

## Plastics Buyer Profile

**RICH BEAR**, strategic purchasing manager for Diebold, North Canton, Ohio

**His advice:** Measure suppliers based on core quantitative criteria like on-time delivery, quality, cost reduction and leadtime, but also on core qualitative criteria like customer satisfaction, continuous improvements, lean manufacturing and new product introductions. Examples of performance metrics: When you place a purchase order, how quickly does it move through the suppliers' offices and manufacturing functions? How many times do you have to follow up on purchase orders? How quickly can the supplier adapt to engineering changes or fix a damaged tool? "Time is a precious commodity, and having to continually follow up on an item is a grossly underestimated time-robbing."

"Most suppliers are competitive on the core criteria, so it is important to focus on the noncore criteria to differentiate suppliers. For example, in terms of cost, suppliers have equal footing on raw materials costs when the resin supply is governed by the purchaser's corporate contract. "Basically, then, buyers are purchasing press time. Differentiating factors in the cost structure are setup costs and press rates."

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**MIKE WILBERG**, corporate purchasing manager, Phillips Plastics, Eau Claire, Wis.

**His advice:** Involve plastics suppliers in product design. If you purchase a resin for \$2/lb, you might be able to whittle it down to \$1.95. "However, if you work with the supplier on product design, you may find that you can get by with a resin that costs only \$1/lb to begin with," Wilberg says.

## Plastics Buyer Profile/Supplier Relationship

**SCOTT BROWN**, purchasing manager, Scotsman Ice Systems, Vernon Hills, Ill., and **RON KIRSCHT**, president of Donnelly Custom Manufacturing Co. (Alexandria, Minn.)

**Their advice:** Build relationships.

**Brown's view:** By working with Donnelly Custom Manufacturing Co., an Alexandria, Minn.-based processor that specializes in short-run service, Scotsman has been able to maintain relatively low inventory while managing the risk of part shortages. Donnelly blocks time and reserves capacity for Scotsman, allowing them to do short runs instead of five-day leadtimes. Scotsman tells Donnelly what it needs on Monday and Donnelly ships on Thursday. The two companies work together to reduce total cost, focusing on opportunities such as reengineering, materials analysis and retooling to reduce the number of parts.

**Kirscht's view:** "When working with a short-run plastics supplier, don't worry about leaving money on the table," he says. "If you are following the right process and talking to the right people, you will establish the best-case scenario for your company." Determine your needs and performance criteria. "Don't play games that destroy trust and inhibit the level of service that the supplier can offer you," suggests Kirscht. "Lay your cards on the table and ask prospective suppliers how you should play them." These discussions will enable you to assess the supplier's level of service, innovation and expertise. Take the time and the right steps to perform a thoughtful due diligence process. "Every hour you spend on decision-making will save you days down the road," points out Kirscht.

## Resins: Buyers eye expanded purchases

The plastics sector made it through the tough times of the 1990s largely unaffected as shipments actually rose, according to the Society of Plastics Industry. Since 2000, though, shipments have fallen. Not surprisingly, feedstock chemical manufacturers have seen their share of problems. This year, business has been better in both sectors: Incoming orders were reported to be rising for 60% of the buyers of chemicals and plastic resins polled in April.

"In fact, business can be described as 'very strong' in certain segments," says the purchasing manager at a specialty chemicals processing firm in North Carolina. The purchasing manager at a Michigan plant that manufactures custom color concentrates says year-to-date end-product sales to the thermoplastics industry are outpacing last year by more than 30%.

The chemicals and resins buyer for a microelectronics plant in Minnesota says that the industry's sales to the semiconductor, data storage and biotechnology industries are "very cyclical, but improving." So, his purchasing has expanded. Buyers also say their firms have seen stronger sales lately to the medical device and telecommunications markets.

"Sales of chemicals and resins are improving, but still are 50% less than at the last peak in 2000," adds the purchasing agent for a contract manufacturer of high-tech electronics in North Carolina.