

No July PDM Dinner Meeting

August Topic: Effective Inventory Reduction

Presented by: Ed Mercado, CPIM, C.P.M.

Having a lot of inventory on hand affects the ever important working capital amount needed for smooth running of a firm. Inventory on hand uses up cash that could otherwise be used to pay operational expenses. Keeping a lot of inventory on hand also drives up operating expenses primarily due to the amount of coordination and work needed to order, receive, handle, monitor, store and manage said inventory.

The obvious solution is to reduce inventory. However, we should keep in mind that the objective of inventory management is not to maintain low inventory levels. The goal of inventory management is to balance the cost of holding inventory with meeting customer needs.

It is critical that the data on sales order due dates and their bill of materials and inventory on hand be accurate. Those responsible for this information are in an extremely sensitive position. Inaccurate information will have undesirable effects on inventory levels and operating costs. This point cannot be overemphasized.

Effective inventory reduction does not mean indiscriminate cutting of inventory levels without regard to customer needs. Effective inventory reduction is more meaningful and profitable when we strive to constantly ensure that the data on sales order due dates, bills of material and inventory levels are always accurate, timely and valid because these are the data points that drive purchases of inventory.

In summary, effective inventory reduction demands (a) the above basic prerequisite (b) a clear and agreed understanding of the firm's operational environment and (c) alignment of objectives among all departments.

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Speaker's Biography

Ed Mercado has taught at the California State University – Sacramento upper level classes in operations management and quality principles. He is also a course instructor for APICS, the Association for Operations Management. He is the author of a newly published book "Hands On Inventory Management" © 2008, Auerbach, ISBN-10 0849383269. He is an avid tennis enthusiast and plays local tournaments when the sun is not too hot.

President's Message

Dear Members,

July starts a new fiscal year and we are so very busy. You have elected a new board and they have been duly sworn in. Please take the time to welcome each of them and let them know that you appreciate them.

We had a fabulous turn out at the new PDM location, and have had great feedback on both the location and the food. I am sure the speaker had a great deal to do with the turn out (thanks to Mel and Sue for making the trek.) I hope you will all continue to join us at the Lions Gate for the PDMs in the coming year. Tim has lined up an interesting mix of speakers for the remainder of '08, and is already working on '09.

I would like to apologize for any confusion caused by the mention of the Garden Pavilion as the location of the June PDM. At the time the newsletter went to press, the Pavilion was the location. It was soon after that it was determined that the Hotel had a conference room that would be adequate. We tried to make every effort to inform everyone of the location change. It was not our intent to misinform any of you.

We will not have a PDM in July, as this month is set aside to allow the new board to review, plan and come together to keep the chapter functioning smoothly. In August, we have Ed Mercado speaking. I believe that most of you have met Ed before, but did you know he has published a book this year? Congratulations, Ed!

In September, we are going on a "road trip" for our PDM. We are headed to Chico for a tour and dinner at the Sierra Nevada Brewery. This is an excellent opportunity for all of us to mentor to the student chapter. Please let Tim know as soon as possible if you are planning to attend so we can coordinate car pools. In October, Glen Lewis will be speaking with us about sustainability.

I am excited about all that is going on with the chapter. Please join us for a PDM, and if you feel inclined to get more involved, feel free to contact me anytime.

Pat McCarty



Calendar

July, 2008

No Board Meeting

No Professional Development Meeting

August, 2008

2 Board of Directors Meeting
- 10 am CLOSED SESSION -
Location: 3401 Smilax Way
Sacramento, CA
95834
(916) 359-3401

19 Professional Development Meeting
Speaker: Ed Mercado

September, 2008

2 Board of Directors Meeting
- OPEN TO ALL -
Location: Panera at I80 and Truxel

16 Professional Development Meeting
Sierra Nevada Plant Tour

APICS Webinars

The convenience and flexibility of APICS Webinars enable organizations to educate a large number of employees at once, reduce travel expenses, and maintain consistent levels of productivity by eliminating time out of the office. Each 60-minute APICS Webinar features an educational discussion, case studies, and a Q&A session. All you need to participate is an Internet connection and a telephone. As an added benefit, registrants of each APICS Webinar receive a CD-ROM of the presentation after the event.

Management System Selection—Selecting the Right Tools for the Job

Presented by: Steve Novak, CPIM, CIRM

Steve Novak has developed a new APICS Webinar series to help managers and high-level executives sort through and select the systems, or tools, that will help drive their organization to success. A brief discussion of several of the most popular tools, including what they are designed to do and how they are designed to help, will provide additional knowledge that is needed in the selection process. Popular tools include lean, six sigma, sales and operations planning, enterprise resources planning, the Baldrige criteria, and more. Sign up to participate in this APICS Webinar series and increase your odds of success.

For session dates, visit www.APICS.org and click on APICS Webinars.



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www.fvtc.edu/cpim

- Interactive Learning
- Self-Paced
- Industry-experienced Instructors
- FVTC online delivery since 1994
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- 95% pass rate

For more information, contact
Anne Haberkorn, CFPIM, CIRM, Jonah
(920) 996-2897



Have you met Miss Jones?

By Ed Mercado, CPIM, C.P.M.

VP Marketing

If only we could take some time to step back and analyze how we do the things that we do. Even better, if we could have someone from the outside look at our processes, they will surely see things we don't see and can probably suggest some simpler way of doing things. They may even find many things we do that can be eliminated completely, thus freeing up our time for more meaningful tasks. This would definitely be one way to improve operations management, wouldn't it?

It is natural that once we get in the flow of a particular process, we continue to do it the way we've always done it. In part because some other downstream (user) department wants it that way, and in part because our upstream sources compel us to follow some set procedure.

Here is an old story I recall from way back that illustrates differences of viewpoint, based on one's experience and habit.

Miss Jones had left her tiny hometown for the big city of Chicago many years ago. Recently, she had occasion to make a sentimental journey back home and needed some dry cleaning done. She brought a blazer to the only dry cleaner in the little town and told them she needed it back the following day by 4 PM. The dry cleaner noted the due date and time and told Miss Jones it'll be ready in good time.

Miss Jones just stood there, waiting for a claim ticket.

The dry cleaner repeated, "Ma'm, your blazer will be ready at 4PM tomorrow."

She wondered why she was not given a claim ticket, so she asked, "Well, sir, will you not give me a claim ticket?"

"No," said the dry cleaner.

Miss Jones said, "Well, then how will you know which one is mine?"

The dry cleaner replied, "Well, I was hoping you'd point it out to me."

Indeed, for a low volume operation, a visual approach apparently works. It was not necessary to implement a claim ticket system and all the complexity associated with it.

International Conference

APICS International Conference & Expo September 14-16, 2008 Kansas City, Missouri USA

This is the premier educational event for operations management professionals looking for cutting-edge solutions for the global supply chain, sustainable operations, forecasting, demand management, and more.

This year boasts a host of new educational opportunities designed to offer solutions for the hottest issues encountered every day by operations professionals around the globe.

This year's conference has an exciting line up of featured speakers. Darcy Winslow, Global Director of Women's Performance Footwear at Nike, will discuss the global supply chain and how strong relationships with athletes and consumers help build Nike's productivity and bottom line. Also featured is Blake Mycoskie, Chief Executive Officer at TOMS Shoes, who will discuss building a global business with an altruistic core. Also, John Replogle, Chief Executive Officer of Burt's Bees, will reveal how he maintained profits and productivity while incorporating sustainability into the company mission.

For more information, or to register for the conference, visit <http://www.apics.org>.

Certification Maintenance

CPIM and CSCP designees must earn a total of 75 professional development points within 5 years of receiving their designation while CFPIIM designees must earn a total of 100 professional development points in the same span of time. To find out more, go to <http://www.apics.org/certification/maintenance>

If you would like a handy spreadsheet to calculate your points, go to our web site <http://www.apicsacramento.com> and scroll down to 'certification maintenance' and put "certification maintenance" in the subject.

Add the AST&L CTL to your APICS Certification

APICS has formed a partnership with the American Society of Transportation and Logistics (AST&L). CSCP and CPIM/CFPIIM designees can now obtain the AST&L Certification in Transportation and Logistics through a special waiver.

Layering credentials is an excellent way to increase the value of your APICS certification. For more information on the AST&L CTL, download the program brochure found at: http://www.astl.org/files/public/astlcertbrochure10_07.pdf

Special Announcement from APICS.org

Discovered a new strategy to advance your company's productivity and improve its profitability? Share your success story. We're looking for process pioneers and corporate innovators who are setting new standards for excellence in operations management.

Submit your entry now for the 2008 APICS Corporate Awards of Excellence by going to: <http://www.apics.org/About/Awards/Corporate/default.htm>

APICSacramento Board Members

President	Pat McCarty, CPIM	916-374-3157	patricia.l.mccarty@siemens.com
Secretary	Andre Alves, CSCP		andre.alves@hughessupply.com
VP Marketing	Ed Mercado, CPIM	209-727-5504 ext. 5159	ed.mercado@starbuildings.net
VP Education	Herbert Blake, CPIM, PhD	916-278-7106	blakeh@csus.edu
Treasurer	Beverly Paul, CPIM		bpaul@apicsacramento.com
VP Programs	Tim Kott	916-395-8800 ext. 2713	tkott@tescocontrols.com
VP Membership	Esther Odufuwa	916-276-8535	t_estherelim@yahoo.com
Director of Technology	Randy Beck	916-788-2412	rbeck@prideindustries.com
Newsletter Editor	Charles Withrow, CSCP		charles.withrow@atkearney.com
VP Company Coordinator	Kevin Moynihan		kevin.moynihan@tasq.com
Past President	Bill Lodholz	530-666-2493	lodholz@wattsind.com
Director at Large	Glen Lewis	530-752-7135	galewis@ucdavis.edu
Director at Large	Brenda Marsh	916-261-3161	brcben@sbcglobal.net

APICS Society		800-444-APIC	http://www.apics.org
Chapter Voice Mail		916-650-8660	http://www.apicsacramento.com
Chapter Mailing Address	APICS Sacramento Chapter PO Box 13249 Sacramento, CA 95813		

Check Out APICS Career Opportunities Online

Are you seeking another job or career change? Don't forget to check out the APICSacramento Job Opportunities located at <http://www.apicsacramento.com>. A job opportunity can be discovered almost anywhere, so don't miss the chance to find one through your own local network.

And whether you are in the market for a job or just want to keep your options open, you will also want to search the APICS Career Center for available jobs, or to post your resume... the perfect fit could be waiting for you! <http://www.apics.org/Resources/careercenter>.

APICS Sacramento Company Coordinators

Company Coordinators serve as the principle communication links between the Sacramento Chapter of APICS and their companies and fellow employees. If you work for one of the companies listed below and need APICS Chapter information of any kind, please feel free to contact them.

If you do not see your company listed below, it is because you haven't volunteered. To become a coordinator, email Kevin Moynihan at kmoynihan@tasq.com.

Aerojet

Joe Kammerer
(916) 355-3083
joe.kammerer@aerojet.com

Agilent

Chris J. Nelson
(916) 788-5629
Chris_J_Nelson@agilent.com

Ames Company

Alan Holst
(530) 666-2493
holstam@wattsind.com

Apple Computer

Sandy Madruga
smadruga@apple.com

A.T. Kearney

Charles Withrow
charles.withrow@atkearney.com

Baxter Planning Systems

Kris Anderson
(916) 660-1540 ext 205
kanderson@bybaxter.com

Blue Rose Company

Brenda Marsh
(916) 261-3161
blurosecompany@sbcglobal.net

California State University Sacramento

Herb Blake
(916) 278-7106
blakeh@csus.edu

Hewlett Packard

Tom Leard
(916) 748-8308
tom.leard@hp.com

Motion Control Engineering

James Gines
(916) 463-9354 Direct Line
jamesg@mceinc.com

NEC

Bill Myers
(916) 786-3900 x4666
Bill_Myers@necelam.com

Output Technology Solutions

John Sapp
(916) 939-5964
john_sapp@billing.com

Pasco Scientific

Michael Reeve
reeve@pasco.com

Siemens

Pat McCarty
916-374-3157
patricia.l.mccarty@siemens.com

TASQ Technology

Kevin Moynihan
kmoynihan@tasq.com

Tesco Controls

Tim Kott
tkott@tescocontrols.com

Varian

Chris Mathiot
(916) 632-3456 x373
chris.mathiot@varianinc.com

Hubbert Booze

Industrial Engineering Consultant
hbooze@attbi.com