

Mitigating Purchasing Sabotage

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For most people, a room full of editors, executives, sales reps and business owners discussing maintenance, repair and operations (MRO) might not seem like a good time. I wish I could say I was with you, but the manufacturing and distribution nerd in me takes great pleasure in the picking of brains. I have a feeling that I am not alone among our readers in this.

Anyway, the stage was sunny Orlando, FL and the event was put on by Grainger — a few days of customer communication, trade show displays, new product demos, and a little room here and there for some fun. Disney employees were scattered every few feet, adorned with giant Mickey Mouse hands, directing traffic. Call me a cartoon killjoy, but this I could do without.

The few days I spend at this yearly event are typically eye-opening; sometimes it's hard to get manufacturers and their suppliers in the same room to speak candidly about their problems and visualize possible solutions.

I was aware that supplier consolidation was becoming more and more prevalent in the manufacturing space, but I was not quite as tuned into the fact that there is sometimes so much pushback associated with it. One discussion group centered around several purchasing agents and their struggle to gain support from a decentralized group of buyers within their organizations. It seemed everybody had their favorite suppliers and trying to cut them out of the picture to streamline the buying process caused some internal struggle, not to mention what one manufacturer referred to as “sabotage” of changes to the supplier base.

As silly as sabotage sounds, it's an indication of a lack of understanding regarding purchasing and its associated costs. Sometimes six people buying personal protection equipment (from ten times that many suppliers) means more product —

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Published on Chem.Info (<http://www.chem.info>)

and possibly more expensive product — than manufacturers need at any given time. More carrying costs mean less cash in hand. Less cash in hand means another host of problems that could even come down to layoffs or shift shutdowns.

The point here is not that manufacturers need to squeeze everybody out of the picture in the name of consolidation. The real concern is trying to gain the visibility required to understand the value that comes from each supplier. Whether it be high technical expertise and maintenance or next-day delivery, the onus is on both manufacturers and distributors to bridge the communication gap and engage in fact-based discussions about what end-users need and what their supplier partners can provide.

There are two sides to this coin, and the relationships can and should become more valuable partnerships over time. If you need some help getting started, I'm sure I could track down a Disney employee to flag down some folks on either end of the supply chain to get this conversation going ... giant Mickey Mouse hand not required.

Send me your thoughts at anna.wells@advantagemedia.com [1].

Source URL (retrieved on 01/30/2015 - 2:16am):

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