

Supply Chain Today



institute for
supply management

ISM—Western Washington, Inc.

PRESIDENT'S LETTER

Greetings ISM Western Washington members!



In 2015 and beyond, ISM Western Washington is here to support you in your journey of growth and advancement toward the goal of becoming a world class supply management professional. We offer continuous education, leadership development and networking opportunities in a diverse environment.

So far this year, our professional development events have included dinner meetings on topics such as Controlling the Negotiation, Selecting a Responsible Supplier, Application/System Implementation and Supplier Diversity. ISM WW has also hosted networking night events featuring experts on subjects such as Total Cost of Ownership, Negotiation Tactics and Outsourcing. In December, we held a Bridge Exam Prep Course to support our members who currently hold a C.P.M. and would like to earn the CPSM. In January, ISM WW hosted our annual Economic Forecast Panel, with The Standup Economist, Yoram Bauman Ph.D. as the moderator and a panel featuring some of the top economists in Washington State.

ISM Western Washington also has a fantastic line up of speakers for our February, March, April and May dinner meeting programs. In April, we will be hosting a half day negotiations seminar with ClearEdge consulting. This event is a great value at just \$200 per participant, so sign up today and learn how to sharpen your negotiations skills. In May, we will wrap up the 2014-2015 year with our end of the year dinner meeting and awards ceremony. ISM Western Washington invites all of our past presidents, also known as the Cavaliers, to this event so it's a great opportunity to learn more about the continuity of our organization, which was originally founded in 1921.

Please visit our website to register for these events and also check out all the activities ISM WW has to offer for the remainder of the 2015 year. We look forward to seeing you at some of our upcoming ISM WW events and activities!

This year, ISM Western Washington also has a full slate of Officers and Directors on our Board. These leaders have been focusing on projects such as membership growth and development plans, marketing strategies, social networking opportunities, technology upgrades and community outreach. If you have any suggestions or feedback for our Board of Directors team, please feel free to share these by emailing info@ismww.org.

Thanks as always to our membership and the greater Seattle business community for your support in making ISM WW a world class supply management organization and the resource of choice for supply chain professionals throughout the Puget Sound region.

All the best,

Kathleen Allen

Kathleen Allen, CPSM, CPSD

ISM WW President and Board of Directors Chair



INSIDE THIS ISSUE

Supply Chain, Today As In The Days Of Rome	2
Closing The Change Gap For Supply Chain Excellence Part III	3
The Value Of Membership	5
ISM 2015 Annual Conference	6
Events Calendar	7
Emerging Professionals Group	7
2014/2015 Awards	8
ISM-WW Report on Business	8
Affiliate Excellence and Person of the Year Awards	9

SUPPLY CHAIN, TODAY AS IN DAYS OF ROME

The field of supply chain is the art and science of the acquisition, allocation and flow of resources.

Today's world is full of large and diverse cities, which are huge consumers of resources and act as a network of interconnected hubs-- an integral part of the flow of resources. Historically, there have been many complex and highly sophisticated cities, but the city of Rome is the lens through which we see the role of cities today. Rome was a city built upon the need for resources, specifically the sourcing and distribution of resources. From its formation to its role as a centralized point in the supply chain, Rome forms the foundation of our contemporary perceptions of the military, open commerce, and the concept of a modern city.

It is said that Rome was not built in a day. Rather, it evolved on an accelerated timeline to be the largest, most complex, and most powerful city in the world. Mythology as well as historical fact, inform us that the city was built by the twins Romulus and Remus, who were shepherds from the nearby hillside. As the first rule of real estate tells us, location is everything, and this was the first thing the two brothers considered. Romulus preferred the location of Palatine Hill while his brother was partial to an area known as the Aventine. Over time, Remus faded from the annals of history and Romulus presided as the leader and namesake of the city of Rome.

Rome was the one of the progenitors of the idea of the great melting pot. The city grew as it offered asylum to those who were oppressed or were fleeing from injustice in their own land. During Romulus' time, Rome was a city of bachelors. The city, typical to its nature of growth by conquest, resolved this problem by obtaining women from nearby communities, particularly the hills of the Sabine, as well as bringing them as slaves from various conquests. Rome continued to grow, drawing its resources and its population from the lands that its disciplined military forces acquired.

As with every complex supply chain, logistical regimentation was needed to prevent chaos. Religious institutions were used to instill discipline, and organized temples were created. Public works and transportation networks evolved to accommodate the consumer needs of the city. Vast aqueducts moved valuable water. Bridges and roads allowed people and resources to flow in and out of the city as needed. A government was formed, dividing the population into classes: the common people, the plebeians, and the ruling class, the patriarchs. The emperor following Romulus refined the calendar, which had originally been set on a ten month cycle starting with March, named after Mars, the god of war. January and February were added to match the calendar more precisely with the lunar cycle. A trade system to accommodate the needs of the ever-growing population was developed. And the role of the military continued to grow, providing a viable occupation and a road to Roman citizenship for many of Rome's inhabitants.

The complex and all-encompassing global supply chain of today is the direct descendant of these concepts, as is the methodology developed to cope with a vast and varied population. The acquisition, allocation, and flow of resources were the key to the growth and influence of this ancient city, and this is still the key to our global economy today. From the ancient Romans to the present, these basic principles of supply chain span the arc of history.

CLOSING THE CHANGE GAP FOR SUPPLY CHAIN EXCELLENCE PART III

By Dr. Ernest L. Hughes

This is the third and last of a series of articles on supply chain excellence and how to achieve it. In part I of this series, I outlined the ten organizational competency areas for supply chain excellence, as defined by Poirier, Quinn, and Swink in their book, *Diagnosing Greatness*. In Part II, I discussed the three integration competencies: strategic customer integration (#2), strategic supplier integration (#3), and cross-functional internal integration (#4). In this article, I'll explore the 9th competency, innovation management.

First, let's define some terms and concepts. Innovation, according to Dictionary.com, is the "introduction of new things or methods," and strategic means "important or essential to strategy."

The *ISM Glossary* defines strategic partnering as the "systematic leveraging of purchasing's resources and capabilities through mutually beneficial relationships with other internal and external players to strengthen the organization's competitive advantage." Partnership is further defined in the glossary as:

"A close relationship between a buyer and seller in order to attain some advantages from each other in a positive way. A partnership in this context does not imply a legal relationship. Buyer-seller partnerships may be of operational importance, such as a long-term, single-source with an office supplier or of strategic importance, such as a long-term, single-source relationship with a supplier of a good or service of strategic importance."

Figure I depicts these types of supplier relationships.

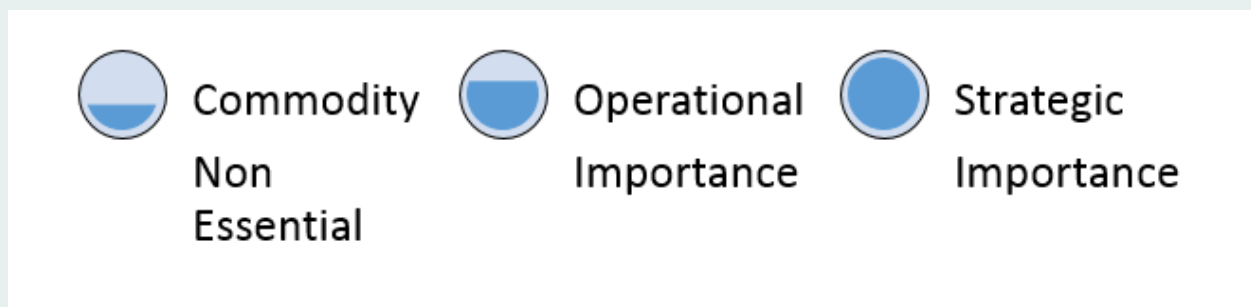


Figure I: Types of Supplier Relationships

I used to work for a boss who used only two categories: strategic, or "awfully damn important."

Putting all of these pieces together then, innovation management in a supply chain is managing the flow of ideas both internally and externally with strategic supplier partners. Owens and Fernandez call these "innovation colonies." Strategic suppliers, among other things, participate in joint business planning and design-to-buy arrangements to shorten cycle time and add value to the product development process. Easy to say; hard to do. Openness, communication, and trust are essential ingredients.

Where do innovative ideas come from? From inventive people. In their book, *Innovate Like Edison*, Gelb and Caldicott synthesize five multi-level innovation competencies from Edison's systematic approach to innovation. Caldicott is a great-grandniece of Thomas Edison. Competency #4 is harness collaboration with employees and outsiders – the innovation colony.

Innovation also comes from people with an entrepreneurial mindset. There are two schools of thought here. One is that entrepreneurs scan broadly for ideas and opportunities, and when found, create a business plan to bring the idea to market. They are both alert and lucky. The other school of thought, described in the book, *Prescriptive Entrepreneurship* by Fiet and Patel, is similar to Edison's. In these approach entrepreneurs use specific knowledge to systematically search a promising set of information channels for discoveries.

There is another important consideration. According to Kirton's Adaption-Innovation Theory, people have a thinking style that influences their preferred change strategies, and, as a result, their approaches to creativity, problem solving, and decision making. Adaptors tend to choose to "do things better" while Innovators tend to choose to "do things differently." As Figure II illustrates, these change strategies are in conflict with each other.

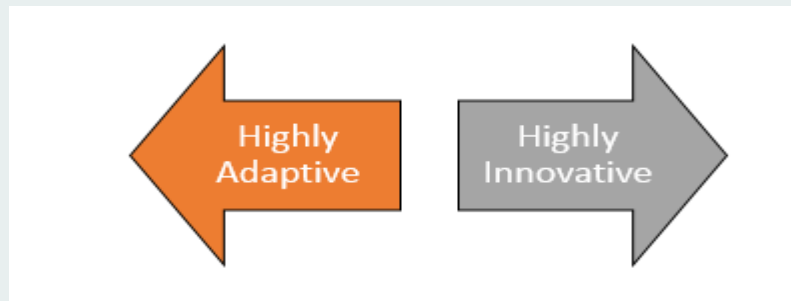


Figure II: Adaption-Innovation Theory

Change strategies need to match change agents, their teams and organizations. Adaptors are often found in large, bureaucratic organizations and like process improvement methods – incremental change. Innovators gravitate toward disruptive innovation in start-ups and Research and Development (R&D) functions.

The Kirton Adaption-Innovation (KAI) Inventory can be utilized to assess individuals and teams and address style differences. Innovation metrics like Return on Innovation and Innovation Pipeline Strength can help ensure the continuous flow of ideas and innovations between buyers and suppliers across the supply chain.

The point of all of this again is simple. Operational and financial benefits nearly double each time an organization moves up a level in these competencies, resulting in reduced cost, increased revenue, and more value to all stakeholders. Innovation Management is the system that makes this happen.

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References

Dictionary.com (2014). Definition of innovation. <http://dictionary.reference.com/browse/innovation?s=t>, accessed October 10, 2014.

Dictionary.com (2014). Definition of strategic. <http://dictionary.reference.com/browse/strategic?s=t>, accessed October 10, 2014.

About the Author

Ernest L. Hughes ("Ernie") is Managing Partner of Logistikos, a supply chain management consulting and education network, and Associate Professor of Transportation & Logistics at American Public University System (APUS). He holds a doctorate in Educational Leadership from Seattle University, and a masters in Global Supply Chain Management from University of Alaska Anchorage. He is also a certified ISM CPSM T3 trainer and Prosci-trained Change Management consultant.

The Value of Membership

As a member of the ISM-Western Washington affiliate (ISM-WWW), many benefits and opportunities await you. Join us at these events to find out how ISM-WWW can enhance your career.

MONTHLY PROFESSIONAL DEVELOPMENT DINNER MEETINGS

ISM-WWW monthly dinner meetings offer a fantastic lineup of professional development speakers on topics highly relevant to today's supply chain issues. These dinner meetings are a great way to expand your knowledge of supply chain related topics as well as network with other supply chain professionals.

Members receive a \$5.00 discount per meeting. Earn 1 Continuing Education Hour (CEH).

JANUARY ECONOMIC PANEL

A range of subject expert panel participants lead by a moderator cover economic issues on a local, national and global level. This event is also a dinner meeting, so it's a great way to network while gaining a better understanding of economic issues. ISM-WWW's economic panel is always one of the most popular events of the year.

Members receive a \$10.00 discount. Earn 2.0 CEHs.

2016 SUPPLY MANAGEMENT CONFERENCE

ISM-WWW's Supply Management Conference is Puget Sound's premiere supply chain management event. Join hundreds of supply management colleagues for a day of learning, networking, leadership development and much more.

Members receive a \$100.00 discount. Earn 7 CEHs.

NETWORKING NIGHTS

ISM-WWW Networking Nights feature roundtable discussions about current supply chain topics. Members attending one hour of discussion will earn 0.5 CEHs. In addition, there will be time to expand your professional circle and network with others.

Free event. Earn 0.5 CEHs.

CPSM STUDY SUPPORT

ISM-WWW offers support to help our members to prepare for the CPSM exams and earn their CPSM certification. We've offered monthly study groups, all day prep courses and study materials and study buddy support. Membership in ISM-WWW is a must for anyone wishing to pursue the CPSM certification. Visit our website to learn more.

Earn your certification.

MEMBERS ONLY EMPLOYMENT OPPORTUNITIES

ISM-WWW works with recruiters from companies and organizations to post open positions in purchasing and supply chain related positions. These postings are available only to members

It is time to renew your membership.
Go to www.ismww.org for more information, updates and to register!



ISM2015
ANNUAL CONFERENCE
May 3-6, 2015 | Phoenix



100 Innovative Sessions. 7 Dynamic Learning Tracks. 1 Prime Location.

Take advantage of this chance to be inspired, exchange industry best practices and expand your global supply chain network at ISM2015 Annual Conference. Celebrating a huge milestone, ISM's 100th birthday, this conference promises to deliver nothing less than the biggest and the best.

Even the location is unbeatable – held in sunny Phoenix, Arizona on May 3–6, 2015, this conference has more than 100 innovative sessions, 12 dynamic Signature Sessions and 7 learning tracks. Esteemed speakers represent companies such as Starbucks, Google, Honeywell, Capital One Financial, Rolls-Royce North America and Intel Corporation, among others to equip you with all you need to return to your company ready to deliver results. Don't be the only one left out – register today.

Register at conference.ism.ws

ISM2015 Learning Tracks

- High Performing Value Chain Management
- Best Practices in Procurement
- Strategic Partnerships
- Risk Management
- Leadership Strategies
- Delivering Financial Results
- Strategic Profitable Growth



UPCOMING EVENTS AT-A-GLANCE

March Dinner Meeting: 'Taming the Tiger and the Dragon'

Direct procurement strategies for India and China in today's market.

Thursday, March 12, 2015 / 6:00—8:00 PM

Coast Bellevue Hotel / Earn 1 CEH

April Dinner Meeting: An Introduction to Demand Driven Planning and Execution

Using Smart Metrics, will share with you an overview of Demand Driven Material Requirements Planning.

Thursday, April 9, 2015 / 6:00—8:00 PM

Coast Bellevue Hotel / Earn 1 CEH

ClearEdge Negotiation Seminar

Wednesday, April 22, 2015 / 8:00 AM—12:00 PM

Coast Bellevue Hotel / Earn 4 CEH

ISM-WW'S EMERGING PROFESSIONALS GROUP

February ISM-WW's Past President and Microsoft supply chain professional, Brent Frimodig, discussed the topic of "Negotiating Tactics: Tips and Tricks to Leverage for Success". These are free events and participants earn one continuing education hour (1 CEH).

About EPG:

The ISM-WW Emerging Professionals Group provides professional development and networking opportunities for emerging leaders between the ages of 21-40.

Benefits of ISM-WW's EPG:

- Build your network with ISM-WW members and other young professionals.
- Gain exposure to the supply chain profession and different industries.
- Free and low cost events throughout the year.

How to Join EPG:

It's easy! Become an ISM-WW member and attend any of the events.

Interested in Volunteering with the EPG?

Contact Sandy Lee at pastpresident@ismww.org to learn about volunteer opportunities.

Register online at www.ismww.org



2014/2015 AWARDS

- ◆ ISM Western Washington will hold our 2015 Awards Ceremony at our May Dinner Meeting. Join us on May 14th to recognize the 2014-2015 recipients.
- ◆ ISM Western Washington offers the following awards.
- ◆ Larry Crozier Education Award- to recognize an ISM-WW member for their commitment to education supporting the supply management profession
- ◆ President's Award – to recognize an ISM-WW member who stands out for their commitment, dedication and effort to the advancement of ISM-WW
- ◆ R. Jerry Baker Award –to recognize an ISM-WW member for their outstanding contribution to the supply management profession
- ◆ Extra Mile Award –to recognize ISM-WW members who have provided exceptional levels of service

ISM-WW REPORT ON BUSINESS SUMMARY

Month: January, 2015

Submitted by Carol A. Kujawa, MA, A.P.P.

The economy took off in Western Washington in January. The index was at 67.2, a gain of 11 points from December. The forecast was 67.4, an increase of 6.2 points from December, indicating a speeding up of the economy. The figures for Production, Production forecast, and New Orders were all higher, while New Orders were forecasted to be very slightly lower. Employment and Employment Forecast were much higher, and Inventories and their forecast also were higher than in December. Reported Prices were higher, but forecasted to be a bit lower in 90 days. Supplier lead times were reported longer, and forecasted to be longer in 90 days. International purchases were unchanged from December. The National figure was 53.5, a loss of 2 points from December.

Index Numbers less than 50 indicate a shrinking economy, while those over 50 signal an expanding economy. Prices and International Index numbers are not included in the Composite Index, and index numbers (excluding Prices, Inventories and International purchases) are seasonally adjusted.

See full report:

<https://www.ismww.org/chapters/ism-napmww/files/ISMWW-ROB1-January2015.pdf>

**The Puget Sound's resource of choice for
supply management professionals**

ISM AFFILIATE EXCELLENCE AND PERSON OF THE YEAR AWARDS

The ISM Affiliate Excellence Awards recognize ISM affiliates that demonstrate an awareness and distinction in their professional operations, educational offerings and ability to recruit, train and retain members, while at the same time communicating the value and prestige of ISM and the supply management profession. In 2013, ISM Western Washington was one of the ISM affiliates to earn this recognition. For 2014, ISM Western Washington has again applied for this award.

The ISM Person of the Year Awards honor members who go beyond the regular scope of work to make outstanding contributions to ISM and the profession. In 2013, Gail Kelley, CPSM, C.P.M., CPIM received the ISM National Award for Marketing/Communicating Person of the Year. For 2014, ISM Western Washington has nominated the following individuals for the ISM 2014 Person of the Year awards.

Education/Learning Person of the Year

Martin Norris, C.P.M.

Carlo Smith, Ph.D.

Innovation/Creativity Person of the Year

Sandy Lee, C.P.M., A.P.P.

Leadership Person of the Year

Kathleen Allen, CPSM, CPSD

Marketing/Communicating Person of the Year

Matt Boots, CPSM

Volunteer Person of the Year

John Hojaboom

Diana McCan, PMP, C.P.M., A.P.P.

Winners for both the Affiliate Excellence Award and the Person of the Year Awards will be announced at the May ISM National Conference in Phoenix.

**Go to www.ismww.org to register for
these events and to get more
information and updates.**



INFORMATION

- ISM-WW has updated resources on our website, you can find these listed from our home page under “Member Services,” click on “Helpful Web Links” to see the list.
- ISM.WS, the webpage for ISM National has numerous resources including the ISM Knowledge Center, ISM Online Discussion and certification resources.
- My Purchasing Center is a new addition; this site includes relevant articles, supplier profiles, blog posts, podcasts and educational videos. The writing staff for My Purchasing Center.com is from Purchasing Magazine.
- CAPS research link is here, this site contains research and benchmarking data. You will need to join the site to access the data, a form is provided to join.

ATTENTION MEMBERS!

If you have any news to share about yourself (promotions, job changes, etc.) or updates about past officers please send the information to Kathleen Allen at thepresident@ismww.org so we can share the news with the membership. Thank you!

2014—2015 OFFICERS

President & Board of Directors Chair: Kathleen Allen, CPSD, CPSM

Vice-President & Vice-Board of Directors Chair: Gail Kelley, CPSM, C.P.M., CPIM

Immediate Past President: Sandy Lee, C.P.M., A.P.P.

Treasurer: John Hojaboom

Secretary: Steve Mahr, CPSM, C.P.M.

Board of Directors & Committee Chairs:

- Doug Bunting, CPSM — Communications Chair
- Diana McCan, PMP, C.P.M., A.P.P. — Employment Chair
- Martin Norris, C.P.M. — Scholarship Chair
- April Z. Sun, MSIS, ITIL, 6 Sigma BB — Technology Chair
- Willow Lu — Social Networking Chair
- Celeste Keller-Frimodig, CPSM — Volunteer Chair
- Matthew Boots, CPSM — Marketing Chair
- Carlo D. Smith, Ph.D. — Academic Relations Chair
- Renata Blachut — Membership Chair
- Adrienne Neubert, MBA, CPSM, CPSD — Professional Development Chair

Committee Chairs:

- Carol Kujawa, A.P.P. — Business Survey Chair

VISION STATEMENT:

ISM-WW strives to become the resource of choice for supply management professionals seeking excellence and promoting best-in-class standards.

MISSION STATEMENT:

ISM-WW serves as a center of excellence in the growth and advancement of world class supply management professionals by providing continuous education, leadership development and networking opportunities in a diverse environment.

CORE VALUES:

1. Excellence
2. Integrity
3. Leadership
4. Continuous Improvement
5. Professionalism
6. Ethical Behavior
7. Knowledge
8. Membership Fulfillment and Development



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