

# DISPATCH



## Monthly Newsletter of the West Jersey Chapter

The West Jersey Chapter of APICS is a 501(c) 3 non-profit organization dedicated to the continuing education of supply chain management professionals.

Editor – Dan Moore

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May 2008

*COME JOIN YOUR FELLOW PROFESSIONALS*

## APICS Professional Development Meeting May 15, 2008

### What Six Sigma Is Not

*Cliff Boldt, Becton Dickinson*

In the past year or so, there has been an increase in negative press surrounding Six Sigma and its overall value to both company and customer. Examples include Six Sigma “failures” at Home Depot and 3M, a study showing companies that use Six Sigma are worse performers than their non-Six Sigma peer group, and one company known for its cutting edge continuous improvement philosophy (Toyota) that does not even use this supposedly indispensable methodology. Is Six Sigma on the trash heap of yesterday’s business innovations? Can Six Sigma still benefit your company or, more to the point, still be a good skill set or career move for you? Come join the APICS West Jersey chapter on May 15<sup>th</sup> as Six Sigma Black Belt Cliff Boldt separates Six Sigma fact from fiction, hype from reality, and helps you understand what Six Sigma is, what it is not, and how both your company and you can benefit from its successful utilization.

- |                       |  |
|-----------------------|--|
| <b>5:30 – 6:00 pm</b> | <b>Networking</b>                          |
| <b>6:00 – 6:30 pm</b> | <b>President’s Welcome</b>                 |
| <b>6:30 – 7:30 pm</b> | <b>Keynote Presentation by Cliff Boldt</b> |
| <b>7:30 – 9:00 pm</b> | <b>Dinner</b>                              |

**Program Cost: \$35 preregister, \$40 at the door**

**Non-member \$40 pre-register \$45 at the door**

**To Register: <http://www.apics-westjersey.org/Events.htm>**

**Location: Hanover Manor, 16 Eagle Rock Ave, East Hanover, NJ 07936**



#### **Cliff Boldt, M.S.**

With over 25 years of continuous improvement experience, Cliff is no stranger to quality initiatives. Starting out as a process engineer with DuPont, Cliff went on to earn his Six Sigma Green Belt with Ticona, and his Black Belt certificate from Villanova University. Currently, Cliff works at Becton Dickinson, a global medical technology company in Franklin Lakes. In addition to leading transactional Six Sigma projects for the Business Process organization, Cliff also is involved with the BD Six Sigma/Continuous Improvement program, teaches Six Sigma courses, and mentors his fellow Green and Black Belts. Cliff holds a B.S. in Chemical Engineering from Iowa State

University, and a M.S. in Management (International Finance and International Marketing) from the New Jersey Institute of Technology

## ***PRESIDENT'S MESSAGE***

*Pete DeCarolis  
President*



One of our most successful PDM's this year may be the one you missed on Thursday April 17<sup>th</sup> when our own Bill Walker presented the pitfalls of doing business in China. Bill entertained us with many personal photos of his trip to China and spoke on the cultural differences we find when doing business with the Asian cultures. He pointed out that just the cost of the product sought may not be a sufficient reason to make an offshore decision. Thanks Bill for a fine presentation! By the way, this meeting was a joint meeting with the folks from the IMA (Institute for Management Accounting) and they are always welcome.

This month, on May 15<sup>th</sup> we'll have Cliff Boldt honoring us with his presentation centering on "What Six Sigma Is Not". Many companies have recently become disenchanted with Six Sigma and view it as a failure. Perhaps expectations are too great and support lacking. Cliff will explore what we shouldn't expect from this tried and true system.

Join us on June 19<sup>th</sup> for our final meeting before the summer break. You will have the pleasure of greeting a new slate of officers being sworn in to your board of directors. We are also delighted to have Joe Aiello speaking on inventory. If you haven't had an opportunity to read Joe's recently published book on the subject you should certainly do so. Well worth the read. Joe will be retiring after this PDM and we are thrilled to have him choose to be with us on his final APICS presentation. We'd like to show Joe just how much we appreciate his participation in APICS and thank him for his many years of dedication and effort to educating us all. You won't want to miss it.

Recently, you should have received a brief survey from us. We hope you will participate and answer the questions in a most candid way. We'd really like to know what we're doing or not doing to help make this a more satisfying and rewarding organization for you, the member. As an incentive, prizes will be awarded to many of you who participate, so be sure to do so.

This chapter has grown in members by about 17% this year and we are most excited about this trend and want to keep that going. Talk to your coworkers about joining and being a part of a really terrific educational experience.

See you on the 15<sup>th</sup> at Hanover Manor!

Pete DeCarolis  
President

## **EDUCATION NEWS**

### **Another New CPIM**

Miguel Cortina, CPIM was recognized at the April PDM for achieving CPIM certification. VP of Education Ralph Fariello, CFPIM, CIRM, CSCP, presented Miguel a CPIM pin at the meeting. Miguel is a Planner for Bayer and is currently preparing for the CSCP examination. Congratulations Miguel and good luck on CSCP.

### **Summer CPIM Classes**

In recent years the West Jersey chapter has not had much success in conducting CPIM certification review classes during summer months. Recently some CPIM candidates expressed a desire to attend classes during the summer. Before scheduling classes we would like to gauge the level of potential participation.

If you are interested in summer classes, please send an email to [apics@patmedia.net](mailto:apics@patmedia.net) and tell us your name, preferred course and preferred evening. Thanks.

### **BECOME AN APICS INSTRUCTOR?**

**HAVE YOU EVER CONSIDERED BECOMING AN APICS INSTRUCTOR? IF YOU ARE CPIM OR CSCP CERTIFIED AND ARE INTERESTED, PLEASE CONTACT RALPH FARIELLO, VP OF EDUCATION, AT RFARIELLO 'AT' APICS-WESTJERSEY.ORG.**

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## Don't Forget Logistics

*In an increasingly flat world, managing this vital, but often neglected, "last mile" in the supply chain, can save companies money by increasing visibility, enforcing compliance, and improving competitive positioning*

By David Fox

Like many supply chain professionals, Rick Johnson<sup>1</sup>, director of inventory and supply operations at Fabulous Foods, an importer of exotic edibles, is doing a lot right. As his superiors expect, he's been solidly focused on supply chain excellence since coming aboard a few years ago. And there have been undeniable improvements since he took the helm.

A new approach to demand planning is in place. Supplier relationships are friction-free. Pricing supports sustained profitability. Inventory no longer sits on warehouse shelves. Even pickups and deliveries are more or less predictable. What's not to like?

Even with these improvements, Rick knows that his superiors are less than completely satisfied with the results. Something's missing, and it centers on the logistics operations. Rick's team is still handling a lot of tasks manually, which consumes too much time. It's difficult to know whether the plans their transportation management system produces are being used consistently, and Rick can't really enforce compliance in any case.

Over the last few years, there's been a lot of talk about supply chain agility. The on-demand supply chain. Flexible supply chains. Yet, total supply chain excellence remains elusive. As a recent Aberdeen Group report notes, "Despite heightened attention in recent years, many companies still do not have timely visibility into the critical processes involved in global supply chain management."<sup>2</sup>

Further, the report comments that this lack of real-time visibility "often prevents companies from accessing

information quickly enough to be able to use it for decision making."

Equally important, supply chain managers who can't get the data they need easily or analyze it meaningfully will find it nearly impossible to deliver measurable gains. What it comes down to is that what you can't measure or benchmark, you can't improve. And accurate, timely data fuel the improvement process.

In organizations that have undertaken the efforts Rick's company has — and also in those that haven't — inconsistent logistics performance undeniably affects all other aspects of supply chain operations, impacting overall excellence.

## The Drivers of Visibility

What Rick and his counterparts in other companies point to as they analyze their operations are the drivers of improved supply chain visibility.

Most companies, for example, probably need to increase their percentage of on-time inbound deliveries. Most will want the flexibility to change already-scheduled shipping arrangements on the fly in response to unanticipated problems. All, without exception, will want to be able to inform customers quickly of shipping glitches.

**Figure 1: Top Five Drivers for Improving Global Supply Chain Visibility**



Source: Aberdeen Group, September 2007

We've referred to a "flat world." Whether supplier to manufacturer, plant to plant, distribution center to customer or customer back to seller, moving goods is hardly a trivial enterprise. In this complex environment, it can be difficult to determine who's actually calling the shots — or who should be. As Rick puts it, "It's definitely about more than loading up trucks, sending them on their way and assuming they'll arrive on the other end."

In a flat world, an infinite number of partners engage in getting products across the globe. Understanding and reducing logistics costs requires visibility into all their activities, because quite apart from being necessary to getting the job done, these activities generate expense. While the data involved can be mind-boggling and concerns about data quality real, the task of the logistics team is to tease out the information most relevant to

both daily operations and future planning — and then transform it into actionable business intelligence. A neat trick for organizations that are typically understaffed or in "firefighting" mode. It's an even neater trick in a business environment where chief information officers and vice presidents of IT have so many other issues to manage that few, if any, allocate IT staff time to improving logistics processes.

### **The Real Logistics Challenges (Why Logistics is So Hard)**

If every shipment were outbound, logistics would be simpler. In the real world, though, shippers deal with returned merchandise, receipt of goods in process and inbound raw materials. Multimodal transportation adds to the complexity — plus the fact that a single shipment can come by rail, truck, ship and air. Add to the mix that all carriers likely have their own systems. Whether they offer real-time information, access to a portal or other benefits, shippers must interact effectively with every one of them.

Professionals must also be attentive to constant shifts in the regulatory and logistics industry environments. For example: Now that customs is part of Homeland Security — and renamed Customs and Border Protection (CBP) — it's evolving from tariff collection and inspection to a focus on supply chain security. This transition is reflected in Congress' recent consideration of a proposal for 100 percent screening of cargo on passenger aircraft. On the commercial side of things, cube-based pricing is poised to transform less-than-truckload (LTL) shipping through per-pallet rates that can conceivably reduce shipping prices eight to 10 percent. And producers of perishable products must maintain consumer confidence after recent food supply safety crises by ensuring freshness from packing to delivery, a concern familiar in Rick's industry.

Finally, there are internal enterprise issues. A supply chain is not a monolithic entity. Companies usually run several, depending on customer requirements, product line and so on. Each has its unique complexities, and operational subtleties are often invisible to other departments.

Forward-looking companies like Rick's have attempted to address this disconnect and increase efficiency by adopting transportation management systems (TMS). A TMS typically produces highly detailed routing guides and brilliantly optimized operating plans, but these documents are largely paper-based and almost impossible to enforce — a situation not unlike leading the proverbial horse to water.

TMS integrates nicely with customer order processing but not with shipments — such as customer returns, inter-company transfers and inbound supplier shipments

— that don't fulfill customer orders. In practice, this means that an astounding 50 percent of a company's shipping spend is neither monitored nor managed.

In addition, companies that don't automate implementation and management of optimized plans distance rank-and-file shipping department employees from strategy and leave them unable to enforce policy. On a more mundane level, scheduling and managing shipments is manually intensive, requiring specific knowledge of and access to carrier forms and rate information. This can add as much as 10-15 percent to total transportation costs and negatively impact profitability.

In this environment, getting an accurate picture of costs, identifying excesses and determining how to solve problems is difficult. With globalization now a fact of life, most organizations attempt to reduce the complexity of their shipping scenario by reducing the number of carriers they use, but that approach has become less effective. Indeed, as the world continues to flatten, they need to expand their carrier relationships in order to create plans that are effective at the local, regional and international levels.

As Rick understands all too well, complete, accurate data is critical to improving logistics operations. Better information leads to better analytics, and that leads to the ability to make real improvements. The Aberdeen report puts it nicely: "When asked about whether they actually had the ability to find and access the needed global supply chain data to support the decision making process, study participants gave an alarming response: only 13 percent were fully satisfied with how efficient they were in finding the needed supply chain data... it became apparent that very few companies actually had the needed timely visibility into the critical processes involved in global supply chain management, which prevented them from accessing information in a timely manner."<sup>1</sup>

Clearly, getting a handle on transportation issues is a critical success factor for Rick's company and companies in scores of industries. As the Aberdeen study points out, when best-in-class companies are evaluated against the Pressures, Actions, Capabilities and Enablers (PACE) framework, they are characterized by a mix of strategic action, strong organizational capabilities and the adoption of technology enablers. Unsurprisingly, three of the seven enablers cited — visibility system from a freight forwarder, visibility system from a third-party logistics provider (3PL) and transportation tracking systems — are transportation-related.

## What to Look for in a Logistics System

Once you determine your need for more effective logistics management, what do you look for in a solution? In our flattening world, four criteria are paramount.

Your solution must create and support a community consisting of players who don't necessarily spend their entire work day at a desk. These players include employees who knit together shipping arrangements with a 3PL, the 3PL themselves, suppliers who ship to your specifications and customers who may play a major role in specifying routes and carrier choices. Your solution must reach them wherever they are. It must require virtually no training to use.

This community is fluid, with players entering and leaving continually. It's also increasingly technologically savvy. Tomorrow's supply chain and logistics leaders — and even the guy on the loading dock — have grown up with online gaming, Nintendo and laptops with WiFi cards. They are accustomed to, and demand, point-and-click, drag-and-drop, and intuitive navigation. Universal data access and sharing have profoundly affected every aspect of our lives, informing the business solutions we adopt. Think about it: Mapquest and Yahoo Maps, the soccer mom's gold standard, have replaced paper maps and push pins as the most widely used business routing tools. Every aspect of the logistics solution you choose must offer the same hyper-accessibility and ease of use.



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## Logistics Management and SaaS

Many companies find that the best route into comprehensive logistics management is through a Software-as-a-Service (SaaS) solution. Simply put, SaaS offers companies the benefits of enterprise-class functionality without the headaches and considerable expense of a licensed purchase, lengthy deployment and maintenance contracts.

Now in its second generation and fully delivering on its promise, SaaS is delivering business value through: Subscription basis — Getting started requires little more than logging onto a provider's system and paying a

monthly usage fee. A Web-based platform already exists, reducing the time required to get operational. Reduced risk — Rather than invest in a complex and pricy enterprise solution, companies can make a more limited commitment. In addition, SaaS typically doesn't require a sophisticated IT set-up.

Low TCO — Maintenance and upgrades are integral to SaaS. Without the large upfront cost of a maintenance contract, return on investment (ROI) is faster. According to the Aberdeen Group, 35 percent of SaaS users report ROI within six months, 65 percent within a year.

Your solution should automate logistics activities across all carriers, freight modes, and regions. Whether delivered as a managed service, on-demand platform or combination, this solution should offer a flexible, workflow-based approach to enforcing optimized global shipping plans at the execution level. In effect, it should bridge the gap between the planning and optimization of TMS and real-world logistics activities.

Automation should extend to all aspects of the shipping cycle, from shipment preparation, bidding and bid analysis to shipment scheduling, track and trace, and contract/vendor relationship management. An automated platform eliminates searching for carrier-specific shipment information, for example, by allowing authenticated users to log on and make choices based on role, nature of shipment, destination, import/export regulations, hazmat requirements and packaging. Direct request/response integration allows shippers and carriers alike to benefit from faster data exchange, more accurate data entry and real-time pick-up and delivery information.

Your solution should create and enforce global logistics controls company-wide. A flexible, rules-based approach enables enterprises to transform optimized plans into consistently-executed activities, whatever the supply chain involved, and refine them in real-time as experience dictates. Logistics or transportation managers create rules based on these optimized plans, giving employees and business partners a common platform for making day-to-day shipping decisions. One-off shipping situations are managed, minimizing costly departures from plan. A central data repository dramatically reduces the labor-intensiveness of managing shipments. Complete, standardized data shared across the supply chain reduce errors and the cost of doing business.

Your solution should provide the information required for effective business intelligence. The Best-in-Class companies cited in the Aberdeen report are 30 percent more likely than other companies to be able to access global supply chain data in real time. What's more, they use it in analytics that support smart marketing decisions.

By creating a central repository of rules, shipping transactions, and carrier information, an ideal logistics management solution makes it possible to see the total transportation spend picture clearly and to drill down into categories such as spend by carrier or carrier type. In addition, the right solution has tools and reporting capabilities that extract the most relevant information from a morass of data and present it to stakeholders in a way that doesn't overwhelm them.

These capabilities enable organizations to perform visibility data analysis such as tracking the landed cost of shipment, performing trade lane analysis and examining performance trends and root cause analysis. The Aberdeen report bears this out. Best-in-Class companies were, for example, 44 percent more likely than "industry average" companies and twice as likely as "laggards" to calculate the landed cost of a shipment as it progressed toward its destination.

### The Case for Automating Logistics

Companies lacking real-time visibility into their global logistical operations and the ability to access and analyze relevant data may come close but will never quite achieve supply chain excellence.

Putting a TMS in place and attempting to wade through reams of data is not enough. Many organizations have already made substantial efforts in this direction but are coming up short because they lack the tools to transform information into control. In the end, Aberdeen's Best-in-Class companies will emerge as the clear winners.

These enterprises have bridged the divide between creating optimized plans and putting them to work in their daily operations. They have adopted technology to help them enforce rules, streamline business processes, and gather the actionable business intelligence that makes the final mile of the supply chain smooth sailing.

#### Case Study: Logistics Management Automation in Action

A rapidly-growing West Coast-based wine importer was challenged by a manual purchase order management process. The company had poor visibility into shipments and limited ability to track customs documents and control transportation costs.

After an analysis of its supply chain, the company adopted a managed services solution delivered on a single, automated technology platform. This solution has delivered business value in three key areas:  
Improved visibility and control — The importer now has visibility into shipments of more than 1 million cases of wine a year, from pick-up to customs clearance to delivery. Real-time data allows the company to calculate

total landed cost per case as well as all transportation costs.

Increased efficiency — Consolidated invoicing and supporting documents has significantly improved the efficiency of the importer's Accounts Payable department.

Reduced shipping and logistics costs — Decreasing the number of carriers it uses by more than 50 percent, as well as reducing transportation-related costs has increased cash flow and generated savings of 11 to 18 percent.

#### Sources

(1) Rick is a composite of the many skilled supply chain professionals with whom I've had the privilege of working.

(2) Aberdeen Group, "A View from Above: Global Supply Chain Visibility in a World Gone Flat," September 2007.

*About the Author: David Fox is the founder, president and chief executive officer of Agistix ([www.agistix.com](http://www.agistix.com)) and has served as chairman of the board since the company's founding in 2003.*

*Reprinted from Supply & Demand Chain Executive*

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## EMPLOYMENT NEWS

### North Jersey Positions

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**Operations Planner** \$70 – \$85k + Bonus  
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**Purchasing Agent** \$60 – \$80k + Bonus  
5+ years with foods, pharma; consumer products or fine chemicals manufacturing

Central Jersey Positions

**Forecast Analyst** \$60 – \$75k + Bonus  
Solid Forecasting and Distribution Planning in hi-volume imported industrial products

**Supply Chain Analyst** \$70 – \$80k + Bonus  
3+ years Supply Chain experience in hi-volume consumer product – Prefer APICS member

**Supply Chain Manager** \$90 – \$105k + Bonus  
5 years Production Planning and/or Supply Chain experience; APICS Certification

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The **West Jersey Chapter** of APICS provides as a service to its members information on new positions. If you are interested in any of these opportunities, please send your resume electronically to the indicated contacts or to Vice President Employment at [dwohl@apics-westjersey.org](mailto:dwohl@apics-westjersey.org).

To advertise a job opening, please send position overview to Vice President Employment at [dwohl@apics-westjersey.org](mailto:dwohl@apics-westjersey.org).

**Welcome New Member!**

Brian Urban

**2008 Professional Development Meetings**

May 15<sup>th</sup>  
What Six Sigma Is Not *presented by Cliff Boldt*

June 19<sup>th</sup>  
Right Sizing Inventory *presented by Joe Aiello*

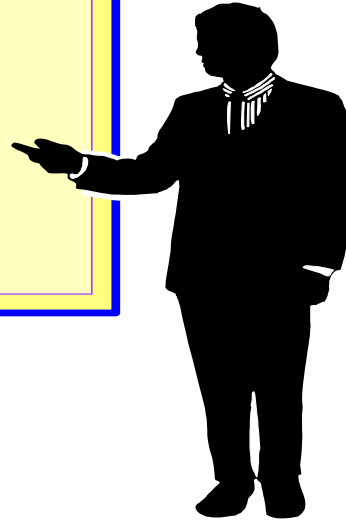
**Our Professional Development Meetings are held at the Hanover Manor in East Hanover. Check our web site for more information at [www.apics-westjersey.org](http://www.apics-westjersey.org)**



Next PDM May 15, 2008

**What Six Sigma Is Not**

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