



PT/MO *Express*

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

September 2006

Volume 10 Issue 1

PDM September 20, 2006

Professional Development Meeting

The Cost of Low Accuracy and How to Fix it by Jim O'Donnell

At a time of tremendous pressure from competition and stakeholders, many companies are looking to gain a competitive advantage through inventory management. They are attempting to lower their financial exposure to high inventory investments. By lowering the water, the rocks are coming to the surface, in more abundance than management expected. With large inventories and fat safety stock inventory accuracy was considered a financial issue easily managed with cash reserves.

About the Speaker

Jim will review the costs of low inventory accuracy and present two techniques companies use to manage inventory accuracy. The solutions are performing a Physical Inventory and/or executing a Cycle Count Program. He will discuss the pros and cons of each technique and identify the opportunities provided within these methods which can be utilized to improve your

company's competitive advantage. Success is achieved through solid planning, focused execution and strong follow up.

Jim earned a Bachelor of Science Degree from Mount Saint Mary's College. He is a member and a Past President of the Princeton South Jersey Chapter of APICS and an APICS Certified CPIM and CIRM Instructor. Through his career he has been a warehouseman, production worker, production planner, master scheduler, MRPII implementation project leader, materials manager and warehouse manager. Throughout his career in materials management, he has planned and executed numerous Physical Inventories. He has planned and executed Inventory Accuracy Improvement Programs and Cycle Count Programs. Additionally, Jim has managed the opening of new warehouses.

At present, Jim is the President of Roosevelt Logistics, LLC, Windsor, New Jersey. Providing education, training, process analysis and project support for operations and warehouse management.



INSIDE THIS ISSUE:

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

The 2006-2007 PRSJ Chapter Officers

Position	Name	Phone	Email
President	Bob Wetherill CPIM	(609) 577-0477	urwethe@optonline.net
Executive V. P.	George Lazarides, CPIM	(609) 860-4624	George.lazarides@us.rhodia.com
Secretary	Lucille Lucas	(732) 521-8283	
V. P. of Finance	James O'Donnell, CPIM, CIRM	(609) 426-9565	joeneck@optonline.net
V. P. of Education	Josie Levendosky, CPIM	(908)-890-5919	josette_b.debragga-levendosky@roche.com
V.P of Programs	Bryan Warshofsky, CPIM	(732) 972-3842	Bryl9!@optonline.net
V. P. of Membership	Frank Abatangelo,	(732) 493-3910	franzrf@yahoo.com
Director of Arrangements	Diane Pacholec		
Newsletter Editor	Jeffrey Dougherty	(732) 227-6513	jeffrey.dougherty@bms.com
Chairman P. A. C.	Blair Williams, CFPIM, Jonah	(609) 860-5856	blairrw@att.net
V.P. of Sales & Marketing	Blair Williams, CFPIM, Jonah	(609) 860-5856	blairrw@att.net
Member At Large	Angelo DiSipio		

Princeton South Jersey Chapter

<u>Date</u>	<u>Event</u>	<u>Place</u>
September 20, 2006	PDM	Cranbury Inn
October 18, 2006	PDM/Plant Tour	Subaru
November 15, 2006	PDM	Cranbury Inn
January 17, 2007	Inventory Seminar	TBD
February 21, 2007	PDM	Cranbury Inn
March 21, 2007	PDM	Café Gallery
April 18, 2007	PDM	Congress for Progress
May 16, 2007	PDM	Cranbury Inn
June 20, 2007	TMN	Old York Country Club

President's Message: By Bob Wetherill, CPIM

Welcome to APICS

**Welcome all PRSJ
(Princeton South Jersey) members
and guests!**

This is our first newsletter under our new name, the Princeton South Jersey Chapter of APICS. It's official. All the paperwork has been filed with the state of New Jersey and APICS Headquarters under our new name. All membership records have been merged into the Princeton South Jersey name from: Princeton/Trenton, Monmouth/Ocean, and South Jersey territories. All members will be receiving new membership cards with the new name. For the time being, the same web site addresses will be used, and the South Jersey PO Box will remain open for one more year.

Our Top Management Night last month was a roaring success! Joe Shedlawski, President-Elect of APICS International, was the introductory speaker, followed by Stewart Krentzman, CEO of OKI Data North America, who was the keynote speaker. The quality at Olde York Country Club, along with the generous gifts from OKI Data, Shiseido, Franklin Electronic Publishers, and OYCC made this Top Management

Night a night to remember.

Our fiscal year ended in June, and our new board continues to expand with new volunteers. With myself staying on as President and our new board in place, we will continue our focus to serve the South Jersey area as much as the rest of the New Jersey territory within our reach. Joint meetings, a plant tour and a seminar are just some of the plans for PDM's this year. We will continue to throw surprises in our PDM programs to keep them unique and refreshing.

The education program is getting more organized every month and many options are being presented for the entire area. Please read on about our education schedule. Plans are also in the works for CSCP training, as we have one instructor already certified and others to follow.

CP 32 will be back in Philadelphia! Read on about the exciting plans for our next Congress for Progress!

I would like to extend best wishes for an enjoyable summer '2006! Rest up



and don't get sunburn!

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 September PDM at the Cranbury Inn! Make sure to pre-register on our web site www.apics-ptmo.org.

Cheers,

Bob Wetherill, MBA, CPIM
President

Once again, we have received PLATINUM STATUS FOR THE FOURTH TIME, AND GOLD FOR THE NINTH TIME!

Congratulations to:

George Lazarides, President Elect, for his efforts and getting the submission completed in the new format

The PTMO/SJER NOW PRSJ BOARD OF DIRECTORS, for all their hard work!

Many thanks to:

Bill Seleples for his Region 9 support

PRSJ "Silent Partners" who do a lot of work and don't look for recognition

All PRSJ members for their support!

I look forward to our TENTH award at the end of this fiscal year!

Bob Wetherill

Education Update

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

It was a hot summer highlighted by the one dozen highly-motivated students who diligently studied at the Shiseido facility attending classes for the Basics of Supply Chain Management! And with the arrival of Fall comes the emergence of even yet MORE Education offerings from the PRSJ Chapter. A hearty Congratulations to the students who are completing the BSCM course as we receive this newsletter!! Kudos!!!

NEW to APICS !!!! Certified Supply Chain Professional (CSCP) instruction will be offered in two sites this fall. 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. Classes will be held in Mt. Laurel and East Windsor, NJ; selection of the start date is being finalized and will be posted on our website "www.apics-ptmo.org" in the near future.

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. Visit our website "www.apics-ptmo.org" for additional details of this 10 week course, and our current education portfolio. The start dates for these classes is being established now, and will be placed on our website.

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. Once the start date is finalized, our website "www.apics-ptmo.org" will be updated to communicate the details.

Lastly, to honor those dedicated students who attended the BSCM classes this summer at the Shiseido facility, we are offering the sequel course, **Master Planning of Resources**; topics covered include demand management, forecasting, sales and operations planning and measuring performance. Our website will be updated with details as they are finalized.

REMEMBER that any APICS member or any party of two 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: Sept. 20, Oct. 18, Nov. 15, 2006

Visit our website "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" 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".

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
908-890-5919
Josette_B.DeBragga-Levendosky@Roche.com

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 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



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, Sept 20, 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, September 20, 2006

Registration: 6:00 p.m.

Presentation: 6:30 p.m.

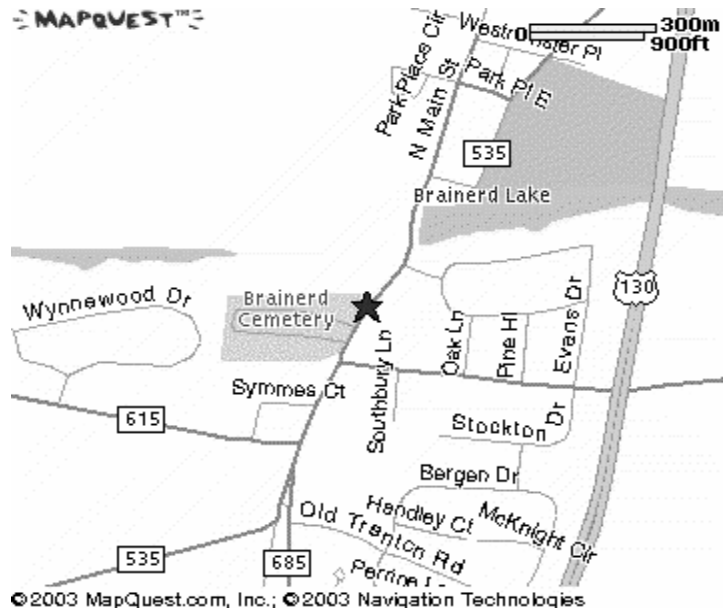
Dinner: 7:45 p.m.

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: **Jim O'Donnell***

*Topic: **The Cost Of Low Accuracy and
How To Fix It***



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.