



Join us May 13th for a ½ Day Seminar presented by Debra Hansford - "Optimize Your Inventory" - See Page 3 for more details.

Get your CPIM certification today! Send an e-mail to Kris Busch at busch@ntc.edu or Scott Pettit at spettit@2behurd.com to learn more.

Central Wisconsin Chapter

May 2008

About the PDM Topic: "How to Plan MRO Inventory"

Maintenance, Repair and Operating Supplies is a different type of inventory that many people struggle to manage or leave it to maintenance technicians to figure out. The result is too much inventory or too little inventory that leaves the plant scrambling to get the parts needed on time. This presentation will discuss alternatives to planning and scheduling MRO items that will help the technicians, buyers, planners and accounting people. Even if you do not plan or purchase MRO inventory, the presentation may provide a peak into the world of those people that do and you may see some similarities and differences in how raw materials is managed in comparison.

About the Speaker: Debra Hansford, CPIM, CIRM, CSCP

Debra has over 20 years experience as a practitioner in the field of Materials Management and Supply Chain. Her career began as a material handler that provided a "hands on" foundation that progressed to include planning, controlling, sourcing, negotiating and purchasing of materials and services throughout the world.

She is fortunate to have used technology in her career such as designing and implementing a bar coding system, designing e-commerce websites, managing an on-line reverse bidding site for a Fortune 500 company and migrating data from a legacy MRP system to a more integrated ERP system on a regular basis.

Debra is the President of PreCrest, LLC which is a consulting, education, and training company helping people learn and implement supply chain management and operations techniques. She may be contacted at Debra@PreCrest.com.

½ Day Seminar - "Optimize Your Inventory"

Inventory management has a large role in the evolving supply chain. With new customers and suppliers both locally and globally, new technology and competition increasing at faster rates, how do you know if you have the optimal amount of inventory?

Attend this half day seminar and discuss and debate the following:

1. How to improve inventory accuracy without counting everything in the warehouse.
2. Identify when and how suppliers may reduce inventory and lower costs.
3. The importance of internal collaboration to identify opportunities to reduce costs.
4. Discover why a company's stock price may change based on inventory management.
5. Unlock the mystery to reducing inventory.

After attending this session, participants will be able to:

- a. Identify the top 5 problem areas that are preventing achievement of at least 98% inventory accuracy
- b. Learn 3 tactics to Optimize inventory
- c. Uncover 3 barriers, that, when resolved, will reduce inventory

Don't miss this important program as it can help you improve organizational performance and bottom line results.

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APICS ANNOUNCEMENTS

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June 19 & 20, 2008



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- Valor Brands

For More information got to -

<http://www.ibf.org/conferences.cfm?fuseaction=conferenceDetail&conID=195>

Meeting Agenda

Date: May 13, 2008

Speaker: Debra Hansford

Where: Midway
2901 Martin Avenue
Wausau, WI

Agenda: 5:00 Networking
5:30 Dinner
6:30 Chapter Business
7:00 Speaker

Hoffman House

Cost: \$14.00 Student/Retiree
\$22.00 Member
\$25.00 Non-member

RSVP: Noon on Thursday May 8th, 2008

(To RSVP please see the insert. APICS is responsible for payment after the registration is made. Payment will be required in full if cancellations are not made by 5:00 PM the Friday prior to the meeting.)

Central WI Chapter of APICS Seminar:

Tuesday, May 13, 2008

Presentation ½-Day Seminar: "Optimize Your Inventory" Using Non-Statistical Six Sigma Tools to Improve Accuracy within the Supply Chain / Lean Manufacturing and Retail Environments

About the speaker:

Presented by Debra Hansford, CPIM, CIRM, CSCP with PreCrest LLC. Debra has over 20 years "hands on" experience as a practitioner in the field of Operations and Materials Management. She has presented topics such as this at several APICS professional meetings including the two recent APICS International Conference and Expositions. Her seminars are interactive learning presentations that are fun, memorable and packed with practical ideas for you to use immediately.

Her spectrum of employers range from Fortune 500 companies, to small privately held entrepreneurial firms. Industry experience includes theme parks, manufacturing, remanufacturing, and most recently distribution. Her diverse background enables her to appreciate different perspectives to help develop innovative tactical and strategic solutions to turn inventory and supply chain practices into a competitive advantage.

As an active APICS member, Debra has taught CPIM, CIRM and most recently CSCP certification review classes and has presented at the 2001, 2004 and 2005 APICS International Conference and Exposition. She is currently the Director of Education for APICS Region IV and VP of Education with the APICS Tri-State chapter in Chattanooga. Other classes taught include the ISM (Institute Supply Management) C.P.M. certification series.

Date: May 13, 2008 - Tuesday

Place: Midway - 2901 Martin Avenue -Wausau, WI

Time: 1pm to 5pm

Cost: \$99 APICS Members, \$125 Non-members / \$39 Students Students are encouraged to attend!

RSVP: Noon on Thursday May 8th, 2008

Fox Valley PDM Schedule: 2008

Date of PDM	Location	PDM Dinner Speaker/Topic
Wednesday April 16, 2008 TOP MANAGEMENT NIGHT	Ramada-FDL	Tour of Mercury Marine – Dwight Flaherty for speaker
Tuesday Nov. 18 2008	Liberty Hall	Gary Kusnierz-Affinity Green topic

PDM Schedule: 2008

2008 FOX Valley APICS Certification Schedule

Fox Valley Technical College in partnership with the Fox Valley Chapter of APICS is pleased to offer the entire CPIM series delivered to you in a classroom setting or online, and our CSCP course in the classroom. Our top-ranked Wisconsin-state certified instructor pool provides you with opportunities to grow professionally and personally. We are here to help you succeed!

Type	Class	Day	Dates	Time	Location	Tuition	Credits
CPIM	All CPIM Modules	Online	Anytime	24/7	Anywhere	\$475*	2
CPIM	Execution and Control of Operations	Tuesday	3-4, 3-11, 3-18, 3-25, 4-1, 4-8	5 pm	Appleton	\$375	1
CPIM	Strategic Management of Resources	Tuesday	4-29, 5-6, 5-13, 5-20, 5-27, 6-3	5 pm	Appleton	\$375	1
CSCP	Certified Supply Chain Professional	Tuesday	9-18, 9-25, 10-2, 10-9, 10-16, 10-23, 10-30, 11-6, 11-13, 11-20, 11-27, 12-4	5 pm	Appleton	\$1495	2
CSCP	Certified Supply Chain Professional	Tuesday	1-22, 1-29, 2-5, 2-12, 2-19, 2-26, 3-4, 3-11, 3-18, 3-25, 4-1, 4-8	5 pm	Appleton	\$1495	2

Register online at www.fvtc.edu/sc or via phone at 1-800-735-3882, ext. 4317

Any Questions?

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 Fox Valley Technical College
 Phone 920.831.4325
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The Pros and Cons of MRO Inventory Turns

By George J. (Jack) Bailey and Marilyn M. Helms, CFPIM, CIRM, CSCP

A standard measure of inventory performance is the inventory turns, or turnover, ratio. There are various ways to express this ratio; but, in general, it is the ratio of sales from inventory to the average inventory level, which can be figured from the following equation: Inventory turns equals dollar sales (issues) from inventory divided by average inventory dollars.

Typically, a high turn ratio shows that inventory is being used effectively. Also, it demonstrates that a firm has desirable products customers want and that business is manufacturing and holding appropriate levels of finished goods inventory to meet this demand. Excess inventory on the warehouse shelf is a nonproductive asset, so that higher turn leads to lower carrying costs and higher profits.

However, before we jump on the high inventory turnover bandwagon, we need to consider maintenance, repair, and operating supplies (MRO) management, which employees use to track spare parts, maintenance supplies, and consumables that support and maintain operations and the operational infrastructure. While this inventory keeps operations running smoothly, it often is overshadowed by the “real” inventory of products manufactured for sale to customers. MRO goods usually are consumed as a result of the production process; but these goods, unlike raw materials, are not part of the finished product. Common examples are repair or replacement machine parts, cleaning and janitorial supplies, and office supplies.

In some industries, MRO inventory is on the front line. For many electric utilities, MRO inventories represent a significant investment and affect a company’s efficiency and profitability. A major North American electric utility provider reported an MRO inventory of \$335 million in 2007. The total annual inventory turnover ratio was 50 percent. Three years prior, in 2004, the inventory turn ratio was 39 percent on an inventory of \$340 million. At first look, the increase seems to be an improvement in inventory use. However, while more of the inventory investment has been used and therefore is not sitting on the shelf as a nonproductive asset, the higher turn ratio is not necessarily a reason to celebrate. Issues from manufacturing inventories represent increased sales that have a positive impact on revenue; but issues from MRO inventories represent expenses that adversely influence or lower revenue.

Equipment maintenance could be adding cost, equipment may be aging, or parts may be failing, resulting in a loss of production. Such a decrease may not mean lost sales, but it does represent additional expenses because the company must purchase power from competitors to keep customers supplied with electricity.

Lower MRO turns also may result from technological advances and new and improved equipment with parts and components requiring less maintenance and fewer issues from inventory. The lower turn does not represent an undesirable situation, but it may indicate an opportunity to reduce MRO inventories to lower levels given the updated quality and reliability of new equipment.

Alternatively, low MRO turnover may highlight excess maintenance and repair inventories, signaling the need to set new stockkeeping levels, standardize cleaning and safety items, and make other improvements in MRO investment and stockkeeping. Inventory management and maintenance personnel may need to establish goals for optimal MRO management. Criticality rankings also can be implemented to determine the impact of MRO inventory levels on plant productivity, safety, efficiency, or other key criteria. Stocking up on unneeded items can be expensive, limiting strategic opportunities due to the capital investment. Risk of shrinkage, damage, and obsolescence are other issues to consider.

While inventory turnover is a useful measure of finished goods inventory performance, one’s thought process must be different in the MRO environment. It is important to analyze the ratio with care and conduct root cause analysis before mistakenly thinking higher MRO inventory turns are always a good thing.

Of course, they’re not all bad, either. It would be desirable to support given issues from inventory via higher turns as a result of a lower inventory investment. The same needs are being supported with a lower investment, and inventory carrying costs are down. Tracking MRO turnover and MRO inventory is a way to better understand the demand for and drivers of MRO usage.

George J. (Jack) Bailey is a retired manager from the Tennessee Valley Authority. He may be contacted at (423) 875-2274 or gibailey@bellsouth.net. Marilyn M. Helms, CFPIM, CIRM, CSCP, is sesquicentennial chair and professor of management at Dalton State College. She may be contacted at (706) 272-2600.

RSVP

**Central WI APICS Chapter
Professional Development Dinner Meeting**
Meeting: May 13th, 2008
Reservations Must be Received by May 8th, 2008

Visit our web site at www.apicscwi.org
to Register **OR**

E-Mail or Fax to:
Jerry Olson at Kolbe & Kolbe
E-Mail: Jolson@kolbe-kolbe.com
Fax: (715) 842-2863

Call the automated attendant at (715) 842-5666 extension 1606.
Be sure to leave the following information:

- ◆ Name of person(s) attending
- ◆ Company name
- ◆ Whether each is member / non-member / student

Company _____

Please indicate member (M), non-member (NM), or student (S)

Name	May Dinner	May Seminar	M NM

April, 2008

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