



*Meaningful Involvement in Services Purchasing:
Insights from Cases*

Wendy L. Tate, University of Tennessee

Lisa Ellram, Ph.D., C.P.M., A.P.P, Miami University

Agenda

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- Background
- Purchasing's Evolving Role
- Services Matrix
- Services Matrix in Action
- Future Research and Next Steps

Background

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- Services benchmarking with CAPS
- Studying services purchasing for 8 – 10 years
- Periodically check in on some of same companies
- Add in additional companies looking to improve or have purchasing involvement in complex services

Purchasing's Evolving Role: A Perspective

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- Involvement in materials versus complex services
- Function as a whole is changing
- Ongoing shift between centralized and mixed purchasing as new CEO's enter
- Responsibility is increasing



What Does It Take To Get Involved?

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- People skills
- Goal alignment with budget owners
- Clear set of objectives – “What are you trying to accomplish?”
- Customer service orientation



“...probably the one thing I would do differently is be more service-oriented toward the internal customer...”

– Dave Nelson, former CPO of Honda of America, Deere, & Delphi (September 2011)

How To Get Involved

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- Think of a situation where you wanted to (or had to) become more involved in a service purchase
- Describe the strategy you used to be more involved to the person next to you
- Did it work?
 - ▣ 2 Minutes
 - ▣ Switch
 - ▣ 2 Minutes



Couple of Volunteers

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- If the person you partnered with did something unique / clever please share
- Insight you got from this?



Lessons Learned

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- Cannot push your way in
- “Offer” your services
- Demonstrate value (Word of Mouth)
- Wait to be pulled
- Quote – CPO Case

“In terms of getting involved in new areas, purchasing’s best friend is tough economic times.” –VP of Finance

Unexpected outcomes

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- Sometimes, involvement is much different than you expect
- Contribution and perceived value-added is what matters
- Not about control

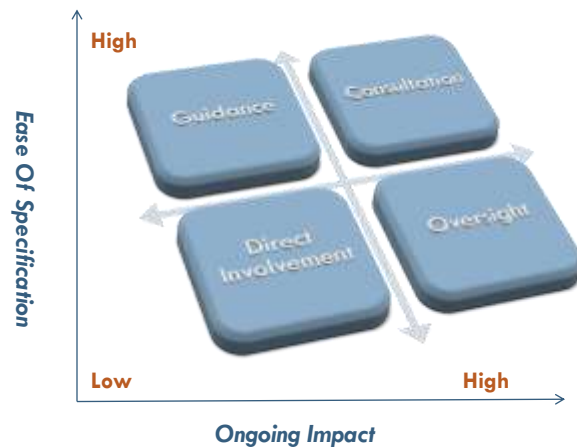


Figure 1: Purchasing Involvement in Complex Services

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Using the Matrix – In Practice

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- Think about a service purchase that you are currently working on, or have worked on, that is not going well
- Using the matrix; where do you think it should be placed?
- Were you supporting the service as suggested in the matrix?
- Do you think results would have improved if you treated the purchase as suggested by the matrix?

Approach has worked very well for a number of companies – too well?

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Pharmaceuticals

- Marketing
- Legal & Professional Services
- Facilities (reports to CPO)

Software

- Call centers
- Professional Services
- IT
- Marketing
- Contingent Labor
- Reporting to CPO
 - A/P & A/R
 - Credit and Collections
 - Facilities
 - Back Office Operations

Next Steps:

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- Continuing research
- Love your help – participation & comments

Thank You – Questions & Comments

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