

Driving Business Growth & Creating Value

Strategic Procurement

for Sustainable, Profitable & Competitive Advantage

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14th & 15th December 2009, JW Marriott, Kuala Lumpur

“Procurement no longer has a choice when it comes to focusing on sustainability - it's now a business imperative”

John Paterson, CPO of technology-giant IBM.

One of the greatest challenges for sourcing professionals today is to not overlook opportunities that the current market situation presents for them. Sourcing experts need to be able to move **“fast”** and be **“smart”** making decisions regarding who to source from.

DURING THIS INTERACTIVE TRAINING, YOU WILL LEARN TO:

- ✓ **Achieve** high performance global procurement practices
- ✓ **Embrace** the advantage of low global commodity prices and their affect on overall procurement strategy
- ✓ **Develop** relationships with “key” suppliers through applying long-term contracts **negotiations techniques**
- ✓ **Leverage** dual-sourcing and other techniques to hedge the risks associated with poor financial standing of suppliers
- ✓ **Identify** the skill sets for Strategic Sourcing vs. Procurement
- ✓ **Evaluate** Supplier & Risk Assessment
- ✓ **Minimize** the complexity by **Incorporating** Value Steam Mapping
- ✓ **Analyze** Performance Metrics
- ✓ **Establish** Executive Alignment
- ✓ **Maximize** Total Cost of Ownership (TCO)
- ✓ **Formulate** Commodity Market Intelligence
- ✓ **Understand** Sustainable Green Procurement trends

Your International Trainer
DAMON DE LA PENA
Managing Director, BDM Consulting

THIS INTERACTIVE COURSE FEATURES

- Practical tools
- Case studies
- Individual exercises
- Breakout group discussions
- Open to small number of delegates only
- Pre course questionnaire

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iPod Touch!



All registered delegates are eligible. Conditions apply
Refer to registration form

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“Turn your purchasing department into a profit center”

STRATEGIC PROCUREMENT TRAINING

What is Strategic Procurement?

Strategic Procurement is a powerful competitive business weapon, use by companies and organizations for the thorough understanding of its purchases, optimize cost, reduce risks and manage complexity. This is clearly different from the standard purchasing and procurement practices.

It is a process of world class procurement, starting from analyzing internal company data, external market information, building a Total Cost of Ownership Model, analyzing cost drivers and risks; consolidating crucial information step by step, developing a simple and yet powerful strategy for negotiation and contracting with suppliers; followed by implementation, monitoring and review & continuous improvement.

What is the Value of Strategic Procurement?

In today's highly competitive business world, Strategic Procurement makes the difference between success and failure of a business. It enables companies to manage its purchases more effectively and efficiently.

Traditional companies depend heavily on cost reduction programs to stay on top of their competitors. This is painful, disruptive and limited in the amount of cost companies can reduce. However, Strategic Procurement reaps savings and benefits by looking at the concentration of spends and the key suppliers responsible for these spends. It is evident that cost reduction programs and traditional approaches of purchasing and procurement are no longer adequate to deliver a competitive performance in the current business environment

Strategic Procurement is used globally by multi-billion dollar corporations, governments, and smaller organizations. These organizations implement standard processes to elevate their procurement practices to a strategic level. Many major corporations and governments experience the true value of strategic procurement and more organizations are starting to redefine their procurement functions as a strategic department rather than a function. They are prioritizing this department with the same critical emphasis as finance, manufacturing, and marketing departments.

What are the expected Savings and Benefits?

A dollar saved in procurement contributes a much larger percentage to the bottom line than an additional dollar of sales. When procurement saves \$100,000 through Strategic Procurement, this directly impacts and increases the profitability by the same amount; whereas, a \$100,000 increase in sales revenue may only contribute \$5,000-\$20,000 to the bottom line, depending on the sales margin.

Based on wide experience and countless studies by major consulting firms and procurement institutions or councils, typically 5-10% saving can easily be achieved from the purchase price alone when Strategic Procurement is deployed. Traditional purchasing and procurement can typically save only 0-3%.

The Strategic Procurement Model includes completing a of Total Cost of Ownership analysis to determine the cost drivers of products and services; on average an additional 5% can be saved with some companies experiencing as high as 40% in savings with this type of analysis

Consider an annual purchase of a product, capital equipment or service of \$500,000, a potential \$40,000 can be achieved on purchase price alone and conservatively an additional \$25,000 can be saved through Total Cost of Ownership (TCO); this is a significant \$65,000 total saving from one single product or service. With hundreds of other products and services in your total spend; there are huge potential Savings and Benefits waiting to be unleashed, without incurring any pain to the company. Why?

Why so few companies are practicing Strategic Procurement?

It is a myth that Strategic Procurement is only for multi-billion dollar corporations. It is perceived that it is highly expensive to engage consulting firms to coach and train company staffs on Strategic Procurement because of its proven effectiveness. It is looked at as a niche tool and knowledge that comes with a high price tag and reserved only for the larger companies that can afford the training.

This is the same reason why this Strategic Procurement training is organized with the vision to promote Strategic Procurement to large, medium & small companies without companies paying exorbitant prices.

“ Skilled management of procurement is vital to an organization’s strategic and financial performance. Through the acquisition of goods, works and services, public procurement significantly impacts on effectiveness of public resource utilization and quality of public service delivery. Similarly, procurement directly affects profitability and competitiveness in the private sector”

"As long as we're in business, and as long as we're on the planet, then sustainability is going to be on the agenda"

Day One

REGISTRATION
MORNING COFFEE
INTRODUCTION

MODULE ONE:

SUPPLY CHAIN MANAGEMENT FUNDAMENTALS

This module will provide an overview of the information that forms the foundation for best practices in global supply chain management. Essential vocabulary and key concepts will be reviewed along with leading edge procurement **"best practices"** that generate the highest ROI for a company. This session will review the potential gaps that a company may have in their supply chain and identify new ways to create value. It will distinguish the differences between strategic sourcing and the tactical functions of procurement and highlight some of the key performance metrics used to effectively monitor the supply chain.

- An overview of Supply Chain Management
- Review Global "best practices"
- Create Value through Supply Chain Management
- Review Supply Chain Management Strategy (Sourcing vs. Procurement)
- Highlight Supply Chain Performance Metrics for Spends Analysis.

MODULE TWO:

THE ROLE OF INFORMATION TECHNOLOGY IN THE SUPPLY CHAIN

This module will provide an overview of the critical role of the supply chain function and its relationship in supporting a company's production of goods and services. It will highlight the role of supply chain professionals in the overall Procure-to-Pay cycle and explore the types of data required to successfully manage internal stakeholders, external suppliers, and mitigate business interruption risk to a company's customer base.

- Review the Procure-to-Pay Cycle and the value of strategic sourcing
- Explore the Acquisition and Use of Key Data
- Review the Use of Information Technology in the Supply Chain
- Outline Advanced Optimization Tools

END OF DAY ONE

Event Schedule: Day one & two

Registration	8:30am
Morning session begins	9:00am
Morning coffee break	10:30am - 10:50am
Networking luncheon	12:30pm
Afternoon session begins	1:30pm
Afternoon tea break	3:30pm to 03:50pm
Training concludes	5.00pm

WHY YOU CAN'T MISS THIS TRAINING

Procurement has become an integral part of corporate performance and is drawing increased attention from senior management. Until recently, procurement was a necessary, but seldom celebrated, component of multinational corporations. But times have changed: These days, procurement organizations within companies are playing pivotal roles in the success of global firms in ways that old-fashioned purchasing managers could never have imagined.

This course teaches participants how to develop procurement strategies that can deliver real benefits to their organization's operations. Importantly, participants will explore practical tools and techniques that will allow them to implement and monitor the effectiveness of their chosen strategies.

Invite your key suppliers or strategic partners to join you... Suppliers will also greatly benefit from participating in this training, which will provide them with the core logic, necessary for understanding and responding to each of these purchasing concepts.

WHO SHOULD ATTEND:

If you are working in or aspiring to higher level **procurement** positions where a **strategic** outlook is required or beneficial.

Job titles include but not limited to:

- Heads of Procurement/Logistics
- Strategic Procurement Managers/Directors
- Category Managers
- CPOs, CEOs
- Supplier Relationship Managers
- CFOs/Finance Directors/Finance Controllers
- GMs/Directors of Relationship Management
- Vendor/ Supplier
- Managers/Specialists
- Project Directors/Managers | GMs/Directors
- Managers of Shared Services | Outsourcing Services Managers | Heads of Supplier Management Business Process Outsourcing | Contract Managers Strategic Sourcing Managers | Account Directors/Business Development Directors/Managers
- Service Delivery Managers and Specialist of Procurement (Direct and Indirect), Commodity, Sourcing, Purchasing, Supply Chain, Supplier Management, Materials Management, Contracting, Category Purchasing, Supplies and Production.

Aspiring staff responsible for common processes developments; for organizational process & systems improvements; for individual staff training & competence development; and, for knowledge management in the functional areas.

Procurement professionals are in a pivotal position to influence the sustainable activities of their organisations. And their position will get stronger as the risks and opportunities of supply chain sustainability are understood.

Day two

MORNING COFFEE
RECAP OF DAY ONE
Q & A SESSION

MODULE THREE:

SUPPLIER RELATIONSHIP MANAGEMENT

This module will explore how strategic relationships with suppliers are developed and managed. The module will highlight the difference between traditional supplier relationships and the value of more strategic relationships for long-term company profitability. It will highlight the methodology and approach for managing strategic suppliers and review the best tools and processes to drive accountability. A significant portion of this module will be dedicated to sharing effective negotiation strategies and tools that are available to professionals to best manage the supplier relationship. The module will also explore single sourcing versus dual sourcing strategies as part of the supplier relationship management function.

- Explore Strategic Supplier Relationships and Alliances
- Create Successful Strategic Supplier Relationships
- Implement an effective Supplier Relationship Management Strategy
- Enhance Supplier Performance with Effective Tools and Processes
- Apply Effective Negotiation Strategies

CASE STUDY

“STRATEGIC SOURCING FROM PERIPHERY TO THE CORE”

by Mark Gottfredson, Rudy Puryear, and Stephen Phillips. The case will review outsourcing as a core strategy and how many companies still remain unprepared. It will highlight how sourcing will trigger organizational redesign and require a new set of managerial skills to more effectively manage the function.

MODULE FOUR:

IMPROVING THE SUPPLY CHAIN

The module will review the basics of value stream mapping as a flow-charting technique used to identify key process steps in the supply chain and eliminate waste and excessive cost risks. These steps assist to identify the Total Cost of Ownership of materials and services to the company. The module will explore some of the key components of Total Cost of Ownership that a professional needs to understand to drive continuous improvement and reduce or hold material costs down. This continuous improvement function can be a competitive advantage for a company.

- Review Value Stream Mapping in the Supply Chain
- Identify Total Cost of Ownership Opportunities
- Drive Continuous improvement methods

CASE STUDY

This case will outline the outsourcing strategies and challenges Boeing experienced in the development of its new 787 Dreamliner and how supply chain issues have delayed the product launch by approximately two years.

MODULE FIVE:

INTRODUCTION TO SUSTAINABLE/GREEN SUPPLY CHAIN STRATEGIES

This module will briefly touch on the trends and strategies emerging in green and sustainable supply chain initiatives. It will explore how companies are evaluating environmental requirements on the production of goods and services and placing focus on developing environment management strategies for the supply chain.

- Review trends in the Emerging Field of Sustainable / Green Supply Chain Strategies
- Describe the Challenges Presented by Sustainable / Green Supply Chain
- Outline Solutions Companies are Adopting to Mitigate Environmental Risks

Q & A SESSION

TRAINING CONCLUDES.

ABOUT YOUR EXPERT TRAINER:



Damon De La Pena

Managing Director, BDM Consulting

Damon earned an MBA with an international business focus from Arizona State University. He cultivated this focus with practical experience from two international expatriate assignments and integrates this experience into optimizing his client's business operations.

He spent 10 years with Intel Corporation and 3 years with BDM Consulting developing his global management skills. He spent two years in Malaysia as an expat for Intel where he negotiated global contracts and managed inventory procurement for one of Intel's start up factories. In this capacity he negotiated global contracts and managed inventory procurement for one of Intel's start up factories. While on assignment, he took on a role as a Risk and Controls Manager mitigating excessive cost risk, business interruption risk, and corporate fraud.

A key career highlight of Damon's was the creation of a new Global Risk Management Organization for Intel's largest division, the Technology Manufacturing Group. He managed a global team of Risk and Controls Managers in 14 countries. This organization was able to reduced overall risk exposure to Intel Corporation by \$300M over a three year period. Professionally, Damon is driven to help develop leaders' ability to better utilize a company's most important asset -- it's people.

He has utilized this passion to set a vision in order to build a successful and growing Southwestern consulting firm. Personally, Damon is an adventurous hiker having hiked the Inca Trail in Peru and the Grand Canyon in Arizona. He enjoys scuba diving, fitness training, and international travel.

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