

Competitive Edge

January 2012

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Dear Members,

Procurement Analytics

Twenty to thirty years ago, the CPO or Procurement manager focused his or her attention on only a few metrics (e.g. data from A/P, PO system, basic supplier information). If they worked for a manufacturing firm they were a little more sophisticated, using bills-of-material, work-in-process, MRP, distribution lead time ... when developing their negotiation strategy.

During this same time period and in parallel with the advancement of computer technology, the analysis of data and its use has changed tremendously. Its impact on business and/or our lives can be seen on a daily basis. Just think of the explosion of metrics that are available to you 24 x 7 regardless of whether it's retailing, manufacturing, distribution, politics, education, law enforcement, LinkedIn and even sports.

Much of the successful decisions made today, whether it's in the board room, manufacturing floor, retail shop, battle field, local precinct and on the playing field aren't made without first understanding the appropriate metrics.

Unfortunately, the use of analytics to manage Procurement departments has not been adapted as widely. Yes, we've become a bit more sophisticated discussing sourcing strategies, category strategies, industry benchmarks and acknowledging the need to analyze our spend by category, supplier, division ... However in many organizations, these are separate ad hoc exercises. Spend analysis is often done on an annual basis where the results are inaccurate and outdated before the reports are finalized.

When large organizations have attempted to address this issue, it's usually in enterprise system with limited flexibility and where the sourcing team is dependent upon IT to gather data and create reports.

Today we must expand our focus beyond "Spend Analytics", a term that is often overused yet wildly misinterpreted, a catchall phrase within Procurement when requesting information. I prefer to focus on "Procurement Analytics" which I describe as "the ability to interconnect our information and processes into actionable business intelligence".

Meeting Sponsor



Well, not just our sponsor but fellow members as well. Longtime members Linda Rigano and Donna Cicale will be showcasing their company ThomasNet.com.

ThomasNet.com is the Internet's pre-eminent sourcing and supplier discovery and selection platform for OEM, MRO and other products and services. The platform serves procurement professionals, plant & facility management and other specifiers and buyers from corporations, educational institutions, government agencies, the military, manufacturing and commercial firms and other small businesses. Designed by purchasers, ThomasNet.com provides the information and tools needed to easily identify, evaluate, compare, shortlist and select products and suppliers. With an unmatched database

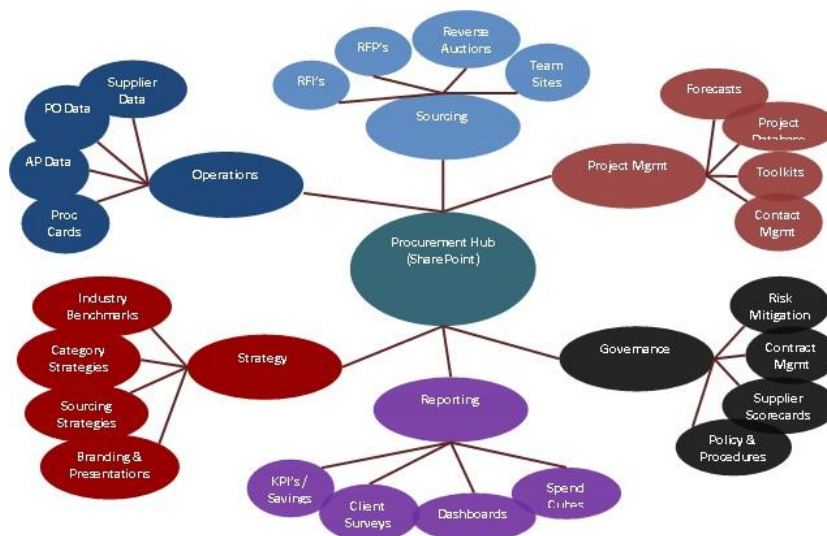
As the profession has become more strategic, many of the terms, processes and data sets have changed, making the requirements and skill sets of the CPO role increasingly more complex. I'll argue that many CPO's do not have complete access and/or transparency to this information as much of it is stored in a decentralized environment, across multiple systems and on individual hard drives. Many reports are manual and the type of information provided in a dashboard is static, assuming there is a dashboard.

The diagram below represents much of the information and/or processes that impact the CPO's team in today's world as well as the lack of coordination between each area.



Now, think of an infrastructure where all the key components of Procurement are grouped in mini hubs and accessible to the entire team as well as senior management by way of a Procurement hub as illustrated in the chart below.

While many of the bubbles are technically different systems, the Procurement Hub gives the CPO transparent access to virtually all the information through a portal.



By using standard software tools that do not require specialized

of over 607,000 suppliers selectable by ownership, certification, brands carried, capabilities, location and more plus over 100 million parts discoverable by material, dimension, construction and other attributes, ThomasNet.com is the most specific, relevant and complete platform of its kind.

The NEW Satellite Seminar



Affiliate Webcasts are replacing ISM's satellite seminars. These live streaming, one-hour Webcasts will feature content relevant to the supply management profession. Individuals will now have the ability to view these programs individually on your own computers.

The first Affiliate Webcast, "**Category Management & Understanding the Importance of Relationships**" will air on
- -

programming, you're able to create an environment that stresses; Transparency, Seamlessness, Ownership of data, Timeliness and Self Sufficiency. When implemented correctly, you make business intelligence an extension of the sourcing team's daily tasks without overburdening them with hours of administrative work.

As we start the New Year in an economic environment that is still considered unstable, we need to ensure the executive management team understands that Strategic Sourcing and Procurement is more than beating up a supplier. Implementing the correct processes and procedures positions us to succeed in our negotiations, however we'll become increasingly more relevant by increasing our focus on Procurement analytics. Doing so will not only enhance your team's efficiency but it will also help effectively market your value within the overall organization.

Happy New Year and let us hope that 2012 is an improvement over 2011.

Regards,

Kenneth Going Jr.,
President, ISM-New York

January Membership Meeting - January 24, 2012 ISM-New York Annual Economic Forecast 2012 will it be better, worse, the same?

While 2011 was a year of numerous changes, highs and lows, what is ahead for 2012? Join us for an evening of forecasting and discussion on what is ahead for 2012 and a quick look back on 2011. In addition to looking at economic conditions and forecasting, we will look to introduce some new changes to the ISM-New York Report on Business. Be a part of the conversation and join us.



Presentation by: Jonathan Basile, Director/Economist, Credit Suisse and Business Survey Chair, ISM-New York.

Jonathan Basile is an economist based in the New York office of Credit Suisse, specializing in macroeconomic trends, data analysis and forecasting for the U.S. and Canada. He joined Credit Suisse in 2000 through the merger with Donaldson, Lufkin & Jenrette. Before the merger, he worked as an economist with DLJ for two years, tracking the economies of the US, Canada, Japan and the United Kingdom. Prior to joining DLJ, he worked as a US economist with HSBC Securities for seven years. Mr. Basile received his BA in economics from Princeton University.

Since this is a newer opportunity ISM is currently finalizing registration details, as well as program content and presenter information, for the February 9, 2012 Affiliate Webcast. As details become available, they will be available on the affiliate webcast page of the ISM website.

Please feel free to contact ISM-New York Executive Office with any questions.

NETWORKING SOCIAL EVENT



The holidays are over & now you are focused on starting the new year off with great enthusiasm & excitement.

But by the beginning of February you might be looking for a break. How about a fun night

5:30 P.M. - Members Arrive, Networking
6:15 P.M. - President's Greeting
6:30 P.M. - Sponsor Presentation - ThomasNet.com
6:45 P.M. - Meeting Program - **2012 what is ahead?** 7:30 P.M. - Q&A and Dinner Buffet

New Location: McGraw-Hill Executive Dining - 50th Fl.
1221 Avenue of the Americas
New York, New York 10020

Looking for a few good people...Board Service?

2012-2013 Nominating Committee

On December 21st, Forbes.com shared this article "[Volunteering a great way to learn real executive leadership](#)". To that point, we ask the question, have you considered volunteering for ISM-New York? Now is the perfect time to be more involved in local your affiliate. The opportunities are endless and very rewarding and could help you in your career long-term.

The ISM-New York Board of Directors has decided to revise the role of its Directors. While we will continue to have sourcing groups in the various spend categories, we will now be looking to make those sourcing groups into committees and allow the Directors to take on responsibilities that are in-line with the functions of the affiliate.

The new Director titles for the 2012-2013 programming year are:
Director of Affiliate Development
Director of Membership
Director of Membership Events
Director of Professional Development
Director of Supplier Diversity
Director of Sustainability and Social Responsibility

The current directors will be working with the 2012-2013 Nominating Committee to determine who will assume responsibility in the new areas. In the meantime, the Nominating Committee is seeking individuals who are willing to assist with the continued success of the organization by filling any of the open roles. If you would like to recommend a person for these positions, or perhaps self-nominate yourself, please contact [Steve Fischer](#), Nominating Committee Chairman or [Diane Martin](#), Executive Director. The deadline for the nominating committee's consideration is February 15, 2012.

The Sourcing Groups will still remain as they are an important benefit to ISM-New York membership and the 2012-2013 Board of Directors will be looking to make appointments for Chair positions for the Sourcing Groups. To learn more or to be considered as a chairman, please contact Diane Martin.

And the Winner Is - Nominations being accepted

(J.H. Leonard Award & Davis-Kassa Scholarship)

your fellow ISM-New York members? Meet members of the Membership Committee and ideally bring with you a friend or colleague who you think would also benefit from becoming a member of ISM-New York.

Just an opportunity to have fun & mingle with your fellow ISM-New York members & potential members. Join us for our first ISM-New York Networking Social!

**Thursday
February 9,
2012**

SIDEBAR
120 East 15th
Street New York,
NY 10003-2102

Appetizers &
Happy "Free" Hour
5:30 pm - 6:30pm
(well/house
drinks/beer/wine)
Cash Bar - 6:30
pm

**[Visit our website
to register](#)**

2011-2012 J.H. Leonard Award.

The J.H. Leonard Award is given to an ISM-New York member who has rendered distinguished service to the Association in one or more of the following areas:

- Participation in scheduled meetings, forums or other activities of the Association;
- Service to the Board of Directors or a committee;
- Contributions to Competitive Edge;
- Other contributions to the growth, development or professional stature of the profession and ISM-New York.

The submission deadline is April 1, 2012 for the committee's consideration. For a copy of the application, visit our web site.

2012-2013 Davis-Kassa Scholarship.

The Davis-Kassa Scholarship is named after former Executive Directors of ISM-New York who served with distinction: Robert Davis, who served from 1957 to 1978 and Abate and Waka Kassa, who served from 1981 to 2000.

The Davis-Kassa scholarship recognizes the scholastic achievements of a full-time college student who is the child of an ISM-New York member. Criteria to apply:

- 24 credits (undergraduate or graduate) at an accredited college or university
- GPA of a 3.0 (cumulative)
- Completed application with references.

For a copy of the application, visit our web site. The submission deadline is March 1, 2012 for the committee's consideration.

Professional Development - Upcoming Seminars

(Click class title for more information & registration form)

[Legal Aspects of Software Licensing](#)

January 12, 2012 (7 Continuing Education Hours)

[REVISED - Inventory and Supply Chain Management](#)

January 19, 2012 (7 Continuing Education Hours)

[CPSM® & CSM™ Bridge Review Two Day Seminar](#)

January 25 & 26, 2012 (14 Continuing Education Hours)

Basic Information on Classes:

\$350 ISM members / \$400 non-members

All ISM-New York Seminars are taught at the offices of Pfizer (42nd & 2nd Avenue, New York City)
