

# 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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July/August 2008

# Enjoy Summer!



**Next APICS Professional Development Meeting**

**September 18, 2008**

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

*Pete DeCarolis*  
*President*



It's been a great ride. Thanks!

Two years ago I took on the responsibility of President here in West Jersey Chapter. And I'm delighted I did. It was a welcome learning and, mostly, uplifting experience and I'd like to thank all of our members and our Board of Directors for their support during this period.

We've seen people come and go and experienced some major changes in APICS which have been taken in stride by a great bunch of dedicated people here in APICS. In particular, here in West Jersey.

A change was made to the overall philosophy of APICS organization with the restructure of the "region" affiliations and merging of regions into a District structure. One which promises to be a more efficient and improved method of chapter involvement. Dues were increased, but additional member benefits were added and the overall result would seem to be to our advantage. Our own Virginia Vogel-Polizzi was elected to be our District Manager. She has always had the interest of our membership and those of the chapters uppermost in her thoughts and continues to do so.

CSCP education classes have proven to be well received by our chapter and I believe we now have 19 CSCP practitioners in our chapter and more to come this year. Our CPIM/CFPIM certifications are at 77. And we currently show a membership of 272 members as of this writing. I congratulate you all on your dedication to improving your mind and your talent.

We will be resuming our PDMs in September on the 18<sup>th</sup> at the Hanover Manor. I hope to see you there and thank you in person for your support over the past 2 years. You will also have the distinct pleasure of meeting and greeting your new board President, Dan Moore, who assumes office on August 1<sup>st</sup>. Dan will do an outstanding job of leading this chapter into the future.

Our board has enlisted the talent of some very capable new additions and I expect only the best from these energetic and well qualified individuals who will be moving us forward in the weeks to come.

Thanks again for the opportunity to serve as your president over the last 2 years and I look forward with great anticipation to the future for the West Jersey Chapter of APICS.

Best regards,  
Pete DeCarolis  
President

## **EDUCATION NEWS**

### **Fall Certification Review Classes**

The schedule of certification review courses offered by the chapter this fall is currently being finalized. Tentatively we will be offering the following classes:

#### **CPIM**

- Basics of Supply Chain Management on Monday evenings.
- Detailed Scheduling and Planning on Wednesday evenings.

#### **CSCP**

- CSCP on Tuesday evenings.

Finalized schedule will be published during the month. For further information contact the VP of Education at apics 'at' Comcast.net.

### **CPIM Instructors**

Do you have an interest in teaching CPIM certification review courses? If you are interested, you are CPIM certified and have teaching or comparable public speaking experience, contact the VP of Education at apics 'at' Comcast.net

## **West Jersey Chapter Elections**



*(fr. l to r) Virginia Vogel-Polizzi, Dan Moore, Tony DeVincenzo, Brian Witt*

At the June 19<sup>th</sup> PDM meeting, West Jersey members voted in the new Chapter Officers. The Northeast District Manager, Virginia Vogel-Polizzi, was on hand to

perform the swearing in (shown above) of Dan Moore as President, Tony DeVincenzo as Executive Vice President and Brian Witt as Treasurer. Also voted in was Gary Pezzuti as Secretary.

companies are adding value for their customers and shareholders. West Jersey will be offering review classes for this exam in the fall.

## Joe Aiello Retires

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As many of you know, Joe Aiello has been involved with APICS for over 30 years having presented at many chapters and conferences. Before retiring from teaching, he made his final PDM presentation in June before a packed room. We wish Joe all the best and thank him for his many years of dedication!

## West Jersey Chapter Awards

### CSCP Pins



*(fr. l to r) Joe Aiello, Paula Golembeski, Glen Maceika, Robert Gregory and Robert Spitz.*

Joe Aiello proudly awarded pins to Paula Golembeski, Glen Maceika, Robert Gregory and Robert Spitz to recognize their successful completion of the Certified Supply Chain Professional examination.

The Certified Supply Chain Professional (CSCP) program is an industry educational and certification program designed for manufacturing and supply chain professionals. It takes a broad view of the supply chain from the supplier, throughout the enterprise, and out to the end customer. This program provides the knowledge needed to better understand overall strategy, various aspect of manufacturing operations, and how

## Welcome New Members!

Fatima Carrico

Manuel Gonzalez

## Questioning Six Sigma Effectiveness, Scale and Alternatives

From Proudfoot Consulting/Joe Froelich and Cris Del Angel | July 02, 2008

Six Sigma, LEAN and other similar disciplines of analysis and control have been utilized for decades. Ever since former GE CEO Jack Welch sang its praises in his 2001 book, the Six Sigma process in particular has been widely used by companies looking to streamline their operations and capitalize on opportunities. The process has undoubtedly helped improve the financial results of major corporations such as Toyota, ING and Volkswagen. Six Sigma is often touted as the hero of the organization or blamed as the goat, as evidenced by what transpired at 3M and Home Depot. Given the intensifying scrutiny on Six Sigma, we offer the following perspective on its effectiveness, scale and alternative approaches.

Six Sigma is a cyclical process utilized to identify issues and opportunities within an organization. Each step in the cyclical process is required to ensure the best possible results. This process is a progression from beginning to end.

Six Sigma was first used on a wide scale by Motorola in the 1980s to improve quality through statistical measurements and benchmarking. The process entered the mainstream of public perception in the 1990s when CEO Jack Welch embraced it at General Electric. Since then, Six Sigma has experienced its share of success stories, as noted by the aforementioned companies, as well as its share of failures. Along the way, it has become a fixture in many corporate cultures.

The Six Sigma process does not need to be regarded as a cumbersome undertaking. This process is comprised of five steps. Each step involves a series of actions to be completed before moving on to the next step. Six Sigma team members intimately know this process as DMAIC.

Define the customer, their critical issues and the core processes involved with these issues. Also, project boundaries including the start, mapping of the process flow, and stop of the process must be defined.

Measure the performance of the core business process involved. This step involves data collection to determine defects and metrics in the processes. These results are then compared to results from customer surveys to determine shortfalls.

Analyze the data collected and process map to identify gaps between current performance and ideal performance. This step also involves the prioritization of issues and opportunities for improvement and reasons for observed variations.

Improve the target process by developing innovative solutions using technology and discipline to correct identified issues as well as prevent problems.

Control the improvements by developing, documenting and implementing an ongoing plan to monitor changes and prevent employees from regressing back to their old way of conducting themselves.

Can Six Sigma be broken down? Can this process be boiled down? Is there a Six Sigma "Lite" for mid-sized companies? Unfortunately, in our experience, there really is no plausible way to break off pieces of the Six Sigma process and successfully implement just a segment. Six Sigma itself is an integrated process from beginning to end. It would be virtually impossible to break it down and cherry pick only aspects of this process to implement and expect meaningful results. To achieve maximum results, this process must be carried out from beginning to end.

On the other hand specific projects can be selected and be worked on, still the whole methodology has to be applied but it reduces the time and effort required to have a successful project, the downside to this is capturing benefits becomes a lengthy process.

Implementing the Six Sigma methodology can be a very successful approach to process improvement. Many companies that have implemented Six Sigma have seen their product quality improve, their costs decrease and their efficiency level increase, directly impacting bottom-line profitability. However, many times this success becomes a short-term phenomenon because companies fail to adequately consider all factors that impact the long-term sustainability of those improvements. This year's windfall can easily become tomorrow's failure. Also, the process doesn't take into account the most important aspect of corporate change, the human element.

How effective is Six Sigma, really? Nearly sixty percent of all Six Sigma (6s) initiatives fail to yield the desired results, according to Praveen Gupta, a noted author on the methodology and Master Six Sigma Black Belt who has been involved with Six Sigma since its origin in the 1980s. "We've noted rising concern across multiple industry sectors regarding the failure of many internally led Six Sigma/Lean projects." Gupta said.

Echoing Gupta's finding is QualPro, a Knoxville, Tenn. based consulting firm, who identified 58 publicly traded companies that announced broad Six Sigma programs. QualPro then compared the stock performance to the S & P 500 stock index for these companies since their announced launch date.

What QualPro found was surprising; 91 percent of the Six Sigma companies exhibited stock performances below the S&P 500 index. 53 of the 58 companies under performed; the remaining five exceeded the index. What can be deduced from this information? The majority of Six Sigma programs do not benefit a company's stock performance.

High profile Six Sigma failures like Home Depot and 3M show that companies cannot focus on implementing Six Sigma in isolation. These examples prove the need for human involvement in corporate change. Clearly, 6s is a set of process tools that should only be part of a more holistic process improvement strategy. Attention must also be paid to people, innovation and customer relationships.

Many times the very aspects that make Six Sigma effective can reduce its overall effectiveness. It uses rigorous statistical analysis to produce data to identify defect areas, the correction of which produces better quality, lower costs and increased efficiency. A dollar value is usually assigned to the correction to illustrate to management how much money a particular change will save the company. While very effective at controlling processes, it is those elements that are harder for Six Sigma to control, such as employee behavior and innovation, which can hinder the long-term success for companies.

Behavioral Approach can serve as a Powerful Alternative: Mid-sized and larger companies looking for an alternative to Six Sigma or LEAN may be best served to by a concentrated focus on the human element of the company. By using a behavioral approach to change, management can enjoy many of the same benefits without the outlay in capital sometimes associated with Six Sigma projects. The behavioral approach focuses on optimization of existing human assets rather than capital investment in new hardware, software, and other equipment sometimes necessary to implement many Six Sigma recommendations.

One recent example noted that when a company applied this behavioral approach to their processes, 85% of the issues and opportunities that surfaced were either eerily similar to, or exactly the same as the findings of the Six Sigma team independently working on the same issues at the same company. This team was comprised of Six Sigma Green Belts, Yellow Belts, Black Belts and Master Black Belts.

What is the Behavioral Approach? The behavioral approach only involves three core disciplines:

**Process Improvements:** The thorough review and re-design of existing business processes for production, supply chain, sales, cost control, and capital expenditures to deliver measurable improvements in effectiveness and efficiency.

**Training and Coaching:** Work with, educate, train, and communicate with client employees at all levels to provide solutions that align thinking and behavior in support of the re-designed or newly-created processes. This is critical to facilitate sustainable change.

**Management Operating Systems:** The development of specific, focused, easily understood, high-impact benchmarks to monitor performance and to identify areas, which require managerial attention.

Can the Behavioral Approach Co-exist with the Six Sigma Approach? Yes. In fact, this complimentary co-existence may be an executive's best option. Few doubt the effectiveness of incorporating both the Six Sigma and behavioral approaches simultaneously to enjoy the strongest benefit to the bottom line. However, when affecting change in the corporate culture by focusing on employees (the human factor) in the process, you are more likely to enjoy significant benefits without large capital investments. The only way to enjoy a sustained change in business practices is to modify the behavior of the employees as well as put a system as well as coaching in place to ensure that no one reverts back to old bad habits.

When an organization decides to make any significant change to its internal processes, just the initial talk of the intended change can be unsettling to a workforce comfortable in its current routine. The situation is exacerbated if management fails to communicate its reasons for wanting to implement the change and fails to demonstrate strong, visible support for it. The behavioral approach not only provides effective communication channels, it also promotes employee input into the changes.

The effectiveness of any Program depends on Behavioral Change: Change agents must be mindful of one key ingredient in managing people: changes in processes or procedures are sustained only when changes in behavior occur. As a rule, people are going to be resistant to change because they are currently operating within a comfort zone. They are going to wonder why there is something wrong with the way they perform, especially if they are working within parameters set forth in their initial training.

People who are asked to implement change first need to understand why a specific change is needed and that they can make a difference within their areas of influence. Experiences in the field indicate that most managers come up short in their approach to the behavioral elements of change. For example, while it might be clear what type of process change in a mining operation, manufacturing line or warehouse is needed, the results of that change hinge on whether behavior is modified permanently, rather than on whether the change has precisely incorporated the technical requirements. This change in policy might directly affect the bottom line, increase the life of an expensive piece of equipment or possibly be the difference between life and death. If properly informed in the rationale behind the policy change, the employees directly affected will be more prone to adopt and implement this change for the long term.

In order for effective sustained change to occur, people must be brought in from the onset of the project. Their input from being on the job for years is just as, if not more important, than what the statistics say. There is an old African saying that states, "When you hire a pair of hands, you get a brain for free." Allowing employees active input provides them with a feeling of involvement and a sense of ownership of these eventful changes.

While Six Sigma focuses on the technical identification and solving of issues, it often fails to sufficiently take into account the human factor. While focusing on behavioral change requires fewer potential large capital expenditures, what management must invest in are time, empathy, training, coaching and follow-up. In return, management can enjoy many of the same financial and operating benefits by implementing a behavioral approach.

Is there a Six Sigma "Lite" version? There is no shortcut around the Six Sigma process if a company chooses that route. However, by utilizing the behavioral approach to implement change in the corporate culture, management can indeed enjoy many of the same benefits that Six Sigma provides with a lower capital outlay. These changes also have a better chance of long-term sustainability.

*About the authors: For more than 60 years, Proudfoot Consulting has specialized in implementing change to achieve measurable and sustainable performance improvement in client companies. Its teams work with client company management, and with people of all levels of the organization, to design and install programs and increase bottom-line financial results. Proudfoot Consulting is a part of Management Consulting Group PLC, one of the world's top 25 consulting firms, and is headquartered in Atlanta, Georgia. Recent client engagements include BHP Billiton, BNSF Railway, CertainTeed, ING, Thomson Group, Exide Technologies, Foster Wheeler North America and the HRW division of Houghton Mifflin Harcourt.*

<http://www.proudfootconsulting.com>.



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## EMPLOYMENT NEWS

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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).

**2008 – 2009 Professional Development Meetings**

September 18<sup>th</sup>

“Effect of Rising Transportation Cost” *presented by George Harry*

October 16<sup>th</sup>

“Contract Manufacturing” *a panel discussion*

November 20<sup>th</sup>

TBD

December

Holiday Party

January 15<sup>th</sup>

“The Role of Strategic Sourcing within a Company” *presented by Bob Spitz*

February 19<sup>th</sup>

TBD

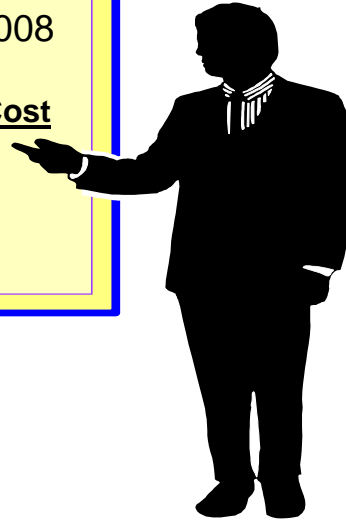


**Our Professional Development Meetings are held at the Hanover Manor in East Hanover. Check our web site for more information at [www.apics-westjersey.org](http://www.apics-westjersey.org)**

Next PDM September 18, 2008

Effect of Rising Transportation Cost

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