

# PT/MO EXPRESS

Princeton Trenton Monmouth Ocean Chapter ([www.apics-ptmo.org](http://www.apics-ptmo.org))

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## Professional Development Meeting, March 19, 2003 – at Giovi’s Restaurant

### *Materials and Procurement: The New Supply Chain Partnership*

Presented By: *Steve Petruska and Gerry Najarian*

Much is made of the “new” emphasis on Supply Chain Management and it’s focus on the extended supply chain but little is said of the need for internal collaboration among material professionals and organizations. Often the goals and objectives of the materials management department and the purchasing office are worlds apart to the detriment of both and worse, to the detriment of the organization as a whole. Our PDM for March will feature a presentation on supplier management in the context of the entirety of the materials organization and how procurement can make positive contribution to materials management.

Some of the topics that will be covered include:

- Connecting materials strategy with procurement
- The concept of supplier partnering.
- Who should hold the inventory.
- Supplier/partner monitoring.
- Supplier locations and numbers.
- Low costs and payment frequencies.
- Predictable deliveries.
- Metrics.

And many others.

Our presenters are long time professionals in the world of materials. One is a long term procurement executive and the other an experienced consultant in materials and supply chain management.



#### **Stephen Petruska**

Mr. Petruska, a procurement specialist, recently retired from ExxonMobil Global Services. With over thirty years experience in procurement, he was responsible for managing the procurement activity at four different locations during his career. Among his accomplishments was establishing three new procurement organizations to support research and development. He has extensive experience in implementing the “team” concept, reengineering and electronic commerce. His most recent experience involved the preparation, training, and rollout of an electronic requisition and order system.

Steve is a member of the Institute for Supply Management and currently serves as the president of NAPM Central Jersey. A lifetime certified C.P.M and A.P.P., he holds a BA in Economics from Rutgers University.

#### **Gerald Najarian**

Mr. Najarian is a professional management consultant and a principal of The Remington Group, LLC. He directs the firm’s practices in cost management and productivity and supply chain management. A business executive and consultant with more than thirty years in manufacturing company management, he has

led numerous initiatives to improve manufacturing performance through activity based costing, flow technology, improvements in the management of materials and scheduling, and through implementation of “pull” systems and traditional MRP systems. His recent consulting work has been in the areas of activity based profitability reporting, JIT scheduling and materials management in support of flow manufacturing environments.

Prior to association with The Remington Group, Mr. Najarian was The Chief Financial Officer of a publicly held manufacturing/distribution company and was a management-consulting partner in a “big five” accounting firm. He is a member of The Financial Executives Institute, The Institute of Management Accountants, The Association for Manufacturing Excellence, and is a past president of the Monmouth-Ocean/Princeton-Trenton Chapter of APICS. He is a frequent author and speaker on topics of importance to the manufacturing industry. A Certified Public Accountant, Mr.

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Questions or comments can be directed to Gerry by phone at 609-497-6400 or by e-mail at najarian@remgrp.com

Here's a question for you: who created the first cellular factory? Hint – it was an automobile company. We'll come back to the answer later in the column but first lets look at cellular organization in the lean factory.

Why organize in cells? In a lean factory, cells, in fact, create little factories within the big factory (not exactly like the fad a few years back called "factory within a factory," but similar) that allow a mixed model product line to be manufactured as an island by itself. Cells, when organized and *balanced* properly, permit product to "flow" in one piece production from the first part to the final product without stopping to become a subassembly so there is no WIP inventory between the work stations in a cell.

To start out we should be clear that not every part of the typical fabrication/assembly plant or process plant can be *completely* organized in product oriented cells. For example, imagine the plant that assembles products from injected plastic and stamped metal components. It would be impractical and cost prohibitive to have injection molding machines and stamping presses for each of a multitude of product family cells, but the final assembly operations can be organized by product family and buffered with components to ensure availability and flow. Similarly in a process type operation such as private label foods, bottling or canning lines are organized in product family cells yet produce the actual food in common "vessel and pipe" centers with very small buffers if any. Here are the attributes of a lean oriented cellular operation:

- No subassemblies – operations in sequence. There are no subassemblies made in a lean cell. If the BOM calls for a subassembly, we incorporate the subassembly into the overall process of putting out a final product from the cell. The previously "batched" subassembly (whether component or final assembly), as it is made is passed on, in the right sequence, immediately for the next operation on its way to the final operation.
- One-piece production. Frequently dismissed as an ideal for which to strive, one-piece production is a must in cellular operations. There are no queues between operations in a lean cell. No queue means that the varying speeds of each machine or manual operation must be keyed to a demand rate of the customer or operation it is

feeding that doesn't exceed the rate of slowest machine or operation.

- Flexible layout – worker proximity. One of the prime objectives of a cellular layout is to be able to flex the output of the cell according to the demand rate. Flexing almost always has to do with the amount of labor assigned to the cell. Therefore, a flexible layout should accommodate changes in its worker compliment to make the best use of the total factory labor force. Cells that are "U" or "J" shaped facilitate such flexibility by allowing workers to stand back to back as well as side by side and thereby have easy mobility in the cell to perform multiple operations when necessary. Such layouts are in contrast to the traditional layout in long assembly lines in which workers in side by side formation cannot simply turn around to do another task making it almost impossible to flex down the labor force.
- **Worker in motion multitasking.** In an advanced well laid out lean cell, workers are doing more than one specialized task whether operating a machine or performing manual tasks or functioning as the material handler. The idea here is have mobile workers moving about in a limited area of the cell. This mobility avoids the mental fatigue inherent in doing a monolithic task repeatedly in the same space and saves labor cost.

With these types of cells, we abandon the paradigm of functional organization and layout of plants recognizing that the functions, once grouped into centers of functional activity are now resident the product cells. Where there is not enough functional equipment to deploy in product cells or it is truly impractical to do so, cells are simulated using a pull system.

So, think Henry Ford when you think cells. Yes, it was Ford who created the first cellular factory long before there even was a Toyota Motor Company. The famous Ford "assembly line" was, in fact, a cell – parts were assembled in a balanced sequence with no queues between stations in one car (piece) production in an uninterrupted flow. Of course, the worker in motion part wasn't in existence back then. The cellular flow line concept had made it's debut at the turn of the twentieth century and is making an encore now at the turn of the twenty first century.

## Membership Corner

### Director of Membership: Bob Franzblau

Now that the data has been updated by APICS HQ, I would first like to acknowledge some of our *newest* members who have either transferred into our chapter, became reinstated or have recently joined APICS for the first time:

#### **December 2003**

James Panzino Osteotech  
Edgardo M Guce Natural Nydegger Fens Corp  
Keith Grant Lear Siegler Services Inc  
John Slavik Lambda EMI  
Robin Blair Ocean Spray Cranberries Inc  
John Bodrog Ocean Spray Cranberries Inc  
Ann Rogers Ocean Spray Cranberries Inc  
Dianne Auletto Ocean Spray Cranberries Inc  
Jyo Gregory Ocean Spray Cranberries Inc

#### **January 2003**

Chad Adler Lucent  
Bruce W Zboray Jr. DPT Lakewood Inc  
Pam Tyler DPT Lakewood Inc  
Mark E Fite DPT Lakewood Inc  
John Schiavone DPT Lakewood Inc  
Joan Marie Monte DPT Lakewood Inc  
Rosa Colon

#### **February 2003**

David D Cusson Adam Spence  
Donald B Dellett Meridian Health Systems  
Daniel S. Gowaty  
Gerardo J. Alvarez Lucent Specialty Fiber Devices

Various members of the PTMO Chapter Board of Directors (BOD) might be contacting you to welcome you aboard. Our only intention is to help you get the most out of APICS by reminding you of all the benefits and offering some friendly advice. Please participate in upcoming Chapter events to be exposed to APICS education, meet other members and develop an APICS camaraderie.

Our **April chapter meeting** is going to be **special for our new members**. We want to acknowledge all of our new members by showing some additional recognition. There will be specific tables set aside

for the new members and we want to present each of our new members with an official APICS Membership Certificate. We encourage all new members to try to attend this meeting and be recognized as well as learn first hand the benefits of APICS.

I also want to acknowledge and thank the PTMO chapter members who have **recently renewed** their APICS membership to continue with their APICS education and other chapter benefits:

I want to continue to urge members to provide APICS National with updated membership information which later gets forwarded to us (your local chapter). For those that have recently changed jobs you especially want to update your profile to be sure APICS becomes informed of your new employer and your new work contact information. Please see me for APICS provided forms (prepaid postage) to update your contact information. Keeping your records up to date will help APICS and the PTMO chapter to serve you better and will ensure that you receive all the benefits of membership. You can also update your profile at the APICS National website: [www.apics.org/](http://www.apics.org/) (go to Members only/ Log In/ Member info./ Member profile).

#### **Membership Campaigns:**

Both the PTMO chapter and APICS National are again running simultaneous membership campaigns. An added benefit to each of you members is that for each member you recruit, you are qualifying for both programs.

I have plenty of recruiting type materials available including applications, APICS pamphlets highlighting the benefits, etc. (**See below for more Membership campaign details**). **I must add, your chances of winning in the PTMO raffle drawings are excellent!!**

Below is a summary of the remaining incentives for the PTMO chapter Membership campaign:

### **PTMO Member-Get-A-Member Program**

For each **new member** referral you will be eligible for the *remaining* upcoming drawing:

the \$150 drawing at April PDM with multiple chances to win

Refer **3 or more** new members and for each referral over 3, increase your chances in the **\$250 drawing on Top Management Night in June 2003**

**Be sure to put your name and Member ID number on the application and then submit it to: Bob Franzblau or any other PTMO BOD member.**

Applications are available by going to the following website to download an application:

<http://www.apics.org/downloads/default.asp> and then scroll down to "Membership"

### **APICS HQ Member-Get-A-Member Program**

You are an important member of the APICS community. As someone who has shown true commitment to the organization, we invite you to participate in the 2003 Member-Get-a-Member program. Your knowledge and track record of APICS support make you an excellent recruiter candidate.

The 2003 Member-Get-a-Member program is in effect now through August 31, 2003, and offers several incentives to recruiters. Not only do recruiters become members of the elite Cornerstone Club, they also receive recognition in *APICS—The Performance Ad-*



*vantage* and are listed on the Web site. In addition, they have the opportunity to win exciting prizes such as APICS Bookstore gift certificates, a Palm Pilot, or digital camera. Visit <http://www.apics.org/recruit/prizes.asp> for a complete list of recruiter prizes.

Recruiters also help chapters meet their 2003 membership goal. Each new member is applied towards the referring member's chapter recruitment goal set by APICS. Chapters achieving that goal receive a complimentary 2003 APICS International Conference and Exposition registration. Visit <http://www.apics.org/recruit/chapters.asp> for information on the chapter component of the 2003 program.

We need you to help us build membership in the APICS community. Utilize your familiarity with the organization and network of colleagues to help us build membership today!

P.S. Participate in the 2003 Member-Get-a-Member program using the download flyers, applications, and other useful recruitment information located at <http://www.apics.org/recruit>. We're counting on your support!

## **Attention!!! Attention!!!**

"APRIL is a PDM to honor ALL NEW MEMBERS of PTMO. Please come along, get your membership certificates, and meet your fellow PTMO Members"

Blair Williams

## February Professional Development Meeting Feedback

Due to a death in the family, Gary Pizzuti was unable to speak at our PDM, as scheduled. Blair Williams, CFPIM, Jonah volunteered to substitute, His topic was "Sales and Operations Planning". We used our standard feedback form. 14 forms were filled out. The Subject received a 9.15 rating, while the speaker received 9.64 for Knowledge and 9.29 for Effectiveness, the Meeting Facilities received 9.07 and the Food and Refreshments received 9.21. 12 respondents were Members, 2 were Guests. 5 heard of the PDM through the Newsletter, 1 from Coworkers and 4 through the Chapter Website. For future subjects the vote breakdown is as follows: Basic P&IM 1, Advanced P&IM 2, MRP 2, JIT 2, MPS 1, Inventory Management 1, Capacity 2, CIRM 2, Distribution 0, Lean 2.

### Comments:

- Blair was a dynamic informed and involved speaker. I learn everytime he speaks.
- Full of valuable knowledge, which is readily shared.
- Interesting topic, well presented.
- Blair - excellent as always.
- Slides Hard to read, too packed, not dark enough.



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