

GETTING THE PURCHASING INFORMATION YOU NEED WHEN YOU NEED IT

Purchasing professionals have two core issues when looking to refine a supply strategy for their commodity: understanding the market and determining their best approach.

This article will advocate using micro-consulting, which can speed up this process immensely. However, before talking about this, let's review a purchasing professional's main needs.

Purchasing Needs

For any commodity, there are different suppliers, with different installed capacity and different services, some with a certain competitive advantage. Understanding the supply-demand balance for this commodity is key here because this balance will drive the price. If supply is high, price goes down; if demand is high, price goes high.

To find suppliers, there are general tools available like [Engineering 360](#) or [Kompass](#) (for MRO). In my area of expertise, Chemicals & Plastics, purchasing professionals use [ChemicalInfo](#), [ICIS](#), or [IHS Markit](#) (all of which require a subscription).

For determining market price in Chemicals & Plastics, I have used [ICIS](#), [IHS Markit](#), or [PolymerUpdate](#).

For analyzing supply-demand, there are not good tools available for MRO or other commodities. However, for the Chemicals & Plastics industry, I have found [ICIS](#) and [IHS Markit](#) very useful. If you are looking for a database for MRO or other commodities, there are many research companies specializing in these areas that could generate and sell you a report.

Naturally, there is a cost to accessing such sources, and for some companies it makes sense to purchase a subscription. An effective alternative is to engage experts to get similar information in a process called micro-consulting.

Consultant Networks

One well-known solution is to hire a consultant company specializing in Purchasing like [Efficio Consulting](#) or [Tenzing Consulting](#). Both are viable options, where I also provide my services for the Chemicals & Plastics industry. Such agencies can provide full services to purchasing professionals, including organizational design, skill assessment of personnel, supply strategy development, and even full sourcing for your entire spend.

Other consultant companies function as a network of experts, where the consultants are not direct employees, but are affiliated or part of an expert database.

Companies of all sizes, even the Big 5 consultants, private equity firms, and fund management organizations, use these networks to find specific experts for micro-consulting. These clients (like you) call the network and explain their needs: what kind of expert they are looking for, which expertise is needed, which commodity is sought, which region is targeted, and perhaps even expertise on a specific company.

The networks scan their database of existing profiles to match the needs with the expertise available. Then the client submits 3-5 questions for the candidate experts to answer and demonstrate their knowledge. Once the client is satisfied, the network sets up a conference call between the parties. The call may be single-blinded, where the expert does not know the client's identity, or there may be no restrictions placed.

The cost to the client (like you) is charged by the hour, where only the minutes consumed on the call will be charged. Hourly rates run from US\$300 to \$3000, depending on the expert.

The advantage of this approach is its cost-effectiveness because the client gets the exact information he or she is looking for. In the case of Purchasing, the client will understand:

- The main suppliers in the market with their installed capacity
- Which supplier(s) will have some competitive advantages
- The current price in the market and the main cost driver
- The demand in a specific region, growth drivers, and growth rates by end-use application
- Future perspectives on supply, demand, and price
- Types of contracts, including which possible clauses are common in the market
- Alternative approaches for negotiation (a very important consideration)

Over my career, I have used these networks for my clients to obtain specific kinds of information, and it proved an excellent method to get the data needed to define a supply strategy when time was constrained.

I have also been part of these networks, providing critical information related to Chemicals & Plastics to clients across all continents, made extremely efficient by use of telephone.

My personal networks number more than a dozen, including [GLG](#), [Coleman](#), [GuidePoint](#), [Third Bridge](#), [AlphaSights](#), and [Catalant](#). A complete listing of networks can be found at [The Expert Networks](#).

Take-away

Whether you are brand-new or an experienced purchasing professional, you can always learn more to refine your supply strategy. More information equals better decision-making, which equals better supply strategy. In the final analysis, you can use the tools mentioned above or buy a subscription in your purchasing area. Alternatively, you may try a micro-consulting arrangement from a trusted consultant network. In this case, their experts may provide you critical data that is not published anywhere else. It is worth considering.

Taking Purchasing to the next level,

Paulo Moretti

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