

A Procurement Fable

What finishers can learn from a beekeeping squirrel.

Once Upon a Time ...

In a dense, deep, green forest far, far away, there lived a squirrel. But not just any squirrel; a third generation beekeeping squirrel who made the sweetest, tastiest, purest, most organic, thickest honey in all the forest.

One beautiful summer day the squirrel was scampering through the forest when he ran smack dab into the leg of a big black bear. "I am sorry," said the squirrel, "I did not mean to disturb you."

"Hey," responded the bear. "I know you! You are the squirrel who makes the sweetest, tastiest, purest, most organic, thickest honey in all the forest. Would you sell me some of your honey?"

"I would," said the squirrel. "My honey costs \$1.00 per ounce and I will deliver it for free if you will do business with me."

The next day the squirrel delivered the honey. "My word!" exclaimed the bear, "this is the sweetest, tastiest, purest, most organic, thickest honey I have ever tasted. Great doing business with you!"

The squirrel was happy; his employees were paid; he was able to reinvest in his equipment and to advertise.

Not too many days later, the squirrel scampered through the forest and came upon the bear's tree. "Hello, Mr. Bear, would you like to buy some more honey?"

"I am sorry," replied the bear, "a rabbit stopped by yesterday and offered to sell me his honey for \$0.90 per ounce. It is not as thick as yours, but for 10 cents less I can live with it. I would, however, prefer to buy your honey for \$0.90."

Making and delivering an ounce of honey cost the squirrel \$0.55. Even at \$0.90 per ounce he could make money. He would just stop advertising to make up the difference. "I prefer not to," the squirrel responded,

"but in your case I will make an exception. \$0.90 it is."

The squirrel was happy, his employees were paid, he was able to reinvest in his equipment but he could no longer advertise.

Not too many days later, the squirrel scampered through the forest and came upon the bear's tree. "Hello, Mr. Bear, would you like to buy some more honey?"

"I am sorry," replied the bear, "a woodchuck stopped by yesterday and offered to sell me his honey for \$0.80 per ounce. It is not as thick or pure as yours, but for 10 cents less I can live with it. I would, however, prefer to buy your

honey for \$0.80."

Making and delivering an ounce of honey cost the squirrel \$0.55. Even at \$0.80 per ounce he could make money. He would just postpone reinvesting in his equipment to make up the difference. "I prefer not to," the squirrel responded, "but in your case I will make an exception. \$0.80 it is."

The squirrel was happy, his employees were paid, but he was no longer able to reinvest in his equipment and he could no longer advertise.

Not too many days later, the squirrel scampered through the forest and came upon the bear's tree. "Hello, Mr. Bear, would you like to buy some more honey?"

"I am sorry," replied the bear, "a gopher stopped by yesterday and offered to sell me his honey for \$0.70 per ounce. It is not as thick or pure or organic as yours, but for 10 cents less I can live with it. I would, however, prefer to buy your honey for \$0.70."

Making and delivering an ounce of honey cost the squirrel \$0.55. Even at \$0.70 per ounce he could make money. He would just lay off his employees and do their work himself to make up the difference. "I prefer not to," the squirrel responded, "but in your case I will make an exception. \$0.70 it is."

The squirrel was not as happy, he worked a lot more as he no longer had any employees, he was no longer able to reinvest in his equipment and he could no longer advertise.

Not too many days later, the squirrel scampered through the forest and came upon the bear's tree. "Hello, Mr. Bear, would you like to buy some more honey?"

"I am sorry," replied the bear, "an opossum stopped by yesterday and offered to sell me his honey for \$0.60 per ounce. It is not as thick or pure or organic as yours, it tastes almost but not quite as sweet as yours and I have to go pick it up myself, but for 10 cents less I can live with it. I would, however, prefer to buy your honey for \$0.60."

Making and delivering an ounce of honey cost the squirrel \$0.55. At \$0.60 per ounce he could hardly make any money. He had already laid off his employees and was doing the work himself, he could no longer invest in his equipment nor could he grow his business as he was not advertising.



MATTHEW KIRCHNER, CEO
American Finishing Resources, LLC
mkirchner@afrnw.com

**"Don't you see, Mr. Bear?
In your attempt to turn
me into a commodity
you have commoditized
yourself."**

"I am sorry," replied the squirrel, "I have already cut every cost I could. Selling my honey for \$.60 just isn't worth it to me. I do wish you well, Mr. Bear."

One beautiful summer day some time thereafter the squirrel was scampering through the forest when he ran smack dab into the leg of a big black bear. "I am sorry," said the squirrel, "I did not mean to disturb you."

"Hey," responded the bear. "I know you! You are the squirrel who makes the sweetest, tastiest, purest, most organic, thickest honey in all the forest. I used to buy honey from you. Oh, how I miss your honey. Would you sell me some of your honey?"

"I am sorry," said the squirrel. "You said you loved my sweet, tasty, pure, most organic, thickest honey in all the forest, but over time I realized you were not willing to pay for it. There is a bear in the next forest, though, who has tried the rabbit's honey, and he has tried the woodchuck's honey, and he has tried the gopher's honey, and he has tried the opossum's honey. He says my honey is the sweetest, tastiest, purest, most organic, thickest honey in all the forest and he pays me \$1.00 per ounce. Why would I sell my honey to you when I can sell it to someone who values all that my honey is?"

"Don't you see, Mr. Bear? In your attempt to turn me into a commodity you have commoditized yourself. You are now like any other customer to me. I will continue to sell my honey to the bear in the next forest, for he truly values what I can provide. I do wish you well, Mr. Bear."

The End. ■■■

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