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Economy Right with Procurement and Supply Managers

By Susan Avery

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October 14, 2014 at 8:19 AM



“You have to look really hard to find anything going wrong in the economy,” says Jeffrey B. Carr, President and Economist at Economic Policy & Resources in Williston, Vermont. “We can still mess things up politically, yet in the scheme of things, global events can’t knock us off the trajectory.”

Carr was speaking to the more than 350 procurement and supply management professionals and others gathered for the [New England Supply Chain Conference](#) (NESCON) held recently in Marlborough, Mass.

While Carr pointed out that there are some areas of the economy ripe for improvement, such as the labor market and incomes, he reassured the supply managers that the economy is getting better. In fact, he said the economy is getting close to a self-realizing expansion, something that everyone has been waiting for, for more than 64 months.

In the past three years the economy has seen fairly strong employment gains, growing consumption and investment and a shrinking deficit, Carr said. However, the debt is still growing relative to GDP and a strong housing market is still missing.

Carr attributes weak housing to rising student loan debt and lackluster employment of recent grads, which is delaying first-time buyers from purchasing single-family homes. “A self-reinforcing economy needs a stronger housing market,” he told the supply managers.

Carr says he believes the economy is operating below its potential, and that he expects investing by businesses--and hiring--to pick up soon.

“Since the last time we got together (at NESCON 2013 when the world was watching to see if the U.S. government would shut down), we are making more goods and services and have hired back more people than were employed at the beginning of the recession,” he said. “Corporate profits are so good, the business community needs to expand its productive capacity.”

As for monetary policy, Carr sees interest rates remaining at their low levels until 2015. At NESCON, he also spoke about consumer confidence and the reluctance of some to spend because thoughts of the recession are still on their minds. "We need businesses and households to feel comfortable about the way the economy is going so we can have that self-reinforcing expansion," he said.

Building on the themes of employment and optimism, Roy Anderson, Executive Vice President at MetaProcure, pointed out to the supply managers attending his session on managing the tail spend that because the labor pool has been shrinking since the 1980s, procurement's impact within the organization is growing. More organizations are outsourcing such functions as HR and IT, he said.

As such, "suppliers are partners now, bringing great innovation," Anderson said. "Going forward, the supply chain is the most important part of the organization...Ultimately, organizations don't want buyers. They want innovators and change managers."

Mickey North Rizza, Vice President, Strategic Services at BravoSolution, demonstrated for NESCON attendees just how critical procurement's role is in an organization with her discussion on supply chain risk management best practices.

Using case studies of risk mitigation activities managed by procurement at such organizations as Intel and Toyota, North Rizza suggested supply managers mirror the experiences and asked, "Is your risk management strategy tied to your supply chain strategy?" As she sees it, some in procurement may still have a way to go before they have the visibility into the supply chain they need to succeed at this.

North Rizza explained the importance of using Key Risk Indicators (KRI) to measure supplier performance. She said procurement can track performance using such tools as supplier risk management surveys which help identify trends and use alerts to point out areas that may need work.

In his session, Adam Long, Senior Manager, Strategic Sourcing at Cubist Pharmaceuticals, described for attendees how procurement uses sourcing tools and systems--spend analysis, e-sourcing, contract management, procure-to-pay and financial savings management--to execute strategy. Long, also a member of the ISM-Greater Boston Board of Directors, introduced the attendees to such resources as the Gartner Magic Quadrant to help with their selection of the right tools to fit their needs.

Kenneth B. Glasser, Conference Chair, welcomed attendees at the start of the event and at a luncheon presented the Bernard J. Hennessy with the 2014 NESCON **Supply Chain Hall of Fame Award** for outstanding supply chain leadership and contribution to the profession. Glasser said he considers Hennessy his mentor and that he's "lucky" for the opportunity. He also thanked him for his more than 50 years of service to the procurement profession.

Clark Merrill, Global Master Trainer with Dale Carnegie, gave the luncheon keynote address sponsored by Ariba, an SAP Company. Demonstrating his understanding of the value of procurement Merrill called NESCON attendees "hidden leaders of their organizations. You stop going to work and we'll see what kind of an impact that has on the economy. Six weeks from now, everyone will freak out," he said.

In his interactive and motivational talk, Merrill discussed three important leadership traits: What we say, how we say it and how others hear us.



Also at NESCON, Career Counselor Leslie Gabriele of Gabriele & Company in Bedford, Mass., was available to work one-on-one with individuals onsite who are between jobs, need a career assessment or had job strategy questions.

Procurement and supply managers attending NESCON had opportunity to choose from six education tracks: Microsoft Office Tools for Business, Purchasing and Material Management, Operations Management, Risk Management and Compliance, Logistics and Supplier Showcase.



2014 NESCON sponsors and exhibitors include Ariba, Atlas Travel, Avotus, C3 Solutions, Index Packaging, Inc.: Maine Maritime Academy; McIntire Business Products; MetaProcure; D'Amore-McKim School of Business at Northeastern University; Risk Perspective; Smart Software; Unicorr Packaging Group. Also: APICS North Shore, Boston and South Shore; ISM-Greater Boston; Northeast Supply Management Group and the Council of Supply Chain Management Professionals New England Roundtable.

The conference is made possible by an all-volunteer team of organizers representing such organizations as APICS, North Shore, Boston and South Shore chapters; the Northeast Supply Management Group of the Institute for Supply Management; and the New England Roundtable: Council of Supply Chain Management Professionals.

Attendees are eligible to receive Continuing Education Hours that they can use toward ISM and APICS professional certification and recertification.

The **2015 NESCON** event is scheduled for October 5.

Photos courtesy of Craig Colson, Board of Directors, ISM-Greater Rhode Island

Listen to BravoSolution's Mickey North Rizza talks about procurement's role in supply risk and KRIs in a *My Purchasing Center* podcast interview, **Minutes with Mickey: Procurement Metrics for Mitigating Risk**.

Also see *My Purchasing Center* articles that cover news of local ISM affiliates, ISM-Greater Boston and ISM-Greater Rhode Island:

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