



PURCHASING

BY NICK ZUBKO

An Automatic Connection

Electronic transaction tools help manufacturers connect with suppliers to streamline sourcing efforts.



There's an old saying that if a company doesn't grow, it dies. But to allow for growth to occur old practices often need to be left behind so new ones can take their place. Ten years ago footwear and apparel maker Wolverine Worldwide came to a similar

conclusion, when its use of overseas suppliers started to grow to levels that challenged the way it did business.

Back then Wolverine relied heavily on letters of credit to manage transactions with suppliers in Asia, South America and parts of Europe. But as volumes increased, the

company started to seek out technologies that would help it achieve new objectives that focused more on improving visibility, eliminating communication barriers and streamlining cash flow.

"That [old] process no longer suited us in terms of the volumes we were doing," explains Dave Coughlin, Wolverine's vice president of finance and administration. "We wanted to find a technology that made the process simpler and more consistent, because as we grew we knew that would help us reduce overhead and control costs in the supply chain—especially in areas like cash flow improvement."

Wolverine soon partnered with TradeCard Inc., which offers a Web-based, software-as-a-service (SaaS) platform designed to help companies coordinate with suppliers to automate transactions from the purchase order to the payment. The platform

now provides Wolverine with an Internet-based solution to streamline its entire procure-to-pay process.

“This technology has allowed us to strengthen our relationships with our partners and alleviate some of the strain in terms of how we do business,” Coughlin says. Wolverine’s return on investment also includes a reduction in some of the unwanted fees and credit line use that existed under the prior method.

According to TradeCard CEO Kurt Cavano, one goal of the platform is to help companies eliminate paper from the equation, transforming trade transactions into electronic, automatic functions that streamline the entire sourcing process. However, he says the level of visibility gained on both sides of the transaction can

“In any transaction, there are two main questions: Buyers ask, ‘where’s my stuff?’ and vendors ask, ‘where’s my money?’”

—Kurt Cavano, CEO, TradeCard Inc.

also be an invaluable resource.

“[The buyer] knows when the order has been accepted, they know when the vendor has shipped—they know everything that’s going on,” explains Cavano. “In any transaction, there are two main questions: Buyers ask, ‘where’s my stuff?’ and vendors ask, ‘where’s my money?’ This answers both questions electronically by linking everyone together in the supply chain. Everyone is on the same page so they can collaborate and work together much easier.”

These types of capabilities can also change the way companies interact with one another, enabling additional collaboration on mutually beneficial financial arrangements such as early payment programs. However, while the technological aspects are relatively straightforward, transforming a company’s long-accepted and often entrenched management processes can be a little more difficult.

“It’s amazing how many companies are addicted to paper, often printing the same purchase order three or four different times,” Cavano says. “So it’s important to go around and train everyone and find every place in the organization that is touching this data and explain how they can reduce costs by dealing with it differently.”