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## “Lean is not an Infomercial”

Mike Walsh, CPIM – The Quality Solutions Group

January 15, 2008



**Mike Walsh, CPIM, QI**, is the Founder and Principal of The Quality Solutions Group, a Business Education, Training and Employee Development Company specializing in Lean Supply Chain Management, Strategic Management, Quality Tools Training, Continuous Improvement Programs and Presentation / Learning Skills Development.

Michael has 25 years experience in various types of management, as a consultant, practitioner and educator. His operating and management experience includes materials, purchasing, quality, inventory control, logistics, production and security.

Michael is an APICS Qualified Instructor for all CPIM modules, AMES and Train-The-Trainer /Learning Dynamics for Instructors and is a frequent speaker at chapter meetings, regional/ national conferences and workshops. Michael is President of the New Bedford APICS #1 Chapter; is the Executive Vice President for APICS Region 1 and serves New England as Director of Seminar 1 – New England’s premier

educational conference and exposition.

*Please see page 6 for meeting registration, location and travel direction information.*

### President’s Message

Another New Year is here. Once again, we have an opportunity to make a fresh start and to look forward with hope for improvement in our quality of life both at home and at work. However, this year let’s all try something a little different: instead of making more tired promises to ourselves about weight we just can’t lose, or bad habits we simply will not give up, why not make a resolution to find new and better ways to contribute to the success of our employers?

I know what you must be thinking: with the current credit crisis, the softening economy, and continued global competition, it is easy to be pessimistic about our firm’s future prospects. However, as Rene Dubos pointed out in a wonderful essay\*, *in human affairs, the willed future always prevails over the logical future.*

By exercising free will and good judgment one person can make a difference. You can help your company to be more successful by bringing new ideas and a new energy to bear on the problems that need to be solved. Where can you find these new insights and the necessary inspiration? Each month, your chapter presents PDMs at which industry experts share their insights, and you can discuss the issues they raise with your peers afterward over a cordial dinner. Throughout the year, we also offer informative and challenging CPIM workshops which I guarantee will inspire you to recharge, renew, and rededicate yourself for improved performance on your job and in your career.

In this New Year, make a resolution to attend some of the monthly PDMs, or begin the certification processes, and start willing a better future for all of us.

Best regards,  
Bruce Chartier

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**APICS, The Association for Operations Management** is a worldwide, respected, not-for-profit organization with nearly 60,000 members. **Our Chapter is one of 270 chapters in North America.** We have approximately 300 members and more than 100 member companies. We are dedicated to helping you.

## **“Circuit City: A Flawed Cost-Saving Idea”**

by Ira Smolowitz, Ph.D.



In my opinion, successfully selling consumer electronics is a particularly challenging task. The sales person must be prepared to answer the customer's numerous technical questions about: (a) the features of a particular product; (b) the compatibility of a product with the current equipment owned by the customer; and (c) comparing product A vs. B on a benefit/cost basis.

Given the demands imposed on the sales staff, a highly trained, highly motivated sales staff is of critical importance.

In my opinion, a recent announcement by Circuit City will serve to negate the above requisite sales staff conditions:  
Background

**New York** – A new plan for layoffs at Circuit City is openly targeting better-paid workers, risking a public backlash by implying that its wages are as subject to discounts as its flat-screen TVs.

The electronics retailer, facing larger competitors and falling sales, said Wednesday that it would lay off about 3,400 store workers – immediately – and replace them with lower-paid new hires as soon as possible.

The laid-off workers, about 8 percent of the company's total work force, would get a severance package and a chance to reapply for their former jobs, at lower pay, after a 10-week delay, the company said.

Analysts and economists said the move is an uncertain experiment that could backfire for the chain. The risks: Morale could sink and customers could avoid the stores. Also, knowledgeable customer service is one of the few ways Circuit City can tackle competitors that include Wal-Mart Stores Inc., they say.

“This strategy strikes me as being quite cold,” said Bernard Baumohl, executive director of The Economic Outlook Group. “I don't think it's in the best interest of Circuit City as a whole.”

While other companies, such as Caterpillar Inc. have introduced two-tiered wage systems, where newer workers make less, firing workers and offering to rehire them at a lower wage is very rare.

“I don't think it's fair,” said Hamilton Smith, an 88-year-old retired federal worker who had just purchased some batteries at Circuit City. “You need to give people a living, working wage.” He said he would think twice before shopping at the company's stores again.

Circuit City's cuts come at a time when other retailers are trying to put more knowledgeable workers on store floors. Home Depot Inc., whose new chief executive is struggling to re-ignite sales growth at its stores, said it has raised pay to attract skilled tradespeople, such as carpenters and electricians <sup>1</sup>

I fully agree with the observations of David Lewis, President of Operations Inc., a human resources consultancy. He believes Circuit City's move ultimately will weaken the organization. “It will give them short-term gains, but for the long term it's like shooting yourself in both feet with a howitzer,” he notes. <sup>2</sup>

In my opinion, Circuit City's cost reduction strategy is counter-productive in the long run. The dismissed workers earned their current salaries and secured these salaries with management's approval. What was formerly a positive morale builder now has become an employee's individual liability. Circuit City's dismissed workers represent an investment in corporate training that is now walking out the door.

Communication channels will be interrupted, and the surviving workers will be demoralized. Customers, too, may be alienated.

I view the strategy as “putting out a fire with gasoline.” The fire will appear to be extinguished but will flare-up later.

### **References**

- 1 “Circuit City to cut more than 3,500 store and IT jobs, cut wages” – Associated Press – March 28, 2007 – downloaded 3/30/07 from <http://business.bostonherald.com/businessnews>, p.1
- 2 Tahmincioglu, Eve, “Circuit City plan: Bold strategy or black eye?” MSNBC – March 29, 2007 – downloaded 3/30/07 from <http://www.msnbc.msn.com/id/17857697/p.3>

*Dr. Ira Smolowitz is a Professor of Finance at American International College, Springfield, MA*

***The views and opinions expressed in Ira Smolowitz, PhD articles do not necessarily reflect the views and opinions of the Western MA Chapter#19,Inc***

## CPIM Class Starting

### *“Detailed Schedule and Planning (DSP)”*

*Class starting: Wednesday January 9<sup>th</sup>*

*Class held on every Wednesday, from 5pm to 7pm*

*Location: Prima Co.  
711 East Main St.  
Chicopee, MA.*

**Cost: \$325.00**

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll

## 2008 BOD Meeting Schedule

January 8, 2008

February 5, 2008

March 4, 2008

April 1, 2008

May 6, 2008

June 3, 2008

Any chapter member is invited to attend. So why not come and see what your BOD is doing each month.

If you wish to attend, please contact Bruce Chartier and he will make sure that there is a seat waiting for you.

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## CIRM

APICS will discontinue offering the APICS Certified in Integrated Resource Management (CIRM) program on June 1, 2008. Content of APICS CIRM program will continue to be recognized as a valuable part of the APICS body of knowledge and APICS will continue to maintain information on the APICS CIRM program.

Individuals with the APICS CIRM designation will not lose their certified status. APICS will maintain its records of all APICS CIRM exams taken and all APICS CIRM designations earned. APICS will also continue to recognize individuals who have earned the APICS CIRM designation and verify APICS CIRM status in response to employer inquiries. Individuals who have earned the APICS CIRM designation will be encouraged to continue to use their credentials



The APICS CIRM examinations will continue to be offered until June 1, 2008, and candidates in process will have until that date to pass the examinations they need to receive their certification. If you wish to pursue the APICS CIRM designation before the program is discontinued, be sure to take the remaining required exams before June 1, 2008. If you are unsure of the specific exams that you still need to pass to earn your certification, please contact APICS in writing to request your exam history.

### **CIRM Modules**

Candidates must pass all exams for the following modules

Enterprise Concepts and Fundamentals  
Identifying and Creating Demand  
Designing Products and Processes  
Delivering Products and Services

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll or schedule a workshop.

## Standard for Excellence

CPIM provides a common basis for individuals and organizations to evaluate their knowledge of the evolving field of production and inventory management. The program has helped individuals and their organizations become more productive and competitive because it is designed to test candidates' in-depth knowledge of a variety of subjects specific to production and inventory management.



CPIM has helped more than 66,000 professionals

- Learn to predict outcomes more accurately and take actions that achieve results
- Gain peer and industry recognition
- Gain the knowledge to effectively and efficiently manage worldwide supply chain activities
- Achieve greater confidence and peer and industry

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll or schedule a workshop.

## APICS Certified Supply Chain Professional (CSCP)

APICS announces a new industry certification: The Certified Supply Chain Professional (CSCP), to be launched in conjunction with the APICS International Conference on October 16-18, in New Orleans. This will provide individuals with the skill set necessary to understand and manage the integration of activities within today's increasingly complex supply chains.

CSCP prepares individuals to effectively and efficiently manage supply chain activities that span across and beyond an organization's four walls leading to reduced costs and increased profits.

CSCP provides in-depth knowledge and understanding in the areas of supplier and customer relations, international trade, the use of information technology, and physical logistics.

### BECOMING A CSCP CANDIDATE

CSCP exam candidates must meet one of the following criteria:

- B A or BS, plus 2 years of related business experience
- CPIM, CFPIM, CIRM, or C.P.M. plus 2 years of related business experience
- 5 years of related business experience.

Watch this newsletter for further announcements regarding APICS rollout of this program and Western Ma. Chapter schedule of Workshops.

## 2007-2008 CSCP Exam Dates and Important Deadlines

### March Administration

Exam Date: March 15

Eligibility Application Deadline: January 18

Exam Registration Deadline: February 1

### June Administration

Exam Date: June 21

Eligibility Application Deadline: April 25

Exam Registration Deadline: May 9

### December Administration

Exam Date: TBD

Eligibility Application Deadline: TBD

Exam Registration Deadline: TBD

No CSCP Exam Registration Fee Increase for 2008

### North American Fees

APICS Member: \$550 (US)

Nonmember: \$700 (US)

Exam Retake\*: \$350 (US)

**\*Candidates who didn't pass a prior APICS CSCP exam, or had an unexcused absence from a previous exam and forfeited the registration fee, qualify for the discounted retake fee**

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll or schedule a workshop.

## Calendar of Events 2007 – 2008

Speaker: Bob Stahl

Topic: "Building to Customer Demand"

Feb. 19, 2008

Location: Yankee Pedlar  
Holyoke, Ma.

Speaker: Michele Burch

Topic: "Lean Ideas from UMASS"

March 18, 2008

Location: Yankee Pedlar  
Holyoke, Ma.

Speaker: TBD

Topic: TBD

April 22, 2008

Location: Yankee Pedlar  
Holyoke, Ma.

### *APICS Membership Benefits*

Certification Programs	Member-Only Content
APICS Magazine	Ask APICS
APICS Bookstore	Educational Events
Electronic Discussion Lists	APICS Career Center
Unique Services and Discounts	

Joining APICS is quick and easy. Join today and start enjoying benefits of membership.

Contact: Cheryl Denoncourt @  
[cdenoncourt@savagearms.com](mailto:cdenoncourt@savagearms.com)

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# January 15, 2008

**Location:** **Yankee Pedlar - Holyoke, Ma.**

**Agenda**

Networking:	5:30-6:30 PM
Speaker:	6:30-7:30PM
Business Meeting:	7:30-7:45PM
Dinner:	8:00PM

**Registration**

Members:	\$25.00
Non-Members:	\$30.00
Retirees:	\$17.00
Students:	\$17.00

**Reservations** Contact Jack Perazella  
(413) 527-2842, or reserve online at [japer@juno.com](mailto:japer@juno.com)  
No later than Saturday, **January 12, 2008**

DIRECTIONS to Yankee Pedlar at intersection of routes 5 and 202 in Holyoke:

From I-91 North:

I-91 to Exit #16 for Rte 202. At end of ramp, bear right and proceed about ½ mile down to Rte 5. Yankee Pedlar is to the left just across the intersection.

From I-91 South:

Exit #16 for Rte 202. At end of ramp bear left and proceed as above.

From Mass Pike:

Exit 4 for I-91. Take I-91 North to Exit 16 and proceed as above.