer relationship that if managed correctly, can bring value well beyond what is stated in the contract. For instance, is it wrong to actually care about our suppliers, and, even scarier, to show them that we care? How can it be wrong to care when they are human just like us? Do we have to be stiff, rigid, and formal to be effective buyers? We all want others to care about us, correct? A supplier is no different – they need to know that as buyers we care about them and their outcomes.

Supplier Relationships Cont.

That does not mean they get a free ride, or that we will not hold them accountable. In fact, creating accountability in relationships is the one of best ways to show care and concern. However, that only works when it goes both directions. We cannot expect to act with impunity in a relationship if we are trying to hold the other party accountable for their actions. When a

supplier sees us as buyers holding ourselves accountable, they will reciprocate.

It is Up to You

While these principals only work when both sides apply them, it has to start somewhere. If you are in a relationship with a supplier that you do not believe is where it needs to be, it is up to you to

take the initiative to move it to the next level. Once the supplier starts to see your commitment to them, that you are not just looking out for your own best interests but the interests of all parties, they will begin to reciprocate and a true partnership will begin to develop.



University Relations

Scholarships: The ISM Services Group provides scholarships annually and present to the students at the annual conference. In addition, the Services Group provides financial assistance for students and professors to attend ISM Services Group conference by subsidizing conference fees and portions of travel expenses.

Internships: Getting the targeted universities and Services Group companies linked pro-actively to provide student internships is a natural process to offer full time career opportunities while promoting various services procurement professions.

On-Site Activities: A fundamental approach for mutual involvement and education is to engage in on-site activities at the universities. Services Group companies and/or ISM could

do the following to promote Services Procurement:

- ✓ sponsoring/attending campus events related to Supply Management
- ✓ making presentations (joint or individual) at conferences and to student groups
- ✓ guest lecturing in classrooms
- ✓ booths at Career Fairs
- ✓ recruiting efforts
- ✓ becoming members of Advisory Councils

Mentoring Program: The primary mentoring focus is to educate the universities, professors, and students about the Services Procurement profession in general while also promoting the ISM organization. Once this is established, the ISM Services Group will then incorporate

traditional mentoring by establishing and supporting a strong professional mentorship program that is designed to encourage, promote, and coach junior members of the profession, who have either just entered a new role or are in higher education planning on a role in the supply

management profession. This can be accomplished by Services Group company members that would volunteer to mentor students (for example those beginning their senior year and into their first jobs).

Student Membership Program:

The Services Group actively attempts to bring students enrolled in college supply management degree programs into its activities by a number of actions.



Marty Bell and Chris Flum

For more information about University Relations and the ISM Services Group please contact:

Marty Bell mbell@amfam.com
Chris Flum chris.flum@harman.com



University Leads at ISM Services Group Conference December 2009

**11th Annual ISM
 Services
 Conference
 December 2-3, 2010
 Phoenix, AZ**
www.ismservicesgroup.org

Winner's of 2009 Scholarships

The Institute for Supply Management™ (ISM) Services Group has announced winners of 2009 University Relations scholarships. Eleven students representing top supply management programs at five universities were honored at the 10th Annual ISM Services Conference.

The following students were named 2009 ISM Services Group Scholarship winners:

Ashley Williams, Roxana Toma, Amy Hwang: Arizona State University — W. P. Carey School of Business

Meggie Powers, Alex McMall: Michigan State University — The Eli Broad College of Business

Alice Wong, William Stopa: Rutgers Business School — Center for Supply Chain Management

Ian Dunigan, Kathy Nobile: University of San Diego School of Business Administration — Supply Chain Management Institute

Matthew Smith, Michael Hankamp: Western Michigan University — Haworth College of Business



ISM Services Group recommends the following presentations:



Session	Title	Time	Presenter
Monday, April 26, 2010			
BC	Energy Management 101	9:20 - 10:20 am	Walter N. Quade, MBA, C.P.M.
BI	Strategic Sourcing for the Entertainment Supply Chain	9:20 - 10:20 am	Rick Wertsching, C.P.M.
CG	How To Implement Best Strategic Practices in Small and Medium-Sized Procurement Organizations During Difficult Times	10:40 - 11:40 am	Dr. Peter O'Reilly, C.P.M.
CI	The Art of Planning and Writing Specifications and Requirements	10:40 - 11:40 am	Thomas L. Tanel, C.P.M.
DI	Preventative Supply Chain Maintenance: Being Aware of Possible Supplier Problems	3:00 - 4:15 pm	Dr. Eberhard E. Scheuing, C.P.M. & Dr. Peter O'Reilly, C.P.M.
Tuesday, April 27, 2010			
ED	Measuring Strategic Sourcing and Procurement Maturity	10:20 - 11:40 am	Marika A. Lindstrom, Ph.D.
EI	Can Creative Vision Help Your Bottom Line	10:20 - 11:40 am	Moderator: Carla Stratfold
FH	Optimizing Meetings Spend	1:30 - 2:40 pm	Andrew Gilkerson & Virginia Hayward
GF	The Language of Leasing: Your Guide to Saving Money on Leases	3:00 - 4:00 pm	Mary A. Redmond
GI	Is There Another Way To Negotiate Service Contracts?	3:00 - 4:00 pm	Clark Terrill, C.P.M.
Wednesday, April 28, 2010			
SP	Services Procurement: Improving Statements of Work, Supplier Selection and the Contracting Process	7:45 - 10 am	Merle W. Roberts, CPSM, C.P.M.