

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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APICS Professional Development Meeting February 19, 2009

Toyota Production System (Lean Manufacturing) - The Seven Deadly Wastes

In its world-famous production system, Toyota calls it “muda”. In English, it’s known as “waste” Whatever you call it, it doesn’t belong in your supply chain. West Jersey APICS invites you to join us this February 19th at the Hanover Manor, where Joel Sutherland, Executive VP of Priority Distribution Inc., will define and discuss each of these wastes, as well as how the Toyota Production System (TPS) principles can be effectively applied to correct them.

To learn more about Mr. Sutherland’s work on The Seven Deadly Supply Chain Wastes, please check out the following article, published July 2008 by Supply Chain Management Review:

<http://www.scmr.com/article/CA6578682.html&>

5:30 – 6:15 pm	Networking
6:15 – 6:30 pm	President’s Welcome
6:30 – 7:30 pm	Keynote Presentation by Joel Sutherland
7:30 – 9:00 pm	Dinner

Program Cost: \$35 pre-register, \$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

About the speaker:



Mr. Sutherland has over thirty years of experience as a logistics/supply chain professional working for manufacturers, wholesale distributors, and third party service providers in various industries, including automotive (Denso-a Toyota Group company), paper (International Paper), food (ConAgra), and pharmaceuticals (Bergen Brunswig). Joel has worked and lived abroad, starting and managing a pan-European 3PL for CSX (and Sealand) Corporation. At J.B. Hunt, he was a key member of the executive team that created and formed Transplace by merging the non-asset businesses of six of the largest trucking companies in the U.S. into a single transportation 3PL. After leaving Transplace, he served as President and COO of Air-Road Express. In 2006, he joined Priority Distribution Inc, a leading transportation 3PL established in 1987, as Executive Vice President. Joel is also Managing Director of the Center for Value Chain Research at Lehigh University where he focuses on conducting supply chain research and providing educational forums for Fortune 500 companies.

Mr. Sutherland received his BS degree from the University of Southern California and an MBA from Pepperdine University. He has taught Master’s level supply chain courses at both the University of Southern California and Lehigh University and has made more than 200 industry presentations around the world. He has dozens of published papers, has authored numerous logistics articles, and has contributed to numerous texts covering a wide variety of supply chain topics. Joel received the Professional Achievement Award from Logistics Management magazine and was recognized as one of the Top 20 Logistics Executives by CLO magazine and the Logistics & Supply Chain Forum.

Coming in March

Managing Network Risk

A full-day, interactive seminar with Bill Walker CFPIM, CIRM, CSCP

See page 7 for more Details

PRESIDENT'S MESSAGE

*Dan Moore
President*



I know that the downturn in the economy has been very difficult for many of us out there. I have spoken to several members that have either lost their jobs or are unsure if their job will still exist next month.

In these difficult times I hope that you make sure that you utilize all of the resources that APICS membership offers. The national website (apics.org) offers a career center that has job listings from around the country. In addition, you will find articles on writing resumes and interviewing.

Employed or not, it is always good to keep up on your education. Whether it be by taking classes, going to seminars, or reading a new book. Education will make you more valuable to your current or future employer. I make it a point to learn at least one new thing every day, big or small!

Finally, I always recommend coming to our Professional Development Meetings each month. They are a great place to learn, to meet and discuss problems and solutions with others in your field, and to make new friends!

Don't miss the upcoming PDM February 19th, where Joel Southerland will speak on the Toyota Production System (lean manufacturing), and the seven deadly supply chain wastes. Mr. Southerland currently holds a Managing Director position at the Center for Value Chain Research, at Lehigh University, as well as the Executive Vice President designation at Priority Distribution, Inc. As this is an area where Mr. Southerland is heavily focused, we look forward to the many 'real life' examples he can bring to the table.

I look forward to seeing you there!

Best regards,

Dan Moore

President

EDUCATION NEWS

More Members Pass CSCP

Three more West Jersey members became members of the elite group of professionals who have achieved CSCP status. Results of the December CSCP exam were eagerly awaited around the world and in late January the much anticipated envelopes arrived.

West Jersey members who received the great news that they had passed were:

Nikhil Dhemre
Randall Millican
Hernan Ruiz

Congratulations to the three. This brings the chapter's total CSCP designees to 31. That's over 10% of our membership.

Isn't it time you considered earning your CSCP?

CSCP Moves to Computer Based Testing

Since CSCP was introduced in 2005, examinations have been conducted three times a year in major metropolitan areas. The limited availability of testing has created hardships for some people who had to travel hundreds of miles to reach a test site to take the paper and pencil test.

Since the start, APICS has been working to bring CSCP testing to a computer based format (CBT) which would have greater availability of testing dates and locations. To that end, APICS recently announced a trial of CBT testing for the March exam cycle. A handful of trial locations have been identified in the US, including Newark, NJ. The trial will be available from March 15 to April 11. If

you are planning to sit for the exam in March, you may want to do it on a date more convenient to you and via CBT. For more information contact the chapter VP of Education at apics@comcast.net. The paper and pencil exam will still be given in Newark on Saturday, March 21st.

January PDM

We had a very insightful discussion at last month's PDM, led by APICS West Jersey BOD member Bob Spitz. The topic, The Role of Strategic Sourcing in a Company, sparked educational conversation throughout the audience. Although the weather was frigid, we had a favorable turnout, and left with a better understanding of the Strategic Sourcing.



Bob Spitz presents to our membership at the January PDM.

Welcome New Members!

George Euripides
Tom McDonald
Richard Milito
Jessica Shupp

Seven Tips for Making Forecasting More Effective

By Chaman L. Jain and Mark Covas

Forecasting has never been more important--or harder. Customers are less loyal, and global competition more fierce, making it difficult to predict where sales are going. Adding to the problem: Products, sales and distribution channels all have proliferated, and the life spans of products have gotten shorter.

As a result, some companies are being forced to adopt new ways to improve forecasting and planning. And a common theme links them all: collaboration. More specifically, these companies are requiring different departments--chiefly sales, production and marketing--to share more information and work together on setting sales and production goals. They are regularly reviewing how close forecasts come to actual results, and making adjustments in production and marketing as needed. They also are increasingly using full-time demand and supply planners who prepare forecasts and related recommendations about demand and production.

Cutting-edge companies take collaboration further, integrating operations with vendors and suppliers in ways that give each party access to data that helps keep the supply chain flowing and inventories lean. Once such links are established, a manufacturer, for example, no longer has to guess at a vendor's inventory or future promotional plans, hence forecasts--and sales--improve.

We expect to see widespread use of such processes someday. For now, though, many companies pursue collaborative forecasting in ways that limit its effectiveness, if they pursue it at all. In some cases, not enough departments are involved, while in others, planning meetings aren't held regularly, or support from management is lukewarm at best.

What follows, based on our research and experience, are seven rules companies can follow to make the most of collaboration in their forecasting efforts.

1. **Get Senior Executives Involved:** Strong forecasting needs support from senior executives because of the resources required. For starters, executives need to approve the purchase and installation of state-of-the-art technology that will increase and enhance collection and sharing of data. They also need to hire professionals trained in the latest methods of planning and forecasting. And to increase cooperation between departments, a change in corporate culture may be necessary. None of these things tend to happen without the commitment of senior executives.

One way to get the attention of key executives is to

calculate what a one-percentage-point improvement in forecast accuracy may mean to the company. As supplies come closer to demand, customers can buy more, stores return less, and more revenue goes straight to the bottom line instead of paying for excess storage and handling. For a large company, it could add millions of dollars to the bottom line.

A look at Johnson & Johnson Co.'s LifeScan unit, where one of the co-authors of this article formerly worked, shows the difference-committed executives can make. In 1999, sales forecasts for the maker of diabetic-testing materials and equipment were driven by the sales and marketing departments using standard business software. The unit-volume forecasts proved overoptimistic for several consecutive periods, and large amounts of inventory piled up. Senior J&J managers then decided to step in, implementing a more collaborative, cross-functional process. They designed a task force to fully implement a planning process using monthly sales and operations meetings. This required senior marketing managers to attend supply-planning review meetings to better understand demand and supply issues. Marketing directors were required to review summaries of those meetings so they could speak effectively on key issues in monthly meetings with senior executives.

The change effectively raised the level of responsibility for aligning marketing and supply outlooks to the level of senior managers and directors, requiring each of them to sign off on the monthly sales, marketing and supply plans. With that, results improved, and today, such procedures and state-of-the-art forecasting tools are used throughout J&J. A spokesman for the New Brunswick, N.J., company declined to comment.

2. Explain the Mutual Benefits: Some parties will resist being asked to play a bigger role in forecasting unless they know what's in it for them.

Salespeople, for example, want to focus on selling, not forecasting. But if they understand that a more efficient supply chain helps make a product available when the customer wants it, thereby increasing sales commissions, they get interested. For months, Sean Reese, a demand planner at Ocean Spray Cranberries Inc., Lakeville-Middleboro, Mass., says he sought input from salespeople in order to make his sales forecasts more accurate. Finally, he explained to the salespeople's manager how better forecasts could help their sales by improving the supply chain and reducing instances of stores running out of stock--an event that, if repeated too many times, can lead stores to switch suppliers. Then the data started flowing in. Mr. Reese left Ocean Spray in 2005 and now works as a senior software developer and engineer for Fidelity Investments.

Arasco, a Saudi-based company with a core business of animal feeds, promised price cuts to distributors if they

would take part in joint forecasts; more accurate forecasts, the company surmised, would help it ship products to the distributors immediately as the products came off the line, reducing Arasco's warehousing needs and costs, and helping the distributors maintain steady supplies. In a pilot program started in 2006, the company says, it promised participating distributors that it would share savings that resulted by cutting their prices by 2% to 4%. The company says the program was a great success. Forecast error fell to 9% from 15%, on-time deliveries rose to 93% from 85%, and the company expanded the program to other distributors and to customers of raw materials.

3. Clearly Define Goals and Agreements: The most obvious way to see that a company's forecasting is improving is when its supply chain becomes more efficient. Setting clear goals and metrics, such as reducing the number of days of inventory on hand, are musts. Cincinnati-based Proctor & Gamble Co. uses a scorecard that looks at on-time deliveries and the number of times a store runs out of a product, among other things.

Goals should be determined with input from all of a company's functions--since one department may have unrealistic expectations of another--as well as from suppliers and vendors. Review of metrics in regular meetings is essential to see whether goals are met, and where improvements are needed.

Collaboration with third parties requires detailed agreements on a host of issues, including joint goals and metrics, what data are to be shared, and what to do in case of a disagreement. Processes for providing feedback and reaching consensus are particularly important.

An apparel company based in New Jersey engages in different levels of collaborative planning with several retailers. Goals and agreements between them cover such areas as sales objectives, inventory levels that stores need in order to reach those objectives, and weekly sharing of sales and inventory data. A few of the retailers also share their promotional plans, and some maintain an online database where the apparel company can view relevant data. Key indicators for how the business relationship is performing are also agreed upon, such as a ratio of total sales to average inventory, and profits. There is no set procedure for resolving disputes, but the apparel company says there is an understanding that if demand at a retailer falls short of forecasts, apparel shipments to that retailer will be reduced.

4. Use the Best Technology: Companies should use state-of-the-art technology and standardized data if they're going to get the most out of collaborative forecasting. There needs to be a central database where different parties can easily store and view the latest sales,

inventory and purchasing data. Historical data are important, too, to gauge forecast accuracy over time.

All such information should use language and formats that are easy to understand and use, and products themselves should be tagged with standardized labels, like universal product codes, so there is maximum transparency for everyone involved, including vendors and suppliers.

Demand planners need a system that gathers data from different departments and sources. They also need strong calculating tools that can run a lot of what-if simulations, such as what would happen to sales if the company lowers or raises the price, decreases or increases the advertising budget, introduces new products, enters a new market, or exits the old one.

Supply planners have similar data-gathering and calculation needs. For instance, if a product is expected to be short in supply, should the company put on an extra shift or outsource? Or if supply is expected to exceed demand, should it halt production or build inventory for future use?

Software already exists to help with such tasks. But we expect the emergence of more advanced "what if" simulation software, which will provide faster and more accurate decisions.

5. Focus Where Revenue and Profits Are Greatest: Because resources are limited, companies should focus forecasting on products that yield more revenue and profits.

Trying to track everything is wasteful, especially if the lion's share of profits comes from lines that make up a minority of overall production. So, some companies rank products by A, B and C, with A products yielding the most revenue, or the most profits, and C the least. The companies then focus more of their forecasting resources on those products that produce the most value for the company.

The German-based chemical maker BASF AG adopted an ABC approach in the mid-1990s and now uses it in combination with product-profitability studies to increase forecasting accuracy and improve its product mix, says Alan Milliken, manager of business-process optimization. The method helped one BASF unit improve forecast accuracy by an average of 20% for all of its products, Mr. Milliken says.

6. Link Incentives to Companywide Goals: To ensure better forecast accuracy, incentives and awards for employees should be based on companywide goals, not those of a single department.

If a company rewards production employees on the basis of lean inventory, for example, they could try to lower forecast numbers to maintain as little inventory as possible. Similarly, if salespeople earn bonuses by

beating quotas based on sales forecasts, they may supply misleading data in order to keep forecasts low.

The best measures to use as incentives that won't skew anyone's forecasting acumen or pit one department against another are total revenue, without reference to which units contributed what, and profit.

7. Aim for Continuous Improvement: Errors in forecasting can result from bad data, wrong assumptions or a faulty model. So, it's important to conduct a post mortem at the end of each reporting period and take action to correct problems.

Challenge assumptions, processes, technologies and benchmarks. Regularly track all sales and inventory reports. Make a note of changes in the forecasting process as they occur, and of every decision that affects the supply chain. Study the data to see what effects those changes and decisions have.

P&G holds monthly collaborative planning meetings for each of its business units, divided by products, such as oral care or skin care, in every country where they compete. The company conducts annual audits of these processes and gives them scores based on common metrics.

Such strategies mean companies don't have to rely solely on marketing or sales to drive increases in revenue. Supply chains, too, can increase revenue for manufacturers, their suppliers and distributors.

About the authors: Dr. Jain is a professor at St. John's University in New York. Mr. Covas is global innovation demand manager at Procter & Gamble. They can be reached at reports@wsj.com.

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Permanent Placement • Interim Professionals
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EMPLOYMENT NEWS

Positions Available

Senior Production Planner-NEW032

You grew up eating French's mustard. Your mom cleaned with Lysol. Your favorite sweater is washed in Woolite. And, when you have a cold, you take Mucinex.

With 18 Power brands sold in 180 different countries, operations in 60 countries, and net revenues in excess of \$10 billion, Reckitt Benckiser is the \$40 billion company behind the brands that you know and trust. We are in our eighth straight year of delivering above-industry-average growth across all areas and product categories, which shows that our business strategy is working.

Central to everything we do is a uniquely confident, entrepreneurial, can-do culture. It's all about a passionate commitment to teamwork, competing to win in the marketplace and developing and rewarding talent. We are looking for a Sr. Product Planner to join our PARSIPPANY corporate office, with a possible future move to our BELLE MEAD, NJ manufacturing plant.

JOB SUMMARY

The Sr. Production Planner's primary objective is to maintain customer service and inventory control both in finished goods as well as appropriate raw, packaging & WIP components with a focus on delivering total customer service satisfaction. This position entails production and distribution planning and execution activities for assigned retail and club pack household brands within external manufacturing's co-packers. This position requires daily interaction with Reckitt Benckiser's planning and control systems and manages the overall product supply chain including frequent communication with assigned co-packers to successfully maximize customer service while minimizing inventory and operating costs.

BASIC QUALIFICATIONS

- A BS degree in supply chain management, business or related discipline required.
- APICS or related certification also preferred.
- Must have professional experience within the consumer products industry and have a working knowledge of fast moving consumer goods.
- Must have a successful track record of 5- 10 years of proven industry experience in supply chain/materials management functions and activities

Our products have been a part of your life for as long as you can remember. So, when you're considering your future, don't forget Reckitt Benckiser. We are the very successful company behind the brands that you know and trust. To learn more about Reckitt Benckiser please visit: **www.reckittbenckiser.com**. Interested candidates must apply online.

Organization: Supply Services

Job Function: Manufacturing

Schedule: Full-time

Primary Location: NAANZ-North America-United States-New Jersey, Parsippany

Province/State/City: Parsippany, New Jersey

NUMEROUS TEMPORARY POSITIONS AVAILABLE:

Buyers; Planners; Project Managers; Supply Chain Analysts; Operations Management. In Bergen, Essex, Morris, Middlesex and Somerset counties.

For any of the above positions, please contact:

Gary Pezzuti
973-875-3300

Summit Group
garyp@nac.net

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.

To advertise a job opening, please send position overview to Vice President Employment at dwohl@apics-westjersey.org.

Coming in March

Managing Network Risk

A full-day, interactive seminar with Bill Walker, CFPIM, CIRM, CSCP

While the headlines of the day – frozen credit forcing bankruptcy, business interruption from extreme weather, fuel cost uncertainty, labor costs rising in China, healthcare costs escalating in the United States, currency exchange whiplash, the war on terrorism, rolling power blackouts in major cities, protests in favor of fair trade, new regulations to protect the environment – suggest that all risk factors are beyond our control, the truth is more complex. Risk is an inherent part of business. Some risks are internally generated and within our control, while other risks are externally generated and outside our control. Every supply chain network has natural fault lines that are dependent upon the product, the network relationships, the dynamics of market competition, and the business environment. Each trading partner in a network has a management team who may, or may not, understand how to drive the business within a network context. When a network is brittle, it may fail even under low risk conditions. When a network is more pliable, it can continue to function competitively even under high risk circumstances.

The time proven 5V Principles of Supply Chain Management - Velocity, Variability, Vocalize, Visualize, and Value - simplify the network design and operational decisions of complex supply chains for broad usage throughout the manufacturing and service sectors. These principles are used to solve network problems by people separated by time, geography, and culture who must work together as a team to deliver competitive products and services under high risk conditions. This seminar builds from a fundamental understanding of network architecture, through achieving high performance, to providing a high degree of network tolerance for both internal and external risks. The end goal is a risk tolerant network. This seminar is structured into a series of modules; each module consists of a lecture reinforced by real life experiences, detailed instructor led examples, and interactive team games and problem solving exercises.

Learning Objectives:

- How to assess product specific risk
- How to identify network fault lines
- How to classify risk tolerance
- Strategies to improve network flexibility
- Strategies to deal with external risk factors

Network Risk Seminar

Member

Registration.....\$350/person

Non-Member

Registration.....\$395/person

Team Rate (3 or more from the same company).....\$325/person

Thursday, March 12, 2009

Bloomfield College

467 Franklin St, Bloomfield, NJ

8:15am – 4:30pm

REGISTER At <http://www.apicsnonj.org/seminar.htm>

2009 Professional Development Meetings

February 19th

Toyota Production System (Lean) – The Seven Deadly Wastes

presented by Joel Sutherland, Priority Distribution Inc.

March 19th

Case Study: Lost Source of a Key Pharmaceutical Ingredient

presented by Michael Trocchia, CPIM, Director SCM, Novartis Pharmaceuticals

April 16th

Migrating from a Traditional ERP/MRP Approach

presented by Jack Lowry, GE Infrastructure and Aviation

May 21st

Communicating Metrics *presented by Jeff Braggar, US Pharmaceutical Distribution Centers*

June 18th

Prisoner's Dilemma – A Lesson in Game Theory *presented by Bill Nickle, CIRM, CSCP*

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





PLATINUM AWARD in APICS CBAR
Program

Next PDM February 19, 2009

The Seven Deadly Wastes

*COME JOIN US!
NETWORK & LEARN*

