



# PT/MO *Express*

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

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## PDM October 18, 2006

### *Professional Development Meeting*

Supply Market Intelligence: What You Don't Know Can Hurt You by David Jacoby

Forecasting key variables of a supply market is critical to deciding the right price and contract term for strategic expenditures, yet few companies have a forecasting process. Even fewer agree on the right way to use the information if it exists. Therefore, this session, which describes how to both gather and interpret supply market intelligence, is crucial for anyone that needs to make long-term supply decisions, as well as those who supply customers on a long-term basis. It will explain why supply managers should analyze and forecast supply markets, how to use it to make wise sourcing decisions, and how to manage the knowledge base and skill sets that are required to do this on an ongoing basis.

#### About the Speaker

David Jacoby is President of Boston Logistics Group, a consulting firm that helps supply chain executives make critical decisions that involve investment and risk by developing Supply Market Outlooks, Technology In-

vestment Briefs, and Custom Research and Supply Chain Plans.

Previously he helped build the Strategic Sourcing, Logistics, and Transportation practices at A.T. Kearney, where he was based in Brazil, Hong Kong, and France, and he ran a benchmarking Center of Excellence. David has also forecasted international trade patterns as an economist in the Maritime Group at Temple, Barker & Sloane, and consulted for the World Bank in Tunisia.

David holds an MBA and a Masters in International Business from the Wharton School, as well as certifications such as Lifetime Certified Purchasing Manager, Certified Fellow in Production and Inventory Management, and Certified in Transportation and Logistics. He is the President of Boston APICS, a Past President of CSCMP's New England Roundtable, and a member of the Institute for Supply Management (ISM). He is a Contributing Editor at The Economist Intelligence Unit and writes regularly for Purchasing Magazine, Inside Supply Management, and APICS Magazine.



#### INSIDE THIS ISSUE:

PDM Topic and Speaker	1
PRSJ BOD	2
Calendar of Events	2
President's Message	3
Congress for Progress	3
Education	4
Membership Corner	5
Membership Corner	6
Dave's Digest	7
PDM Time & Location	8

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## Princeton South Jersey Chapter Meeting Schedule

Date	Speaker	Location	Topic
Sept 20, 2006	Jim O'Donnell	Cranbury Inn	Warehouse Accuracy
Oct 18, 2006	David Jacoby	Cranbury Inn	Supply Market Forecasting
Nov 15, 2006	Subaru	Subaru Distribution Center	Subaru Business Process, Systems and Plant Tour
December	NO MEETING		HAPPY HOLIDAYS
Jan 17, 2006	Seminar	TBD	Full day - Inventory Management Seminar (No Night PDM)
Feb 21, 2006	TBD	Cranbury Inn	Career Planning / Job Search
Mar 21, 2006	Chris Steinhardt	Café Gallery, South Jersey	Sarbanes-Oxley
April 18, 2006	Rick Cathers	Congress for Progress, Philadelphia	APICS and the Future of America
May 16, 2006	TBD	Cranbury Inn	Panel Discussion - APICS
June 20, 2006	TBD - Top Management Night	Old York Country Club	Top Management Night - Topic TBD

# President's Message: By Bob Wetherill, CPIM

## Welcome to APICS

April PDM at the Congress for Progress

32 in Philadelphia this year!! A seminar is also in the works for January. Stay tuned by going to our web site and reading our monthly newsletter! Our web site is <http://www.apics-ptmo.org>.

In November, we will be joining up with our Philadelphia Area Network Chapter (PAN) for a PDM which is a plant tour of Subaru in South Jersey. Come and join us!

Make sure to check out our education schedule to see what classes you and you colleagues can attend. We can also offer custom classes if so desired.

We look forward to seeing you at the Cranbury Inn on Wednesday, October 18. Read on about the details for that night.

As always I am available by phone or e-mail for any of your questions or concerns.

My e-mail address is:  
[urwethe@optonline.net](mailto:urwethe@optonline.net).

My phone number is 609 689-3776."



Bob Wetherill, MBA, CPIM  
President

**Hello all South Jersey,  
Princeton Trenton, Monmouth  
Ocean members and guests!**

We started out the new year with a bang at the Cranbury Inn. In September, our first speaker Jim O'Donnell discussed all the ins and outs of Cycle Counting and everybody had a great time!

We were also asked to host the APICS Region 9 Meeting held in Mt. Laurel, NJ in September. Our theme was to celebrate Mexican Independence Day and everyone dressed up for the occasion!

Our Platinum Chapter has many exciting things in store for everyone this year. Our Education offerings are far reaching, including CSCP certification. Classes are being held in different areas to help accommodate our members and guests from all over the PRSJ area.

Our membership is strong, and growth is expected! The PDM (Professional Development Meeting) plans are more varied than ever, scheduled to be held in Central Jersey, South Jersey, and we have even been asked to host our

## Congress for Progress

In the Mid Atlantic area, our industries have changed from manufacturing to more service oriented companies. In our ever-growing global economy, these companies are perpetually seeking new and more efficient ways of servicing their customers. Those companies not striving to provide their employees with the most innovative customer service training available will find it impossible to provide their customers with the value they are requesting. Unfortunately, many companies are using trial-and-error customer service education.

As operating budgets continue to come under scrutiny and funds for education are shrinking, our work is even more important. It is imperative that each of us share this message ~ it is far more advantageous to train an employee, reap the benefits of their enhanced performance and gamble on their loyalty, than to suffer the pitfalls, financially and productively, of antiquated customer service.

Since 1976 Congress for Progress has consistently provided companies with leading edge education. In April of 2007 Congress for Progress 32 will raise the bar in education offered to progressive thinking companies. Our conference will be held at the Sheraton Society Hill, which is located on the beautiful Philadelphia waterfront. The Sheraton will provide attendees with first class service and accommodations. Events promise to be enriching and entertaining and will include a dinner cruise on the Spirit of Philadelphia.

Adding value and "Listening to the Voice of our Customer" makes Congress for Progress 32 the Benchmark for education conferences. The CP Team challenges individuals and the companies they represent to join us for the latest and most up to date education being offered. Reaffirm that Congress for Progress 32 provides "Integrated Solutions for Operations Success!"

Pumped up as always,  
Fred J. Cristaudo, CPIM

# Education Update

## Greetings Princeton South Jersey Chapter members and the Community-At-Large:

A hearty welcome to Fall is extended to all! Our Chapter is in full gear offering several courses to further refine your Supply Chain knowledge and skills.

**NEW to APICS !!!! Certified Supply Chain Professional (CSCP)** instruction is being offered in two sites this fall; classes are held one evening per week for 13 weeks, beginning on October 25 in Mt. Laurel and October 23 in East Windsor. CSCP is a new industry educational standard 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 your company's value chain. For more information and to submit your On-line registration, please visit our website "[www.apics-ptmo.org](http://www.apics-ptmo.org)".

In addition, we are also offering **Basics in Supply Chain Management** in two locations, East Windsor, and Mt. Laurel 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 began on Sept. 25 in Mt. Laurel, and will begin in East Windsor on October 11. Visit our website "[www.apics-ptmo.org](http://www.apics-ptmo.org)" for additional details of this 10 week course, registration, and our current education portfolio.

**Detailed Scheduling and Planning** will be offered in East Windsor, NJ as a sequel to the MPR course that was offered in the Spring of 2006. This module 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 on October 10; please visit our website "[www.apics-ptmo.org](http://www.apics-ptmo.org)" to register and obtain more

information about the course. .

Lastly, to honor those dedicated students who attended the BSCM classes this summer at the Shi-seido facility, we are offering the sequel course, **Master Planning of Resources**, topics covered include demand management, forecasting, sales and operations planning and measuring performance. Additional details and on-line registration can be located in the Education section of our website for this course, which will begin on October 10.

REMEMBER that any APICS member or any party of three or more who register as a "group" will receive a 15% discount vs. the tuition expense.

Save these upcoming dates for more great APICS activities that add to maintenance of your professional certification:

**PRSJ Professional Development Meetings:** Oct. 18, Nov. 15, 2006  
Visit our website "[www.apics-ptmo.org](http://www.apics-ptmo.org)" for more information and to submit your reservation

**International Conference and Exposition:** October 29-31, 2006: Orlando, Florida  
Submit your on-line reservations at "[www.apicsconference.org](http://www.apicsconference.org)" for the International Conference!

Our invitation to attend and participate in the quality learning opportunities offered by APICS & our Princeton South Jersey Chapter are extended to guests and members. Anyone interested in becoming a Princeton South Jersey Chapter member may contact Frank Abatangelo, V.P. of **PTMO Membership** at "[www.eja96@aol.com](mailto:www.eja96@aol.com)".

Feel free to contact me to discuss how our Chapter 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  
PRSJ Chapter  
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## Membership Corner

### V.P. of Membership: Frank Albatangelo

Below acknowledges our newest members to the APICS PRSJ 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.**

*Howard Beyroudy*

*TW Metals*

*Susan Mann*

*Boris Cabrera*

Edward P Lynch

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 PRSJ 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 Supply Chain Professional (CSCP), 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 PRSJ**, 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 South Jersey 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](mailto: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.

Time Sensitive Material

**PRINCETON  
SOUTH JERSEY  
CHAPTER**

**APICS-PRSJ Profession Development Meeting Wednesday, Oct 18, 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, October 18, 2006*

Registration: 6:00 p.m.

Presentation: 6:30 p.m.

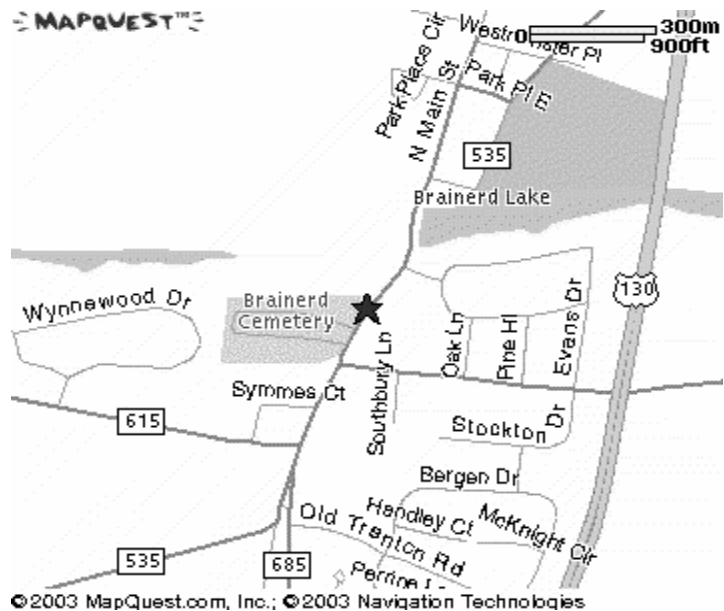
Dinner: 7:45 p.m.

**NOTE: Cost: \$25 APICS Members**  
**\$30 non-members, Students \$15**  
*cash or check only.*

Reservations: [www.apics-PTMO.org](http://www.apics-PTMO.org)  
*Cancellations 24 hours prior please.*

Speaker: **David Jacoby**

Topic: **Supply Market Intelligence: What You  
Don't Know Can Hurt You**



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.