

## Art of Procurement Podcast Transcript

### Episode 190

#### Mastering Your Master Data, and Why You Need to Care w/ Doug Paul

**Phil Ideson:** [00:30] Hello everybody, and welcome to this week's art of procurement podcast, which is powered by SIG. I want to thank you for tuning in wherever you are in the world, and I've been inviting today's guest onto the show for a little while and he finally cracked. So I'm joined by Doug Paul. Doug is a GM of sourcing at General Electric and their global operations group. He has responsibility for developing, improving and standardizing shared sourcing processes, operations and tools across all of general electric. And I've gotten to know Doug well over the past 12 months or so after first meeting him at the Teal Book Round Table series I facilitated back in early 2017. Doug is really passionate about the role of procurement. You'll hear that in the interview, but also about our need to continually improve to challenge our assumptions and also I think importantly take control of our own destiny. The focus of Doug and I's conversation is master data, so it's a topic that I haven't really talked about on the show.

**Phil Ideson:** [01:30] I think that's because it's complex. I think it's because maybe I don't have as much understanding in that area, but as Doug explains, it's really critical to our ability to access usable data to get it from all kinds of different sources to help inform our sourcing and our category strategies. So in the conversation we actually built on an article that Doug wrote for a Teal Book White Paper and you can actually check out that white paper, check out Doug's contribution by just going to [artofprocurement.com/190whitepaper](http://artofprocurement.com/190whitepaper). That's one for the episode today, White Paper. And so towards the end of the interview we also try a new feature. We called it the quick fire round. It's something that Doug actually has been pushing me to do. So Doug, he volunteered to be the Guinea pig. I'd love to know what you think of it. Should this become a regular feature as you're listening? That's at the end of the show. So let's go to the beginning. Uh, let's go to my first question and I asked Doug what I often ask procurement leaders and professionals with my first question and that's whether procurement found Doug? Or did he find procurement?

**Doug Paul:** [02:36] That's my favorite question on, on these episodes. Yeah, procurement definitely chose me or more specifically, you know, a lady named Jodi Moore Copplas chose me or we chose each other? Um, it's actually a bit of a funny story. I worked for GE for 22 years in the first 10 years or so. I didn't do sourcing, but I did do gas turbine. So we'd install gas turbine power plants. I went from there to be a service engineer on gas urban power plants. And I went from there to be managing the warranty on gas turbine power plants and you know, these gas turbines are, you know, they can be \$20,000,000 a copy. And so we had an issue at a, at a customer site where there was a gas turbine was heavily

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damaged because something was ingested. And um, and we actually went to the supplier to talk about it. So my first interaction in sourcing was, was with the limits of liability clause and I was talking to a supplier about a \$5 million dollar bill over a \$500,000 part they had offered us the meeting. Didn't go that well,

**Phil Ideson:** [03:59] I can imagine, welcome to supplier relationships.

**Doug Paul:** [03:59] Exactly. But, but, uh, Jodi and I got on okay. And two or three years later, I ultimately went to work for her.

**Phil Ideson:** [04:06] What was it that attracted you or inspired you or made you think, you know, what, this, this procurement and sourcing are is worth spending a little bit of time in?

**Doug Paul:** [04:20] I look at every new job, uh, I kinda have a, a new job triangle if you will. And there's functional expertise, there's business knowledge, and there's personal network. And my view is every job you take has to be weighted on one of those three things. And as long as you're aware and acknowledging which part of that triangle you're leveraging, um, the next role could make sense. So, you know, in my case, Jodi come along and asked me to come join her team. I was actually a quality team and then a sourcing team and I had the business expertise in that area. It was in, it was in the power business, which I knew a lot about and I didn't have a lot of functional expertise in the time, but I had the relationship with, with, uh, with Jodi and everybody else I would interact with in that role. And so, and so I made the move.

**Phil Ideson:** [05:21] It was kind of a safe space knowing the team around you, knowing some of the folks around you as you made the move, I guess.

**Doug Paul:** [05:28] Yeah, absolutely. And at that first job was actually a job in quality because she'd went to be the quality leader. Um, and then she went back to sourcing and then I, I followed her back to sourcing. My first job in sourcing actually is I, I went to China to be a sourcing leader for our infrastructure businesses, which at the time was a combination of, you know, Ge Power, Ge Aviation, ge transportation, oil and gas and water. And we were trying to grow the China by and I actually reported into the sales team. So I spent a lot of time with the sales team helping them set expectations with our customers in the

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government about what we could do in China to fulfill in our, to fulfill our contracts with them. And then, you know, my other day job was helping those businesses, sourcing teams, you know, maximize their, their export volumes

**Phil Ideson:** [06:26] Pondering with sales is something that I, I still see so routinely being an opportunity that we kind of miss in procurement. I think manufacturing environments, it's a little bit more prevalent. I've done that in automotive, but in non manufacturing environments is such an opportunity therefore is actually want to be conditioning like what's possible but to, to understand what the ultimate customers actually want. And then we can use that to inform our sourcing strategies ultimately.

**Doug Paul:** [06:54] I'd say the sales, the sourcing relationship is probably. I've heard you talk about it before on the show. It's probably the most under leveraged relationships, the manufacturing relationship, the IT relationship, the finance relationship. Those are all a bit more obvious to the procurement team, but, but the sales one has a lot opportunity and we usually leave it on the table. I tell Ya, in China, the sales team loved me. They loved to drag me to the customer meetings, um, because they didn't know what to say. They didn't know what was, what the supply base in China could do. They didn't know what made sense to sign up for or commit to, you know, in, in the future. So that was a lot of fun.

**Phil Ideson:** [07:36] Just the context, could you share a little bit more about your current role and responsibilities?

**Doug Paul:** [07:40] Sure. I kinda, I kinda jumped right in the middle there. Um, so I've been working about 30 years old. Go back and start at the beginning. I did eight years in the US Navy on submarines, on nuclear submarines and on those nuclear submarines we commissioned a nuclear power plant for a fast attack machine. And then I went to be an instructor to teach others, others how to do it. I like to say that, you know, I trained 19 year olds how to operate a nuclear reactor, but, but, but don't be worried I was 23 at this time.

**Phil Ideson:** [08:14] You had a lot more experience than they did.

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**Doug Paul:** [08:16] I was. Yeah, exactly. That was infinitely more experienced at the time and then, and then left there and went to work at GE the very same day actually. And then um, first 10 years at GE I kinda talked to my lead up and how, you know, I made it to procurement and then since then I've done a combination of procurement jobs to kind of touch every element of procurement. I'd been the sourcing leader for long cycle businesses or gas turbine business, heavy, big steel. I've been sourcing leader for a smaller business of ours it was more electronics and flow. It did a lot of instrumentations and measurement systems, measurement and controls actually in our, in our oil and gas portfolio that we now call Baker Hughes GE. I also ran a commodity team for fabrications and, and forgings. And so at the end of those jobs, um, I ended up having an opportunity to join what's called GE global operations, which is our shared services wing that goes across the entire company. And here I'm kind of a source to pay guy or procure to pay guy depending on which acronym you use. I own and identify and develop all the systems that we use companywide for supplier onboarding and maintenance or indirect purchasing. And then also I do, I do accounts payable. So those three primary axes I do for the entire company.

**Phil Ideson:** [09:57] I want to follow up on that later in our interview. There are a couple of different areas I want to touch on. They'll really talk into your role. One thank you for sharing it just for listeners to get some context. But before I jump into some of the specifics, I had a couple of the questions a little bit more broad. I think the first one was, um, we talk a lot and you talked about your experience kind of across the procurement value chain. We talk on that to procurement about challenging the status quo. I wonder if there's any kind of fundamentals of procurement that you think that we take as written all the, we've always done them this way, so we'll always going to do them that way. In the future. But how should we actually be challenging and finding new approaches for?

**Doug Paul:** [10:43] Look, I think we need to be challenging everything that may sound a bit pedestrian or maybe that's the easy answer. Um, you know, as procurement leaders, as managers, as the folks that run these organizations, and I'm talking about the managers here because the team is busy negotiating deals. The teams are busy, um, identify suppliers that teams are, are going through the contract terms line by line. Um, as leaders, we have to be completely focused on delivering scale through our teams in the processes they use and the tools they use. Um, and not just so our team can be more effective and we can be more

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credible with them, but also so we can do a better job in articulating our contribution to our, to our peer organizations, right? To the finance community, to the manufacturing community, to the engineering community. And so got to be focused on delivering scale, Phil.

**Phil Ideson:** [11:58] As you talk about that is, it's an interesting point you make because I often think that we're very good in isolation, so we talk about how we bring value beyond savings and how we can kind of increase the impact the procurement organization has and you often see so many small pockets of that because it's one individual who was inspired to go and try and do something or maybe it's a team leader who is just doing a really great job inspiring their team to go and look at startups as an example and I'm just making something up, but it's an idea of something that happens in, in a small area, but then we really struggle to then go and scale that so that it's something that is more of a broad organizational capability.

**Doug Paul:** [12:51] Just to take supplier selection. When the selected, supplier is directly negotiated by a, by a sourcing person. Um, we all know how it goes, right. Go through the engagements. You fill out the matrix. Yeah. You, you lay out the contract, you decide all the terms, but I don't know how it is in every company, but in our company we have strategic coverage for everything big, everything important and at some point at some point, if you kind of follow the vertical down through every commodity at some point, there's not a ton of strategic coverage on the commodity at some by level, right, at some purchase value. So that falls through somebody, that falls through a buyer on the direct material side world and the people who think that the buyers are just buying and not having to negotiate are, are, are misinformed. And then on, on the indirect side, it's even more pronounced, right?

**Doug Paul:** [13:46] Because you have, you have people trying to buy everything from, uh, a conference table to reserving a, you know, a conference room in a hotel, in just the mechanism that those people, the buyers and, and maybe someone who has to pick a conference facility. Just the mechanism by which those people know what suppliers to use is crucial. To me, that's an example of scale. Somehow or another, the the commodity leaders, preferred suppliers have to be made available to these people who fall below the line for, for active strategic sourcing help. There's got to be a mechanism for them to pick the right suppliers and to be able to leverage the agreement to be able to leverage the agreement without

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even necessarily knowing there is one.

**Phil Ideson:** [14:37] Yeah, yeah. I've seen that from a prospect within our business that we've been talking to recently, that they have a strategic team and it's not a business with the complexity of GE, it's but still the problem that it's all well and good. Having a strategic team that's setting strategic priorities and this is in the indirect space for a manufacturing organization that folks at the plan level are doing the buying itself. And so without that coordination of, of, of you know, what the strategies are they going and doing their own thing and so the strategy kinds of falls apart.

**Doug Paul:** [15:14] Yeah. Well, and they might be the smartest people to do it too, but you know, at some point, you know, at some point your strategic folks in they can't cover 100 percent of the commodity. So how do you handle what they can't cover is, is it an important distinction? And it's what I taught is what I mean when I use the phrase like scale somehow that's got to happen for that commodity leader without them having to do it for themselves.

**Phil Ideson:** [15:40] So I want to talk a little bit about data because I know that, you know, you and I have got to know each other for the past probably 18 months or so and I know that this is a topic that one you're passionate about two spoken about quite a little, quite a bit and that's taking master data to the next level. And how do we use data within our organizations to really drive a lot more intelligence and strategic decisions. Um, before I go there, I just love if you could just share what your definition of master data is so that we're all kind of on the same page.

**Doug Paul:** [16:13] You know, when I taught master data, I'm talking now obviously the definition is broader in this context. I talk exclusively supplier master data. Yeah, right. What do we need to know? Um, to know when we're doing business with the same supplier, me and my friends and he has a business that we're doing business with the same supplier. What do we need to know that the certificate they have is the certificate I need. What do we need to know? Uh, in my company, we have 1300 purchasing entities and you have to onboard the supplier and every purchasing entity and today you have to do a 1300 times and the potential to keep it up is, is, it's pretty much. It's pretty much infinite,

**Phil Ideson:** [17:06] Right? It's guaranteed that it's not going to be a seamless process.

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**Doug Paul:** [17:10] Exactly. So you know, we ask, I'll give you some numbers. Yeah. We started taking a look at this internally and give you an indirect supplier like any big company is going to use these guys. Tata consulting services. Yeah. We went into our, we went into our supply record files. We had 252 entrances for consulting services or TCS. And it does not 252 of them, but you know, what the amazing part actually was, is once we look to drill down into that and reconcile all those entities just to the ones that were unique and you have to, you have to pick something that defines a supplier as unique, a tax id or a or a or a government legal entity Id is usually what works, but the whole world doesn't use the same one. So you can't use any one field to key off of.

**Doug Paul:** [18:07] There was still 57 of them, right? So people may or may not be surprised if there was 252 people are usually surprised to know that legitimately there were 57 unique instances of this supplier that exist because they have to have a legal entry at a legal entity entity in every country where we use them. And it's not just an indirect thing. Um, you know, Jabil Circuits, we would have 100 records for Precision Castparts we've had 100 records for. So when I talk about supplier master data, that's what I'm talking about, the supplier records organized in a way that we know we're doing business with the same guy that when we onboard them, we can subscribe to them and use the existing data instead of onboarding them again. Right?

**Phil Ideson:** [19:03] What does that impede? So having that as a challenge is one thing. Um, what does that stop you from being able to do?

**Doug Paul:** [19:15] Well, and the most obvious one to a sourcing person is it, it inhibits you from aggregating your spend data, any sourcing person on the planet that's ever been in charge of a commodity or a business or anything, as soon as they get the date I, which may or may not be easy, they get their spend data, they then spend all afternoon reconcile in the supplier name is trying to figure out which ones are the same and how many do they actually have, right? That's the first step. Um, and you know, the industries have popped up around this specific need alone. There's a lot of startups out there that use machine learning and they use ai algorithms to reconcile these supplier names and they'll do it for you, but your inputs are never, never get cleaned up, so they have to do it every quarter, every month, every day. Um, and so that's not sustainable. So if you could get that fixed up front right then and you can get a cleaner view and you can get an

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instant

view and you can get a real time view of your, of your spend data.

**Doug Paul:** [20:26] It. Look, I haven't even gotten to a lot of the other components of this, which is, you know, how do you just know who you're doing it from? A, from a kys compliance, how do you know you're doing the watchlist screening? How do you know that you've got them on the right pay terms that you've got them on the same pay terms. How do you even keep up, you know, the contact information that you know you use with that supplier. So you know it not having this inhibits all of those things. It makes it at least a manual step where it could have been an automated step that has to be reconciled by a phone call and most of the time there is no phone call. People just do it over themselves.

**Phil Ideson:** [21:17] So spend analytics is a good example. You do it and try to reconcile all these records and you can never replicate the same thing twice. So you do it one way and you get to a number you're comfortable with and then you go and speak to a stakeholder and they say, okay, take me through this. Um, it really kind of hits your credibility when the numbers are all over the place.

**Doug Paul:** [21:37] Well, that's exactly right. So you end up having a cheat sheet that you use, right? You develop your own little spreadsheet on supplier A is actually supplier D, You know, and, and you and you have to review it every however often you run this data compilation, you have to review it to make sure new ones didn't flip in. It's just a inglorious inefficient, but the real problem with it, if Phil is, it, is it prevents you from ever being real time on your analytics because you have a cleaning step, you have to do, you know, to, to fix stuff.

**Phil Ideson:** [22:17] So as you look at what you're striving to achieve, you know, as, as you think about how you better access master data, um, is that what the to be state is? It's real time a single supplier records all accessible in one place for you to just check out of what the future state looks like. And then I want to talk a little bit about how we get there.

**Doug Paul:** [22:43] I take, I take it a lot farther than that. Let me, let me take a step. Maybe step back, maybe it's not. Let's talk about the act of mastery. What, what typically happens today is we, um, we all work procurement people and finance people to

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work extremely hard to master the supplier vertically, meaning from loading them

in our ERP to the PO creation, um, to the invoicing to the. So from top to bottom, we strive to integrate the supply vertically and any other end, either any other hang off systems that may, that may be you know, you along the way that that's hard enough. But I think what you, how you have to think about this is it's the horizontal supplier master that's really, which means how do you makes sure that the supplier that you have in this vertically integrated example that I just shared with you, is the supplier that you use to subscribe to your next purchasing entity, until your next purchasing entity, until your next purchasing entity. Right? And that it starts off, you know, being inside our company, right? For efficiency, speeds up spend analytics and, and, and simplifies compliance processes and we know who we've certified and all that sort of thing. I mean, that's step one is developing that horizontal master and you look, I mean that's what we're trying to do inside inside our company, you know, but we, we came at it from not just the sourcing perspective but also kind of a compliance and controllership perspective to want to know who we do business with and, and trying to spend less money doing our spend analytics.

**Phil Ideson:** [24:49] So I want to talk a little bit about how, but I'm just a question that I wanted to jump off that is, as you think about horizontal data, master of the specific tools out there that, I mean, can you get to that by using the tool sets that are, you know, the traditional tools that are out there that you've probably using to manage and master data today or does it require a different type of tool to get that kind of insight into your master data?

**Doug Paul:** [25:15] You, I don't, you know, our, our opinion was, is we looked at the landscape for the horizontal master. Um, didn't really feel there was a product out there that would adequately appreciate all of our standards and requirements. Uh, we were a little concerned that, that we would continue to drive and set standards and some of the areas. So ultimately we took a make by look at the horizontal supplier master and decided to decided to build it. Now that doesn't mean we're building everything. We integrate with a lot of other systems and platforms along the way, but we made the decision to, to build the supplier masters team inside our company where we're in the process of rolling that out now.

**Phil Ideson:** [26:07] So as you're, as you're building that, which I think ties into some of the

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how to try and go from the channels that we're having to perhaps that future vision of a horizontal data master is like what kind of data sources are you actually looking to pull from that then makes up the master data.

**Doug Paul:** [26:28] Yeah, exactly. It's a great point. And as we go, there's also the element of what does the, what does the future hold? So you, you talk about what data do you pull from. So first you're trying to, you've got to pull the information from your sourcing team, right? And then obviously you also want to pull the information from your suppliers, but it's not just that, right? You also find yourself needing to validate a validated tax ID, right? Validate a bank account number. Um, you may find yourself wanting to understand and, um, understanding an internal designation like whether a supplier is preferred or not. Um, and it's so, it just, it just keeps going on and on. But usually you've also got to figure out where are you going to draw the line on what you will, what you will master.

**Phil Ideson:** [27:38] I'm sure there's a lot of "nice to haves" that you don't necessarily have. They don't have the impact, you know, it's like the 80/20 rule, isn't it?

**Doug Paul:** [27:47] Exactly. The way we tried to look at it was what's core? What are the, what are the supplier data attributes that every business in the company would need. We kind of call that the master, that's about 200 fields. And if you've never thought about it before, you'll go 200 fields. Oh my God. How could it be 200 fields? Trust me, it's 200 fields. Um, and then we look at it, well the next group is, um, what do the individual businesses need that maybe not everybody needs. An aviation, they'll look for a specific quality certificate and has a 9,100 and nobody else really, uh, deals with in healthcare. Uh, you have in our healthcare business, you have to be, if you pay a doctor, um, which, which we, which we have to do in our healthcare business, you have to, you have to be very clear, um, that is a doctor in your system because there are very specific rules about tracking and documentating a patient, about how those payments get executed. If you, if you're trying to do a lot of times in foreign countries, you end up having to pay through a third party. So how do you vet that the third party has value and things like that. So, so we've got core master data fields everybody needs. And then we've got business specific master data which individual businesses might need, but not everybody needs. And then you've got a third category, which is stuff people want, but there is, but there's no standard for today or you can't, you can't not explicitly quantify everything you're, you're, you're looking for. I'll give you an example like diversity. People say, well, we want you to, we want to know you're a diverse supplier spend and that's great. Uh, it's a, it's a burgeoning industry,

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you know, knowing the diverse department, but, but to what standard in, in, in what country? Do you want me to use external rating Agencies, their view of

whether they're diverse enough?

**Phil Ideson:** [30:13] All kinds of different ways you can slice and dice that data, I guess.

**Doug Paul:** [30:16] Exactly, exactly. I've had the state of California comes to me with and they say, well, we need to know diverse suppliers. Um, you know, by the state of California Standard. It's like, okay, well I'm going to need to read the state of California. It is. And then I got another one to two weeks ago or two months ago from the UK. And they said, we don't want to just know your diverse supplier spend, we want to know your second tier, right? Diverse supplier spend, and then it, then you're kind of faced with a discussion that we don't really track our second tier. We have very specific criteria for when we do track our, our second tier spin, but it's a very small proportion of the time, you know,

**Phil Ideson:** [31:00] Where it's mandated in the supplier contract or the customer contracts for government work for example.

**Doug Paul:** [31:07] We basically. Yeah. Basically we'll, if they put, if they put our logo on it at a sub supplier, we'll, we'll lock to qualify this up here up if they outsource a special process that um, you know, GE, we make a lot of high end metallurgical stuff. Right. So there's a lot of specific requirements that we want to physically see and verify ourselves. Don't they outsource any of that we'll go verify that at the sub tier as well. In certain cases we'll go to a steel mill and, and you know, and the pores and so. But we have very specific criteria for when we do that. And it is not everywhere by all means.

**Phil Ideson:** [31:46] So when you think about such a diversity of inputs, like the sources and the pieces of information that we're pulling into this master, how'd you get into the master? Is it being a manual process to go find it? Are you able to set up a api's between systems so that all the data polls, uh, um, more automatically driven, you know, it's not a team of people going in there and creating it on a record by record basis.

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**Doug Paul:** [32:19] Yeah. Well look, you're gonna you're gonna have to manually input it, but you're going to have to manually input it a lot less times than you did before. Right? And so, so on that core data, you're going to have to manually input it. You want to try and involve and engage the suppliers and inputting it and maintaining it themselves where they are. And then for stuff that, that externally available, you can, you can write the Api's to validate and verify and then, and then you need to keep an eye on the future, right? For the future standards. And, and you know, and the possibilities that this might actually that did this, you know, that this will create. I think Phil, what I, what I think about is there's a lot of discussion about how do you tactically execute that master. But then what I also used to explain to people why it's got to happen is, is, is what's going to happen next, right? Once you got the horizontal apart, masterbuilt, think about what it enables. It enables a place where the suppliers can finally provide their information at scale to their customers. It, it creates a place where your experts right can maintain their logs and information on the suppliers and the supplier performance performances and, and they might actually be able to hand it down to the next guy that does their job, right?

**Phil Ideson:** [32:19] It gets lost in the inbox.

**Doug Paul:** [34:06] It gets lost in the inbox. Exactly. And so here now you've started to create scale back to scale. Suppliers can maintain the information, experts can maintain, create hand down their information, and then you start to form networks, right? Of the suppliers that function. And you can, you can develop these networks around commodity exports, you can develop these networks around companies for, around, for, around industries. So now think about it, think about your linkedin feed, you know, LinkedIn plus Yelp plus Facebook as you start to develop these communities, then you can start to share information more effectively within these communities because now it's not a complete pain. You don't have to provide it in 97 places and you get up the dialogue and make it more diverse and more more sustainable.

**Phil Ideson:** [35:09] Yeah. What's interesting to me is as you kind of talking through some of those opportunities as well, it goes back to kind of that question earlier about challenging the status quo. And one of the things I always think about and I hear from others as well as like the RFP process or the sourcing process, it's really, I, I hesitate to use the term broken, but you know, we're under so much pressure to, to be a lot more agile, to move a lot faster and not to take three months for a sourcing process. The fact that, um, by the time usually somebody is coming to

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us to execute a sourcing process, they already know who the supplier is going to be because they spend that time themselves and we're just there to, to consummate the deal by being able to access this data within kind of that

network effect that you talked about, it means that you can actually apply it to a much faster sourcing process just as one of the things, one of the impacts it can have so it can completely redefine what it actually means to go and find and select a supplier because all that information usually do through an RFP process is actually already accessible to you.

**Doug Paul:** [36:14] Exactly, exactly what, once the mechanism is there, the engineering team will go pick their supplier and then when they, when they, when they bring the deal to you, which they shouldn't have negotiated, but they did. At least it will be with the supplier you approved of in the first place. So it simplifies the process immensely. I think the network is, you know, the key to that because it won't just be the engineering team pick on a supplier for a prototype, it'll be the engineering team. They'll have access to those communities of experts because when you do castings or forgings or electronics, it's not just sourcing people that are in that network, right? It's supplier quality engineers, design engineers, right. They get in these networks too. So this way when you're, when you're engineering guys start looking for suppliers, they're, they're in touch with the network of experts and they have a feel for who might be a good choice and remember before we said though the mechanism was to pick up the phone but you don't know who to call so you don't. Here at least you know who to call and you can reach out and the networks really start to add value in and accelerate.

**Phil Ideson:** [37:35] So I really liked the kind of idea of the networks and the power of the networks. I see it and actually places now. I had an interview a couple of weeks ago with Rob Bernstein and Cooper talking about community intelligence and it's really kind of the same idea of bringing together the power of the insights, the experience of multiple people to help crowdsource decisions. Um, I just wonder if you could speak a little bit more to how you're really leveraging the power of networks within the horizontal data master.

**Doug Paul:** [38:09] Right? Right. Well, think about how these networks are going to work. Once you've got the experts talking, once you're sharing information, once you've got the companies talk on, once you've got the industries talking, right, they're going to form together. They're going to come up with standard methods by

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which to assess these suppliers. We would call it a, we would call it a commodity assessment. And, and in our company, oh, they could develop, if it was an industry group, they could develop standards that all the suppliers agree to live to. Um, I don't know if you're familiar with, uh, uh, they call themselves the Responsible Business Alliance now grew up out of the electronics industry. Right? But basically they said, hey, all you buyers, you're killing me with all these requirements, we understand the requirements to why don't you let us self regulate how we can demonstrate compliance to you.

**Doug Paul:** [39:09] Um, you know, that worked in electronics, but I think that can work in, in all of these, uh, all of these groups. And they get together, they'll form their own standards as those standards get formed, those items and elements that can then feed back right to the, to the horizontal supplier master. Think about commodity designation. Right today, most companies use a, they either use like a unf bsc code or an htc codes or, or they developed their own. We've developed our own, um, you know, once you're in a community, you can type these commodities in freeform text. And then as a expert you could look at a supplier and you could see 19 commodities. And I go, uh, yeah, but I like him for this commodity and that supplier, this supplier for this commodity, that commodity. And you can even rate them preferred, right? So now, you know, you start to be able to do things in this network.

**Doug Paul:** [40:14] There were not possible before you make it possible for me to designate who my preferred suppliers are that could be extracted and uh, you know, anonymized for, for external ratings. Right? And, and if you, if you think about it now, you've really started to create the supplier record that's robust. It can be socially validated, kinda like LinkedIn socially validates you. It will perform through the community defined and enforced standards. And, and people like to throw around blockchain a lot. Now you've got supplier record. This actually blockchain up. All right? That could serve as the core for how we take this, take this forward. So I apologize, I know it's a long winded explanation of the horizontal supplier master, but I find when I talk about the tactics of getting it done, people get, you know, people tend to struggle with just how hard it is and it, it is hard. But I think what people have to remember is what it's going to make possible. You know, there are things we do go after there, there are things we do in our personal life on Amazon, on LinkedIn and Yelp and Facebook. In our consumer lives that are not possible in our, in our business, the business, our buyer, a buyer, supplier world, because the information is too fragmented. It's often considered proprietary by both parties. Um, and people are nervous about,

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you know, being able to share it in an effective life.

**Phil Ideson:** [41:58] So, so actually my last question was just on a that exact point because it's something that I always kind of go back to when, I think of the possibilities of

accessing a lot of this information, but that it relies on the network to actually be open to sharing it in the first place. And you know, as procurement we don't, our we've been brought up or a lot of us have been brought up to the information is power, you know, that we don't want to share it. And also our organizations are very nervous about and have very strict policies over what information can and cannot be shared. You know, what's proprietary, not proprietary. Um, how, I guess it could be a two part question. It really depends on how you want to run this race because I'm interested to know kind of what your perspective is on that, but also how GE you kind of, um, attacking or addressing that challenge to, to, to bring more openness to it, to sharing data and information.

**Doug Paul:** [42:56] Yeah. So two fold. O the first part of it, you know, it'll come right when the Internet first started, you were afraid to put your credit card in and then eventually you decided maybe that's not so bad. You liked shopping on, on Amazon. When Facebook first came out, you said, no, no, I'm too old for it, I'm not going to put my stuff on facebook. But you know, then ultimately you realize your family was putting pictures of your kids on facebook to keep in touch. Alright, so. Alright, so, so, so, so knock that hurdle down. And then same thing with linkedin. You Go, why do I need to be on LinkedIn? I'm not looking for a job, right? Um, but then you realize there's some functionality on linkedin beyond just, you know, looking for a job or recruiting, you have the opportunity to validate who you are, you know, with your, with your peers or with your contemporaries and your, you realize that that has value. And so it, it takes the same horse off supplier with the supplier data record, uh, you know, a blockchain that will eventually form around that supplier data record. It's going to take time. And that's why I don't, that's why I don't mind, you know, kind of talking out a horizon or two because I think people need to think about it for awhile and you know, if people go, well, what should I do today? I think we're where people start today. Understand how is this is focused on a procurement team. How do you find suppliers today? How do you make sure your team uses the suppliers that are known to you and your preferred suppliers? Even if they don't ask you, right? How do you, and how do you share? How do you share information between your, between your experts, between your businesses and how do you pass it down, ask yourself those questions and then you'll start naturally down the down the journey that ultimately

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will lead you to up to a robust socially validated, you know, supplier master record

**Phil Ideson:** [45:03] Become more natural and perhaps the benefit will become more apparent and over absolutely overwhelm the desire to not share because you

don't want to miss out on the benefits of sharing.

**Doug Paul:** [45:14] Yeah. People, people will see the value in the views of their contemporaries and then. And then they'll recognize that the, the anonymized data is not so scary. It's not a terrible thing. Right? If a, if a honeywell guy can see a GE guys recommendation, as long as the Honeywell guy doesn't know that it's a GE guy's recommendation, it's, you know, is it really, is it really a, a, a major issue? I don't. I don't. I don't think so.

**Phil Ideson:** [45:41] You're not giving the keys away to the castle.

**Doug Paul:** [45:45] Yeah. We, we all know. We all know who we tell the suppliers are.

**Doug Paul:** [45:45] We'll go to a conference and ask people.

**Phil Ideson:** [46:01] The suppliers will tell you, we go business with that guy and that guy, and they're all just like you, so you should supply for me too.

**Phil Ideson:** [46:04] Yeah, here's all my blood guys I've connected. Well Doug, we were going backwards and forwards on doing the preparation for the interview today, one of the things that you came up with, which was I was really interested to try was the idea of some quick fire questions because there's so many things we could talk about and that we've gone backwards and forwards on I think over the last year, 18 months. Um, we couldn't feasibly put, you know, most of them into a, a, a 50 minute-55 minute interview. So we figured, let's just throw out some terms and I'll throw out some terms and you can just give me your, uh, 30 seconds or one minute, um, perspective on it. And maybe I'll ask a follow-up question and we'll kind of see how that goes. Let's share some of your insights.

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**Doug Paul:** [46:56] The pressure's on. We need to set a good precedent. I knew that. I want you to use the technique going forward.

**Phil Ideson:** [47:00] Yeah. Well that's why I really liked the idea of the, uh, of doing this going forward. So if it works and you know, look out for in another AOP episode,

coming to you soon. So no pressure, fingers crossed, fingers crossed. All right, so I have a list here. I'm just going to pick it around them. Um, payment terms.

**Doug Paul:** [47:22] Going to reach a critical point, a backlash sooner or later. I did keep extending. They keep extending. You're seeing more regulations about what terms are allowed, how many days are allowed, a little bit of backlash, small companies versus big companies. Um, I think, uh, I think we're about at a critical point. You'll see these rain back in a little.

**Phil Ideson:** [47:45] Okay. Do you, and this is my followup then, do you see, um, you know, having a separate set of terms for very small companies who need the cash flow versus what maybe a larger, more established companies?

**Doug Paul:** [48:01] Yes. Um, the regulations that are forming and the United States is kind of like guidance in India. There are different criteria for how you pay a micro-enterprise and, and ask yourself for a second, okay, micro-enterprise, how do I document that?

**Phil Ideson:** [48:14] Right?

**Doug Paul:** [48:17] But generally the rules that are popping up are either alternative actions in that country or are there to protect small suppliers. So in France for instance, you know, you can't have anybody on payterms grades in 60 days, but it only applies if you've got a French buyer and a french, supplier. So for a big company like us, you know, you've got a, you've got to kind of wade through all of these terms but make no doubt about it. These rules and regulations are getting tighter and tighter, not looser and looser.

**Phil Ideson:** [48:45] Sustainability.

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**Doug Paul:** [48:49] I'm great, great term, great way for all of us to think about the planet going forward and look at it works in fishing, it works in logging. Um, it, it needs a passionate external body to, to, to, to regulate it. I think it'll be interesting. And, and how, you know, the definition of sustainability and what and what companies will be required to do evolve what companies do on their own versus what I'll end

up being regulated and how the different countries approach the same. The same issues.

**Phil Ideson:** [49:31] Yeah. Yeah. And I can't resist putting my two cents in here that it's interesting to me during the show. We've had shows on sustainability. The ones with sustainability always have a lower essence than some of the other show is, which kind of surprised me and kind of doesn't on equal measure I think, um, w based on. No the grounding than that, that it feels like it's going to be regulation driven for people to really pay to do the things that they need to do.

**Doug Paul:** [50:01] Ultimately, you know, if it's just a mantra to do the right thing, then it's a problem of, okay, who gets to decide what the right thing is and how much will you spend to do that? And of course it's going to be infinite, uh, opinions. So ultimately you're, you know, you're going to have to have a bar set, right? We, that we agree on. Okay, this is how we're going to play, um, and everyone works with the bar.

**Phil Ideson:** [50:33] So next one is a soft skills versus technical skills.

**Doug Paul:** [50:38] Hey, it's a, it's a manager's job to make sure that they've got folks positioned correctly, um, in their organization based on, you know, soft skills and technical skills. Everyone, everyone's placed in the right spot on the chess board for them and they're also placed in such a way that they can grow the soft or technical skills as they see fit. And uh, you know, if you find people that truly have both of them, make sure you mentor them heavily because you're going to work for them someday.

**Phil Ideson:** [51:12] Um. Alright, so let's do a couple more. So from a sourcing perspective, the term "seat at the table".

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**Doug Paul:** [51:23] Oh, you know I don't like it.

**Phil Ideson:** [51:24] Me Neither. So I'm glad that we share that perspective.

**Doug Paul:** [51:30] Yeah, my gut. I'll just get my gut response here. My gut responses stop whining, right? Um, you know, it's, it's really straightforward. Put yourself in the other person's shoes, whether that other person is manufacturing or engineering or finance or the CEO, and deliver value on their term and do it in a way they also deliver value on on your terms. "Mike, you don't want a seat at the table, just for the sake of having a seat at the table. That's a prescription for getting roughed up."

**Phil Ideson:** [52:05] Yep, you won't be there for very long.

**Doug Paul:** [52:09] Exactly. You won't be there, but you know, look, I, I, I, in my sourcing jobs already told you I reported to a vice president of sales in China. I've reported to sourcing leaders when I was a sourcing leader. I've reported this supply chain leaders. When I was sourcing leader, I reported to the CEO solid line and dotted line when I was a sourcing leader for stop worrying about all that. You don't want to be at a table where they don't want you there. Figure out what they need out of you to help them run their business better and deliver value and earn it. That's my short version on seat at the table.

**Phil Ideson:** [52:45] Alright, last one, and you kind of alluded to this when you were talking about master data and it's some parts buzzword and some parts, I think some real life use cases and they're forming and that's your opinion on blockchain.

**Doug Paul:** [53:00] Blockchain, I think it's a requirement for any consultant presentation to have blockchain in it within the first 90 days. I think it's overplayed in an under understood, um, look, blockchain and digital currency is eliminating the intermediary, unbelievably valuable as it applies to supply chain. And here I'm going to kind of flip the supply chain, not just sourcing. I think we need to start articulating solutions where watching is really going to fundamentally change the way business gets done. We need, we need the industry to stop suggesting

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things are applicable for watching when in reality you just need to set up your ERP correctly. Yep. Right? There's a lot of functionality in the systems and the tools we have the day that go to go horribly under utilized. So stop talking about blockchain for proper system setup and utilization. Start talking about blockchain on things that are truly gonna be revolutionary like, uh, like, like a supplier record. That's how I look about it.

**Phil Ideson:** [54:17] Right. It's a game changer.

**Doug Paul:** [54:22] Exactly. A game changer, I was looking for a word like that.

**Phil Ideson:** [54:22] I pull out a consultant word out of the box for you. Well Doug, I really appreciate you spending time with me today and for your insights. Um, I just love to give the opportunity if you want to, if anyone would like to reach out to you, connect, kind of learn a little bit more about what you're doing, what would be the best way of them doing that.

**Doug Paul:** [54:47] The best the way to connect with me is on LinkedIn. Search "Doug Paul" and you'll find me.

**Phil Ideson:** [54:53] Awesome. Well, what I'll do is I'll include a link to your linkedin profile in our show notes. Those are going to be at [artofprocurement.com/DougPaul](http://artofprocurement.com/DougPaul). That's [artofprocurement.com/DougPaul](http://artofprocurement.com/DougPaul). Doug, thank you once again for joining me.

**Doug Paul:** [55:08] Thanks so much, Phil. It's been great fun. Thank you.

**Phil Ideson:** [55:11] Thank you for listening to another episode of The Art of Procurement. To find an archive of our past episodes you can go to [procurement.com/episodes](http://procurement.com/episodes). To ensure You never miss another show, go to [artofprocurement.com/subscribe](http://artofprocurement.com/subscribe).

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