

## May 22nd Educational Program

# Cyber Security in a Business Environment

*Presented by*  
**Jack Zurlini, Jr.**  
*Assistant Attorney General*  
*Washington State Attorney General-Spokane*

All of us work on our computers extensively everyday, at the workplace and at home. We use the internet for communication, purchasing, and research. As individuals, and as employees, we need to keep ourselves informed on internet security problems such as identity theft or phishing.



*Jack Zurlini, Jr.*

Come join us on May 22<sup>nd</sup>, Tuesday night, at Luigi's Italian Restaurant to hear Mr. Jack Zurlini, from the Washington State Attorney General's Office, talk about safe use of the internet in a business environment. Jack serves as the Assistant Attorney General in the Consumer

Protection Division for the Washington State Attorney General's Office. In 2001, he joined the Spokane Office of the AGO assigned to the Torts

Division and primarily handled employment law cases. In July, 2003, Jack took over the Consumer Protection Division AAG position. Jack is responsible for handling consumer protection issues for eastern Washington.

### NAPM-Spokane Luncheon Meeting & Program Tuesday, May 22, 2007

**LOCATION:**

Luigi's Italian Restaurant  
245 W. Main Avenue  
Spokane, WA 99201  
624-5226



**AGENDA:**

5:30 pm Registration & Networking  
5:45 pm Business Meeting  
6:00 pm Dinner  
6:30 pm Program

**MENU:**

Italian Dinner Buffet	Sausage and Peppers
Luigi's House Salad	Luigi Bread
Lasagna, Baked Ziti	Spumoni ice cream
Chicken Alfredo	Any non-alcoholic beverage

**COST:** \$24.00

*Please RSVP by May 17th to: Megan Self at self@plant.gonzaga.edu or phone at (509) 323-5671. Our meals are catered and we are charged for all no-shows, so they will be billed to the member.*

# President's Message



*By Lorrie Engle, A.P.P.*

**P**lease note that it is time to vote for your 2007-2008 Board. The ballots must be received by May 21<sup>st</sup>. Please contact me if you did not get a ballot or have questions.

The 2007-2008 year is already looking exciting with the 64<sup>th</sup> Annual Pacific Northwest Purchasing Conference “Strategic Directions for Enhancing Cost Effectiveness” being held November 1-3 at Boise State University. This conference will be hosted by NAPM-ISW and ISM-Idaho. More information on this conference will be sent to members via email and on the web site as it is provided.

We are already in the process of scheduling study

sessions for Modules 1 through 4 of the C.P.M. exam. December 2008 will be the last time you can receive this certification. Don't forget to sign up for the classes and take the test. You will have until 2013 to take the certification to bridge to the CPSM if you are a college graduate.

If you have any comments or suggestions for the Board, please contact me at (509) 323-5672 or [lengle@plant.gonzaga.edu](mailto:lengle@plant.gonzaga.edu)

## We're on the WEB !

NAPM-Spokane, your local affiliate,  
[www.napmspokane.org](http://www.napmspokane.org)

Northwest Purchasing Education Council (NPEC), information around our region, [www.nwpurchasinged.org](http://www.nwpurchasinged.org)

Institute for Supply Management, [www.ism.ws](http://www.ism.ws)

**Log On & Check Us Out!**

## VP Corner



*By Pam Tatosky, C.P.M.*

**P**art of NAPM-Spokane's mission is “providing quality education, networking opportunities and professional development to its members”. Each year our Education Committee surveys the members to find what topics

would be of interest to the general membership. After compiling the input, they research possible speaking resources and put together a program that has something to offer for everyone.

Membership meetings also afford the attendee the opportunity to not only view the topic at hand, but to have the chance to network with members of their own profession who understand the diverse and complex issues we sometimes face. Every month, before each

meeting begins, you're given time to chat with others, discuss problems you may be experiencing at work with people who can offer plausible suggestions simply because these people may have experienced the same issue and were able to come up with an answer that led to a good resolution.

Monthly meetings, coupled with the quarterly satellite seminars, workshops and district wide conferences bring a well rounded educational opportunity to our group. The main key is to stay in touch with the opportunities being presented by our organization. Read the monthly Buy-Line or check out our website to find out what is being offered. Make a point of attending the membership meetings each month. The topic being offered this month may contain the answer to a problem that may occur at your business next month. If you have any ideas, questions or information, bring them with you and share. These meetings are a time to network and socialize with an amazing group of people.

# Membership Corner



*By Debra Smith  
Membership Chair*

Hello everyone!

**R**ecently a couple of members came to me with what seemed to be a direct solicitation for membership from ISM. They were confused and asked the question,

“Why are they sending me this? Am I not registered through NAPM-Spokane with ISM?”

So, I went to ISM to see what I could find out. They directed me to the ISM website where I found a copy of the new membership e-letter. It is called “The Member’s Edge”. It will be delivered to your in-box and will contain all kinds of info, from member benefits to upcoming events. While I was reading through this e-letter, lo and behold, I spotted an article entitled “Recruitment Efforts Underway!” (which I have included with thanks to ISM). Please take a moment to read this article and if you are one of the folks that have been affected with duplicate solicitation, follow the suggestions at the end of the article, or let me know and I will be happy to assist.

## Recruitment Efforts Underway!

Last fall, ISM started a direct-mail membership recruitment campaign to boost the Institute’s ranks and influence and to help provide existing and new benefits more cost-efficiently. During the campaign, some members may inadvertently receive solicitations to “join” ISM. This does not mean a member’s database record is faulty or missing. Although ISM and the professional marketing firm handling the campaign have worked hard to reduce the number of solicitations that erroneously reach members, some names inevitably manage to slip through in the computerized process of screening mailing lists of prospective members against ISM’s membership database.

For example, in ISM’s database our Vice President of Membership’s name appears as Cindy Urbaytis. On an external list, however, her name may appear as Cynthia Urbaytis or C. Urbaytis. The slight difference in the names of two otherwise identical entries may cause the screening computer to list the external entry as a “new prospect.” Hence, Cindy would receive a membership solicitation.

It is impossible to perfectly screen lists of names using existing computer technology, and because of the size of

the lists involved, it is not feasible to search for and eliminate duplicates by hand. Members who receive ISM’s solicitations can help by taking these actions:

- Pass the invitation along to a colleague who is not a member.
- If the address information on the solicitation is different from the information that you gave ISM, notify us so we can take steps to assure that the mistake is not repeated
- Update your address information via the ISM Web site Member’s Edge

Volume 1, Number 1, January 2007

The Official Member e-Newsletter of ISM

By the way, if you have not received this membership e-letter, just log onto the ISM website under Members Only to view it in its entirety.

## Press Release

**T**he purchasing management associations of Idaho, namely, NAPM-ISW representing the Treasure Valley, and ISM-Idaho representing Eastern Idaho, will be co-hosting the Pacific Northwest Purchasing Conference in Boise on November 1 –3, 2007.

The conference will be held at Boise State University’s Student Union Building. The conference will attract over 100 buyers, purchasing agents, purchasing and supply chain managers from Alaska, Idaho, Oregon and Washington.

Rooms have been reserved at the Marriott Courtyard at a special rate of \$69; the hotel is a ten minute walk from the conference site.

A trade show including approximately thirty exhibitors will be part of the conference.

The theme of the conference will be “Strategic Directions for Enhancing Cost Effectiveness”.

Organizations interested in participating in the Trade Show should visit the NAPM-ISW web site: [www.napm-isw.org](http://www.napm-isw.org)

or call or write:

Norm Beckert

208-343-0988 [norm.beckert@att.net](mailto:norm.beckert@att.net)

Nancy Schwend

208-426-3363 [nschwend@boisestate.edu](mailto:nschwend@boisestate.edu)

**FREE to members!!  
4 C.E.U.'s per seminar!!**



# Satellite Seminars

## NAPM-Spokane Satellite Seminars for 2006-2007

### Project Management for Supply Professionals

Thursday, June 7, 2007

How often do you find yourself in the role as a project leader or as a project team member? What does it take to be a leader or a team member? This program will look at the steps in beginning a project and seeing it through to completion, from the eyes of supply managers who have been there. Included in the discussion will be information on team building, leading and mentoring, and other project-related topics.

Sponsored by: NAPM-Spokane  
Length of Program: 4 Hours

Location: SCC Media Center  
Time: 7:00 a.m. – 11:30 a.m.

#### Cost:

The seminars are free to members of NAPM-Spokane. Non-members' cost is \$35 per seminar if you pre-register. Kaye Latham must be notified no later than two days prior to the seminar so that handout packets will be available. Non-members can send payment, indicating the session you will be attending to:

NAPM-Spokane  
PO Box 2811  
Spokane WA 99220

#### To register contact: Kaye Latham, C.P.M.

Ph: 509-927-6563, Fax: 509-927-6511, email: [kaye.latham@kaisertwd.com](mailto:kaye.latham@kaisertwd.com)

# C.P.M. Study Class Schedule

NAPM-Spokane will conduct one last series of C.P.M. study classes for Module 1 - 4 starting October 2007 and ending May of 2008. If you want to get your C.P.M. Certification, this is will be your last chance to attend these sessions.



#### ISM Deadlines for C.P.M. Certification and C.P.M./CPSM Bridge Testing

Last day to register for the C.P.M. Exam	December 31, 2008
Last day to take the C.P.M. Exam	December 31, 2009
Last day C.P.M.s may take Modules 3-4 to Re-certify	December 31, 2009
Last day to apply for the C.P.M. Designation	December 31, 2013
Last day to register for the C.P.M./CPSM Bridge Exam	December 31, 2013
Last day to take the C.P.M./CPSM Bridge Exam	December 31, 2014



NAPM-Spokane will conduct one last series of C.P.M. study classes for Module 1 - 4 starting October 2007 and ending May of 2008. If you want to get your C.P.M. Certification, this is will be your last chance to attend these sessions.



## Indirectly Beneficial

By Michael L. Taylor, C.P.M.  
April 2007

In recent newsletter articles I suggested analyzing the selling price of materials and services to negotiate a better contract. That is, by looking at the various cost elements involved in establishing the seller's price, we can find opportunities to be creative in negotiating cost savings. With direct cost elements, it is usually obvious how to improve the bottom line and lower the selling price. Changing the raw material, shipping terms, components, labor mix, schedule, etc. are common ways to improve the pricing structure.

But what about indirect costs? Indirect costs are seller's expenses included in the selling price which are allocated to multiple projects using indirect cost pools. Expenses like the seller's accounting department budget, CIO salary or engineering management are charged to the buyer over and above direct expenses associated with the product or service. Each project and customer pays for a little piece of the seller's overhead costs.

On the face of it, it seems implausible to negotiate out of the contract indirect costs associated with the supplier's accounting department or company president. I agree – it's nearly impossible to get a better contract by cutting indirect costs out of the deal.

But consider for a minute that negotiating a better contract isn't always about saving money. A more valuable, cost-effective and complete contract is also a much better contract.

So here is a thought. In addition to cutting direct contract costs to lower the price – think about improving the contract by taking advantage of the indirect costs already included in the seller's price. Negotiate a contract that identifies and makes better use of every possible benefit available and already included in the selling price as indirect costs.

Example: A pump equipment company might advertise that all pump orders include "at no extra charge" the services of a field technician to assist in aligning the pump coupling. Savvy buyers know the field technician is not free; the technician's salary is included in the seller's overhead expenses

and allocated to all sales. Thus, if the buyer is already paying for the service, why not make positive use of the service. A good approach would be to ensure the contract includes a deliverable for the technician's service and an agreed installation schedule with plant maintenance.

Seem a little obvious? Sure, but if the contract document isn't complete, the technician's service (which is already paid for) could be missed because of scheduling problems or changes in personnel. How many times have you missed getting the "included" or "free" extras just because it wasn't convenient or pre-planned? Once we understand that this overhead expense is already included in the selling price, then it makes a lot of sense to be sure it is clearly part of the contract negotiation and identified as a deliverable.

What else could we be taking advantage of? Try opening the subject by asking a seller to identify all of the 'hidden' or 'included' advantages of doing business with him. It will give the salesman a chance to do what he does best; sell his company. Listen carefully when salesmen talk about the "extras" that the company offers. Make sure to get lots of details, ask lots of questions and then be creative about including those 'selling points' in the contract.

Here are some examples of overhead cost items to creatively write into contracts. These are all expenses that a seller might have buried in his overhead rates that are worth asking for and specifying:

- Recycle, reuse and/or exchange of supplies and worn components or disposal of residual hazardous materials [The filter medium will be returned for recycling and credit. The residual hydraulic fluid will be picked up at the next delivery so I don't have to pay to dispose as hazardous materials]
- Recycle and/or reuse of packaging and packing materials or freight backhaul [If your truck delivers, can it backhaul something of mine or pickup something else for me on the way? I want to return the special pallets for credit and reuse on the next order?]
- Field engineer for installation, testing, troubleshooting, failure analysis, run-in inspection, annual operating efficiency evaluation [The technical service visits are scheduled for X, Y & Z to coincide with our planned maintenance outages]
- Publicity and PR materials that can help advertise buy-

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er's product or services [think of PC manufacturers getting advertising stickers and TV ads from INTEL for the Pentium chips they use in PCs]

- Books, manuals, background information, technical data, drawings, instruction guides [please send 15 extra quick-reference maintenance guides or assembly charts to post in our shop]
- Experience and expertise of seller's management.

[Seller's accounting department experts will assistance buyer in setting up more efficient electronic billing and payment processes. Seller agrees to consolidate monthly charges into a single monthly invoice. Seller agrees to accept credit card payment for this service (thus avoiding invoicing and payment expenses). Conversely –if the seller is willing to take a 3% hit for credit card processing, why not a 2% price discount for prompt payment by check. ]

- Usage reports, on-time delivery analysis, similar-item analysis [since you already get a sales report showing our orders, please send me a copy on the first of each quarter]
- Salesmen & marketing people. [If I am going to pay for a salesman and take the time to talk with him, then I will ensure he comes prepared at each visit with parts lists, service recommendations, alternative solutions and more efficient ordering methods. Each visit of the salesman with 25 years operating experience will include an hour looking at plant equipment with buyer's millwrights. ]
- Product demonstrations, training and training materials [The equipment expert will arrive on X to conduct training for all of buyer's staff and selected customers. Three copies of the product demonstration tape will be included. Seller will enroll thereof buyer's maintenance workers in the next factory training program.]
- Licensing or regulatory assistance [If the EPA elects to inquire about product compliance, then a licensing or product expert will arrive to assist with the interview and audit. Seller's licensing team will assist in completing the license application.]
- Alternative packaging that can be reused within the buyers' processes [ship the product on pallets that will fit into our storage racks so we can reuse them]
- Quality Assurance or Inspection verification [The quality control supervisor will visit the job site every Tuesday to ensure that workers providing services are meeting all performance expectations]
- Service employees are properly trained and efficient [A

supervisor will be on site at all times and employees who are not performing to expectations will be promptly replaced]

- Strategically thinking senior managers. [Seller's CEO will agree to participate in a long-range product planning meeting with buyer's CEO.]

I'm sure there are many more examples of overhead expenses buyers pay for and sometimes fail to receive.

By taking advantage of overhead cost elements and writing them into the agreement, experienced buyers create more complete and much more valuable contracts.

MLTWEB is assembled and maintained by Michael L. Taylor, C.P.M.

Read more articles in the Purchasing Toolbox at <http://www.mltweb.com/prof/tools.htm> and in the BuyTrain news article archive at <http://www.mltweb.com/tools/buytrain/index.htm>

## Looking for a Job?

The ISM online Career Center is a great job-searching resource, providing access to hundreds of listings (currently more than 350 job postings). Users can search by location, desired salary range or keyword. After a list of positions is produced based on the search criteria, members can access additional information such as contact information and specific job details. To access the ISM Career Center, select the Career Center navigation tab located on the left side of the ISM Web site ([www.ism.ws](http://www.ism.ws)). Next, select the link for Job Seekers.

## Want to know?

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Upcoming Seminars  
Job Opportunities  
About NAPM-Spokane  
Meeting Schedule

Visit [www.napmspokane.org](http://www.napmspokane.org) !