

Boeing supports veteran-owned business and wipes out costs



Shared Services Group employees who were members of the procurement team watch as Mark Ellison (center, sitting), from Jemni, a service-disabled veteran-owned small business, signs a new contract in Renton, Wash., Monday. (From left, seated): Sharon Lucas, Strategic Work Placement; Teresa Lastufka, buyer; and Ellison. (From left, standing): Crystal White, Strategic Work Placement; David Lund, Finance; Pat Crow from xpedx; and Lloyd Kennedy, from xpedx. (Jessica Oyanagi photo)

Consider how many wipes are used every day for cleaning lint off an aircraft prior to painting or the number of corrugated boxes and bubble wrap used to ship spare parts.

Last year, The Boeing Company spent millions of dollars on wiping and packaging materials. That's a large investment for the company, and makes it critical the Supplier Management team in Shared Services Group gets the best price for these materials without skimping on quality. This team manages the non-production supply chain for Boeing, which translates to billions of dollars per year.

When the current wiping and packaging contract came due for renewal earlier this year, a team began negotiating with its supplier, xpedx, an industry-leading distributor who has performed well for Boeing since 1998.

“The supplier is participating in our 'Partnering for Success' program and agreed to a nearly 10 percent savings for a multi-year, enterprisewide contract,” said Teresa Lastufka, procurement agent for Production Tool Services. “We were close to signing the deal when we were made aware of a mentoring relationship xpedx had with a diverse supplier that could act as its integrator or distributor.”

The company, called Jemni, is a service-disabled veteran-owned small business, a title given by the government. The Supplier Management team decided that working with Jemni could increase the company's supplier diversity spending, and supporting businesses owned by veterans isn't

new to Boeing. In 2012 the company contracted with nearly 1,000 veteran-owned small business suppliers.

Sharon Lucas, manager of Strategic Work Placement for SSG, and a U.S. Army Reserve veteran, added that looking for diverse suppliers is an important part of the procurement process.

“This deal, which was signed on Veterans Day in the U.S., is yet another example of a Supplier Management diversity solution, which adds true value,” said Lucas. “Boeing is getting the same level of quality, customer service support, sourcing, invoicing and marketing at no additional cost.”

Effective December, Jemni will support front-end business requirements, such as ordering, customer service and invoicing, and will hire veterans to work in the xpedx facility in Kent, Wash.

David Lund, procurement financial analyst, analyzed the numbers for the deal. After much research, he recommended tying the some of the materials' prices to market indices.

“The price for these materials tends to fluctuate. By using a combination of four economic indices, we are able to ensure market prices for those items without a fixed price,” said Lund. “This was one of the more interesting projects I’ve worked on and it was truly a team effort.”

Lastufka agrees it took a team to get a contract that works for all parties -- the suppliers and Boeing.

“Our supplier maintained the cost savings we initially negotiated,” said Lastufka. “It would have been easy to sign the initial contract, but by going the extra step to explore diverse suppliers in the market, we are able to support an Army Combat Veteran.”

By Antonella Bellman

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