



# ALASKAN PURCHASER

[www.napmalaska.org](http://www.napmalaska.org)



November 2014 **You Can See Eye to Eye**

By: John J. Tracy, Jr., CMC, PCMM, PCMH

Regardless of your organization's structure, the purchasing and logistics function can optimize their relationship.

Optimum relationships - whether between horse and rider, quarterback and receiver, or architect and builder - lead to winning results. Winning results are not accidents: they are the fruit of excellent teamwork.

Within an organization, purchasing and logistics must also bond as a team even though they often exist independently, each with their own personnel and seemingly with their own objectives. However, because of the nature of their work, their paths often cross and can be in conflict on such issues as inventory, packaging, storage, and optimum methods of movement.

Even so, because they ultimately serve the same common goals, these two functions, when operating together within a single organization, must work together seamlessly and efficiently to service their organization's objectives. Accomplishment of this task is the responsibility of the organization's senior managers. Here are some tips and insights for working together within the following organizational structures:

- Purchasing department and logistics departments are one and the same.

- Purchasing reports to an overall logistics function.
- Logistics reports to an overall purchasing function.
- Purchasing and logistics have equal authority.

### **One and the Same**

This structure, common in smaller organizations and among retailers, vests one or a few people with total supply chain responsibility (and importantly, the authority) to obtain and then make available the materials, products, services, and supplies required by upstream members of the organization. Because one or a few supply team members share common purchasing, inventory, transportation, information, and communication system objectives, conflicts (if any) are easily addressed and minimized. In these organizations, supply chain optimization becomes more of a personal and professional challenge. Optimization is maintained when these professionals regularly educate themselves on new technological and managerial opportunities that permit them to perform better.

In larger operations, where professionals have complete responsibility for the supply of items they purchase, organizations must continually strive to understand what is unique about each professional's job requirements and then to provide an ongoing education tailored to each individual's specific needs.

*Please join us for our annual Facility Tour held this year at the Alaska Railroad.*



**Thursday November 6, 2014 at 6:00 p.m.**  
**Alaska Railroad**  
**485 Ocean Dock Road**

Parking is directly north of the building in the dirt lot. Check in is inside and the doors are on the north side of the building. Please remember to wear comfortable clothing and closed toed shoes as we will be walking around a warehouse, maintenance shop and outside.

*Please RSVP to [napmprod@gmail.com](mailto:napmprod@gmail.com) no later than Wednesday November 5, 2014. \$10.00 donation appreciated to cover the cost of the meal.*

## **You Can See Eye to Eye**

*continued from page 1*

### **Purchasing Reports to Logistics**

This arrangement is becoming increasingly commonplace. It frequently occurs when the organization chooses to optimize supply chain performance and views the objectives of minimizing inventory, storage, and transportation costs to be equal to, or to supersede those whose focus is on purchasing. It is also common in global sourcing because of the complexities brought on by a myriad of international social, regulatory, and political issues; perplexing transportation arrangements; currency and financial issues; inventory ownership and warehousing issues; and other such considerations. It also occurs in organizations where procured materials and products are seen to be commodity in nature.

In these organizations, relationships with non-purchasing professionals are enhanced when a serious effort is put forth to learn and understand the complexities faced by other members of the supply chain team.

All members of the supply chain team should share decision-making criteria whenever practical, through periodic meetings to brief other members on important changes in the current and forecast operating environment. Purchasing must communicate and take into account logistics changes when working with their internal customers. If a purchasing and supply manager is deviating from the norm or expects to impact the logistics function for a particular transaction, for example, he or she should partner with someone in logistics, to ensure that all objectives are being met. A "buy-in" to the legitimate objectives of the supply team, and a "turning of the back" on prior professional rivalries is essential for both individual and organizational success.

Purchasing professionals can also show their value to other components of the organization, including logistics, by selling their services. Many organizations have been successful in presenting their services, their contract negotiation expertise, their cost reduction strategies, and the like, to various departments. To do this effectively, you must show internal customers, with actual dollar figures, how working through purchasing will be valuable to them.

### **Logistics Reports to Purchasing**

This structure, though not as common, does occur in some instances. Most likely, it will be a portion of logistics that falls under purchasing's responsibility, such as transportation. It can also occur when an organization has a truly strategic purchasing department, through which all outgoing dollars flow.

To help facilitate this working relationship, clearly communicate purchasing's objectives and strategies to those in the logistics function. This can be accomplished through regular meetings. The focus of these meetings is on supply chain objectives, and purchasing can illustrate how all components (including logistics) will be contributing to the overall supply chain efforts.

Similarly, managers must carefully listen to concerns and objections voiced by their subordinates, encourage information exchange among their subordinates in order to foster professional growth and respect, strongly discourage frivolous arguments, and make clearly objective decisions in order to avoid an appearance that seems to favor one part of the organization over another. When managers listen carefully, direct teams to resolve issues, and lead by example, successful teams can be built.

It behooves all groups of professionals to act magnanimously toward the other and to assist their counterpart associates to better understand the purchasing function, or the logistics function, and to be ready to outline the principles and reasons behind the decisions that have been made.

Also, purchasing professionals should voice their opinions while listening to the opinions and reasonable concerns of other team members. Only through honest dialogue will the rationale employed by professionals who are concentrating on meeting their legitimate objectives be understood by others with the same overall organizational, but different subordinate group, objectives. Thus, optimum relationships are achieved when both purchasing and logistics professionals encourage cross-education, team play, and total buy-in to the organization's objectives.

## You Can See Eye to Eye

*continued from page 2*

### Equal Authority

This arrangement is seen to be ideal by many organizations, and it frequently exists when logistics is charged with the responsibility to provide both inbound supply chain and outbound (customer) product distribution services. It also exists where management desires to construct a form of checks and balances. (When senior managers purposely create equal and autonomous purchasing and logistics organizations in order to obtain a level of checks and balances, sub-optimization of professional relationships is usually expected.)

In an ideal world, this arrangement appears on the surface to have the same positive attributes that occur when purchasing and logistics are one and the same and, therefore, should foster a high degree of cooperation. However, conflict is possible in this structure, because both functions appear to have an equal supply chain responsibility, and equal authority, to meet their individual objectives. Logistics may, however, also have an obligation to serve product (sales) distribution. In such instances, it is not unusual for sales to have more authority than is granted to logistics for this activity. Thus, on some occasions, the organization may find itself working at cross purposes. Further, when one of these three managers acts, rightly or wrongly in what is perceived to be in the best interests of the total organization, or selfishly promotes the best interests of their subordinate organization, clashes are likely to erupt.

This structure poses the greatest challenge for optimizing relationships. Because clear responsibility for any one decision is difficult to observe, the relationships between these organizations is best optimized when senior management assumes an additional responsibility and makes itself the consolidated purchasing/logistics department. Alternatively, senior management can set forth easily interpreted, firm guidelines that foster a team effort among the equal subordinate organizations, cooperation, and easy administration by professionals throughout the organization. Management can use tools like teaming seminars, cross-training activities, cross-functional teams, and projects, to foster team efforts.

Effective operations within such guidelines should be easier to accomplish. For example, these guidelines can make each subordinate organization equally responsible for the failures and successes of the other. Thus, if production parts are delivered late because all available transportation resources are committed to customer deliveries, everyone bears equal responsibility because everyone had the authority to take an action that would have avoided the problem.

To foster greater cooperation among purchasing and logistics managers and professionals, the suggested guidelines could require written reviews of decisions perceived to be "contestable" by a two-person team responsible to the two departments. Also, other internal functions, such as production planning and sales, could unbiasedly formally report problems and consider charging back losses to either or both purchasing or logistics. However, before implementing this latter suggestion, carefully consider the consequences.

Finally, if the size of the organization permits, physically locating these subordinate departments in close proximity to each other encourages cooperative relationships by removing a degree of impersonality that could otherwise grow.

### Common Goals

When the common goals of purchasing and logistics professionals are considered together - the right quality products, in the right place, at the right time, in the right quantity, undamaged and ready for use, at the right landed cost - the need to discuss how the two departments can optimize their relationship is a moot issue. If senior management establishes clear guidelines, this is possible.

Perhaps issues between the disciplines exists because responsibilities and authority are not clear, because each of these professional groups has not taken the time to comprehend the obligations of other team members, or because continually changing business dynamics tweaks old rules and sometimes even objectives. But, these issues can be resolved, and in forward-thinking organizations they will be. After all, optimum relationships between all team members is an important goal. What are you doing - today - to become one with the team?

## PRESIDENT MARIANNE BECKHAM

Winter is upon us and there's definitely frost if not snow on the pumpkins. The white capped mountains are exceptionally beautiful reflecting pink and purple with the waning sunlight and glow under the full moon. Did you catch the Aurora Borealis this week? It was awe inspiring and I hope you had an opportunity to see it.

NAPM-AK hosted the 2014 NPEC Conference earlier this month at the Hotel Captain Cook with almost 80 attendees, 26 Vendor booths at the Trade Show, learned speakers, and a special appearance by Jan Miller, Marketing Director from ISM National. Here's a big shout out for many volunteer hours by Marlys Hagen, Ben Milam, Carol Geiger, Brian Vandervort, Pam Iverson, Pam Chenier, Angie Middleton, and Annie Messer.

Supply Chain Professionals seeking CPSM Certification survived three grueling days of Boot Camp by Dr. Randall M. Mauldin, USMC (ret) CPSM PMP and President of Jack Quinn Solutions. We built brain muscles and biceps from all the heavy lifting. Seriously, the books weighed about 10 lbs and barely fit into our back packs. Now the official testing has begun and from what I hear in the elevator lobby, NAPM-AK will soon have many newly certified CPSM members.

November portends to be a train load of fun with a tour of the Alaska Railroad facilities in Anchorage. **Do not show up at the Coast International Inn** on November 6. Instead, head over to AKRR Depot for the tour. We'll order pizza and salads and everyone contributes \$10 to cover the costs. That's an \$18 cost avoidance! Following the tour, the group assembles in the Board Room for a short meeting, announcements, and fellowship. I hope you can make it!

Who's missing from the picture? Have you ever looked around at our Pro-D Meetings and wondered where someone was? Perhaps a member you wanted to connect with or a new member you wanted to meet? Someone who has been absent the last several months? I encourage you to reach out and extend a personal invitation to them to join us again.

It could turn out it was just the meeting they were hoping to attend but needed the extra motivation. The December 4 meeting at the Coast International Inn brings a speaker well-known in Alaska and one certain to bring a unique perspective on supply and demand. It's a sure fire way to reenergize their interest in NAPM-AK.

I wish you each a Happy Thanksgiving filled with the love of family and friends, good food, and many blessings! Here's an appropriate quote from Bill Gates "You may have heard of Black Friday and Cyber Monday. There's another day you might want to know about: Giving Tuesday. The idea is pretty straightforward. On the Tuesday after Thanksgiving, shoppers take a break from their gift-buying and donate what they can to charity." Be safe, be thankful, and be charitable. God will love you for it and you'll feel good inside.

Respectfully,  
*Marianne Beckham, President*



### Notice of NAPM-Alaska Bylaws Revision

In accordance with the established procedure set forth in our Bylaws, please note the Affiliate will be asked to accept the revised Bylaws proposed by the Board during our December Pro-D Meeting.

A copy of the revised Bylaws will be available for review on the NAMPA-Alaska website in advance of the meeting.

Please feel free to contact the Chapter President Marianne Beckham or Secretary Jared Rennie with questions.

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## DIRECTOR OF MEMBERSHIP WARD W. WELLS, C.P.M.

Winter has arrived with colder temperatures and icy roads. I hope you are well prepared for winters changes. As a transition into the season, NAPM Alaska has recently hosted the Pacific Northwest Purchasing conference in Anchorage on October 6, 7th and 8th. The conference was a roaring success, highlighting the continued desire for those in Alaska's procurement and logistics industry to become better informed and educated on the specialized topics that drive our world. Opportunities such as this highlight the value of membership in NAPM Alaska.

I would like to ask each member to speak to your other procurement associates and invite them to NAPM Alaska's Monthly Pro-D Meetings. Please contact me at flatheadward@yahoo.com for a current membership application.

Since renewal is coming up soon I want to remind everyone that the NAPM Alaska website makes renewal even easier. Payments made by credit card can be made online through the website at napmalaska.org. Please select "Current Member Renewal". The annual renewal amount is \$160.00 If you have any questions please contact our Treasurer Pam Iverson, via e-mail at napmprod@gmail.com All credit card payments will be made through NAPM Alaska's PayPal account. Please keep a copy of your PayPal receipt as confirmation of payments. Remember membership in ISM and NAPM Alaska really does make a difference to Alaska's Procurement professionals.

Please welcome new NAPM Alaska members:

Eric Breese, Purchasing and Logistics Coordinator  
Donlin Gold

Ken Smith, Purchasing Manager  
APICD

Jann Caspersen, Buyer  
Alyeska Pipeline Service Company

Anastasia Uzbyakova, Buyer Professional  
CH2M Hill

*Ward*

## You Never Know

By: Wally Amos: Be Positive  
 Reprinted with permission from *The Costco Connection*  
 and Wally Amos, Author

Life continues to demonstrate that things are never as they appear to be – they are always more. The following story is confirmation.

Once upon a time, two friends set out early for a much-anticipated fishing trip. Their plan was to drive to the seashore, meet with buddies who owned a boat and sail off for the day.

Before long a tire blew. Fixing that flat put them a half hour behind schedule, but they figured their friends would wait, and off they went again. Eager to make up time, they sped on, past a cop with a radar gun. The ticket cost them 50 bucks plus 45 minutes.

They had just convinced themselves that because they were bringing food and drinks, their friends would wait for them, when the fan belt snapped. Two hours, one tow, and an expensive repair later, one said despondently, “I know they wouldn’t have waited this long. Let’s just cut our losses and go home.”

His friend said, “Nah, I always finish what I start. Let’s just go and see for sure.” He convinced his disappointed pal, and they continued to the meeting place. Sure enough, the pier was deserted, the boat slip empty, their buddies gone. The first guy said, “See? I told you. It was just a waste of time coming here. The perfect ending for a failed morning.”

His friend was on the point of agreeing when they heard faint voices calling out in the distance. It didn’t take them long to discover a couple of little boys who had been playing in the surf nearby and gotten sucked out by a strong current.

Our friends were both lifeguards, and were able to reach the boys just in time to save their lives. The perfect ending for a loused-up morning.

It doesn’t take a brain surgeon to get the point of this story. If everything had gone as those guys had hoped, they’d have been long gone when the two little boys needed help. Things happen for a reason.

We may not understand at the time just what the reason is, but we must have faith that we are all part of a larger plan. We need to be more accepting of the things that happen in our lives and trust that they are neither good nor bad, but instead are purposeful experiences constantly moving us on our way to being the very best that we can be.

Every breath is a blessing.

*Wally Amos is the founder of Wamos Cookies. You can reach Wally at [www.thecookiemanhawaii.com](http://www.thecookiemanhawaii.com).*

### Your Newsletter Delivery



Last year an e-mail was sent to our membership base querying our members if they would like to receive this newsletter, The Alaska Purchaser, through electronic distribution or in hard

copy format. We had an outstanding response to this and have updated our records to the preference you have indicated.

But given a year has now passed and e-mail addresses can change, we will soon be doing annual maintenance and will be contacting you once again to update our mailing list and newsletter delivery preferences.

Remember as a benefit of your NAPM-Alaska membership you are entitled to receive this newsletter which is published on a monthly basis from January through May and September through December.

If you have something specific you would like to see in this newsletter or have any questions, please contact us at [napmakcommunications@gmail.com](mailto:napmakcommunications@gmail.com)

**PAST PRESIDENT  
MARLYS HAGEN, C.P.M., CPPB, CPPO**

Happy Thanksgiving!

**Northwest Purchasing Education Council**

I want to personally thank everyone who attended the Pacific Northwest Purchasing Conference in Anchorage October 6-8. You and your career success are the reasons NAPM Alaska exists. Providing educational opportunities for our members and the profession as a whole is what it is all about. Continuous learning shows that you're serious about your career.

The NPEC board met during the conference as well. The host for the 2015 conference is now set. The conference will be held in the Portland-Vancouver area but will be hosted by NAPM Spokane. The dates are October 26-28, 2015 so save these dates on your calendars and put in your budget requests. We are now working on a host for the 2016 conference.

*Marlys*



**NAPM Alaska Annual Facility Tour**

**Thursday November 6, 2014, 6pm**

Alaska Railroad Depot  
485 Ocean Dock Road



In keeping with NAPM's annual tradition of arranging for a facility tour each fall, please join us for the Alaska Railroad Facility Tour for our November meeting! We will gather at 485 Ocean Dock Road for a meet and greet and railroad overview and then head over to the Alaska Railroad shops for a tour. Afterwards we will gather in the Alaska Railroad board room for pizza and beverages. Please bring \$10.00 cash donation to cover the cost of this event.

We hope to see you at this unique event for a night of networking and education!



**INTERESTED?**

Please rsvp by Wednesday November 5, 2014 by emailing [napmprod@gmail.com](mailto:napmprod@gmail.com)

November 2014



**National Association of Purchasing  
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PO Box 93047  
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## **WHAT'S HAPPENING!**

**NAPM ALASKA ANNUAL  
FACILITY TOUR**

**ALASKA RAILROAD DEPOT  
485 OCEAN DOCK ROAD**

**THURSDAY NOVEMBER 6, 2014  
AT 6:00 P.M.**

*Please see page 7 for further details*

## **WHAT'S INSIDE**

**PAGE 1-3**     **"YOU CAN SEE EYE TO EYE"**  
**PAGE 4**     **PRESIDENT'S MESSAGE**  
**PAGE 5**     **DIRECTOR OF MEMBERSHIP**  
**PAGE 6**     **"YOU NEVER KNOW"**  
**PAGE 7**     **PAST PRESIDENT**

The Alaskan Purchaser is published monthly (September to May) by NAPM-Alaska, Inc., an educational organization committed to providing purchasing and material management practitioners the opportunity to enhance their professional skills and knowledge. If you have an item you would like to contribute to the newsletter, please contact:

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