

APICS Sacramento

The Educational Society for Resource Management

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May, 1999

"The Changing Role Of Third Party Logistics Companies In The New Millennium."

Tuesday, May 18, 1999

Mr. Paul Gates

This discussion will focus on how clients and third party logistics providers must develop close working relationships to drive value within the supply chain.

Mr. Gates will share with us Ryder's experiences on the value of approaching the supply chain from an integrated perspective. He will also share some statistics on the value various industries have reaped in integrating their supply chains and address qualities necessary for establishing a successful relationship with a third party logistics provider (3PL).

ABOUT THE SPEAKER

Paul Gates is Director of Business Development focusing on the high-tech industry for Ryder

Integrated Logistics. Paul is responsible for working with high-tech clients in the development and implementation of integrated supply chain solutions encompassing all facets of inbound/outbound transportation and distribution management.

Mr. Gates has over twenty years experience in the logistics industry ranging from operations to business development, and has held Senior Operations and Business Development Executive positions with Ryder, Menlo Logistics and the Axis Group. Paul's clients encompass a broad range of industry including Ford Motor Company, General Motors, Xerox, Hewlett Packard, Compaq, Apple, Frigidaire, Lucent Technologies, and Word Entertainment.

RSVP by Friday, May 14, 1999

To RSVP for this dinner meeting, please call (916) 650-8660 and provide the attendee's name, company and telephone number or fax/email this information to Brenda Marsh at fax (916) 448-5847 email: brcben@aol.com.

5:30	Registration	\$22.00	Members
6:00	Dinner	\$25.00	Non-members
7:00	Membership meeting	\$18.00	Full-time students
7:20	Presentation	\$5.00	Speaker only

Presentation will be held at the Hungry Hunter Restaurant on Bercut Ave., Sacramento.
Please call the Hungry Hunter at 916-441-2844 for directions.

President's Message

On March 15, 1999 the APICS Board of Directors approved an increase in dues. This increase will become effective on July 1, 1999. The new due rate structure is as follows:

<u>Member Category</u>	<u>Current Society</u>	<u>Current Chapter</u>	<u>New Society</u>	<u>New Chapter</u>
Corporate	\$400	\$150	\$500	\$150
Individual	\$80	\$30	\$95	\$30
Retired	\$40	\$0	\$47.50	\$0
Students	unchanged			

If your membership will be up for renewal after the rate increase, I would suggest that you consider renewing early. Also, remember that you can renew for multiple years. You can pay the old APICS rates as long as your renewals are postmarked by August 31, 1999. New and reinstated members will not have this grace period.

I wish to welcome our newest members: Colin Funk, Michael Honaker, Tim Semons and Thomas Shannon. WELCOME! I hope to see all of you at our next meeting. If I or any of the Board can be of assistance, don't hesitate to call.

Beverly Paul CPIM
President

The Integration of Quality: Theory and Techniques

By Brian Coll

This article originally appeared in the March 1999 issue of Circuits Assembly magazine and is reprinted here with permission.

Internalizing a quality management program should be a manufacturer's ultimate goal.

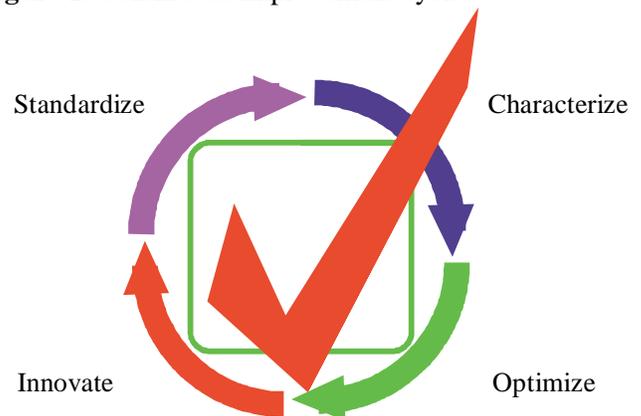
What is quality? Today, we see it as a combination of tools and techniques that, applied correctly, produces the desired results. However, quality has evolved into much more than statistical process control (SPC), failure mode effect analysis (FMEA) or customer focus teams; it is now thought of as total quality management (TQM). Rarely does uniformity exist in the various approaches to TQM; note the myriad of papers, books and institutions that continuously challenge both business managers and academics on the true definition of TQM. Selecting the correct techniques and the sequence of their introduction into the workplace are where the challenges lie. Developing a quality framework will aid in the selection among the endless permutations and combinations that exist.

TQM and Continuous Improvement

Continuous improvement has become one of the later revolutions in TQM theory. The belief that everything can be improved should be ingrained into all employees' minds in the organization. Product life cycles are shortening, and,

with the advent of the microprocessor, Moores' Law, which states that the performance of the computer chip will double approximately every year for the same cost, has taken effect. Accordingly, consumers expect "more for less," in other words, continuous improvement.

Figure 1: Continuous improvement cycle



The circle of continuous improvement¹ is another key concept of TQM (Figure 1). Although simplistic, this philosophy attacks one of the greatest challenges in introducing TQM: resistance to change. Too often, people resist improvements because finding a better way of doing something implies that the old way was inferior. The continuous improvement philosophy removes individual personalities from the change process and leaves the door open for even further improvement. Let's examine each phase of the continuous improvement cycle.

Standardize

Standardization is the first and, arguably, the most difficult phase in which processes are defined and standardized. Deming defines a standardized process as one that may be in control, but is not necessarily capable. ISO 9000 is a common tool used to standardize processes.

Characterize

Characterization is the process development phase that identifies all of the inputs to a process and all of the process outputs affected by those inputs. One of the principles of TQM is to control the process and not the product it generates.

Optimize

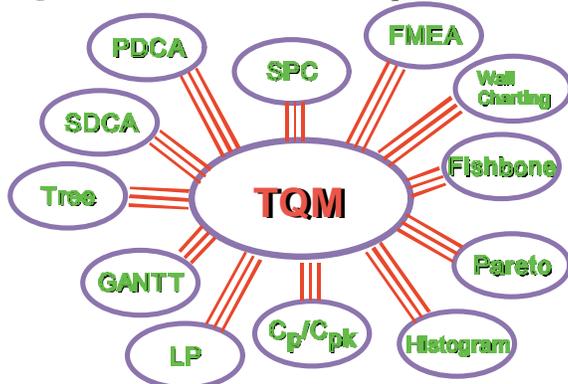
Optimization determines process performance sensitivity to input variables as quantified through experiments designed to exercise those input variables through a wide range of values. This exercise results in a set of values of input parameters that produces the desired output. Design of Experiments (DOE) is a tool often used to optimize a process.

Innovate

Innovation is the final step in the process that, then, allows you to repeat the cycle. By innovating, you can make improvements at either the product or the process level.

Once innovation has occurred, you can standardize the new process and continue the cycle. From these four principles of TQM, the concept of continuous improvement can be used as the underlying philosophy for new quality initiatives. The appropriate tools and techniques to develop the program further may now be selected.

Figure 2: TQM tools and techniques.



Quality Tools, Techniques

Over the years as many U.S. companies have tried to emulate competitors, a body of tools and techniques known as the Seven Quality Tools has emerged. These tools have been recently supplemented by the Seven

Management Tools, with the former used reactively and the latter becoming more necessary for proactive improvement. These tools provide the TQM practitioner with a structured approach to problem definition and resolution (Figure 2).

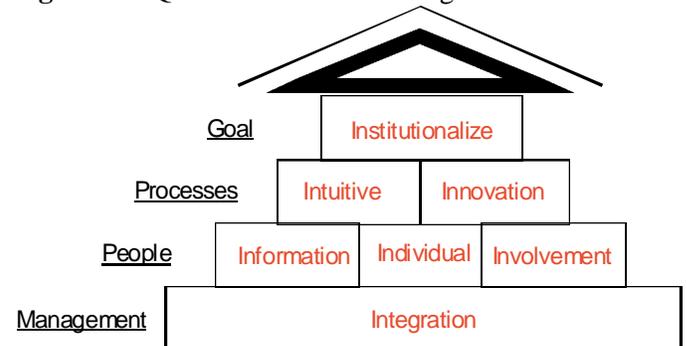
While the implementation of TQM will require the use of some or all of these tools, each assembly professional should decide how to best apply this cocktail of techniques within his or her organization. The Irish Business Employers Confederation (IBEC)² describes the application of quality tools as having common principles, but with the customization of each organization’s approach to one which best fits their operational model.

The Magnificent “Sev’In”

The selection of the appropriate tool should take place within an overall TQM framework, which is comprised of seven elements (Figure 3): Integration; Information; Individual; Involvement; Intuitive; Innovation; and Institutionalize.

The “Seven Ins” are common themes surfacing when researching the quality characteristics of world-class companies. A recent article³ lists several of these elements regarding the success of the “implementation and routinization of a new process technology.” Collectively, they can provide a framework that enables the successful

Figure 3: TQM framework: The Magnificent Sev’In.



implementation of a TQM program. *Integration* is the foundation on which all of the other elements lie. On top of integration are the “people” elements of *information*, *individual* and *involvement*, followed by the “process” elements of *intuitive* and *innovation*. The ultimate goal is to *institutionalize* all of these elements into the day-to-day running of the organization.

Integration

Integration management is the key to the implementation of TQM. Successful TQM programs seamlessly integrate different departments of an organization to anticipate, meet and exceed the customer’s requirements.

Management should effectively integrate activities within a company that span organizational boundaries.

In fact, TQM should perhaps be renamed IQM, or integrated quality management. In the foreword to his textbook on management and organizational behavior, Mullins⁴ states: "The underlying theme of the book is the need for organizational effectiveness and the importance of the role of management as an integrating activity." The quality management initiative should be seen as the umbrella under which all improvement activities are conducted. Mullins places great emphasis on the responsibilities of management in what he terms the "integrating activity" within the organization. Management must have the ability to work with and through people. Without the integration of both the physical resources and the human resources, management is not allowing the organization to develop to its full potential.

Information

Usually, in a traditional organization information is considered power and jealously guarded. In a TQM environment information should be readily available to all employees concerned and located as close to the point of use as possible. For example, the growth of intranets within corporations is primarily due to the easy availability of information by putting this data on each worker's desktop.

One of the most common forms of information transfer is communication, which can be both formal and informal. For complex tasks, the information flow set up by management should allow for the free flow of information all around the organization. Successful TQM will not "just happen." If this flow is not defined and managed, then a lack of information or misinformation may result.

Individual

One of the challenges of any TQM program is to manage the individual. You may think that this focus goes against the principle of teamwork for which so many managers strive. If we look outside the manufacturing industry to the sporting industry for an example, note that one of the highest paid athletes in the United States was former Chicago Bull Michael Jordan. Why? In basketball, every point scored, pass made, free throw and foul is recorded against each individual player throughout the course of his or her career. These statistics then determine the value of that player and his or her total compensation package.

Although the Chicago Bulls are the most successful basketball team of the 1990s, a wide disparity does exist among the salaries of each player on the team. So, al-

though team performance is recognized, the contribution of the individual to the success of the team is even greater recognized. If you can successfully recognize, measure and reward the performance of the individual, then you get teamwork for free.

Involvement

If you have begun a quality initiative that does not encompass the entire organization, history shows you are doomed to failure! To be successful, TQM initiatives must involve all employees at all levels of the organization. For example, some employees that rarely get involved at work are involved in a multitude of social and sporting events outside of the work environment. The myriad of activities to which employees devote their spare time range from sporting organizations to drama societies; clearly, money is not a motivator in these areas. The challenge for business is to harness this energy inside of the workplace. If you are not using an employee's mind as well as his or her body in the work environment, then you are only utilizing half of that person.

Intuitive

A recent article had the following comment on the U.S. economy and the tightness in the labor market: "With top-end workers already employed, many businesses in 1998 will have to hire people who lack the skills to perform their tasks efficiently."⁵

Therefore, the challenge for industry is to be able to obtain world-class performance from average people. One field that has succeeded in achieving this goal is the service industry; McDonald's, for example, has been particularly noteworthy for providing consistent, high-quality service globally using students and temporary workers while paying slightly above minimum wage. Although we as consumers might take its strategy for granted, McDonald's has put much time and effort into making its processes intuitive. For example, it invented the concept of the "Happy Meal" so customers can easily choose to have fries, a hamburger and a drink for one fixed price. Intuitively, all of the menu items are entered as single push buttons on the cash register, and different burger types employ color-coded cartons.

Probably the best example of an intuitive process is the ATM machine. No matter where one travels, withdrawing money from a cash machine using one's native language is possible. No training is involved as the process has been "de-skilled." If employees could operate manufacturing equipment as easy as an ATM machine, then processes would truly be intuitive.

Innovation

When people discuss innovation, the mind starts to consider high-tech solutions to complex problems. The reality is that most problems tend to be non-complex and are easily fixed, assuming the right working environment exists. Simplicity has often been said to be the greatest form of innovation. Without innovation, a company will not succeed in changing and reinventing itself. Witness mighty Microsoft, who, even though dominant in DOS and Windows operating systems, had to redesign all of its products around the Internet recently. Since the workers in an organization provide a direct line to the company's products, processes and customers, they must be part of the innovation process. The right environment must be created to allow this innovation process to grow and develop within the company.

Institutionalize

Institutionalization is the ultimate test for any TQM program. If the quality culture does not exist and has not been changed as part of the TQM initiative, then all of the good work done will be lost. Standardized processes must provide the framework under which the business operates. Making it "stick"—or internalizing and institutionalizing quality—is the real challenge of TQM.

The front-page quote from W.B. Yeats epitomizes the true essence of total quality management. What Yeats calls this "lonely impulse of delight," Maslow calls "self-actualization" and Shiba describes as "total participation."⁶ With the variety of techniques and tools available today, only a few companies have been able to apply them in a meaningful way to build a true world-class organization. Internalization of quality is the real challenge and, for the people tasked with introducing TQM into an organization, must be the ultimate goal.

Conclusion

TQM is not only a combination of tools and techniques dedicated to process improvement, but it also takes on the added responsibility of managing the change process. This change management can be a difficult task and is probably the single biggest cause of TQM failures if not handled correctly. The totality and influence of a successful TQM implementation will touch every part of the organization and seamlessly transform it.

Replicating another company's TQM program within your own organization is often difficult. Too often, companies look for the "quick fix" and easy road to TQM. Senior management visits other companies or attends seminars promoted by TQM consultants to learn secrets, tips and techniques for making the process easier. The biggest mistake a company can make is wanting instant results without traveling the long journey that other

companies have had to travel. By utilizing a quality framework and then fitting the appropriate tools and techniques into this, an organization developing its TQM process should find the journey easier. As Lee says, TQM⁷ is really a combination of the "simple," "subtle" changes that make the difference.

References

1. *From a lecture by Dr. Eamonn Murphy, NCQM, University of Limerick, Ireland.*
2. *Irish Business Employers Confederation. (1996). Position paper on change and continuous improvement. Dublin, Ireland.*
3. *Linton, J.D. (1998, September) "It was a success...everything we do is a success." Circuits Assembly, pp. 30-31.*
4. *Mullins, L.J. (1996). Management and organizational behaviour. London, England: Pitman Publishing.*
5. *(1998, February 23). Business Week, p.12.*
6. *Shiba, S., Graham, A. and Walden, D. (1993). A new American TQM. Portland, Ore.: Productivity Press.*
7. *Lee, T.H. (1994, Fall) A systemic approach to management TQM and planning. Centre for Quality Management Journal.*

Brian Coll is director of quality at Manufacturers' Services Ltd., Athlone, Ireland; e-mail: brian.coll@manserve.com.

Train the Trainer Class

Are you APICS certified and/or interested in teaching APICS courses? Do you want to improve your presentation skills? Regional Officer Bill Latham will be instructing the Train the Trainer class to be held on June 12 and 13. Space limited to ten people to maximize individual learning. Call the Sacramento APICS phone line at (916) 650-8660 to register. Leave your name and phone number to be contacted with details on class location and time.

Attention Students! Student Paper Competition

Don't let your old term papers go to waste! APICS is sponsoring its annual student paper competition. Scholarships are available to winners in each of four different categories. Winners will be named at the APICS Chapter, Region and Society levels. All entries must be post marked by May 15, 1999, so contact Bill Lodholz at 530-666-2493 x185 for details.

Job Opportunities

ExpressPoint Technology Services, Inc., a dynamic computer repair/ re-manufacturing facility, is seeking a experienced, motivated **Production Planner** to fill a newly created position. This position will develop and maintain the production planning, procurement, materials, & logistics required for the repair & refurbishment of computer equipment.

Qualified candidate will have a BS Degree and 3+ years exp. or equivalent experience. Working knowledge and understanding in the concepts of Master Planning, MRP, line balancing, finite capacity scheduling, and demand flow manufacturing (JIT). Candidate will have experience in the use of manufacturing software as well as PC literacy. CPIM Certification is preferred.

To apply, send your resume to ExpressPoint Technology Services, attention: Recruiter. Fax (916)434-4255 or email jobs@expresspoint.com.

Buyer/Planner II

Duties include: processing info. from the MRP data base to create an inventory management plan; supplier selection; negotiation of price, delivery, quality, terms and conditions; place purchase orders. Must have 5 yrs. experience in purchasing and in-depth understanding of MRP systems. \$15-23.00/Hour. Fax or email resume 916-454-4199; purchasersgrodin@earthlink.net

Buyer/Planner

3-5 yrs. exp. in a mfg. environment. Excellent planning and negotiating skills in a mfg. and software environment are essential. MRP experience required. In-depth print and packaging experience desired. Familiarity with purchasing/planning software is necessary. Mac experience preferred. Will assist in the following areas: updating OCR, P.O.'s, Sales orders, freight costs, monthly quote matrix, daily WOAA, manage daily Kan Ban releases, procure selected components, issue TSR's, process weekly MRB returns, monitor consumables, and expedite suppliers. \$16.00/Hour. Fax or email resume 916/454-4199; purchasersgrodin@earthlink.net

Buyer/Planner

Hospital background desired. Must have experience buying operating room supplies/equipment. Fax or email resume to 916-454-4199; purchasersgrodin@earthlink.net

Board of Director Elections

Elections for the Board of Directors will be held at the May professional development meeting.

Please consider volunteering a little bit of your time and expertise and be part of a team managing a small business--your local APICS chapter.

This is an excellent opportunity to further develop skills that you may not be able to exercise in your job.

Most board positions require between 5 and 10 hours per month of your time. We are particularly in need of volunteers to assist with marketing and educational program efforts.

For more information, contact Karen Hess, CPIM, CIRM at 916/785-8292 or any current member of the Board

Ten Guides to Success

The following is adapted from *The Investor's Business Daily*. This major business daily spent years analyzing leaders and successful people in all walks of life. They found that most have successful leaders share the following 10 traits which, when combined, can turn dreams into reality.

1. **How you think is everything.** Always be positive. Think success, not failure. Beware of a negative environment.
2. **Decide upon your true dreams and goals.** Write down your specific goals and develop a plan to reach them.
3. **Take action.** Goals are nothing without action. Don't be afraid to get started now. Just do it.
4. **Never stop learning.** Go back to school or read books. Get training and acquire skills.
5. **Be persistent and work hard.** Success is a marathon, not a sprint. Never give up.
6. **Learn to analyze details.** Get all the facts, all the input. Learn from your mistakes.
7. **Focus your time and money.** Don't let other people or things distract you.
8. **Don't be afraid to innovate; be different.** Following the herd is a sure way to mediocrity.
9. **Deal and communicate with people effectively.** No person is an island. Learn to understand and motivate others.
10. Be honest and dependable; take responsibility. Otherwise, Numbers 1 - 9 won't matter.

APICS Sacramento Calendar

May

- 4 Board meeting at Lyons on I-5 & Richards Blvd.
- 18 Paul Gates presents: "The Changing Role of Third Party Logistics Companies in the New Millennium."

June

- 1 Board meeting at Lyons on I-5 & Richards Blvd.
- 15 Professional development meeting. TBD.

July

- 6 Board meeting at Lyons on I-5 & Richards Blvd.
- 20 Professional development meeting. TBD.

CSUS Materials Management Certification Class Schedules

The 1999 Spring and Summer classes for the Certificate program are as follows:

- ◆ Just In Time – May 24 – June 21
- ◆ Systems & Technologies – July 7 – Aug. 2
- ◆ Purchasing – Aug. 16 – Sept. 13

For more information, please contact Jackie Branch at (916) 278-4433 ext. 115.

1999 Examination Schedules

Basics of Supply Chain Management:

- ◆ Aug. 21st – Oct. 2nd 1999
- ◆ Nov. 22nd – Dec. 30th 1999

All other CPIM modules are offered throughout the year.

CIRM exam schedules (excluding IEM) are:

- ◆ July 17th – Aug. 14th 1999
- ◆ Oct. 4th – Oct. 30th 1999

IEM schedule:

- ◆ May 21nd – May 22nd 1999
- ◆ Nov. 19th – Nov. 20th 1999

For test location, registration and other information, please contact Assessment Systems Inc. (ASI) at 800-274-8399.

CPIM Certification Corner: Series Finale

By Ed C Mercado CPIM

If you have questions regarding APICS certification, you might want to check out the APICS online forum for certification questions. To access, simply log on to the APICS website (www.apics.org) and click on the *Certification* bar on the left side of the screen. On the Certification page, scroll down to the "Features" section and select *Ask the Certification Expert*. Here you'll find a continuously updated list of questions received from people interested in certification. The following highlights what you can expect to see:

Q: I heard that a two-year time limit was placed on the CPIM certification program. Is this true? I have currently passed 4 of the 6 required exams and do not want to lose credit for those already taken. The earlier exams were taken more than two years ago.

A: There is currently no time limit in completing the CPIM certification. The exams you have passed are all still valid toward your designation.

Q: I received a low score on the Inventory Management exam. Do I have to wait to retake it?

A: There is a required 60-day waiting period to retake the Inventory Management exam. Therefore, you can register now, but the test needs to be scheduled 60 days from when you took the last exam.

Q: I have just taken the Basics of Supply Chain Management exam and received a scaled score of 328, it was my understanding that scoring over 320 would give me a pass with distinction degree. However, neither the computer nor subsequent document I received indicated this, was my understanding of the scoring system correct?

A: There is no FPAS (passing with distinction) score for the Basics of Supply Chain Management exam. The score of 328 is considered a regular passing score.

More information and tips in the next issue. In the meantime, if you need any other information before the next issue, contact me at: mercado@wr1000.mbg.com. We'll endeavor to give you an answer or point you in the right direction within 24 hours.

Newsletter Editor: Adam Thomas CPIM, CIRM

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