

October 2008

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**Sales & Operations Planning
Afternoon Session featuring Bob Stahl**
Turn to Page 2 for more details on this event.
October 28, 2008
Includes Roundtable Discussion on Implementation



President's Message

For American business leaders, **competitiveness** is the goal. Cutting through all the fads, buzz-words, and latest business management crazes is one constant – how to find a way to be more competitive in an expanding global economy.

There are only a few proven business process improvement methods that offer the dual advantages of low investment and high impact. Of course, **Lean** is one of them. Another is **S&OP**. Sales and Operations Planning is on a par with Lean/JIT in helping firms to achieve improved performance and a sustainable competitive advantage. S&OP is a low-tech methodology that allows top management to have a handle on the business while providing middle managers with the highly desirable “single set of numbers” so necessary for effective daily operations.

On October 28, Chapter 19 will present a special afternoon session devoted to S&OP. Three member companies that are using S&OP, or are in the process of implementing it, will make presentations and participate in a round-table. Bob Stahl, who literally wrote the book on this subject and who made a very well attended keynote address on S&OP and Postponement for us last May, will return to Western Mass. to facilitate the discussion.

This is a unique opportunity to learn from your peers at local companies who are willing to share their real world experiences with this technique. We expect this exciting format change to generate some new energy and stimulate a lively discussion during the Q&A session. I am confident that if you participate in this event, you can bring back to your work environment a better understanding of S&OP concepts and how they can help you company to become more competitive.

Best regards,

Bruce Chartier

Inside This Issue

S&OP with Bob Stahl	2
Oncore Plant Tour great success	3
Corporate Downsizing	4
Educational Offerings	6
Calendar of Events	7

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 over 200 members and more than 100 member companies. We are dedicated to helping you.

WESTERN MASS APICS

Professional Development Meeting
October 28th from 1:00 to 4:00 P.M.

"S&OP – How's Western Mass Doing?"

How's Western Mass. Doing?

At the start of the afternoon, three Pioneer Valley Companies will make 20 minute presentations on their S&OP methods.

They will walk us through their process of development and the issues they faced while creating a successfully working S&OP.

How about a Refresher?

Bob will then spend an hour taking us through a quick refresher on S&OP.

If you missed our May event, this will help bring you up to speed.

If you did attend the May event, have you had an opportunity to read the books? And have you implemented anything from the books?

Do you have Questions?

Feed back from past events has been very clear. You want more opportunities to ask questions and have time for responses that actually provide answers.

We are blocking off an entire hour at the end of the session just for that.

So bring those questions, Bob will be waiting for you.



Bob Stahl has spent the last 30 plus years as a practitioner and consultant developing leading edge processes for manufacturing, logistics, and supply chain management. He is a teacher, writer, and consultant with an extremely strong track record of success. Bob has worked with many of the world's leading corporations and has co-authored six books with Tom Wallace – including Sales & Operations Planning-The How to Handbook, 3rd Edition and Sales & Operations Planning-The Executives' Guide.

To register: go to our website
WWW.WMASS-APICS.COM
Or you may contact Jack
Perazella at (413) 527-2842, or
email at japer@juno.com

Members: \$25.00 Non-Members: \$35.00

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.

Oncore Manufacturing successfully hosts plant tours



Members of Western Massachusetts chapter #19 inside the lobby at Oncore prior to the plant tour. John Marcil (Director of Quality Assurance for Oncore) is shown in the back row, center.

On Tuesday, September 16th chapter members had the privilege of attending a plant tour at Oncore Manufacturing (formerly Nu Visions Manufacturing, LLC and Veritek Manufacturing Services). To say that walking through the facility at Oncore was impressive would be an understatement. There was evidence of Lean Manufacturing tools and techniques at every turn: color-coding and visual factory, dedicated work cells broken down by product families, matrices detailing cross-training, and pareto charts that quantified defects by type.

Each of the tour guides were extremely knowledgeable regarding both the products and processes at Oncore and answered a variety of questions from chapter members. The Western Massachusetts chapter wishes to warmly thank and acknowledge: Bill Cardinal (Facilities Engineering and Maintenance Manager), Dean Charette (Materials Manager), John Marcil (Director of Quality Assurance) and Stewart Scoles (Buyer/Planner) who gave so freely of their time to showcase Oncore.



Kevin Mepham, CPIM (Director, Process Improvement & Customer Solutions) presenting an overview of Oncore's Advanced Planning and Execution System during the dinner meeting at Salvatore's Restaurant.

The evening ended with a dinner meeting at Salvatore's Restaurant on Boston Road. Kevin Mepham, CPIM (Director, Process Improvement & Customer Solutions) provided a thorough explanation of Oncore's APEX (Advanced Planning and Execution System). APEX is utilized by materials planning and scheduling, and operations professionals within Oncore to optimize the use of available capacity and identify potential material shortages within the short lead times demanded by their customers.

Oncore has recently launched an educational initiative within the company, beginning with fifteen individuals enrolled in on-site certification classes. Starting with the Basics of Supply Chain Management module, Oncore's dedication and commitment to the APICS body of knowledge can only enhance the significant gains the company has already made. There is little doubt that with such a well-versed team of professionals Oncore will continue to be the preferred electronics supply partner for the customers they serve in the medical, defense and industrial markets.

Corporate Downsizing: A Counter Productive Reflex



by Ira Smolowitz, Ph.D.

If you find a good solution and become attached to it, the solution may become your next problem. (Robert Anthony)¹

The above quote, it seems to me, well describes my concerns with corporate downsizing. Downsizing is a counter - productive solution for the following reasons:

- a) Corporate knowledge resides in an employee's head, file cabinet, computer disk. This knowledge walks out the door with the downsized employee. This scenario is particularly counter – productive in an information based economy.
- b) A downsized employee represents a forfeiture of corporate investment in associated employee training and knowledge.
- c) Downsizing leads to the break-up of efficient, well-run employee teams.
- d) Downsizing leads to demoralization of the surviving employees.
- e) Downsizing hinders knowledge sharing. If you are the repository of a particular knowledge base you lower the odds of being downsized by remaining the only source of this knowledge vs – sharing your knowledge with your colleagues.
- f) Since Wall Street dislikes uncertainty, a positive sales forecast is not as certain as control of reduced salary costs associated with downsizing. As a consequence – downsizing may lead to an increase in the price of the corporation's stock. This in turn serves to enrich executives (stock options). The symbolism of executive wealth enhancement at the expense of downsized employees has to be particularly demoralizing.
- g) A demoralized, disgruntled employee is not going to go the extra mile to close a sale with potential customer.

h) Downsizing also brings in its wake the following not-so-obvious problems:

1) While those who survive the corporate ax may find career opportunities, they may also face potential problems. First is the issue of money. Even though they may receive fancy new titles, some people promoted during these tough times may now receive fatter paychecks. "It's very awkward for companies to hand out raises after they've just canned people or handed out pay cuts (Bill Coleman, Vice President for compensation at salary.com in Wellesley, Mass. which tracks pay).

2) Even more unsettling for some promoted workers are the reactions of others. "If the person you're replacing was well liked and seen as more experienced, you're going to have a huge challenge on your hand," said Emory Mulling, chairman of the Mulling Companies, an outplacement firm in Atlanta. "People won't feel like you deserve the job."

3) Perhaps the biggest problem for layoff survivors who are promoted is that many do not receive the training or resources needed to succeed in their new positions. After all, the people most equipped to train them, their predecessors, are gone. ²

***What are the alternatives to downsizing?
To me, they include:***

- a) Placing some of your employees in the customer's factory to observe how the customer is utilizing your product and to generate creative, lucrative, feed-bank.
- b) Demonstrating to employees that the corporation is experiencing a true crisis, however, no downsizing will occur. Instead of reducing labor costs by 20 percent via associated downsizing, all employees will work 5 days/week and be paid for 4 days of employment. When the economy recovers wages owed will gradually returned to the employees. If the CEO comes under the same mandate isn't this an enlightened beneficial way to handle an economic downturn?
- c) Many corporations have reacted to the economic downturn by cutting work forces, trimming budgets, reducing travel and eliminating marginal operations. That is to be expected. But while businesses wait for the economy to improve, they will lose out if they focus only on how to survive. Companies that are truly adept look beyond hard times and follow a course to outmaneuver rivals and emerge from the downturn with a bigger market share or greater competitive advantage. Some introduce new products, make a key acquisition or start a business. Eastman Kodak and Sanyo Electric, for example, have announced plans to invest \$350m to create a new type of flat-panel screen display for use in electronic devices. Others may take less capitally intensive steps to capture options in future growth. Examples include establishing strategic partnerships

with smaller firms, continuing research and development and brand investing. Think of these dual and compatible strategies as Job 1 and Job 2. Almost all companies roll up their sleeves and attend to Job 1: preserving value. Customers have less money to spend, so the chances of increasing revenues are slim. The only way to survive is to cut costs. This is fair enough for the near term. The smart and the brave, however, focus on Job 2, the opportunity that the downturn offers to take market share from rivals. 3

d) Happy employees make for more profitable companies. Now there seems to be more data to back it up.

Watson Wyatt Worldwide, the benefits consulting firm, says it has evidence to support the idea that improvements in human-capital practices (in which it includes both compensation and traditional human-resources concerns such as employee recruiting and retention) can boost a company's financial performance. What's more, after comparing the human-capital practices and financial results of 51 companies for 1999 and 2001, the consultants claim that the practices are a leading, rather than a lagging, indicator of financial performance.

If a company makes a "significant improvement" in 16 pay and benefits practices, for instance, its market value should jump 16.5 percent, according to the study. Practices yielding the biggest gains included linking pay to performance and using the lure of stellar health benefits as a recruiting tool.

Brian Becker, a professor at the State University of New York and Buffalo's School of Management, says the Wyatt findings confirm similar discoveries he and colleague Mark Huselid of Rutgers University made in the 1990s. In five surveys that polled a total of 3,000 companies between 1992 and 1997, the research team found that significant jumps in an index of human-capital improvements tend to lift shareholder value 20 percent.

Such findings may cause finance executives to pause before they opt for cutbacks in the current downturn. "If human-capital practices drive financial results, then it behooves you to make the investment even in a down market," argues Bruce Pfau, a Watson Wyatt consultant and author of the study. And rash reductions in benefits packages or pay-for-performance incentives made in response to the recession may have unintended financial consequences, says Becker. 4

Given the above findings one can better appreciate the following concerning two prominent corporations: When Entegriety Solutions Corp. went into cost-cutting mode recently, it decided against the slash-and-burn staff reductions that marked the demise of many other young high-tech companies. Instead, the San Jose, Calif., software company took a route that has become increasingly common among American employers,

particularly since Sept. 11: avoiding layoffs, or at least minimizing them, with cost-saving alternatives, including salary and benefits cuts, job-sharing and leaves of absence, and deferred or eliminated bonuses and salary increases

Entegriety was able to reduce its layoffs – although it won't say by how much – by persuading employees to agree to an across-the-board 20 percent pay cut. It eliminated or deferred bonus programs and increased its remaining employees' stake in the company with stock options. "People are our capital. You have to try to preserve that as much as you can," said Bob Howells, Entegriety's chief financial officer.Although no one celebrated a pay cut, some employees accept it as preferable to being laid off – or worse, seeing the company fold.

Intel Corp. closed a manufacturing facility in Puerto Rico this year, and had as a goal to reduce its work force by 5,000 employees by the end of the year. Instead of laying off valued employees, the company has a so-called redeployment program in which workers are given two to four months, with full salary and benefits, to look for other work inside Intel or with another company..... 5

To reinforce how pervasive downsizing has become consider the following:

Poof! You don't exist. The newest way to fire employees without a trace is with \$500,000 software that does it all, except escort you off the premises, but that too, can be arranged. At the press of a key, the software dumps you with a memo, closes your payroll account at the bank, cancels your credit cards, shuts down your e-mail, eliminates your parking privileges and locks down your telephone extension and cell phone numbers. Your name is ripped off any password or company account you ever used—including FedEx or even a deli account. "We cover the entire life cycle of an employer said Sharon Tolpin, a spokesperson for Business Layers Inc., whose new "fire-ware" is used by giants such as Chevron. "We provide an entire trail of everything the employee has ever dealt with – equipment, data, everything," she said. "Laid-off employees are a risk. Companies have a lot of horror stories about what former employees have done to them," she said.

The Rochell Park, NJ firm was launched during the height of the dot-com explosion to help companies get new hires up and running at the job as quickly as possible. "Up until last year, our focus was to put people into the system and make them productive instantly. "Now, it's the opposite function to take them out," said Tolpin 6 In the words of Walter Winston "The person who figures out how to harness the collective genius of his or her organization is going to blow the competition away" 7 Downsizing and the associated turmoil and demoralization left in its wake runs counter, it seems to me, to the sage advice offered by Walter Wriston.

APICS Certified Supply Chain Professional (CSCP)

In October of 2007, APICS launched the Certified Supply Chain Professional (CSCP) certification program at the International Conference in New Orleans. The goal of this certification program is to 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.

2008 CSCP Exam Dates and Deadlines

December Administration

Exam Date: December 13, 2008

Eligibility Application Deadline: October 17, 2008

Exam Registration Deadline: October 31, 2008

North American Fees

APICS Member: \$575 (US)

Nonmember: \$725 (US)

Exam Retake* \$350 (US)

Contact Ed Kantor, CPIM at (413) 592-6895 or email: edkan@juno.com to enroll or schedule any educational offerings or certification workshops.



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

Introducing the NEW! APICS Lean Enterprise Workshop Series

As more organizations decide to go lean, demand is escalating for a skilled team and systemwide approach for developing and implementing lean project plans. This course is designed to equip you with the broad knowledge and tools to map the transformation for developing a lean culture at your organization.

The APICS Lean Enterprise Workshop Series is organized to enable you to approach and understand the lean transformation process systematically. Using scenarios from a fictitious company, Murphy's Toys, you will be tasked with finding lean solutions to a myriad of challenges. This method will provide you with the flexibility to immediately customize what you've learned and implement it at your own organization.

Calendar of Events 2008 – 2009

Speaker: Bob Stahl

Topic: S&OP

October 28, 2008

Location: Yankee Pedlar
Holyoke, MA

Speaker: Michael Francoeur
Dale Carnegie

Sharpening Your Interpersonal Skills

November 18, 2008

Location: Yankee Pedlar
Holyoke, MA

Speaker: TBD
Topic: TBD

January 20, 2009

Location: TBD

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