

PDM Dinner Meeting

Tuesday, January 20th
Lean Thinking

Presented by: Gary Waters

How do you reduce the selling price to your customer while maintaining, or even growing your profit margin? Add to that the fact the customer expects further reductions every year during the life of the product. We all know the answer and it is not through a lowering of the quality standard, it is through a reduction in cost. But you say: "What about the increases in raw material, wages, utilities, and benefits that we have limited or even no control over?" Believe it or not, it is still possible to accomplish this feat; in fact, there is at least one industry where this has been the norm for over 10 years.

Come to the February meeting to learn which industry has transformed itself and what the "magic" is. See how in as little as 3 ½ days continuous reductions in selling price can be achieved *without a reduction in profit*.

***January PDM Dinner Location and Schedule**

<u>Agenda</u>	<u>Location</u>
5:30 Registration	Lions Gate Hotel 3410 Westover Street Sacramento(McClellan), CA 95652 Please RSVP with Tim Kott at tkott@tescocontrols.com * Please provide attendees name, company, telephone number, fax or email address. \$5 per person, or \$30 per person for dinner and speaker.
6:00 Dinner & Networking	
7:00 Membership Meeting	
7:10 Presentation	

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Speaker's Biography

Gary Waters is the President of Gary Waters Management Consulting, based in Northern California. Prior to becoming a consultant, he held various operational positions with manufacturing companies including Firestone Tire & Rubber, Masco Corporation, Johnson Controls, and Trim Masters (a Toyota affiliate/ Johnson Controls joint venture). While working for several tier one suppliers to Toyota and NUMMI (the General Motors/Toyota joint venture), Gary developed his expertise in lean manufacturing and continuous improvement utilizing the Toyota Production System. Mr. Waters is a graduate of Western Michigan University, in Kalamazoo, Michigan. He has earned certifications in both Materials Management (APICS) and Purchasing (NAPM).

President's Message

Dear Members,

We were fortunate to have Glen Lewis speak with us in November. Glen provided us with a wealth of knowledge about sustainability, and engaged the entire group in a heated conversation on the direction we need to be focusing our personal lives and corporate culture. It is my hope that we can *corral* Glen into putting a committee together within our APICS Chapter that will look at what we as a chapter can do to be a better ally to the earth. I would like to see us become a leader in the community with our thoughts and actions regarding green thinking and sustainability.

We will not be having a Professional Development meeting in December. We will all be taking a couple of weeks away from our professional obligations to spend time reflecting on the past year with our families. It is my hope that you all have a very safe and joyous holiday season.

In January, we have Gary Waters speaking on the topic of Lean Manufacturing. In February, our own Andre' Alves will be talking to us about the Leadership program that he was selected to participate in by APICS National.

The board has voted to implement a new program to all chapter members: We are inviting you to submit articles for the newsletter. One article each month will be selected by the board for inclusion. *The author of the article will receive \$25. The article needs to be an APICS related topic, and no more than 600 words.* Please submit all articles for consideration. You may submit more than one article. An article submitted in December may not get selected for January, but could be used for a future month.

As always, I would like to invite all of you to attend the board meeting.

Have a Happy and Safe Holiday Season.

Thank You
Pat

Calendar

December, 2008

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

- No Professional Development Meeting

January, 2009

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

- 20 Professional Development Meeting
Speaker: Gary Waters
Location: Lions Gate Hotel

February, 2009

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

- 17 Professional Development Meeting
Speaker: Andre' Alves
Location: Lions Gate Hotel



Editorial

Lean Thinking Professor Herbert Blake

“Lean thinking can be summarized in five principles: precisely specify **value** by specific product, identify the **value stream** for each product, make value **flow** without interruptions, let the customer **pull** value from the producer, and pursue **perfection**.” (Womack and Jones - 1996)

Value has been defined as “the customer’s subjective evaluation, adjusted for cost, of how well a good or service meets or exceeds expectations.” (Melnik and Denzler, 1996) Thus, value must be added in all the steps taken in producing a product or providing a service or the end users, direct customers, or indirect customers will not be satisfied. No step in production or service should incur costs that exceed the value that is added to the product or service. Any step that does not add the value of meeting customer’s expectations should be considered a waste and should be eliminated.

The **value stream** has been defined as, “The process of creating, producing, and delivering a good or service to the market....For a service, the value stream consists of suppliers, support personnel and technology, the service ‘producer,’ and the distribution channel. The value stream may be controlled by a single business or a network of several businesses.” (APICS Dictionary, 10th Edition) The value stream (or value chain) is composed of all internal and external processes needed to provide produce products or services. We still should maximize value; maximizing value means that a system analysis needs to be performed. Management/Administration needs to look at the entire value stream rather than focusing on individual, internal, activities within the value stream. Because of the interactions of activities and sub-systems within the value stream, optimizing one activity may actually lead to system sub-optimization. Thus improvement processes (adding value, eliminating waste) should focus on the entire value stream.

The concept of **flow** is that any product being made for, or service being performed for, a customer needs to move through the system without interruption. Womack and Jones (1996) suggest that we need to think about “ways to line up all of the essential steps needed to get a job done into a steady, continuous flow, with no wasted motions, no interruptions, no batches, and no queues.” One can easily conclude that waiting adds no value—it is a waste.

Jack (of Jack-in-the-Box) says “We don’t make it until you order it!” This describes the concept of **pull**—which adds value through reduction/elimination of lead time and inventories. When there are services supporting or accompanying a product, the pull concept may be an area for system improvement. Lead times for providing the services and inventories of support materials need to be looked at for potential waste elimination.

The idea of **perfection** relates to the concept of continuous improvement, with a particular emphasis on “continuous.” In thinking lean, you never reach a plateau where you say “this is good enough,” and stop considering improvements. Basically, an organization will never reach perfection—there will always be some additional improvements that should be made. Some measurements may need to change: quality has gone from defects-per-thousand to defects-per-million, and we may soon be hearing defects-per-billion. Even if products and services delight (not just satisfy) our customers, there will always be changes that could delight them more.

College Courses

Sierra College 2009 Class offerings

Execution & Control of OperationsJan 13 to Feb 19
Master Planning of ResourcesMar 3 to Apr 9
Strategic Management of Resources.....Apr 21 to Jun 2

Since 1997, the Sierra College CACT has worked with manufacturers and technology companies in Northern California from Sacramento to the Oregon border. For more information, visit www.sierracollegegetraining.com or contact Carol Pepper-Kittredge, Sierra College CACT at cpepper-kittredge@sierracollege.edu or (916) 781-6288.



Online CPIM Review Courses

Fox Valley Technical College
www.fvtc.edu/cpim

- Interactive Learning
- Self-Paced
- Industry-experienced Instructors
- FVTC online delivery since 1994
- Customized delivery available
- Video on CD
- 95% pass rate

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



November PDM Recap

Glen Lewis was our PDM Dinner Meeting presenter. We enjoyed a rousing discussion on the topic of sustainability. Mr. Lewis challenged our thinking on how to lighten our footprint on the earth. He also demonstrated the value of accurately measuring the use of energy so that new methods for powering operations can be developed.



Glen Lewis presented an interesting and thought provoking perspective of sustainability and "green" thinking.



Tim Kott (left) presents PDM speaker Glen Lewis (right) with a gift of appreciation.

APICS Webinars

Free Webinar

Superior Supply Chains Via Front-End Process Redesigns

December 10, 2008, 1:00 p.m. - 2:00 p.m. CT

Registration for this Online Event is now open

Go beyond the content offered in this month's *APICS* magazine cover story, "Streamlining Lead Time," to uncover how you and your organization can [cultivate superior supply chain results](#) by redesigning your front-end processes. Author Donald B. Comber will discuss how participants can implement effective planning and procurement improvements and will explain how reducing cumulative lead times can advance inventory turn ratios, customer service levels, cash flow, and demand forecasting. Participants will have the opportunity to ask questions in order to further their knowledge of these concepts and strategies. To register, visit www.apics.org.

Global Supply Chain Intelligence

January 21, 2009, 1:00 p.m. - 2:00 p.m. CT

**David Jacoby, CFPIM, CIRM, CTL, C.P.M., President,
Boston Strategies International**

The session will help global supply chain professionals build a global fact base to support supply chain strategy. Participants will explore current issues involved in international shipping to and from sourcing hotspots, such as China, Malaysia, and Latin America. Participants will learn through the use of real-world examples and interactive tools, including benchmarks, company experiences, pictures, video clips, and quiz questions.

Professional Development Points

This APICS Webinar is worth one professional development point.

For more detailed information about this webinar, or to register, visit www.apics.org.

APICSacramento Board Members

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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 your company is not listed below, please contact Kevin Moynihan at kmoynih@tasq.com.

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Membership Representation

We are currently working to develop a listing of all the companies represented by our members. As a way of increasing our reach to corporations, we ask that you “spread the word” of your membership affiliation with Sacramento Chapter of APICS . If someone in your organization is interested in becoming an APICS member or attending PDM dinner meetings, please put them in touch with a Board Member.