

## ***Beyond Total Cost of Ownership: Strategic Sourcing for Value***



There are many types of strategic sourcing decisions, including make vs. buy, offshore vs. onshore, and selecting between suppliers or vendors in various locations. In most of these cases, the decisions involve multiple relevant dimensions and are made under both uncertainty and risk.

Some performance dimensions, like per-unit cost and shipping, are relatively easy to measure. Other performance dimensions, such as future innovation capability and responsiveness, are often more important than cost. But, these are much harder to assess in a sourcing decision.

In this one-day session, Professor Gray takes participants through the following topics:

- Introduction to theories of make vs. buy, noting how these provide useful insights into how to approach the sourcing decision if “buy” is chosen
- Evolution of the sophistication of decision making in procurement, from per-unit price, to total landed cost, to total cost of ownership (TCO)
- Challenges of implementing TCO-based decision making in practice
- Tools to incorporate measurable risk in decision making, including an introduction to Monte Carlo simulation
- Tools to incorporate uncertainty, or non-measurable dimensions, including a discussion of heuristic decision making
- A new approach, co-developed with Sue Helper (former Chief Economist of the United States Department of Commerce), to sourcing decision-making that addresses many of the challenges inherent in TCO

This will be an interactive session, targeted toward sourcing, procurement, purchasing, and supply chain managers. General managers will also benefit from the insights.

For more information on the program content, contact:

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**John Gray** is an associate professor of operations. He joined Fisher after receiving his PhD from the Kenan-Flagler Business School at the University of North Carolina-Chapel Hill. Prior to pursuing his PhD, he worked for eight years in operations and supply chain management at Procter & Gamble, receiving an MBA from Wake Forest University’s evening program during that time. He holds two undergraduate degrees from Dartmouth College and its Thayer School of Engineering. Dr. Gray teaches both core MBA Data Analysis class and an MBA and undergraduate elective called Strategic Global Sourcing, which he developed in 2007. He has won teaching awards from the students for both classes. A student project from the elective led to a co-authored case (Scotts Miracle-Gro: The Spreader Sourcing Decision) that has been widely adopted. It highlights a strategic sourcing decision-making process that considers more than just cost. Dr. Gray’s research is linked to his teaching, in that it focuses on hidden risks and benefits to outsourcing and offshoring. His research has won several awards. He leads the Operations and Supply Chain Management division of the Academy of Management, and plays key editorial roles in top operations and supply chain journals.

<https://fisher.osu.edu/people/gray.402>

**When:** March 9, 2018 (8am–5pm)

**Where:** Ohio State Fisher campus

**Price:** 1–2 attendees \$895/person  
3 + attendees \$795/person

**Register:** [go.osu.edu/BeyondTCO](http://go.osu.edu/BeyondTCO)