

communication between the product managers and the buying center is important. “I work very closely with our buying centers to ensure that we’re partnering with vendors who can supply reliable quality, and they are actually the ones who, with our quality control team, go in and say, ‘yes this vendor is building product to the quality that meets Trek’s standards,’ and they also negotiate the pricing. Our buying center domestically is a relatively small team of people and they are focused on specific components.”

When potential suppliers are identified, they are evaluated on four criteria—quality, delivery capabilities, price, and environmental impact of their production process. This allows Trek to compare alternative suppliers and to select the best match for Trek and its customers. Once a business is selected as a Trek supplier, it is continuously evaluated on elements of the four criteria. For example, current suppliers might receive scores on the number of defects in a large quantity of supplies, whether just-in-time orders made their deadlines, if target prices were maintained, and if recycled packaging was used. At Trek the tool that is used to record information about potential and existing suppliers is called a “white paper.” Michael Leighton describes how this works: “Our buying center is tasked with developing what we call white papers. It’s a sheet that managers can look at that shows issues and benefits related to working with these people.” Every effort is made to develop long-term relationships with suppliers so that they become partners with Trek. These partnerships mean that Trek’s success also contributes to the partner’s success.

Trek’s product managers and the buying center are involved in three types of organizational purchases. First, new buys are purchases that are made for the first time. Second, modified rebuys involve changing some aspect of a previously ordered product. Finally, straight rebuys are reorders of existing products from the list of acceptable suppliers. Leighton offers examples of each type of purchase at Trek:

So, [for] a new buy, we work with our buying centers to find new products, something we’ve never done before whether it’s a new saddle with a new material or a new technology that goes into the frame that damps vibration or gives a better ride. Another case might be electric bikes—maybe we are putting a motor in a bike, that’s a new thing, so our buying center will help us go find those vendors. A modified rebuy is basically a saddle with a little bit different material but we are sharing some components of it, so the existing components of the saddle [are the same] but the cover is new, so it’s a little bit different, but it’s just the evolution of the product. A straight rebuy is looking at our strategic vision for the component further on down the line where we are just buying the same component and the volume goes up. We look at how can we make this a better business; can we save some money or can we make it more worth our while to keep buying the same product rather than buying something new.

While each of the types of purchases may occur frequently at Trek, the criteria that are used to select or evaluate a vendor may vary by