



# ALASKAN PURCHASER

[www.napmalaska.org](http://www.napmalaska.org)



May 2014

## Suppliers Are Your Friends

By: Marc Osofsky

For many companies, supplier management is a complex part of the sourcing process due to the correlation between a sound supply base and a company's overall success. This reliance on suppliers can be advantageous if the suppliers are strong and solid relationships have been established. However, it can be risky if suppliers do not deliver, or if there is a lack of confidence in their ability to meet company objectives. The Purchasing group is measured by these supplier relationships, yet many companies are uncertain they have the control or knowledge to benchmark performance and track savings. Through technology enabled supplier management, these relationships become enhanced and mutually beneficial.

### Best Practices

Most often, supplier relationships are defined by a lack of real knowledge and visibility into how well suppliers are meeting stated company goals and objectives. This information void is potentially very damaging to profitability when under-performing supplier contracts are renewed.

To develop best practices, companies must first examine current policies surrounding both supplier selection and negotiation strategies. Questions to consider include:

- What guidelines are in place to award contracts to suppliers?
- Are award allocations fully optimized?
- How is supplier performance tracked? Or, more importantly, IS supplier performance tracked?
- Is it encouraged to invite new suppliers to bid for business?

Top performing organizations are fully aligned with best practices and receive increased cost savings that translate directly to the bottom line. These companies leverage existing technologies to create a collaborative process that results in a "win-win" situation for all parties involved.

### Supplier Discovery Process

The supplier discovery process is important for organizations looking to expand their supply base to drive down costs or to reduce risk. Increasing competition for awards helps companies avoid complacency with long-term suppliers and, as a result, lose money. To ensure that quality standards are not compromised, it is key to evaluate potential new suppliers by a set list of qualifications. Making sure that the Purchasing group is aligned with these provisions is an important first step.

**THURSDAY 15 MAY 2014**

**NAPM-ALASKA  
PRO D MEETING**

**See Page 5 For More Information**

**TIME: 5:30 p.m. Networking / 6:00 p.m.**

**Cost \$28.00\* Includes Dinner.**

**VISA and MasterCard Accepted**

**No-Shows Billed**

**Location: Coast International Inn,  
3450 Aviation Avenue. Anchorage Alaska**

**RESERVATIONS REQUIRED**

**Contact- Pam Chenier**

**email: [Pamela.chenier@alyska-pipeline.com](mailto:Pamela.chenier@alyska-pipeline.com)**

**no later than 5 P.M. on Tuesday May 13, 2014**

## Suppliers Are Your Friends

*(continued from Page 1)*

### Optimizing Award Allocation

With complex sourcing events, it is difficult to use “trial and error” or “rule of thumb” methods to achieve near optimal results. Typically, optimization yields an additional 5 to 15% savings, above and beyond the savings generated by competitive bidding events like eRFPs and online auctions.

With many line items to consider, multiple offers per supplier, and several rounds of bidding, a spreadsheet program like Excel quickly becomes unwieldy as the number of columns reaches into the thousands. Simplistic tools don’t have the power to quickly find the perfect allocation scenario. With the use of technology-enabled award optimization, companies can easily test several award scenarios and determine the best way to allocate business. Thus, companies can allocate awards to suppliers that provide the best value, rather than solely the lowest cost.

Through optimization tools, companies gain the ability to:

- Account for suppliers’ capacity and price break schedules
- Choose to allocate a percentage, or a spend amount to a supplier with a specific characteristic, such as location or MWBE status
- Limit the number of suppliers to receive awards
- Consider switching costs or costs to support an incremental supplier
- Consider qualitative factors like service levels, years of experience and certifications

### Tracking Supplier Performance

Supplier performance tracking is enhanced by technology, where companies have the ability to maintain a supplier record and monitor performance for automatic inclusion in future negotiations. Through the implementation of a supplier scorecard program, companies can easily quantify intangibles, such as quality and level of service. Scorecard information can then be factored in to influence future RFXs, and help justify the company’s chosen supply base.

## Becoming the Low-Cost Customer

Negotiating with the same suppliers for decreased prices has diminishing returns, and can damage the overall relationship. Companies must first understand suppliers’ cost structures before entering into the negotiation process. Reducing the cost of suppliers to conduct business is essential to lowering overall costs for goods and services. Technology enables companies to become the low-cost customer.

Often, a substantial portion of the overhead costs pertains to relationship building and account management. Technology can eliminate these expenses through cost-effective communication, self-service vendor management tools and implementing a “preferred” supplier program that authorizes buyers to choose from only select suppliers. These tactics allow suppliers to offer a lower cost and at the same time, receive a higher profit margin.

Companies and suppliers do not have to be pitted against each other. Through careful planning and a new perspective, suppliers can become true strategic partners. By leveraging these relationships, companies can turn their supply base into a true competitive advantage.

## MAY PRO-D MEETING SPEAKER BIO

### RANDY L BELL BELL TECH

Randy's lifelong passion has been environmental solutions and development. It all started in 1974 while removing virgin tundra north of the Yukon River for the first road to Prudhoe Bay. After that he worked on the Trans-Alaska Pipeline until the oil was flowing.

Randy's environmental passion was unleashed in 1989 with the Exxon Valdez oil spill. Using Eco friendly procedures, Bell designed 16 different cleanup procedures that are still used today around the world.

Randy, CEO of Bell Tech, has held the Valdez Terminal Tanker Vessel decontamination contract for 21 consecutive years and recently signed an additional 5 year contract. In addition he holds several other related contracts around the world.

Randy will discuss his experience on how Alaska Technology has proven successful around the world, using the Gulf of Mexico spill as an example.

He will discuss current challenges with contracts and accurate cost effective methods of purchasing. Lessons learned with the immense size of this disaster may benefit all ICS, contracts and supply chain managers.

Bell Tech Inc.  
537 West Egan Avenue / PO Box 3467  
Valdez, AK 99686

Belltechconsultants.com  
1.800.537.6949

## DIRECTOR OF MEMBERSHIP WARD W. WELLS, C.P.M.

Spring at last it is nice to see the changes in the road conditions and start to plan for summer activities. If you are like me your list of to do's longer than you want it to be. While we prepare for the summer NAPM Alaska will be gearing up for the Pacific Northwest Purchasing conference coming to Anchorage next October. While NAPM will not be having regular meetings during the summer the committees assigned to organize the conference will be very active.

Please take a moment to consider your time and support your affiliate with this task as we desire this year's Conference to be better than ever, and that can only occur if we all work together to achieve this goal. If you can contribute Please contact your NAPM Conference committee chairman, Ben Milam or Marlys Hagen to express your willingness to support this worthy cause.

We need every one of you to make this year's conference a success.

### **Please Welcome New NAPM Alaska Members:**

John Collins, Senior Buyer  
Alyeska Pipeline Service Co.

Bobby Martinez, Logistics Coordinator  
Worley Parsons

John E Ellis, Purchasing Agent  
University of Alaska Anchorage

### **And Please Welcome New NAPM Alaska Student Member**

Kenneth M Williams, Contracting Officer  
University of Alaska Anchorage

*Ward*

## 2013/2014 Officers

### President

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## PRESIDENT TONY LAZENBY

Howdy Y'All,

I'm writing my last President's Message from a road trip with my wife through Americas Heartland and sadly, things are as bad as we've heard. The mix of economic factors and an Level 4 drought have been devastating.

Virtually every town we've driven through seems like a ghost town. Main Streets are boarded up and nobody's out and about. But, the scenery and critters are beautiful.

If you missed the annual Meeting of the Membership and Board Member elections you missed a lively evening. Your affiliate has struggled to recruit new members for years and this election we had 12 members running for 7 positions.

A motion was made to forgo the dinner networking and a video for a question and answer session with the candidates.

The outcome after 2 hours was the election of 2 new members to the Board, Pam Iverson and Roxanne Peter.

It is clear to me that the Members in attendance have given your new Board a clear expectation of direction for the coming year.

I am truly honored and grateful for the opportunity to lead your organization over the last 2 years and pledge my ongoing support to your Alaska affiliate.

*Tony*

**DIRECTOR OF EDUCATION  
BEN MILAM, CPPM, C.P.M.**

I am sure you are just as anxious for summer as I am. As much as I enjoy our monthly meetings and seminars, it is great to get a summer break and with five new people in our office at work, I hope to really enjoy summer this year. However we can't totally relax as we still have our summer planning workshop ahead. More importantly we have the 71st Annual Pacific Northwest Purchasing Conference coming up soon. We have a lot of work ahead of us, but we have done it before so it should be somewhat routine (at least that is what I am telling myself as summer approaches).

The big event of the year is of course the Conference. As we get closer to the event we will be recruiting volunteers, but for now you can help by offering suggestions for topics and speakers. We will need 25-30 speakers so all help is appreciated. Call me!

**DATE CHANGE!! PRO-D MEETING AND DINNER, MAY 15, 2014.**

Our May meeting is later than usual as we expect several members will be traveling the first week of May to the ISM International Conference in Las Vegas. Hopefully you can join us there.

We have a great topic for our last meeting of the year. Mr. Randy Bell, CEO of Bell Technology, will talk about "Supply Chain Challenges With Decontamination Contracts." Randy developed cleanup procedures for the Exxon Valdez Oil Spill. He will discuss how these procedures are still used today around the world and the challenges associated with contracting.

**VOLUNTEERS NEEDED**

We have several positions open for volunteers to help with the upcoming conference. This is a great opportunity for members and non-members and it can be a lot of fun. Call for additional information.



**TIME IS PASSING FAST! MARK YOUR CALENDAR!! 71<sup>st</sup> Annual Pacific Northwest Purchasing Conference, October 6-8, 2014, Anchorage Alaska.** NAPM-Alaska has been selected to host this important conference again in 2014. Hopefully you had as much fun as we did at the conference in 2009. That one will be a hard act to follow, but your Affiliate Officers are striving to improve on that great performance. Our theme for this conference is "*Prospecting for Golden Nuggets of Knowledge*". We will build on that theme to bring you fantastic speakers and fantastic entertainment.

Our Conference Planning Committee is now in full swing looking for vendors for the tradeshow and high quality speakers to conduct educational sessions. We have an extraordinary vendor community in Alaska and many of them are looking for increased business opportunities. We can benefit by helping them become stronger.

Please look at your vendor list and provide us with contact information. If you know of a great speaker, please send their contact info as well. Please send any information to the Conference Co-Chairs Ben Milam, [whiskers@mtaonline.net](mailto:whiskers@mtaonline.net) or 729-2972 OR to Marlys Hagen, [marlys.hagen@alaska.gov](mailto:marlys.hagen@alaska.gov) or 269-8666.

**CPSM CERTIFICATION BOOT CAMP**

We have negotiated a special deal for our NAPM Alaska members. If you are considering professional certification, this is a great opportunity. Our instructor for this seminar has set a minimum class size so you **MUST REGISTER BY SEPTEMBER 1, 2014** otherwise the class will be cancelled. See the enclosed flyer.

*Ben*

**PAST PRESIDENT  
MARLYS HAGEN, C.P.M., CPPB, CPPO**

So far it has been a really nice spring!! I hope that continues into summer so we can all work on our tans!!

**Elections:**

The elections were held at the April Pro-D meeting. Listed below are the incumbents and the newly elected officers. We will do installation of all the officers at the May Pro-D meeting. It was wonderful to see this much interest in these board positions!!

Office	Incumbent	Elected
Past President	Marlys Hagen	Marlys Hagen
President	Tony Lazenby	Marianne Beckham
Vice President	Marianne Beckham	Jule Magee
Secretary	Jared Rennie	Jared Rennie
Treasurer	Pam Chenier	Pam Iverson
Director at Large	Suzanne Collier	Suzanne Collier
Director at Large	Jule Magee	Roxanne Peter

**Northwest Purchasing Education Council**

The NPEC board will be meeting again shortly to discuss the possibility of the NPEC board organizing the 2015 Pacific Northwest Purchasing Conference since there is currently no host. The board will also be discussing approval of ISM Western Washington (Seattle area affiliate) as a returning member of NPEC.

*Marlys*

May 2014



**National Association of Purchasing  
Management - Alaska Inc.**  
**PO Box 93047**  
**Anchorage, AK 99509-3047**  
*www.napmalaska.org*

## **WHAT'S HAPPENING!**

**THURSDAY,  
15 MAY 2014**

**PRO-D MEETING  
“SUPPLY CHAIN  
CHALLENGES WITH  
DECONTAMINATION  
CONTRACTS”**

**COAST INTERNATIONAL INN  
ANCHORAGE, ALASKA**

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The Alaskan Purchaser is published monthly (September to May) by NAPM-Alaska, Inc., an educational organization committed to providing purchasing and material management practitioners the opportunity to enhance their professional skills and knowledge. If you have an item you would like to contribute to the newsletter, please contact:

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