This has been an exciting academic year for the UT Supply Chain Management Consortium, beginning with the establishment of an official Supply Chain Management undergraduate major last fall. This spring, we are thrilled to announce even bigger news: Dean George Gau has approved our plan to establish a college-wide Center of Excellence in Supply Chain Management.

Over the next three years, both the McCombs School and the SCM Consortium will provide seed money to develop the Center and build an endowment, leveraging up to two million dollars of the McCombs endowment for matching funds that Dean Gau has committed to this Center.

“This will be a clear signal to both the academic market and the industry that the McCombs School of Business is not simply interested in supply chain management, but that we are developing real capabilities in that area,” said Dean Gau. “I believe that it will aid in the development not only of quality academic research by faculty and students, but also in helping address real-world issues for the Center’s corporate partners and their industries.”

Establishment of the Center has tremendous implications for the SCM discipline here at the McCombs School of Business. It will provide us the resources to become a recognized leader in this area through our academic programs and sponsored activities, enhancing our ability to...

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Eight McCombs undergrads receive Kimberly-Clark/Supply Chain Consortium scholarships

During the fall semester, eight McCombs School of Business undergraduate students were awarded Kimberly-Clark/Supply Chain Consortium Scholarships for the 2006-07 academic year. The students — Karen Cheng, Gene Huang, Diana Kao, Sara Knowles, June Lin, Amelia Rey-Shannon, Balaji Vijayan and Yizhen Xu — each received $2,500 scholarships ($1250 per semester).

A graduate of Plano East Senior High in Plano, Texas, Karen Cheng is majoring in Business Honors/Management Information Systems.

In addition to her studies, she works as an undergraduate research assistant for the McCombs School Management department. She is also active in the Conceptual Self Defense Club, Texas Juggling Society and Honors Business Association. In her free time, she says she enjoys Tae Kwon Do, juggling and card tricks.

Karen will serve as an intern this summer in the IT department of Texas Instruments. Following her graduation in a couple of years, she says that will look for a job that combines technological knowledge with operations.

Gene Huang was born in Taipei, Taiwan, moving to Austin when he was 13 years old. He is a graduate of Austin’s Westlake High School. He is pursuing the Engineering Route to Business Program at UT with a minor in...
Fall 2006 SCM Roundtable sets stage for May meeting on globalization

The November 2006 Roundtable on “Assurance of Supply in Global Supply Networks” set the stage for the upcoming May 7-8th Roundtable on “Globalization: Sourcing from and Supplying to Emerging Markets.” The November meeting covered a broad array of issues related to assurance of supply including security, sustainability, global risks, and alternative energy sources.

It featured presentations by Wal-Mart (on assurance of supply in sustainable value networks), CT-PAT (a public sector perspective on secure supply chains), Lieutenant General Ken Eickmann (on national energy strategy), and General Electric (on trends shaping global supply chains).

The keynote address was provided by Admiral Bobby Inman on “Political and Military Risks to Global Enterprises.” In this talk, Admiral Inman provided a fascinating overview of business climates in various regions around the world and the risks businesses face in each of these regions.

The Roundtable meeting on May 7th and 8th will focus on another aspect of global chain management: sourcing from and supplying to emerging markets. It will feature keynote presentations by Mr. Ray Archer from Dell, Inc. and Professor Hau Lee of Stanford University (Co-director of the Stanford Global Supply Chain Management Forum).

The meeting will also include a tour of Dell’s manufacturing facilities, two industry panels with senior executives from Applied Materials, Frito-Lay, HEB Grocery Company, Motorola, Shell, and Textron, and breakout discussion sessions designed to delve deeper into various issues associated with the theme of the meeting.

The May 2007 Roundtable will be a significant event. It marks the 10th Roundtable for the UT SCM Consortium. More importantly, this meeting will truly have a “global reach” because it is being co-sponsored with the Production and Operations Management Society (POMS), College of Supply Chain Management. POMS is “an international society to extend and integrate knowledge pertaining to production and operations management.” Attendance is expected to exceed 120, including several international participants.

The UT SCM Consortium is honored to co-sponsor this meeting with such a prestigious international society. It provides great visibility for the Consortium in both the academic and business communities around the world.

For more information about the May Roundtable, please see the Consortium website (http://www.mccombs.utexas.edu/scm/events) and the POMS website (http://www.poms.org/POMSColleges/SupplyChainMgmt.html).
SCM Q&A

Temple-Inland strategic sourcing initiative based on collaboration and communication

Terry Sueltman is Vice President, Supply Chain Management for Austin, Texas-based Temple-Inland. His responsibilities include strategic sourcing, transportation management, and supply chain finance and administration.

Mr. Sueltman joined Temple-Inland in 2004 to develop a supply chain operation following the consolidation of corporate functions. He is a member of Temple-Inland’s Management Committee.

Before to joining Temple-Inland, he was Vice President - Corporate Supply Management for Sonoco Products, a global packaging company. He was responsible for strategic sourcing, logistics, corporate real estate and corporate aviation.

Mr. Sueltman began his business career with Honeywell International, where he held leadership positions in information systems, manufacturing, marketing, supply management and supply chain management. While at Honeywell, his operation received several awards, including a “Most Advanced” rating by Michigan State University for its supply chain processes.

A member of ISM, Mr. Sueltman serves on the board of trustees for CAPS Research and has been on the editorial review board for Inside Supply Management. He is also a member of UT’s Supply Chain Management Consortium Steering Committee.

In 2004, you oversaw the implementation of a new strategic sourcing initiative. What were your goals?

When I came here in January 2004, the company had consolidated its various supply chain functions into a centralized location here in Austin. The goal was to save $40 million in the first two years through this initiative: $25 million the first year and an additional $15 million the second year.

Our challenge was that our business units had been pretty independent and hadn’t really had to deal with any kind of central organization. In fact, each of our nearly 80 manufacturing plants pretty well did their own thing. So the first order of business was to work with the business units to reassure them that we weren’t going to do anything without their involvement.

How did you approach the process?

What we had to do initially was determine — in detail — exactly how much the company was spending, what it was spending it on and what suppliers it was going to.

In our case, we had 160 bank locations and about 80 manufacturing plants around the country, so we were trying to pull together a lot of what had been fairly decentralized activities. In office supplies, for example, we had over 20 different suppliers and were not leveraging our spend.

Having obtained the information, we created a 12-18 month roadmap of strategic sourcing projects to determine what we should be buying and when.

So the first thing is understanding our supply base and how much we’re spending, and then creating a strategic roadmap that identifies our goals. That has become an annual process.

Having created that strategic roadmap, what are the next steps?

Once we have that roadmap, we embark on a structured, five-step strategic sourcing process that goes through a disciplined methodology of how we are going to buy things.

The first step involves market research on the supply marketplace to identify what sourcing options we really have.

Step two is establishing a stakeholder team. The team could be composed of people from our banks or our manufacturing locations. Together we develop goals and strategies to achieve them.

Our third step is going to suppliers, bidding the project and deciding how to award the...
Diverse group of students earn Supply Chain scholarships for 2006-07 academic year

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International Business.

Gene is currently spending a semester abroad as part of a student exchange program with China’s Shanghai Jiao Tong University. He is taking Chinese-language business courses in a variety of topics, including Transportation Logistics Management, Material Flow Management, Business Trade Negotiation, Cross Cultural Management and Doing Business in China.

While in Austin, he was the lead conga player for the UT Steel Drum Ensemble and was involved with the Engineering Route to Business Leadership Council, AIESEC (International Internship Exchange Student Organization) and LeaderShape. After graduation, he hopes to begin a career in the International Supply Chain field.

Diana Kao graduated from Brazoswood High School in Lake Jackson, Texas. She is majoring in the Engineering Route to Business and Business Honors Program at McCombs.

Her extracurricular activities include serving on the McCombs Diversity Council as a tutor for the University of Texas Learning Center. She also enjoys playing piano and singing.

Upon graduation, she hopes to work as a supply chain analyst.

After growing up in Calgary, Alberta, Sara Knowles moved to Katy, Texas, graduating from Cinco Ranch High School. She is also pursuing the Engineering Route to Business major, with a minor in French, and is in the Business Honors Program.

In addition to serving as an undergraduate research assistant, Sara has been a mentor in the Big Brother Big Sister program for 2 years and a volunteer at the Heart House. Her hobbies include traveling, cooking, scrapbooking, learning new languages and reading The Economist.

Following graduation, she plans to work as a Supply Chain Analyst for Shell Oil in Houston.

Born in France and raised in Australia until moving to Houston in the 4th grade, Amelia Rey-Shannon came to Austin in 1995. A non-traditional student, she is a former business owner now majoring in Supply Chain Management at the McCombs School of Business.

She also works part-time at the Harry Ransom Humanities Research Center and enjoys cooking and hiking. Following her graduation in August, she hopes to work in a supply chain management or operations management capacity for an Austin-area company. She is particularly interested in applying supply chain management skills to product development for a technology company or a firm like Whole Foods Market.

Born in Cleveland, Ohio, Balaji Vijayan graduated from Clements High School in Sugar Land, Texas. Majoring in both Supply Chain Management and Government, he also serves as the Director of Scholarship for Alpha Kappa Psi, professional business fraternity and as the Student Manager for Friends of Alec, an engineering scholarship group.

After graduation, Balaji plans to work in the industry for several years before returning to school to obtain an MBA. He hopes one day to become both a CEO and a U.S. Congressman.

(At presstime, there was no biographical information provided for scholarship recipients June Lin or Yizhen Xu.)
McCombs School approves plan to create a Supply Chain Management Center of Excellence

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attract and retain leading scholars as faculty members and boosting our profile both nationally and internationally. With more resources available for scholarships, we will also be better equipped to attract top talent into our graduate and undergraduate programs.

Given our location and the diverse demographic composition of the McCombs School, I believe that the Supply Chain Management Center of Excellence is uniquely positioned to help meet the growing needs of our corporate partners for talent acquisition, thought leadership and relevant educational events. I’m excited about the potential to host world-class symposia featuring some of the most distinguished speakers in the field.

“We believe that this is an academic area in which we can really excel,” said Dean Gau, “and that’s why the McCombs School is supporting it. We already have a comparative advantage in this area, thanks not only to the quality of our faculty and their interest in supply chain management, but also in the relationships that have been forged with numerous industry-leading companies. The development of a Supply Chain Management Center of Excellence will help take those achievements to the next level. It’s a great ‘icing on the cake’ that helps signify that this is a quality business school, and I look forward to following the progress of the Center and being supportive of its implementation plan.”

We have begun our search for an Executive Director for the Supply Chain Management Center of Excellence, who we anticipate will play a key role in helping not only launch the Center, but also supervise a variety of fundraising, development, promotional and management activities. The Executive Director will also manage our corporate relationships and assist with current Consortium activities like the bi-annual industry roundtables. If you have candidates that you would like to recommend, please feel free to contact me.

Speaking of our roundtables, we’re very excited about the upcoming one on May 7th and 8th. I encourage you to read the update in this issue of The Consortium Chronicle or visit our website for more details on the event, which is being co-sponsored by a prestigious international organization, the Production and Operations Management Society (POMS). I hope to see you all there!

Roundtable Highlights

Monday, May 7
6:00-7:00 PM: Dell Plant Tour
7:00-7:30 PM: Reception
7:30-8:30 PM: Dinner
8:30-9:15 PM: Theme Speaker – “Sourcing From Emerging Markets”
Ray Archer, VP Operations, Dell Americas

Tuesday, May 8
8:00-9:15 AM: Panel Discussion – “Sourcing from Emerging Markets”
9:30-10:15 AM: Theme Speaker – “Supplying to Emerging Markets”
Hau Lee, Graduate School of Business, Stanford University
10:30-11:45 AM: Panel Discussion – “Supplying to Emerging Markets”
11:45-1:00 PM: Group Breakout Sessions and Working Lunch
1:00-1:45 PM: Group Reports

For more information, please visit www.mccombs.utexas.edu/scm/events. If you have any questions, please contact Doug Morrice at morrice@mail.utexas.edu or (512)471-7857.
Five-step sourcing process saves Temple-Inland $75M in three years

business. Will we award it to one company or several? Are the terms and price right?

The fourth step in our process is to award an agreement and communicate it to all our locations, and to make a transition plan to the new situation. This phase is where we plan how to implement the change.

The fifth step is to manage the ongoing activity. We don’t want to simply award the business and forget it — we want to ensure that we meet our goals. If we say that we’re going to save a million dollars in office supplies, we want to know how we’re going to do that and whether or not we’re actually accomplishing that as we go through the following year. Every month we report on all of our ongoing projects to find out how they’re doing after we implemented them.

What differentiates Temple-Inland’s strategic sourcing process from other companies’?

We’re not different from a lot of leading companies in having this focus on buying things better through a structured process. But I think our emphasis on collaboration and communication has distinguished our efforts in this area.

What I’ve learned over the years is that collaborating with stakeholders up front is very important. We don’t go forward with any of these strategic sourcing initiatives unless the business units approve them.

Collaboration comes from having the right kind of people in place. You don’t get collaboration unless you’ve got people that are good communicators, like working with others and are good teammates.

The second critical thing we do that probably sets us apart is tracking the cost savings through implementation. In fact, we’re still tracking the results of contracts we put in place at the end of 2005 through the early part of 2007. We have a very thorough cost-management system in place — if we say that we want to save a million dollars, we need to make sure that we really do that.

Did you meet your two-year, $40 million goal?

We saved $27 million the first year and almost $20 million the second year for a total of $47 million over the first two years. In the 3 years we’ve been doing it, we’ve saved about $75 million dollars total.

What were the most challenging aspects of creating this strategic sourcing process?

I started in January of 2004, and by year’s end we were supposed to create $25 million in savings — and there was no plan in place on how to do it. So part of the challenge was getting the organization in place, getting the right kind of leadership and identifying our spend. Only then could we create a project roadmap and a workable methodology.

What key lessons have you learned over the past three years?

Establishing the right kind of organization is really key. You need people that are strategic, well-educated in this area and that want to work with others. Getting commitment at the top of the organization is critical to getting stakeholders involved.

You also have to have a really disciplined process in place. You have to understand your spend, have a sourcing methodology and consistently work with your stakeholders.

Finally, you’ve got to spend the effort to document and track project results.

Successfully implementing a strategic sourcing initiative takes time. Doing it right — research, stakeholder involvement, negotiating with suppliers, transition planning and ongoing management — means a slower process, but also a much more successful one. At its heart, it’s really a change management process.