

# Buy *Liner*



A monthly publication of the Institute of Supply Management - Nevada, Inc.

December 2009

## Upcoming Events

### December 2009

9- Case Studies – Cancelled, Las Vegas

10 -No- Cost Webinar – “Containing Costs at the Container Store – A Lesson in Smarter Spending”

12 -**Christmas Party** – Las Vegas

### January 2010

7- Joint Meeting with NCMA – Las Vegas

13 – Board Meeting, Las Vegas

13 – No-Cost Webinar – “Best Practices in Supply Management Professional Development”

21-Breakfas Meeting – “A Financial Look into 2010” – Reno Area

### February 2010

10- Board Meeting, Las Vegas

11-ISM Satellite Seminar

16 – Lunch Meeting, Las Vegas

17-19- NIGP Seminar “Negotiate to Win-Win Solutions”

**Articles for the December newsletter due on Tuesday, December 29, 2009**

Check out the details for all events at:

[www.ismnv.com](http://www.ismnv.com)  
[www.ismnv.com](http://www.ismnv.com)  
[www.ismnv.com](http://www.ismnv.com)

## President's Corner

By June Weedon, C.P.M.

### Season's Greetings

Merry Christmas Happy Hanukkah

Feliz Navidad\* Happy Holidays

Warmest Wishes for the Holiday Season

Peace

With the holidays fast approaching, I want to take the opportunity to wish you all the very best for a happy holiday season. I hope to see you at the ISM-NV Christmas party at Sharon Hauht's home on December 12 (details are on our web site).

I look forward to continuing to serve you in 2010.

Regards,  
June Weedon, C.P.M.  
President ISM-NV



'TIS  
THE SEASON  
FOR

MERRY AND  
BRIGHT

**JOIN US FOR THE ISM-NV  
CHRISTMAS PARTY**

**At**

**Sharon Hauht's home – Bring your spouse,  
significant other, or friend and enjoy an  
evening networking and socializing.**

Also bring an appetizer, side dish or dessert to share.

RSVP on line at: [www.ismnv.org](http://www.ismnv.org)



**I S M - Nevada, Inc. – Capitol Area**

I S M - Nevada, Inc. Capitol Area will not meet again until after the New Year...

**Thursday, January 21, 2010**

**Gold 'N Silver Inn**

**790 W Fourth Street, Reno, Nevada 89502**

The meeting will be a breakfast meeting at 7:00 a.m. Breakfast (if you desire) is off the menu... See you there!

Our guest speaker will be Mr. Brice Bohlander, AAMS, a Financial Advisor with Edward Jones...Mr. Bohlander's topic will be

**"A Financial Look Ahead into 2010."**

Attendance at this meeting will be worth one (1) Educational Hour toward your CPSM; C.P.M.; A.P.P. recertification.

**Wishing all a happy, healthy and safe holiday season!**

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**The Cost of Carrying Inventory**

Article submitted by June Weedon

The carrying cost of inventory is the cost of maintaining your average inventory investment of inventory in your warehouse, storeroom, stockroom--wherever you stock raw materials or finished goods. What costs do you incur in carrying inventory?

- The cost of putting away stock receipts and moving material within the warehouse. How much time is spent in these activities?
- Rent and utilities for the portion of your warehouse used to store inventory.
- Insurance on inventory. If it's in your warehouse, you have to insure it.
- Physical inventory and cycle counting--the more material in your warehouse, the longer it takes to count.
- Inventory shrinkage and obsolescence. The more material in your warehouse, the higher the possibility of shrinkage and obsolescence. After all, it is hard to steal something that is not there!

- Opportunity cost of the money invested in inventory--How much could your company make if they were to take the money you are investing in inventory and invest it in a more traditional investment?

The carrying cost percentage is calculated by dividing the sum of these expenses (along with the opportunity cost) by the average inventory value. It is the amount of money it takes to maintain one dollar's worth of inventory for an entire year. (We use 2.5% per month for carrying cost of goods where I am employed.) Just as important, using an approximate carrying cost does not help you identify areas for potential improvement in your operations. In these days of increased competition and greater customer demand of product availability, it is important to lower operating costs and increase productivity.

**Mission**

*The Nevada Association of Purchasing and Supply Management will lead supply management professionals in Nevada and other states through professional credentials, education, leadership development and networking.*



## **C.P.M. Certification**

RoeAnn Cinquini, C.P.M. and Lifetime C.P.M.  
International Game Technology

## **C.P.M. Recertification**

Audwin Whitmore, C.P.M., National Security Technologies

## **Certified Public Purchasing Officer (CPPO)**

Carol Poindexter, C.P.M., A.P.P., CPPO  
Clark County School District

Carl S. Staggs, C.P.M., CPPO  
Clark County School District

Ransom Terrell, CPPO  
Clark County School District

## **Certified Public Purchasing Buyer (CPPB)**

Kris Blake-Smith, CPSM, CPPB  
Clark County School District

Michael J. McGrath, CPPB  
Clark County School District



## Without An Educated Workforce, Economy Will Never Recover

The title of this article is the same as was on a recent article in the Las Vegas Review Journal by my favorite economist/columnist, Thomas Friedman, New York Times. In it he talks of the "education breakdown on Main Street - precisely when technology and open borders were enabling so many more people to compete with Americans for middle class jobs." He went on to say that "- - - it is not our financial system that needs a reboot and an upgrade, but also our public school system. Otherwise, the jobless recovery won't be just a passing phase, but our future."

He went on to state that "our educational failure is the largest contributing factor to the decline of the American worker's global competitiveness" and, last, that "This loss of competitiveness has weakened the American worker's production of wealth, precisely when technology brought global competitiveness much closer to home."

What does that have to do with ISM-NV and our Purchasing peers? I had written in an earlier article about how some universities are now requiring PowerPoint presentation to be part of their application for admission process and wondered if some of us could even get admitted to a major university these days. I also wrote earlier that the C.P.M. (Certified Purchasing Manager) certification was being replaced by the CPSM (Certified Professional in Supply Management) because the world has shrunk to the point that we must be able now to compete globally on the Supply Management stage, not just the Purchasing stage. And then I had written that ISM-NV, in an effort to keep its members on the leading - rather than the trailing - edge of our profession, would offer a "training package" to help all of us achieve the new certification.

So, now my question is: Do you agree that we all need to improve our educational levels? That we need to prove that we are on the leading, not the trailing edge, of our field? That we, not our peer competition, have proven that we have the education and knowledge to lead our existing company - or a new company looking for someone with "the right stuff" - through the minefields of Supply Management that were not even a factor 5-10 years ago? That we can show an overall knowledge of the entire Supply Chain, not just the Purchasing portion of it, by obtaining the CPSM certification?

I truly hope that your answers to all of the above questions were a resounding "YES" because, as we know, our options are only to lead, follow, or get out of the way. Are you going to be one of the leaders? Call me and let's get started on your training to become a Certified Professional in Supply Management.

Bob Ashby, C.P.M., CPCM

[ashbybob@embarqmail.com](mailto:ashbybob@embarqmail.com)

## **No-Cost Webinar December 10: Containing Costs at the Container Store — A Lesson in Smarter Spending**

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**Date:** Thursday, December 10, 2009

**Time:** 2 p.m. EST / 11 a.m. PST

**Sponsors:** ISM and Coupa

**Length:** 60 minutes

**Cost:** Free

Let's face it — 2010 will be tough. Expect:

- \$3-per-gallon gas to be the new norm
- Consumers to continue to cut back, saying goodbye to \$4 cups of coffee and nightly take-out
- Companies to respond to declining sales and thinning profit margins with continued hiring and budget freezes
- That, despite all the economic changes challenges, you will be asked deliver 10 percent more savings with 10 percent less resources.

The businesses that will end up on top are ones that can contain their cost structure and embrace next-generation procurement as the foundation for complete spend control and savings management.

### **The Container Store: Putting a Lid on Supply Management Costs**

From purchasing processes to shipping, businesses must rely on efficiencies to keep costs low and productivity high. And for retailers like The Container Store — that are under intensive margin pressure — being able to efficiently manage the non-merchandise supply process using next-generation procurement has the potential to deliver game changing results.

During this live, one-hour Web event, you will have the opportunity to learn from purchasing and supply management practitioners and discover how The Container Store is:

- Saving 36 hours a week that was previously wasted maintaining in-house inventory and manually shipping supply orders by integrating their supply management process with warehouse management and supplier systems.
- Giving managers a reality check of just how much they are spending by stockpiling and over-ordering supplies by exposing end costs to inventory managers.
- Accurately charging supply costs to individual stores based on supply us, not just by arbitrary measures such as percent of sales volume.
- Delivering greater price discounts by creating a supply management machine that automates the req-to-pay process and allows purchasing to focus more on negotiating strategic contracts instead of pushing paper.

### **Featured Speakers:**

- *Scott Jones*  
Purchasing Manager - The Container Store
- *Mike Morrow*  
Purchasing Agent - The Container Store
- *Jason Hekl*  
Vice President of Marketing - Coupa Software

Attendance of the live session of this Web Seminar qualifies for one CEH credit at ISM.

Participation details are available [online](#).