

**DTE Energy®**



**2010 Supply Chain Supplier Symposium  
Supply Chain Mission, Vision and Goals**

**Presented by Tony Tomczak**

**Director – Purchasing, Strategic Sourcing &  
Material Requirements Planning**



# DTE Energy Procurement Facts

## Did you know...

- 70% of DTE's non-fuel spend is for services. 30% is for materials.
- DTE Energy buys services from Overhead and Underground construction, temporary labor to external audit services. We also buy materials from poles, transformers, wire and cable to steel pipe, computer hardware, and office furniture.
- DTE Energy has been recognized as a leader in supplier diversity by the Michigan Minority Supplier Development Council, CEED (women's business organization), and Crain's Magazine.
- DTE Energy spends between \$1.4B and \$2.0B annually for non-fuel services and materials.
- 92% of DTE's non-fuel expenditures are spent with 592 businesses.
- 17% of DTE's non-fuel expenditures are with Detroit based businesses. 52% are with Michigan based businesses.
- DTE Energy has a sourcing office in Shanghai, China



# DTE Energy Procurement Facts

## Did you know...

- Close to 200 companies will be in attendance representing the top 75% of DTE's non-fuel expenditures.
- DTE Energy issues over 10,000 purchase orders and contracts annually (non-fuel spend).
- DTE Energy does business with over 200 minority and women owned businesses. 19 minority and women owned businesses do over \$1M of business with DTE Energy.
- 8 of DTE's top 50 non-fuel suppliers are women or minority owned firms. They each do over \$5.5M annually in business with DTE Energy.
- DTE Energy's non-fuel expenditures have ranged from 12% to 19% (\$175M to \$242M) with diversity owned businesses annually.
- DTE Energy does business with over 5000 companies (non-fuel expenditures) annually.
- Tony Tomczak was elected Vice Chairman of the Michigan Minority Supplier Development Council in 2010. DTE Energy is the first non-automotive firm elected to this position.



# Supply Chain Vision

- Supply Chain is part of a broader system entailing planning-design-schedule-procure-deliver-execute
  - Optimize the cycle to minimize labor dollars and material cost.
  - Create a demonstrated competitive advantage (Cisco, Intel, Motorola) that we can apply to any business



# Supply Chain Mission

- **Strive to become the industry leader in delivering supply chain solutions that are recognized as integral to the success of our business partners**
  - Provide Business Partners and customers with strategic sourcing, efficient procurement operations and optimal inventory strategies to deliver value-added products, labor and services.
  - Develop a best in class performing diverse Supplier base in the industry
  - Implement a continuous improvement culture to develop an engaged and safe workforce
  - Through collaboration, plan and implement cost reduction solutions for our business partners
  - Transition to highly flexible, scalable services and operations



# Supply Chain Organizational Leadership

- Business CPO's (Chief Procurement Officers) & Managers
  - Fossil and Nuclear Generation – Don Tasker
  - Distribution Operations and Gas – Stephanie James
  - Major Enterprise Projects – Jas Singh
  - Corporate / Fleet / Facilities – Norm Boik
  - Material Requirements Planning/Inventory – Angelo Jones
  - Energy Resources (Ann Arbor businesses) – Steve Jolliffe
  - Supplier Diversity – John Eley



# What does the Supply Chain team focus on...

- ROI – Cost to procure v Cost savings
- Continuous Improvement
- Supplier Diversity & Local Spend
- Inventory Optimization
  - Level
  - Turns
  - Days of supply
- Cost Savings and Revenue Improvement
- Supplier Performance & Health



# Key Policies & Processes...

## We need each other...collaborate

- OP4: Procure-to-Pay Policy
  - In order to have the least amount of issues getting paid, your company will follow this policy
  - Do not start work without a PO
  - Quotations (verbal or written) for work without Supply Chain involvement will make payment very difficult, if not impossible
  - Acceptance Copies – DTE Energy will require your company to sign PO's to insure acceptance
  - If you have questions, contact your buyer



## **Supply Chain Tools**

- Bid Process – Website Platform
- Supplier Portal
- Supplier Performance Scorecard



# **Supplier Diversity... Engage the Community**

## **Cycling of Cash... Good Business**



## Supplier Diversity Overview

- DTE Energy has a rich history of working with local and diverse companies
- There has been increasing recognition of the DTE Energy Supplier Diversity Cornerstone over the past few years
- New energy legislation has provided for business opportunities...awards to diversity companies have been made by DTE Energy
- DTE Energy is very active with business organizations... Tony Tomczak was named the Vice Chair of the MMSDC
- Supplier diversity and community outreach is supported and encouraged (words and actions) by our CEO and all leadership



## Definition - Supplier Diversity

- Supplier Diversity is defined as a proactive business process that seeks to provide diverse suppliers equal access to business opportunities. It promotes supplier participation reflective of the diverse business community and encourages economic development.
- Small Business Subcontracting is the federal government's program to increase opportunities to small, diverse businesses.



## Cornerstone Elements

- Set goals and have a process for measuring each business unit (BU) Supplier Diversity spend
- Identify and select the best M/WBE suppliers in the Business Unit
- Promote networking opportunities
- Provide resources to assist in the growth and development of the suppliers
- Provide support from other elements to help support the program
- Identify opportunities for additional business through the entire process
- Annual visits to the supplier and business meetings
- Continuous evaluation and improvement
- Develop and Mentor Minority and Women-Owned Business Suppliers



## Criteria for M/WBE Suppliers

- Be a financially stable organization
- Certified as a minority, woman-owned or small-business
- Work with DTE toward cost saving initiatives
- Be a continuous advocate for DTE in the Community sector



# Years of growth, progress...and results

## 2009

- \$107.1M spent with certified minority suppliers (64%)
- Utilized 114 MBE suppliers
- \$60.7M spent with Women-Owned suppliers (36%)
- Utilized 120 WBE suppliers
- Total M/WBE 2009 YTD spend - \$167.8M (30% Decrease )
- Total M/WBE supply base – 440
- 17% combined Tier I/ Tier II spend
- 2010 Spend Goal  
14% of total spend  
16% (Stretch Goal)

## 2008

- \$154.7M spent with certified minority suppliers – 26% over 2007
- Utilized 113 MBE suppliers
- \$87.9M spent with Women-Owned suppliers
- Utilized 120 WBE suppliers
- Total M/WBE 2008 spend - \$242.6M
- Total M/WBE supply base – 450
- Approximately 90% of our M/WBE spend was in Michigan
- Tier II program spend was approximately - \$35.8M
- 18% combined Tier I/ Tier II spend
- 2009 Spend Goal  
13% of total spend  
15% (Stretch Goal)

## 2007

- \$113.9M spent with certified minority suppliers – 13% over 2006
- Utilized 151 MBE suppliers
- \$99M spend in Michigan
- \$104.4M spent with Women-Owned suppliers
- Utilized 205 WBE suppliers
- \$93.4M spend in Michigan
- Total M/WBE 2007 spend - \$218.3M
- Total M/WBE supply base – 470
- Approximately 88% of our M/WBE spend was in Michigan
- 17.5% combined Tier I/ Tier II spend
- 2008 Spend Goal  
15% of total spend  
17% (Stretch Goal)



## Awards and Participation

### 2008 Awards

- MMSDC Corporation of the Year – Consumer Products

### 2009 Awards

- Crain's Magazine 2009 Innovation in Diversity Award – Supplier Diversity
- MMSDC Corporate ONE Award (Project ONE Module)
- Finalist MMSDC Corporation of the Year – Consumer Products
- Participated in over 22 external activities
- Coordinated six internal Supplier Days (over 1000 attendees)

### 2010 Awards

- CEED (Center for Economic Empowerment and Development) Corporation of the Year Award



## 2009/2010 Significant Business Awards

### Energy Optimization (EO)

- SEEL/ECOS – Joint Venture awarded for Weatherization and Energy Optimization projects

### Renewable Energy (Wind Farms, Solar Panels, Bio-Mass)

- NOVA Consultants and its joint venture partner were awarded a \$19 million contract for Solar Panel installations

### Excess Material Award

- Developing contract with Ideal Setech to handle all access material for DTE Energy service centers

### Third Party Materials Management (3PMM)

- Diversity Supplier being considered

### Major Enterprise Projects (MEP)

- Ideal Contracting awarded \$18 million project for construction work at the Monroe Power Plant for the installation of the FGD 1 & 2 Scrubbers

### Automated Meter Infrastructure (AMI)

- Tier 2 awards to local, diverse companies for meter installation and back office support



## What can we do?

- Incorporate Supplier Diversity as natural part of sourcing process
- Communicate opportunities (formally/informally)
- Focus on increasing spend with targeted categories
- Analyze current spend. What could be transitioned?
- Continued participation in tradeshow and events (MMBDC, NMSDC, WBENC, SBA, EEI)
- Utilize local resources (Michigan Based Suppliers)
- Know your supplier base. Encourage certifications where applicable (MBE, WBE, SDB and/or HUBZone certifications)
- Be a Champion! Spread the word



## **Commercial Time...**

- Join the Michigan Minority Supplier Development Council (MMSDC)
- Become a corporate member or become certified if you are a minority owned company
- Contact MMSDC TODAY!!!



## **Continuous Improvement...DTE's tool to excellent business performance**

- Waste Elimination
- Productivity metrics and drive towards improvement
- Contract management and administration – services
- Req-to-check
- CI with Suppliers
  - First experiment: DO contractors – Line Clearance, O/H, U/G



# Supplier Expectations, Preferences & Strategies

- Competitiveness & Performance
  - Bid process
  - Terms and Conditions
  - Healthy
  - Market understanding and value creation
- Buy Michigan/Customer Base/Diversity
- Global Sourcing
- Supply Chain Innovation
- Michigan Premium
- Inventory
- Engagement



# Bid Opportunities

[www.DTEEnergy.com](http://www.DTEEnergy.com) / About DTE Energy / Supply Chain / Bid Opportunities

DTE Energy - Bid Opportunities - Windows Internet Explorer

http://www.dteenergy.com/dteEnergyCompany/aboutDTEEnergy/supplyChain/bidOpportunities.html

Live Search

DTE Energy - Bid Opportunities

Residential Customers Business Customers

Supply Chain

DTE Energy Company

Become a Supplier

Bid Opportunities

- Contact a Buyer
- Diversity Commitment
- Information Center
- Maximo
- Supplier Connections

### Bid Opportunities

Contact the listed buyer for more information about the bid opportunity and bidding period.

Corporate Services			
Bid Event Description	Organization/Location	Buyer	
Janitorial	Detroit	<a href="#">Dionne Young</a>	313.235.9145
Bearings & Power Transmissions	Detroit	<a href="#">Mary Lou Pressotto</a>	313.235.1185
Fasteners	Detroit	<a href="#">Laura Sullivan</a>	734.586.4564
Packing & gaskets	Detroit	<a href="#">Mary Lou Pressotto</a>	313.235.1185
Tools	Detroit	<a href="#">Nasser Mothana</a>	313.235.1188

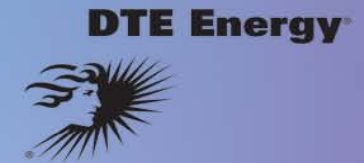
Energy Gas			
Bid Event Description	Organization/Location	Buyer	
Corrosion Bid	Detroit	<a href="#">Cheryl Giddens</a>	313.235.3718
Tier 2 hard surface (concrete) suppliers	Detroit	<a href="#">Maurice Thompson</a>	313.235.8984
Snowplowing & Lanscaping - GRMI & SE	Detroit	<a href="#">Maurice Thompson</a>	313.235.8984
Muskegon, Grand Rapids UG Construction	Detroit	<a href="#">Kathrine Horan</a>	313.235.4377

Energy Resources (non-regulated companies)			
Bid Event Description	Organization/Location	Buyer	

Local intranet 100%

# Buyer Contacts

[www.DTEEnergy.com](http://www.DTEEnergy.com) / About DTE Energy / Supply Chain / About Buyer Groups



DTE Energy - Contact Nuclear Generation Buyers - Windows Internet Explorer

http://www.dteenergy.com/dteEnergyCompany/aboutDTEEnergy/supplyChain/nuclear.html

Live Search

DTE Energy - Contact Nuclear Generation Buyers

Residential Customers Business Customers

Supply Chain

Powered by Google Search

Visit Other DTE Energy Web Sites

DTE Energy Company

Become a Supplier

Bid Opportunities

Contact a Buyer

- About Buyer Groups
- Corporate
- Distribution Operations
- Energy Gas
- Energy Resources
- Fossil Generation
- Nuclear Generation**
- Materials & Logistics

Diversity Commitment

Information Center

Maximo

Supplier Connections

### Contact Nuclear Generation Buyers

**Nuclear Procurement**  
Robert Ziembiec, Manager  
Michelle Underwood, Category Manager

**Commodities**

COMMODITY	BUYER(S)	
Bearings/V-Belts/Hoses/PowerTrans	<a href="#">Pamela Key</a>	734.586.4098
Boiler Water/Waste Water	<a href="#">Pamela Key</a>	734.586.4098
Buildings/Building Supplies	<a href="#">Dianne Goodman</a>	734.586.4091
Condensers/Heaters/Evaporators/River Water Equipment	<a href="#">Dianne Goodman</a>	734.586.4091
Electrical Supplies - All	<a href="#">Laura Sullivan</a>	734.586.4564
Fasteners	<a href="#">Laura Sullivan</a>	734.586.4564
Fire Equipment	<a href="#">Dianne Goodman</a>	734.586.4091
Gaskets/Packing/Seals	<a href="#">Dianne Goodman</a>	734.586.4091
HVAC Equipment/Filters	<a href="#">Dianne Goodman</a>	734.586.4091
Instruments/Meters/Recorders/Transmitters/Annunciators/Controls	<a href="#">Dianne Goodman</a> (calibrate) <a href="#">Laura Sullivan</a> (new)	734.586.4091 734.586.4564
Insulation/Refractory/Aggregates	<a href="#">Pamela Key</a>	734.586.4098
Medical Supplies/Safety Supplies	<a href="#">Dianne Goodman</a>	734.586.4091
Motors/Generators	<a href="#">Pamela Key</a>	734.586.4098
Nuclear Equipment/Fuel Bridge	<a href="#">Laura Sullivan</a>	734.586.4564



## Key points to remember...

- Know your buyer
- Be proactive, engaged, and collaborative
- Follow the Supply Chain processes..if you're not sure, contact your buyer
- Continuous improvement
- Emulate DTE Energy values and be an advocate
- Your performance and competitiveness effects customer affordability...play your part