The Innovators Dilemma: How Intel and DHL Drove a Paradigm Shift in Procurement
Executive Summary

Like most businesses, Intel regularly uses a highly competitive approach for buying logistics goods and services by using a tried and true RFP bid process to award contracts to suppliers. But some procurement and operations folks within Intel began to question the efficacy of a highly competitive transaction-based model. “Is a laser focus on price somewhat myopic?” The bid process assures competition, but does it encourage innovation?

One cloudy day in Portland, Intel and long time supplier DHL wondered, “Is there a better way?” “How can we enhance our relationship to maximize value and innovation?” “Should we be trying something different?” The talks turned to action that eventually led to a paradigm shift in the relationship with DHL to pilot the University of Tennessee’s Vested business model to drive innovation. The result? Intel DHL agreed to begin a Vested pilot in Intel’s Costa Rica location.

It was a classic “not-afraid-to-fail” approach. Making the commitment, taking the chance. After all – it was just a pilot – right?

Within one year of implementation, Intel and DHL approached one another with an entirely new mindset. And their lofty goals for their pilot? All key pilot metrics were surpassed.

Intel sums up the success of their Vested pilot. “Intel’s costs went down and DHL’s margins went up – a true win-win. In addition the health of our relationship has improved dramatically. We have found that being Vested is much more enriching than the traditional buyer-supplier relationship. And what is most surprising is that opportunities always seem to come from unexpected places. Vested has helped us find these “Ponies” and monetize them into true value for both Intel and DHL.”

Intel has approved a comprehensive teaching case of their Vested journey which profiles the Intel and DHL Vested journey. Intel has asked that the actual case be limited in distribution to UT’s workshops and courses for teaching purposes only.

Intel is committed to use the University of Tennessee’s courseware as a key training ground for teaching both Intel and suppliers how to restructure relationships—shifting from win-lose to a true What’s in it for We mindset. To date over 50 individuals from Intel have registered for our courses. We hope you will join us in one or more of our courses where we will share the details of Intel’s journey to Vested and learn why how Intel is receiving value from applying Vested with key suppliers.
For More Information About Vested

University of Tennessee researchers have authored five books on the topic of Vested.

We encourage you to visit the University of Tennessee’s website dedicated to the Vested business model at [http://www.vestedway.com](http://www.vestedway.com) where you can download white papers, watch videos, read articles and subscribe to the Vested blog.

If you like what you read, we invite you to attend one of our six Executive Education courses in the Certified Deal Architect program

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Understanding</th>
<th>Implementation</th>
<th>Mastery</th>
</tr>
</thead>
<tbody>
<tr>
<td>VESTED Orientation</td>
<td>Five Rules That Will Transform Business Relationships*</td>
<td>Creating a Agreement</td>
<td>VESTED CERTIFIED DEAL ARCHITECT Validation</td>
</tr>
<tr>
<td>[ FREE ]</td>
<td>[ ONLINE COURSE ]</td>
<td>[ ONLINE COURSE ]</td>
<td>[ REMOTE FACULTY COACHING ]</td>
</tr>
<tr>
<td>Getting To WE Not Ready for Vested? Take Getting To We</td>
<td>VESTED 3 Day Executive Education Course</td>
<td>Collaborative Contracting: 2 Day Executive Education Course</td>
<td></td>
</tr>
<tr>
<td>[ ONLINE COURSE ]</td>
<td>[ ON CAMPUS / ON SITE ]</td>
<td>[ ON CAMPUS / ON SITE ]</td>
<td></td>
</tr>
</tbody>
</table>

*The Five Rules online course is free when registering for any of our other paid courses.

For more information, contact kvitasek@utk.edu
About the Authors

Kate Vitasek is an international authority for her award-winning research and Vested® business model for highly collaborative relationships. Vitasek, a Faculty member at the University of Tennessee, has been lauded by World Trade Magazine as one of the “Fabulous 50+1” most influential people impacting global commerce.

Vitasek’s work has led to 5 books She is known for her practical and research-based advice for driving transformation and innovation through highly-collaborative and strategic partnerships. She has been appeared on CNN International, Bloomberg, NPR, and on Fox Business News. Her work has been featured in over 300 articles in publications like Forbes, Chief Executive Magazine, CIO Magazine, The Wall Street Journal, Journal of Commerce, World Trade Magazine and Outsource Magazine. You may contact Kate at kvitasek@utk.edu

Jeanne Kling is a Research Associate with the Vested team at the University of Tennessee. Prior to working with the University of Tennessee’s Vested research team, she was a freelance creative writer and marketing specialist. She is a co-author on two Vested books and has played a critical role in all of the Vested case studies.

Kling’s passion for education runs deep, having been elected to public office three times and serving as President of the Minnesota State Board of Education. She held national office as Chair of the National Healthy Schools Network (a joint venture of NASBE, National Association of State Boards of Education, and the Center for Disease Control) and Chair of the NASBE Resolutions Committee. The Business and Professional Women Association named her “Minnesota Business Woman of the Year".