



2020 J. Shipman
Gold Medal Award

Supply Management Architect

By Dan Zeiger

With her blueprints guiding sourcing and procurement transformations at multiple companies, cross-industry innovator Sue Spence, MBA, is honored with the 2020 J. Shipman Gold Medal Award.

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In her sixth year as a continuous-improvement manager in jet engine assembly and repair, Sue Spence, MBA, believed she had checked her job skill-set and satisfaction boxes. Before she could settle into a lengthy career, however, a mentor suggested to her that what feels like a groove can easily become a rut.

Spence's unique combination of experience in sourcing and procurement, where she spent the first eight years of her career, and extensive lean manufacturing knowledge made her ideal for a commodities manager position. That was the assessment of Kent Brittan, the mentor and then-vice president of supply management of United Technologies Corporation (UTC) — which just happened to have such a position open.

Her respect for Brittan provided the nudge to return to supply management. Spence's own ambition led her to make the leap, and 17 years later, it's helped propel her to the pinnacle of her profession.

"Kent said I needed to come back to supply management because UTC had suppliers that had waste and supply issues and won't be able to keep up with the newly-lean factory," Spence says. "At that point, I loved teaching continuous improvement. I loved seeing the transformation and would have been happy staying in a support role. I realized after talking to Kent that I didn't want to be the support guy.

"I want to be *the* guy. I want to be the guy responsible for running the operation. And that led me back in."

After returning to her career roots, Spence directed supply chain operations at multiple aircraft and aerospace companies. In Octo-

ber 2013, she was hired to build a centralized sourcing and procurement operation from scratch at delivery-services giant FedEx — the centerpiece of a resume that has made her the 2020 recipient of



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— Sue Spence, MBA



supply management's highest honor, the J. Shipman Gold Medal Award.

"It's an incredible honor to receive the recognition, not just for me, but for our team," Spence says. "If not for them and the hard work they've done on the transformation (at FedEx), this wouldn't have been

possible. I know some of the past winners, and they are people whom we in the profession look up to as trailblazers. They helped shaped the sourcing and procurement environment into what it is today."

'You Can Have It All'

Her career objective was to be "the guy," but it's hardly lost on Spence that she is only the fifth woman among the 89 recipients of the Shipman Award, which was first presented in 1931. One of the previous four winners — Elaine N. Whittington, C.P.M., A.P.P., in 2000 — was a gender ceiling breaker in aerospace procurement, and when Spence entered that field shortly after graduating college in 1985, the atmosphere, she says, "was one where (the presence) of women was unusual, and there wasn't always trust in our capabilities."

Spence fostered her confidence with help from supportive supervisors, and she developed the mindset to build her supply management credentials and credibility while balancing family life. Nine months pregnant with her first child in 1993, she walked into the office of the director of the core-experience operational rotational program at Pratt & Whitney, UTC's East Hartford, Connecticut-based aerospace systems subsidiary, and authoritatively announced her intention to pursue a spot when she returned from maternity leave.

Among 300 candidates for the rotational program, Spence was one of seven selected. After the two-year program — and another child — Spence moved into the continuous-improvement manager position, the role she once thought she could stay in forever. "At first, I thought it

was a lot to get into a high-pressure rotational program while being a new mother,” she says. “But I found my confidence was lacking, not my capability. I had incredible support at home from (then-husband) John, and after the program was over (in 1996), I had my first manager position. So, the lesson for me was that you can have it all, but you’ve got to define what it is.”

In the late 1990s, that definition did not include a director position, which she turned down, to the second-guessing of some colleagues. “I was told it was crazy to pass up your first opportunity to be a director,” Spence says. “But it was not the time for me, as it would have put me on the road too much for a parent of young children, and I was confident that the right opportunity for the balance I wanted to have would eventually come along.” In 2001, Brittan offered that opportunity.

Refining and Building Operations

At UTC, Spence eventually became director of supply management before moving to executive positions at subsidiaries Hamilton Sundstrand Corporation and Sikorsky Aircraft. Her supply chain refinements in those positions led to her candidacy at Memphis, Tennessee-based FedEx, which in 2013 opted to centralize its global sourcing and procurement operations.

Once again, family factored into her decision. With her youngest child heading off to college, “the personal timing was right,” Spence says. “But I also wasn’t moving 1,200 miles to do something small.” After meeting with exec-

utives in what she described as “more of a conversation” than an interview, Spence aimed to hit the ground running as FedEx’s vice president of sourcing and procurement operations.

“(The project) wasn’t daunting. It was familiar. I had done something similar on a smaller scale at UTC,” Spence says. “The biggest change was shifting from mostly a tactical focus to a deep understanding, planning and execution of holistic category management, a process that takes time to learn. Also, we didn’t have a discernable measurement system for ourselves and our suppliers. So, we had to develop an entire body of work — tools, processes and systems — to become a world-class operation in three to five years.”

The must-haves for the nascent operation, Spence says, were reflected in her blueprints and embodied seven characteristics that world-class sourcing and procurement teams exhibit: (1) leverage enterprise buying power, drive savings and improve supplier performance, (2) use advanced analytics and tools, (3) manage categories strategically and holistically, (4) foster collaborative stakeholder partnerships, (5) implement rigorous and consistent processes, controls and measurement systems, (6) establish a continuous improvement system, optimize processes, and harmonize policies and (7) develop and proactively manage talent. “We had a big to-do list, but I’m proud to say we accomplished it without paying millions of dollars in consulting fees or software, and without hiring an army of people,” she says.

Today, Spence oversees a function managing US\$17 billion



Sue Spence, MBA

Age: 56

Family: Children Emily and Natalie

Supply management experience: 28 years

Current job: Vice president, sourcing, procurement and disbursements, FedEx Corporation (since 2013)

College: University of Connecticut, 1985; Rensselaer Polytechnic Institute (MBA), 1991

Notes: Vice Chair of the Board of Directors of CAPS Research, the Tempe, Arizona-based program jointly sponsored by Arizona State University and Institute for Supply Management® ... Board member of the Women’s Business Enterprise National Council (WBENC), a Washington, D.C.-based nonprofit organization that provides certification for women-owned businesses ... Advisory board member for business schools at the University of Tennessee in Knoxville, Tennessee; Indiana University in Bloomington, Indiana; Michigan State University in Lansing, Michigan; and the University of California San Diego ... Selected as a “Rainmaker” thought leader by *DC Velocity* magazine in 2018 ... Named one of the Top 25 Women in Power Impacting Diversity by *DiversityPlus* magazine in 2019.



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in annual spend in such categories as information technology; vehicles; fuel; ground support equipment; uniforms; business, professional and administrative services; operational equipment, services and supplies; and travel. In 2019, she assumed additional responsibilities, including oversight of the disbursements and purchase-to-pay functions. The operation's performance metrics include a 1,000-percent average ROI and an 85-percent internal stakeholder satisfaction rate.

"Sue is a dedicated leader, and I'm elated she was selected for this honor," FedEx CFO Alan Graf said in a statement. "She has led our newly centralized sourcing and procurement group for seven years, guiding a team of over 280 professionals. Sue is not only committed to operational excellence and managing compliance for our sourcing organization, but also dedicated to industry development. Sue is a tremendous asset to FedEx, and we look forward to her continued success."

Continuous Learning

Her fingerprints are all over FedEx's procurement and sourcing operations, but that's just one facet of the shipping behemoth that has more than 475,000 employees and connects 99 percent of global gross domestic product. There is much about the company that Spence is still learning, and she has relied on her continuous-improvement background. "We're a big company with a lot of people," she says. "How do we transform quickly and be nimble and flexible enough? It's not always easy, especially in a (business) environment where you don't have all the time in the world to contemplate things."

That environment is intensified in the transportation and logistics industry, thanks to global trade turbulence and the e-commerce explosion. Operational cost containment and rising customer expectations are a demanding combination of dynamics, but they are daily realities for Spence as she strives to meet the

FedEx "purple promise" of outstanding service.

"I'm still learning," she says. "I feel like it's a big study mission. When you think about the contracting and management required to support (FedEx) business, and how that's changed enormously as e-commerce has developed, it's mind-blowing. That said, we will always buy fuel for jets and vehicles. We're going to buy trucks and vans, and sometimes they must be electric or meet efficiency standards.

"So, we have to do things that are adaptable and resilient and work in a robust, process-focused way — and do it quickly, because our competitors are moving quickly. But the bottom line is meeting the needs of the business doing it with outstanding service, every time. That is a principle that I will never stop taking seriously." **ISM**

Dan Zeiger is Senior Copy Editor/Writer for *Inside Supply Management*®.

Small (But Growing) Shipman Sorority

Sue Spence, MBA, is the fifth woman to receive the J. Shipman Gold Medal Award since 1931, but she is the third in the last eight years. The other four female winners:



Christine S. Breves, C.P.M. (2018) — Breves executed U.S. Steel Corporation's global procurement and sourcing strategies from 2013 until November, when she was promoted to senior vice president and CFO. She has served on several Institute for Supply Management® (ISM®) committees and participated in the development of Quadrem, a pioneering e-marketplace for metals and mining companies that launched in 2000.



Lisa Martin, CPSM, C.P.M. (2013) — Martin has built procurement operations from scratch at multiple companies, most notably Columbia Pictures Entertainment, now known as Sony Pictures Entertainment. She was Chair of ISM's Board of Directors from 2007-09 and currently serves as senior vice president, global procurement and CPO at GlaxoSmithKline (GSK), a London-based pharmaceuticals company.



Elaine N. Whittington, C.P.M., A.P.P. (2000) — The first female purchaser at Lockheed-California Company, a division of the corporation that later merged to become aerospace giant Lockheed Martin, Whittington was president of the National Association of Purchasing Management (NAPM; later ISM) in 1988-89. She taught purchasing management at the UCLA School of Management and gave numerous presentations at ISM conferences.



May Warzocha, C.P.M. (1986) — Warzocha was the first woman to hold several NAPM committee leadership positions, and in 1979-80 served as the organization's first female president. She started as a purchasing agent in her family's stainless steel and metals business and over a 34-year career became one of the profession's leading authorities on purchasing and materials management.



From 'Nowhere' to 'Now Here'

J. Shipman Gold Medal Award winner Sue Spence, MBA, discusses leadership, mentoring, supply chain roles, risk-management strategies and helping her company's initiatives take flight.

Question: What leadership qualities do you consider most important?

Answer: The first thing that comes to mind is to be clear and decisive. People want to understand the mission as well as the path to get there. They're looking to the leader to provide clarity and assure them that the hard work they're doing will lead to success. The second is alignment, which is essential. The leader knows how to get alignment among her stakeholder groups, her team, her internal customers and her suppliers. There was a great phrase I first saw during my lean manufacturing training, many years ago. It began, "Opportunity is nowhere." Below that was the same phrase, with a space in between the 'w' and the 'h,' making it read, "Opportunity is *now here*." So, one space can completely change the game. That was the leadership lesson for me: Attitude is everything.

Q: What's your advice for young supply management professionals?

A: My best advice is the advice I got and took: Throw yourself into the ugliest, messiest problem that nobody else wants. Go for the situations that are hard to figure out. While plenty of people will avoid it, the learning that you get from trying to fix something that's ugly and messy will be invaluable. There's always a lesson in those instances. Research and study trends and markets to be the best-informed person about the category you're managing. You want to be the go-to person, an expert for your stakeholders. They count on you, so don't disappoint them. Question the process on everything: "Why do we do it this way? Why did we make that decision?" There's always a way to make it better. And pay attention to your own career development. Seek those you wish to emulate and ask for their advice.

Q: At some companies, many supply chain roles that were once considered strategic are now tactical. How would you describe those terms for today's procurement organizations?

A: Tactical is critical. That's the front line of execution, and we

would fall apart without those employees. At FedEx, tactical is the day-to-day operations execution, ensuring that we have what we need when we need it at the right price. The strategic category managers are looking holistically at the needs of the business, as well as understanding life cycles and category management. They need to understand markets and trends in a way that a tactical guy can't because his focus is on the day to day. The strategic guy will negotiate a massive deal, but the tactical guys have to live with his decision. So, at FedEx, when we come together for category strategy, the tactical procurement guys are involved because they execute the strategy. And they're the ones informed about the front lines and what's going on with business stakeholders that consume the goods or services we buy.

Q: What current projects at FedEx are you excited about?

A: Our team has sourced route-optimization software in support of seven-day delivery and last-mile optimization, acquired electric vehicles to support sustainability efforts, and helped drive supplier diversity through the goods and services we source. Regarding infrastructure, we've supported massive hub-modernization efforts and — this is a real fun one — the design and launch team for Roxo, the FedEx SameDay Bot. So, we're right in the middle of these strategic priorities that provide competitive advantage, serve customers and deliver the "purple promise" of making every FedEx experience outstanding. Being at the center of the business and supporting these efforts is really exciting for the team.

Q: The last three years have provided one supply chain challenge after another, with the coronavirus pandemic the latest. What does risk mitigation look like at FedEx?

A: (Procurement organizations) are dealing with coronavirus. Last year, it was all about tariffs. How should we react? It highlights the value of a good supplier risk-management process, because if you're worried about disruptions in the supply chain — whether it's from a fire, bankruptcy, tariffs or a pandemic, the thought process should be pretty much the same if you've got a good plan. ... It's a challenging time. Because we have a proactive risk-management process where we look at all our categories and suppliers and plot them on a risk cube, we have a contingency plan for each category and supplier. Jet fuel is a great example — refineries are old and sometimes shut down. Positive supplier relationships and good business-continuity and disaster-recovery plans will help us survive whatever comes our way. — Dan Zeiger