



VESTED[®] For Success Case Study

The Innovators Dilemma:

How *Intel* and *DHL* Drove a Paradigm Shift in Procurement

A Report Authored By:

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Executive Summary

At some point, the time for talking is over. It's time to commit. Take the risk. Make it happen.

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. Logic would say that a company the size of Intel should exert its power in the marketplace. 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?

Intel and one of its logistics suppliers – DHL – had talked about reforming its logistics supply chain. But the talk was resulting in very little action, frustrating executives from both companies. Fortunately, the discussion changed on a cloudy day in Oregon when Intel and DHL executives met once again to challenge each other to turn talk into action. Todd Shire, Intel Global Logistics Sourcing Strategy Manager and Randy Eck, Intel Director of Global Transportation and Logistics Outsourcing, sat on the Intel side of the table in a windowless conference room. Sitting on the DHL side were Doug Whaley, DHL's Global Forwarding Key Account Manager for Intel, and Hans Toggweiler, former DHL Global Forwarding CEO for North America and Intel's Executive Sponsor.

But this time, the discussion was radically different. A consensus had built around the Vested® sourcing business model codified by University of Tennessee researchers. Hope emerged that Vested's structured methodology could help Intel and DHL breakthrough their impasse.

Weary of discourse, everyone agreed. "We have talked about this for multiple years. Let's stop talking, and start doing." The group unanimously agreed to give the Vested business model a shot and sought to find a good location to test the concepts.

Intel and DHL agreed to begin a Vested pilot in Costa Rica.¹ Within one year of implementation, Intel and DHL approached one another with an entirely new mindset. Within that same year, aspirational goals were surpassed, bringing exponentially greater profit to the companies' bottom lines.

This case study profiles the Intel and DHL Vested journey. On the way, we share many tips to help others start their own journeys, lessons learned, and a discussion of what's next. Mostly, it's a challenge by the Intel/DHL team for business professionals around the world to open their minds and hearts to assess the potential of business-critical supplier relationships. We hope as you read it becomes an inspiration to set aside endless conversation and objection, and simply *get moving*.

¹ The agreement was with DHL's Global Forwarding. For simplicity, we use DHL throughout.



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 affecting global commerce.

Vitasek's work has led to seven books. She is known for her practical and research-based advice for driving transformation and innovation through highly collaborative and strategic partnerships. She has appeared on CNN International, Bloomberg, NPR and 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. Before working with the University of Tennessee's Vested research team, she was a freelance creative writer and marketing specialist. She is a co-author of 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”.

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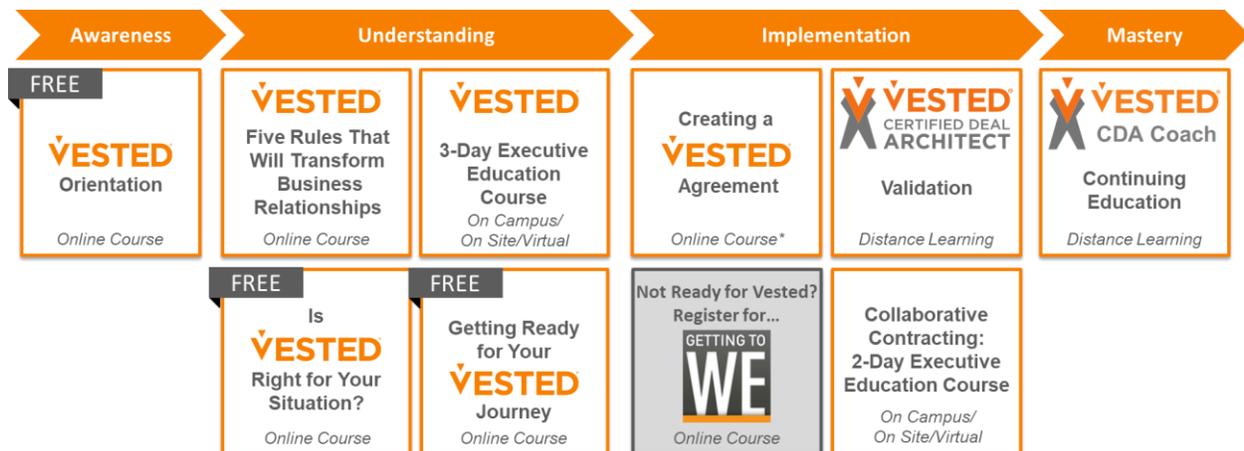
For More Information

The University of Tennessee is highly regarded for its Graduate and Executive Education programs. Ranked #1 in the world in supply chain management research, researchers have authored seven books on the Vested business model and its application in strategic sourcing.



We encourage you to read the books on Vested, which can be found at most online book retailers (e.g., Amazon, Barnes and Noble) or at www.vestedway.com/books.

For those wanting to dig deeper, UT offers a blend of onsite and online courses including a capstone course where individuals get a chance to put the Vested theory in practice. Course content is designed to align to where you are in your journey ranging from Awareness to Mastery. For additional information, visit the University of Tennessee's website dedicated to the Vested business model at <http://www.vestedway.com/> where you can learn more about our Executive Education courses in the Certified Deal Architect program. You can also visit our research library and download case studies, white papers and resources. For more information, contact kvitasek@utk.edu.



* Prerequisites for *Creating a Vested Agreement* class are:

Five Rules, Is Vested Right?, Getting Ready, and the Vested 3-Day Executive Education Course



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