

Reaching new heights in

PMAC conference brings supply chain energy

By Lisa Wichmann

It's hard to worry about supply chain risk while immersed in Quebec City joie de vivre. But between the culinary delights and historical wonders, attendees of the Purchasing Management Association of Canada (PMAC) national conference in June came away with strategies and contacts for the rocky months ahead.

By night, delegates socialized and networked—cruising the St. Lawrence River and walking the cobble stoned streets of the old city. But by day, they dove into the seminars to glean the latest best practices.

There was plenty of energy from the keynote speakers, who included Danièle Sauvageau, former coach of the Canadian Olympic women's hockey team. She received a standing ovation for her inspiring talk on being a good leader.

Added to the announcement from PMAC on the C.P.P.'s new name, and the event had the undercurrent of a fresh start for supply chain.

Tackling the risks

One educational session, on risk management, was standing-room only—a clear indicator of the issue's importance this year. Led by Joseph Kelly, director with consulting firm Tefen USA, the session covered the threats caused by factors such as natural disasters and especially, the economic downturn, which has put many suppliers out of business. These disruptions happen every four to five years, and 43 per cent of companies never recover.

"So how do we get forewarning?" Kelly asked. "How do we stave off the surprise that at the end of the day, is going to impact our customers and also our revenue stream? It takes a tremendous amount of cost to replace that supplier [no matter] what industry you're in."

Kelly suggested supply chain managers look beyond the Dun & Bradstreet reports, which are limited to the

vendor's financials. That kind of data is important, of course, but so is information on the suppliers' processes and manufacturing capabilities.

Leaders in the field are 200 times more likely to have a risk mitigation program, and to take action such as sending quality teams out to help a supplier improve. They're also striving to pull data from other departments, to get the full picture of risk for each vendor. It's not an easy task.

"Your spend data could be housed in one database [and] the impact of a supplier's performance on warranty costs... is probably housed in a different database, along with manufacturing data throughout the conversion cycle... That could be housed in a totally separate database, so how do you pull all that stuff together and make sense of it?"

Kelly emphasized it's not about throwing software or technology at the problem. It's more a call for collaboration between departments. He conceded supply chain departments are already at maximum workload and it's difficult to find time for risk management, but red flags are fairly easy to spot.

"It's understanding the early warning signs. The obvious ones. We've got late deliveries and all of a sudden, quality is tanking... How many suppliers are calling up looking to expedite payment?"

Carol Boutin, program manager with the Sustainability Purchasing Network spoke about the growing importance of corporate social responsibility reporting; and how purchasers can contribute to green efforts.

That can also be an indication that they're running out of money. They need cash... Do we get that intel from [accounts payable]?"

Green is still growing

Meanwhile, sustainability is still a major priority for the executive, despite market woes. Though it adds even more complexity to sourcing, it's an area where purchasing professionals can really excel, said Carol Boutin,

Logos demystified

Purchasers trying to understand the various environmental and ethical logos might find www.ecolabeling.org a helpful web site, said Carol Boutin, program manager with the Sustainability Purchasing Network in Vancouver.

During a seminar on corporate social responsibility, she said green logos have gone through a "virtual explosion," and the eco label web site helps buyers understand the various programs.



Quebec

program manager with the Sustainability Purchasing Network (Vancouver).

"Procurement is a key lever in terms of pushing this forward... For all procurement professionals who are hitting a wall in terms of trying to become a more strategic player in the organization... I really think sustainability gives you an opportunity to do just that."

She said corporate social responsibility (CSR) reporting is starting to become as common as financial reporting. Plus, legislation such as British Columbia's mandate to have all government and public organizations carbon neutral by 2010 is giving the issue a lot of steam. These organizations will have to pay \$25 per ton of carbon that can't be offset, she explained. One of the major areas to start is paper.

"Paper has a ton of embedded carbon. It's phenomenal actually," she said. "So you have to start calculating how much paper you've actually bought and used in your organization and you have to figure out what the carbon impact of that paper is... Procurement professionals are now starting to look at options for paper that don't have as much carbon... such as post-consumer products."



PHOTO: PMAC

She pointed to leaders in sustainability, such as Aveda, the City of Philadelphia, and of course, Wal-Mart, which recently saved \$2.4 million on freight and 3,800 trees by changing packaging on toys. In Europe, a portal called Procura+ gives buyers resources and strategies for sustainable purchasing. Most of these organizations are willing to share lessons learned, since sustainability is seen not as a proprietary project, but a collective force. So beginners shouldn't despair.

"The beautiful thing about being a bit behind other countries and other organizations is that they've kind of done all the proof work for us," she noted. "So we can take what they've been doing."

E-procurement ups and downs

Another session tackled the highs and lows of e-procurement. Assistant professor Tim McLaren of Ryerson University talked about the "hype cycle" of the technology. In recent years e-procurement has fallen from a peak of excitement down into the "trough of disillusionment," a pattern most technologies follow.

A recent study conducted by McLaren and Ryerson professor Catherine Middleton found only 24 per cent of respondents were satisfied with their e-procurement implementation. Part of the problem is large enterprise systems aren't geared for ease of use.

"When you put in a technology like that, most of the individual users are not going to have a great experience," McLaren noted. "Who do the benefits accrue to? Really, the organization as a whole, through better information, better ability for decision-making higher up... and all the cost is on the back of the individual departments and users. They're the ones going through the heartache of that."

Despite low satisfaction rates, most respondents agreed e-procurement can yield benefits—especially around reducing the transactional workload on low-value tasks, and automating workflow. In fact, McLaren would peg e-procure-

New name for C.P.P.

At the conference, PMAC announced the much-anticipated new name of the C.P.P. The accreditation will be changed to the Supply Chain Management Professional (SCMP).

In French, the designation will be called the p.g.c.a. (Professionnel en gestion de la chaîne d'approvisionnement).

"This marks an exciting new chapter in the development of our profession," said Leah Bach, chair of PMAC's board of directors. "Building from our roots in purchasing, we will continue to communicate the breadth and depth of skill members have to contribute. We will be known as the pre-eminent authority in strategic supply chain management, united in a single designation."

The new logo shows three intertwined chain links which "represent the core areas of supply chain management—procurement, operations and logistics," Bach said, adding PMAC will spend \$1 million over the next two years to promote the new program to employers and professionals.

The association is working with the provincial and territorial institutes to coordinate roll-out, and is in the process of finalizing legal aspects, and using up existing C.P.P. marketing material.

Once these efforts are concluded, holders of the C.P.P. will be advised to start using the new name and logo. **b2b**

ment as coming out of that trough, and starting to climb back up. But the technology of tomorrow will have to adopt a consumer-type interface.

"If we want people doing this in-house and on contract, and having control of it and having our preferred terms... and not having everybody ordering all kinds of things... we have to be able to make it easy," McLaren concluded.

Overall, a clear theme emerged at the conference. While supply chain managers help their organizations through the economic crisis, they must pay equal attention to sustainability and technology, ensuring they're up on the latest trends and have key success strategies in play. **b2b**

Contact the editor at lisa.wichmann@pb2b.rogers.com