



PT/MO *Express*

Princeton Trenton Monmouth Ocean Chapter www.apics-ptmo.org

May, 2006

Volume 9, Issue 8

PDM May 17, 2006

Professional Development Meeting

A SUPPLY CHAIN ADVENTURE by Nick Fiore

About the Speaker

Nick will describe some of the events in the creation of a supply chain. The adventure starts with purchase of a company with no supply chain, only a model to be implemented. He describes the goals, the resources, the challenges, and the financial and physical results of a year-long adventure.

You'll learn the vision of a large consulting company was flawed. He'll recount how the team learned about the need for more distribution sites and obtained them. You'll learn how they overcame issues of too little and too much inventory, "working systems" that didn't work, "distribution systems" that didn't distribute, and why he needed to lease a commercial jet and a hotel.

Come to the May PDM (6:00 PM, 3rd Wednesday, May 17th) to learn about real life supply chain issues and solutions. It will be very entertaining.

Nick currently holds the position of Manager of Demand and Inventory control for Cadbury, a major manufacturer of candy, gum, and mints. Over the past 22 years he has held various positions in Supply Chain Management with fortune 50 companies in both diagnostics and consumer product companies. He has worked closely with top management in the areas of Sales and Operations Planning, Inventory Control, Forecasting, and Distribution.

He has been a member of APICS since 1987 and holds a Masters in Industrial Management as well as APICS and various other certifications in Packaging Engineering and Design, Materials Management, United States Department of Commerce Export Trade and Control. Nick is also a member of the Institute of Business Forecasting, National Business Education Association and is currently an Adjunct professor with Essex County College.



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The 2005-2006 PT/MO Chapter Officers

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Nominees For The 2006/2007 Board of Directors of The New Jersey—Tri-Chapter Community Chapter of APICS

The Nominees will be presented to the Membership at the May 17, 2006 Professional Development Meeting, at which time the election will be held by vote of the attending membership. Any Chapter Member interested in entering in the election of the Board of Directors as a Nominee please contact Jim O'Donnell or Bob Wetherill at their above contact information.

President	Robert Wetherill, CPIM
Executive V.P.	Open
Secretary	Lucille Lucas
V.P. Finance	Jim O'Donnell, CPIM, CIRM
V.P. Education	Josie Levendosky, CPIM
Director of Programs	Bryan Warshofsky, CPIM
V.P. Membership	George Lazarides, CPIM
Company Coordinators	Frank Abatangelo
Director of Arrangements	Diane Pacholec, CPIM
Newsletter Editor	Jeffrey Dougherty
P.A.C. Chairman	Blair Williams, CFPIM, Jonah
Sales & Marketing	Open

President's Message: By Bob Wetherill, CPIM Welcome to APICS

Welcome all APICS PTMO and SJER Members and Guests! As I have mentioned in earlier months, the PTMO and SJER Chapters have merged. Now we have a new name for our new entity! The PTMO(Princeton-Trenton/Monmouth-Ocean) and SJER(South Jersey) Chapters are now one chapter, called NJ-TCC (New Jersey-Tri Chapter Community). The official cutover is the start of our new fiscal year: July 1, 2006. As one chapter entity, we will serve the entire area with one board, and there will be sub groups serving local areas. Each sub group will have one person responsible for reporting to the board on a monthly basis, either by e-mail or in person. By adopting this model, we will be able to grow our new chapter and can have meetings without traveling large distances. Let me know your thoughts, as I am always open to comments and suggestions.

Our April PDM was held at the Cranbury Inn in Cranbury, NJ and we all had a great time listening to Mary Pat Cooper. Read

on about our May PDM, which will also be held at the Cranbury Inn. Nick Fiore will have much to say about Supply Chain! Mark your calendars for **Top Management Night**, scheduled for Wednesday night, June 21 at the Olde York Country Club. OYCC is located in Columbus, NJ, just south of Bordentown and exit 7 on the New Jersey turnpike.

Regarding education, a schedule for the remainder of the year is being solidified. Read about them here in the newsletter or on our web site. Classes are being scheduled to serve South Jersey, in addition to our more northern member base.

Plans are in the works for CSCP(Certified Supply Chain Professional) classes. Key an eye out for the training schedule. The remaining certification Exams scheduled for this year are:

- June 17, 2006
- December 2, 2006

I can be reached by phone or e-mail for any of your questions or concerns.

My e-mail address is urwethe@optonline.net. My phone number is 609 689-3776.

I look forward to seeing all of you at the May PDM at the Cranbury Inn!

Make sure to pre-register on our web site www.apics-ptmo.org

Bob Wetherill, MBA, CPIM
President



Top Management Night
June 17th, 2006
Olde York Country Club
Columbus, NJ

Technical Speaker: Joseph F. Shedlawski, CPIM (President-Elect, APICS Society)
Topic: "Operations Management, Past, Present and Future"

Keynote Speaker: Stewart Krentzman, President and Chief Executive Officer, Oki Data Americas, Inc.
Topic: "How Oki Data has Remained Competitive in Manufacturing"

Education Update

Greetings PT/MO/South Jersey Chapter members!

With the merging of our three APICS Chapters (Princeton-Trenton, Monmouth-Ocean and South Jersey), my first Education update for you is the selection of a *new* name for our Chapter that better reflects our membership and geography. A naming contest was held where members submitted nominations to our website, and the Board of Directors voted on all names submitted. The winning name that received a majority of votes is **New Jersey-Tri Chapter Community (NJ-TCC)**.

In early April, Congress for Progress 31 was held at the Baltimore Inner Harbor. During this dynamic conference, we were reunited with fellow APICS members, met new members, and recharged with the foundation upon which APICS was formed, which is education, education, education!!!! And to bring APICS education one step closer to our Tri Chapter Community, we're expanding our education in a new location, location, location to better serve our enlarged geographical membership and professional community in Mid and South Jersey!!!! Beginning in June, classes will commence in TWO locations: Mt. Laurel, NJ, at the Okidata facility and East Windsor, NJ at the Shiseido facility. Don't forget that all PTMO/South Jersey members - I meant to say NJ-TCC members - are entitled to receive a 15% discount!

We'll be offering *Basics in Supply Chain Management* in both Mt. Laurel and East Windsor, NJ. This is an excellent foundation course to advance your career by learning, and most importantly, implementing the best industry strategies to achieve a competitive advantage which is applicable to numerous environments; it explores the basic concepts in managing the flow of materials in a supply chain. You get a complete overview of material flow, from internal and external suppliers to and from your organization. Topics include Elements of the Supply Chain, Just-In-Time (JIT), Total Quality Management (TQM), Manufacturing Resources Planning (MRP II), Demand Planning and Capacity Management. Classes will begin in June and are held once per week in the evening. Refer to our website "www.apics-ptmo.org" for additional details of our education portfolio.

We're also presenting the *Detailed Scheduling and Planning* module in Mid Jersey, the module that focuses on various techniques for material and capacity scheduling, detailed descriptions of Material Requirements Planning (MRP), Capacity Requirements Planning (CRP), inventory management practices, and procurement and supplier planning. Topics include Recognizing Techniques and Practices of Inventory Management, Mechanics of the Detailed Material Planning Process, Planning Operations to Support the Priority Plan and Planning Procurement and External Sources of Supply. Classes will begin in June and are held once per week in the evening. Refer to our website "www.apics-ptmo.org" for additional details of our education portfolio.

Since we are expanding our educational repertoire to an extended geographical area, it is important for us to hear from you to know what topics of study are of greatest interest. To obtain accurate input for additional APICS education interests in the South Jersey area, our website has been updated to include a section so we can "hear the voice of South Jersey!". Please visit our website to submit those areas of educational advancement which are of interest to you.

In addition, the Certified Supply Chain Professional (CSCP) program is a new industry educational and certification program created to meet the rapidly changing needs of the supply chain management field. The CSCP program takes a broad view of the field, extending beyond internal operations to span all the steps throughout the supply chain—from the supplier, through the company, to the end consumer—and provides you with the knowledge to effectively manage the integration of these activities to maximize a company's value chain. Four members of our PTMO Board of Directors have taken an active part in pursuit of certification and training. Classes will be planned to be offered during the summer. Save these dates for more great APICS activities that add to maintenance of your professional certification. Bring a colleague from work, and your boss!

Upcoming Chapter PDM's:

May 17, 2006: Lessons Learned While Creating a Supply Chain

June 21, 2006: Top Management Night

International Conference and Exposition:

October 29-31, 2006: Orlando, Florida

Our invitation to attend and participate in the quality learning opportunities offered by APICS & PTMO/South Jersey are extended to guests and members. Anyone interested in becoming a PTMO/South Jersey member may contact Bob Franzblau, V.P. of **PTMO Membership** at "www.franzrf@yahoo.com". Also check out his "Membership Corner" and benefits in this newsletter and our website.

Feel free to contact me to discuss how our NJ-Tri Chapter Community or I can help you further your education or to answer any questions you may have.

Josie Levendosky, CPIM, MBA, BS(MT-ASCP), ASQ
VP, Education
NJ-TCC Chapter
908-890-5919

Josette_B.DeBragga-Levendosky@Roche.com

Membership Corner

Director of Membership: Bob Franzblau

Below acknowledges our newest members to the APICS PTMO chapter that have recently either transferred in, have been reinstated or have joined APICS for the first time this past year. **Those in bold and italics are the latest members to join.**

<i>Howard Beyroudy</i>	<i>TW Metals</i>
<i>Susan Mann</i>	
<i>Boris Cabrera</i>	
Edward P Lynch	
Claude Blanc	CHB Associates, LLC
Debra S Blount	
Maria A Egoavil	
Venkatapathy Shankar	
Michael Kissane	Princeton Tec
Stan T Howell	Merck
Catherine L Barbic	Church & Dwight
Neal R Sino	
Craig R Rhodes	
Sandeep Nalgundwar	Bridge-X Technologies
Sandra L Grosso	Bristol Myers Squibb
Taenya L Ali	
David A Komjati	Bristol-Myers Squibb
Karen V Fossetta	Liz Claiborne Cosmetics
Stephen J Balter	Virginia Dare
Amy E Wright	
Deana L Condon	Liz Claiborne
Brian W Huhn	Lambda EMI
Darlene Rodriguez	May National Associates
Roger Yackel	Rhodia Inc
Michael Pierro	Hutchinson Industries
Steve Pabreza	SONGBIRD HEARING INC
Sanjay Buddhadev	Spin Solutions Inc
Navneet Sahani	
Mahesh Joshi	
William Cerpa	Medicia Corporation

I also want to thank all those members of the PTMO chapter who have **recently renewed** their APICS membership to continue with their APICS education and other chapter benefits.

MEMBERSHIP:

APICS—The Association for Operations Management is an international educational society recognized worldwide for its training and certification programs. Our nearly 70,000 members are resource management professionals from 20,000 manufacturing and service companies around the world. APICS members are individuals responsible for directing the supply chain, materials management, information services, purchasing, customer service, and quality control within their companies.

Membership in APICS is open to anyone with an interest in the field of Operations or Resource Management. Although the roots of APICS are in manufacturing production and inventory management, the scope of our society has broadened over the years to address operations and resource management issues in a wide variety of organizations, including banks, utilities, and health care.

MEMBERSHIP BENEFITS:

APICS membership brings with it a variety of benefits. APICS members receive the monthly magazine, APICS-The Performance Advantage and the APICS Dictionary, as well as the APICS International Conference and Exposition Proceedings. APICS members can participate in a variety of electronic discussion forums, receive information from the APICS Hotline, and take advantage of the APICS Career Center. APICS members receive discounts on the hundreds of publications available at the APICS Bookstore. In addition, APICS members receive discounts on Society educational workshops and programs, as well as discounts on certification exam registration and registration for the APICS International Conference and Exposition. Of course, the opportunity to network with your peers is a benefit that's hard to put a price tag on - you may just find a solution to that problem that's been a real headache for your company!

APICS offers several categories of membership, including Professional, Group-Site, and Student. Anyone can join under a Professional membership. A Group-Site membership entitles a specific company facility or location to five designated members who receive the normal APICS publications, but any employee of the company is eligible for member discounts on publications and programs. The Student membership is available to full-time students at accredited institutions of higher learning.

Education

Educational programs, such as Certified in Production and Inventory Management (CPIM) and Certified in Integrated Resource Management (CIRM), provide information regarding the interdependencies of all business disciplines. APICS certifications are internationally recognized, are often specified in "help wanted" ads, and can provide you with a foot in the door at the next employer.

Member Application

If you are taking or plan to begin taking courses toward **APICS Certification via classes held by APICS PTMO**, it makes good sense to become an APICS member and get the discount of **15%** off each class. Your annual membership cost will be covered by the time you take your second class!! To become a member, join online or download an application and start shaping your future today. APICS Membership is just \$145 (\$110 for National Membership and \$35 for Chapter dues).

Be sure to request to be placed in the Princeton-Trenton or Monmouth/Ocean, NJ chapter.

You can obtain an application by going on the web to the following link:

<http://www.apics.org/Membership/Join/professional.htm>

then **download a prospectus** (PDF pages 9-12), or call APICS Customer Support at (800) 444-APICS (2742) or (703) 354-8851 to join by phone.

Dave's Digest

Capacity, Inventory, & Variability

by Dave Hollinger, CPIM, Six Sigma Greenbelt

Questions can be directed to Dave by phone at (732) 922-0255 or by e-mail to Dave@PrimeBusinessGroup.com.



TEST YOURSELF ON A CSCP QUESTION

How did you do on the last question? The answer to the question about perfect order fulfillment was C – Reliability. A reliable supply chain will deliver on time.

Here's another sample question from the CSCP on-line test (answer below).

"The most profitable period but also the period most vulnerable to competitive inroads." This phrase **best** describes what phase of the product life cycle?

- A. Development
- B. Introduction
- C. Growth
- D. Maturity

CAPACITY, INVENTORY, & VARIABILITY

Does capacity utilization have an effect inventory?

Let's do a mind exercise, and examine what happens as a plant begins to produce at a very low level, and, over time, builds production output toward 100%. At first, it is not running anywhere near its rated capacity. At the same time inventory is low, because every order can be immediately worked on, and produced with a minimum of delay. As orders increase, production increases, and the system begins to approach rated capacity. Of course inventory increases with the increased production, because more orders require more components. As the production increases utilization is increasing and inventory is increasing as well.

For now, assume this is a perfect, but limited, plant. At some point the capacity reaches its maximum, and more orders mean additional materials are obtained for the order. Without the ability

to make a change in capacity, 100% utilization means that additional materials can't be used, and inventory only builds.

This situation can be explained by Little's Law. $\text{Inventory} = \text{Throughput} \times \text{Flow Time}$

It sounds, and is, simple but has important implications. To explain the formula, consider 10 parts (in inventory) in front of an operation which has a (throughput) processing time of 5 min/part. Then, the inventory will be used in 50 minutes. Another way to look at the situation is that 200 parts in front of that operation is bad, but 200 parts in front of an operation that has a throughput of 100 parts per hour is certainly OK.

Little's Law requires steady state conditions and they certainly don't exist in manufacturing. The system can handle variation, if it is not operating at high capacity. At less than full capacity, throughput (input/output) variation simply means that idle time is distributed differently than when there is no variation. However, when the system is operating at high capacity, idle time can not be distributed differently. There is less and less opportunity for the system to respond. If the process time is relatively constant (as it is in most operations), then according to Little's Law, inventory must increase. And so, variability at high utilization rates will cause inventory to increase rapidly.

That is why Lean emphasizes level production. Lean improvements have already reduced the throughput, they don't want higher inventories, and they are attempting to push capacity utilization higher. The only thing left is to reduce variation.

Answer to the CSCP question is the fourth choice.

C/o Bob Franzblau
Membership Chairman
6 Elisa Court
Manalapan, NJ 07726

Address Correction
Requested
Time Sensitive Material

**PRINCETON TRENTON /
MONMOUTH OCEAN
CHAPTER**

APICS-PTMO Profession Development Meeting Wednesday, May 17, 2006

Our meeting this month will be held at the:

The Cranbury Inn Restaurant
21 South Main Street, Cranbury, New Jersey
609-655-5595

Wednesday, May 17, 2006

Registration: 6:00 p.m.

Presentation: 6:30 p.m.

Dinner: 7:45 p.m.

NOTE: Cost: \$25 APICS Members

\$30 non-members, Students \$15

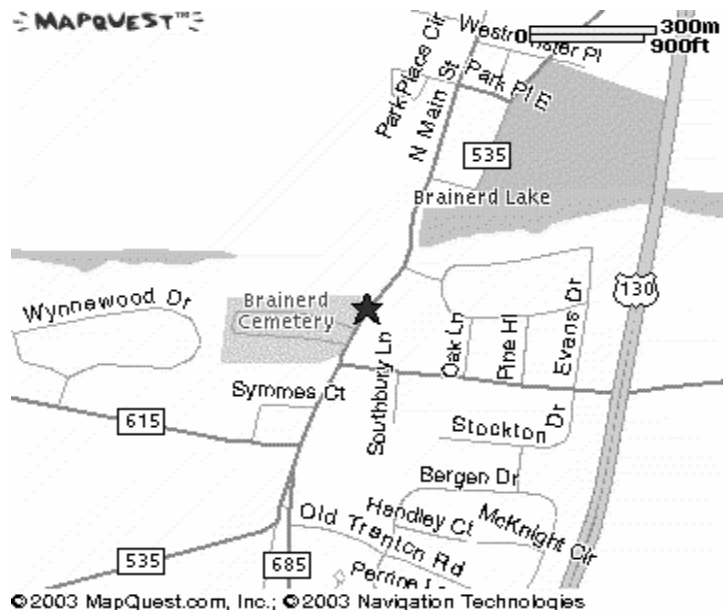
cash or check only.

Reservations: www.apics-ptmo.org

Cancellations 24 hours prior please.

Speaker: **Nick Fiore**

Topic: **A Supply Chain Adventure**



From the North: NJ Turnpike to Exit 8A, take Rt 32 West to Rt 130 South. Go past Dey Rd (in right lane) 200 feet south of Dey Rd bear right onto North Main St. The Cranbury Inn will be on the left, after lake.

From the South: NJ Turnpike to Exit 8, take Rt 33 East to Rt 133 North to Rt 130 North, go to circle turn left on to South Main St. The Cranbury Inn is 1 mile on right.