

# 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

Volume 27, No. 8

October 2008

## APICS Professional Development Meeting October 16, 2008

### Topic: Panel Discussion on Contract Manufacturing

Supply Chain leaders continue to be faced with the question “Is Contract Manufacturing the right option for my business?” Our panel discussion will look at this question as well as address benefits, pitfalls, and lessons learned with contract manufacturing relationships. Panel members will discuss their company’s strategy as it relates to contract manufacturing and how they have benefited. The panel members come from different backgrounds and will be able to give a well-rounded perspective on the topic of Contract Manufacturing.

<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>Panel Discussion:Contract Manufacturing</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**

#### **Panel Participants:**

**John Wyckoff** is the President and General Manager of Mars Health and Nutrition US. Prior to his current role at Mars, John was the Supply Chain VP in the Health and Nutrition Business Unit. He has also held various positions in both domestic and international finance, project management, and manufacturing operations at General Chemical Co., Tyco International Ltd., AT&T Inc., and Cytec Inc. John has a BS in Finance from Wake Forest University and completed his MBA at Penn State University.

**Mike Dau** is the Director of Contract Manufacturing at Bayer Healthcare – Consumer Care. He has also held the positions of Senior Supply Chain Manager, Manager of Packaging Services, and Product Supply Manager at Bayer, as well as other positions at Johnson & Johnson Consumer Products Inc. Mike has a BS in Mechanical Engineering and a Masters in Engineering from Cornell University. He is CPIM certified.

**L. Patrick Chang** is the Procurement Director of Inorganics, Building Blocks, and Contract Manufacturing at BASF Corporation. Patrick has a Ph.D. in Polymer Chemistry from the Polytechnic University at Brooklyn, New York. He also has his MBA in International Business from Madonna University.

**Wayne Weisenbach** is the Associate Director of Supply Planning in Global Manufacturing and Supply at Novartis Consumer Health. He has also held the position of Operations Manager, Contract Manufacturing at Novartis, as well as various supply chain, distribution, transportation, ERP system, and logistics positions at Becton Dickinson and Schindler Elevator Corporation. Wayne holds a BS in Mechanical Engineering and a MS in Engineering Management from the New Jersey Institute of Technology.

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

*Dan Moore*  
President



Wow, what a great way to kick off the fall! For those of you who couldn't make our September meeting we had a large crowd turn out to hear George Harry provide a superb presentation on rising transportation costs and what ideas his company is implementing to help reduce them. I was happy to hear such positive feedback on his talk.

This month we have another excellent meeting planned featuring a panel discussion on contract manufacturing. Our events people were able to put together an extremely talented panel of industry executives to discuss this subject. The speakers come from some of the largest and most respected companies in industry. I don't think you will be disappointed!

Coming up on Saturday, October 11<sup>th</sup> we will also be doing a unique plant tour; one that you will be able to learn something and, at the same time, help people in need. We will be visiting the Community Food Bank of New Jersey for a tour of their 280,000 sq ft warehouse and an overview of their daily logistical process. Afterwards, we will give them a hand in performing some of the operations required to get food out to the families that this terrific organization helps.

On the national front, I would like to mention that APICS has released the *APICS Operations Management Body of Knowledge*. This book defines the scope of the operations management field and positions APICS' vast body of knowledge to help you understand the foundation of your profession. It covers several key areas including:

- Strategy
- Supply Chain
- Processes
- Planning and Control
- Scheduling
- Project Management

I highly recommend that you order a copy or download the PDF for free from the APICS.org website.

Hope to see you all at our PDM on October 16<sup>th</sup>!

Very Best Regards,

*Dan Moore*

President

## **EDUCATION NEWS**

### Pins Awarded at September PDM

We were very proud to award one CPIM pin and four CSCP pins at the September PDM. Congratulations to all for your hard work and passing the exam(s)!

Our fall review classes are well under way but we will be offering more classes toward the beginning of the year. We will keep you posted.



*Ralph Fariello, VP of Education, awards the CPIM pin to Denise Demkowicz.*



*Ralph Fariello awards CSCP pins to Bill Nickle, Thomas Stack, Andrew Janiszewski and Joe Lehr*

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## **Welcome New Members!**

Lou Apostolico	Kashinath Jaini
Tom Condon	Linda Johnston
Joseph Daskal	Scott Lieberman
Nikhil Dhemre	Paul McPhee
Joseph Dimorica	James Meredith
John Gerhardt	Ciro Petti
Ana Hinojosa	Megan Simcik
Ernest Hofer	

## **Consultant's Corner: Roy Strauss**

by Dan Wohl, CPIM

This year marks the 25<sup>th</sup> anniversary of Strauss Consulting Group of Oakland. Since 1983 SCG has been assisting businesses with supply chain logistics; first as a single proprietor, next in a partnership, then as a partner in a larger company, and since 2001 under the present model which incorporates all required areas of expertise using executive and senior level contractors when and as required. Recently President Roy Strauss sat down with the Dispatch to discuss his experiences in planning for growth within companies.

"Many companies plan growth, and as the company experiences growth, revenues increase but profits do not increase as well. A lot has to do with the company's marketing growth plan itself, and how it was conceived, and how a growth number is selected, but there is rarely alternate planning if things go better or worse than originally imagined. Almost all companies put together a marketing growth plan but rarely put together an operational growth plan to ensure that the marketing growth plan is going to work properly. For instance, let's say I meet with a potential client who says they're going to grow 10 per cent a year for the next five years and they're in a 200,000-square-foot distribution center. A

quick calculation would indicate that they will need a 330,000-square-foot distribution center, but most potential clients figure on much less and are stunned when they hear this.

"The operational growth plan is critical to the success of the marketing plan and making the company profitable. You've heard many people say, gee, how are you going to get to the right place if you don't know where you're going? We go one step further and ask, are you even going to the right place? If you're going to a place you can't get to, why start the journey? We review the growth plan, including possible optimistic and pessimistic models, so the operational growth plan will include options necessary to ensure success under a variety of likely circumstances with the client. For discussion purposes, if a company is manufacturing or shipping 100 widgets a day, we will take the optimistic, online, and pessimistic growth level numbers and show what each is going to look like over the complete range of viable possibilities. We determine the target required to achieve that growth in terms of either more widgets being produced or more being shipped, and we determine which processes are required to hit those numbers as the business grows. Is new software required, if not right away, then during the course of the journey? Is some automation required in order to hit those numbers that otherwise wouldn't be achieved? We then create scenarios to determine how much space, staff, and equipment is required, and at what cost for each during the time frame of the plan. Now the client will understand, if I grow 10 per cent, it's going to cost this much money and this is what's going to happen, and this is what I must achieve, versus 5 or 15 percent if that is the accepted growth range. Once we set up the planning spreadsheets we can plug in any numbers and the client's liable to say, 8 per cent is a better number, we're capable of doing it, it's in our budget, and we know it makes a lot more sense now, but we'll also be prepared for a range of 6 – 12%. The ultimate goal is that as the company grows the client is always in a planning vs. reactive mode and will know what to do, how to do it, when to do it, how much it will cost, and anticipated ROI.

"Very few consultants will initially challenge a client's growth plan or how they conceived it. Most will take the client's provided growth numbers and use them without challenge, let alone create the scenarios required to develop a proper operational growth plan to insure that the marketing growth plan is going to work. After the growth plan is completed, we will observe and audit the existing operation, to see what's working well and what's not working well, and determine what parts of the operation are capable of supporting the new growth plan vs. gaps. We get key data: order profiles, inventory levels, shipping volumes, and projections. Many consultants get data and start designing new systems based on the numbers provided; how we differ is, we challenge the numbers. A client may say to us "we have six turns a year, two months' worth of inventory".

Our analysis most often shows that's not really the case. That's what they planned to have, but reality is much different than the plan. There are too many reasons to go into during this interview for clients having too much dead stock and/or excess inventory, but we help clients correct the problem.

"We assist clients in determining optimal product mix. Some companies have numerous products that have poor sales, haven't sold in a long time, or have no hope of selling, but the company treats the products like children; they own them, they can't part with them, and they're afraid they'll lose all this money if they do. At the same time, when I start talking about the cost of keeping these products, I'm told, we wrote these products off years ago and it's only costing us \$2-3 per pallet position. If we do what other consultants do and take the numbers and start designing systems, we'll start designing a new operation to house these products. We help our clients decide which of these products, if any should be kept. We determine how much space this product is taking up, how much longer it takes to get an order out because the space has to be traversed, and the increased costs for staff and equipment required cross that space to put receipts away and pick every order. We then determine the actual cost of the labor, equipment, and space as well as the cost of the added time. The result is that costs can be reduced dramatically, and the time to perform all warehousing functions, especially order picking, is reduced as well. This results in increased customer services with reduced costs. Clients therefore experience both increased profits and competitive edge. It's imperative to determine which products should and can be kept, and which can be let go. Sometimes a client will ask what happens if their best customer wants this product. We then provide an ABC analysis of the customers to determine which, if any, are buying the dead or slow-moving items. In one instance, a customer's dead items took up four very long pallet rack aisles. By determining which slow-moving items should be kept for the client's best customers and eliminating the rest, we ended up with two bays of bin shelving eight feet wide, so instead of traversing four two hundred foot aisles or eight hundred feet to pick these items, we can traverse eight feet.

For the client that had 200,000 square feet and needed 330,000 square feet, by eliminating dead items and reducing overstock we brought the current requirement down to 150,000 square feet which eliminated the need to move for three years, and if they had to move we now because their lease was up or for another reason, they needed only 240,000 square feet vs. 330,000.

"An expertise required for anyone in our business is warehouse management software. In the seventies we were designing proprietary software when no one else had it, in the eighties we were helping companies get through bad implementations, and in the nineties we became experts, knowing the systems and how to determine the best system is for each client at the

optimal cost. We've developed systems for writing requests for proposals and judging and scoring what software is being offered by the bidding companies to insure that the client gets the right software for their operation. It not only has to support what their doing, but also in the way that they do it. In the eighties when there was one package for pharmaceutical companies and one for grocery, we were helping companies beat their own software so they could run their businesses the way they wanted to.

"We've also become experts in the real estate part of the business. We must know the significance of differences in building costs, shapes, ceiling heights, floors, column spacing, lighting, HVAC, docks, etc. and we work with builders and realtors in determining the best building for a client based on unique business requirements for each, even before the client starts to look for space.

"From 1971 to 1981 I worked for a company that distributed a large variety of product groups and classes. It was a great education in pallet, case, and piece picking, packing, checking, and shipping. Over ten years we grew tenfold because we were in the right market, but when we developed the WMS software customers would come to us first and the business really shot up. We continually had to assess how much more space and staff do we need, how much equipment, do we use overtime? It was continuous hyper growth and you have to learn how to monitor it, react quickly, and always be in a planning mode. We hired three different consultants over seven years because we were growing so fast and doubling our space each time.

"When you're growing like that, you don't want to pick up and move every three years. We started out in 1971 with 18,000 square feet in an 850,000-square-foot public warehouse. The first growth came in 1972, we outgrew the space and pushed the fences back, expanding to 38,000 square feet, and hired the consultants who helped us redesign it to be more efficient. Two years later we went to 78,000 square feet, called consultants in again, redesigned it, pushed the fences back again, and two-and-a-half years later we went to 178,000 square feet. This allowed us to expand continually without changing addresses.

"In those days most companies waited until Friday night to get large stacks of computer reports from the company's computer system, which was generally the size of a small house. My boss at the time read something about computer monitors and said, I read something about screens on a desk, I want you to take care of it. I called our computer consultants and we designed a warehouse management system from scratch, not knowing if one could or did exist. We took care of every warehouse function: receiving, picking, packing, checking, and shipping. Data went from inventory to purchasing, to accounts payable, and most

importantly, to the monitor of the salesperson's desk. So in 1977 when you called our company, the way we marketed it, "call us first, we'll tell you if the product is in stock and if not we'll tell you what substitute items are available", while most other companies didn't know what their inventory levels were because they weren't getting a report until Friday night. That was significantly responsible for our company growing tenfold over the following five years.

"So now it's 1984, and the computer consulting company that we worked with got the contract for People's Express Airlines, who at the time was running airline maintenance on paper and Strauss Consulting was in its second year. If parts had to be taken off a plane for scheduled maintenance, everything was being tracked on paper for every part for every airplane, and as one can imagine it wasn't very accurate. We created a team to design a system that People's Express would use to run maintenance. In the airline industry, the name of the game is to keep the planes flying. If planes aren't flying, customers are disappointed, you get fined by the FAA, and you lose revenue. The part could be in the stockroom, in a different location in the hangar, in a different location in Newark, loaned to another airline (for very expensive parts, airlines don't want to keep them in stock) a repair station in Long Island, anywhere. Worst case scenario, they couldn't get the part locally, so the software we designed not only to identify if one is sitting on the shelf in the Pittsburgh stockroom and one in the Miami, but also if a plane from Miami is arriving before a plane from Pittsburgh, we would request the part from Miami instead of Pittsburgh. Another interesting thing, when we discussed with the general managers as to what inventory levels were and how many parts they kept, they were under the impression that they stored under 10,000 parts. Once we set up the software and built a parts master, it was actually over 52,000 parts. We gave them accuracy, reduced costs tremendously, and helped keep the planes flying much faster. The return on investment was less than one month.

"That's how you learn your trade: you roll up your sleeves and learn by doing and listening to the experts. You can read a book or watch a video or go on a webcast, but if you can get the experience firsthand, that's the best way to do it.

Roy Strauss can be reached at: [rs@scg4u.com](mailto:rs@scg4u.com)  
[www.scg4u.com](http://www.scg4u.com)



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## EMPLOYMENT NEWS

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### **Summit Group Consultants, Inc.**

**Gary W. Pezzuti**  
 Senior Partner

16 Voight Lane  
 Lafayette, NJ 07848

(973) 875-3300  
 Fax (973) 875-3248

E-Mail: [garyp@nac.net](mailto:garyp@nac.net)

## Positions Wanted

**Director, Plant Manager, VP/GM Available** – Sr. Mgmt Exec with 20-year Technical and Mfg Mgmt background seeking new opportunity in the NJ / Eastern PA region. GM/P&L exp, Mfg, Ops, Engr, Proj Mgmt, EHS in various sectors, incl. Plastics, Pkg, CPG, Regulated (FDA/USDA). Seeking full-time or consulting assignment. BSME, MBA. 267-246-8714 or [wendala@msn.com](mailto:wendala@msn.com)

## Positions Available

### Global Director of Demand Planning

Our client, an extremely well regarded multi-billion dollar consumer healthcare products division of a multinational life science and consumer products company is seeking a Demand Planning Director who will lead Global planning processes related to forecasting, inventory planning, capacity planning, and resource transfer/acquisitions.

This includes inventory management activities regarding life-cycle optimization strategies and customer service delivery. This positions also oversees data collection

and consolidation activities to support regular financial top line forecasts, and involves system data integrity initiatives including global policy/procedural documentation, master data problem identification/prioritization, and manufacturing plant audit functionality.

Title: Global Director of Demand Planning (JH08129)  
Reports to: VP Global Supply  
Location: Northern New Jersey

**Duties will include but not limited to:**

1. Establishing targets for forecast accuracy, inventory turns, inventory obsolescence and monitoring results to ensure targets are met or exceeded
2. Developing and monitoring department budgets to ensure compliance with corporate targets
3. Leading the Consumer Healthcare Products US Sales and Operations Planning process
4. Directing Product Supply & Manufacturing SAP projects
5. Establishing inventory planning targets and monitoring actual results managing inventory obsolescence

**Experience/Education Requirements:**

- \* Bachelor's Degree in Business Administration, Finance or Accounting, Preferred:MBA.
- \* Minimum:10 years of Product Supply Management leadership experience including forecasting, inventory planning, capacity planning and Sales and Operations Planning (S&OP) leadership.
- \* Individual must possess excellent communications skills including strong presentation skills and strong project management expertise.
- \* Must be willing & able to do 30% global travel (Europe, US and Latin America).

**Preferred:**

- \* APICS (The Association of Operations Management) certification.
- \* Knowledge/use of SAP R/3, SAP-APO/Manugistics or equivalent Advanced Planning System.
- \* Advanced system/PC software knowledge including query, database and graphics.
- \* Excellent competence in verbal and written communication.
- \* Must be able to handle multiple high priority projects.

If you or anyone you know is qualified, please email a resume to

J.B. Hunt Executive Search, LLC  
Cyndi Johnson  
Manager of Research & Sourcing  
Email: [cjohnson@huntsearch.com](mailto:cjohnson@huntsearch.com)  
Phone: 704-696-3600

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**Gary Pezzuti**  
**973-875-3300**

**Summit Group**  
**[garyp@nac.net](mailto: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](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).

## APICS Crossword Puzzle

In last month's newsletter we published our first APICS crossword puzzle. Here are the answers! Hope everyone aced this!

Answer Key																				
1 S	U	P	P	L	Y											2 P				
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O				7 Q					8 R	E	S	O	U	R	C	E		O		
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	13 V	A	L	U	A	T	I	O	N		T		E		I				O	
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			I					H	O				F			17 M	U	D	A	
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### 2008 Professional Development Meetings

October 16<sup>th</sup>  
 "Contract Manufacturing" *a panel discussion*

November 20<sup>th</sup>  
 "Indirect Materials ... The Last Bastion of Uncontrolled Expense"  
 presented by Ken Wellington and George Krauter

December  
 Holiday Party

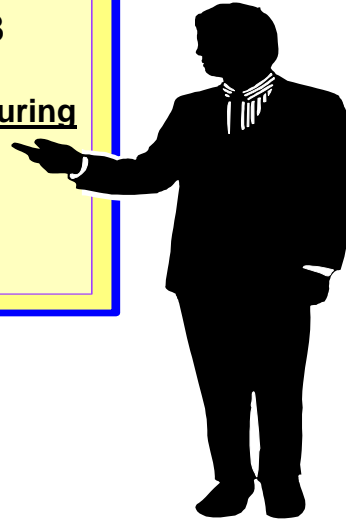


**Our Professional Development Meetings are held at the Hanover Manor in East Hanover. Check our web site for more information at [www.apics-westjersey.org](http://www.apics-westjersey.org)**

Next PDM October 16, 2008

**Panel Discussion: Contract Manufacturing**

*COME JOIN US!  
NETWORK & LEARN*



The Association for Operations Management



PLATINUM AWARD in APICS CBAR  
Program