

Cincinnati

September 2006

Editor: A. Hicks

CHANGE NOTICE

OCTOBER MEETING 3RD TUESDAY

NAPM Meeting 10/17/06
Vernon Manor Hotel

Networking & Registration: 5:30 p.m.
Dinner: 6:00 p.m.
Dinner speaker: 6:45 p.m.

Dinner and Forum Cost: \$ 25.00

The Dinner Program

What Every Supply Manager Should Know About Economics

Prices. Where do they come from? Where are they going? Even the casual reader of the ISM "Report on Business" will note that the purchasing environment for the past two years has been punctuated by rising prices and chronic shortages for many key commodities. In today's enlightened environment of supply chain management, it is essential that purchasers understand the 21st century economic environment in order to successfully ensure world competitive pricing, cost reduction, and continuous supply.

In more recent years, management has pressured purchasers to explore sourcing from Mexico, China, India, and many other places in the world where

labor rates are lower. Some of these strategies have succeeded in keeping firms competitive. However, because of variable currency exchange rates and other supply chain considerations, many of these efforts have not been as successful as once thought.

This presentation will first look at how the economic system got to where it is right now, and explore the new competitive factors which have changed and will continue to change the supply chain environment.

The discussion will concentrate on major cost "drivers" such as labor, energy, commodity pricing, and innovation. Projections will be made based on current information about where the world economy is headed.



Dr. Brian Long



**National
Association of
Purchasing
Management
Cincinnati**

Cincinnati

Speaker Background

Dr. Brian G. Long, C.P.M., is President of the Marketing and Management Institute, a Kalamazoo Michigan based seminar and consulting firm. From 1975 to 1985, he served as Associate Professor of Marketing at Western Michigan University where he taught industrial marketing and industrial purchasing, and marketing strategy.

Dr. Long received his Ph.D. from Michigan State University in 1975, where he majored in marketing and minored in economics, labor relations, management, and physical distribution. Since then, he has been active doing research in areas of business cycles, industrial marketing, industrial purchasing, and negotiation.

Dr. Long is coauthor of *The Win-Win Negotiator*, a *One Minute Manager* style book, as well as many other articles in academic and trade publications aimed at business practitioners.

Since 1997, he has conducted dozens of seminars across the entire nation for such firms as Standard Oil, Upjohn, Schering-Plough, Boise-Cascade, Detroit Edison, Rockwell International, Parker-Hannifin, Freeport Sulfur, Phillip Morris, General Foods, RJR-Nabisco, and I.B.M. People from over 480 of the "Fortune 500" have now attended his seminars.

Dinner and Forum Cost: \$ 25.00

Please call John Wenderfer at 513-752-6440 by October 13, 2006 OR E-Mail @ JWENDERF@STELIZABETH.COM to make your reservations for the forum and dinner meeting

NAPM-C Proudly Presents

**Dr. Brian G. Long
Megatrends for the
Purchasing Profession
October 17, 2006
Cincinnati, OH**

Well known professor and co- author of The Win-Win Negotiator. Dr. Brian G. Long will be the speaker of a day long seminar in Cincinnati. Check the website under seminars for more details.
www.napm-c.org

SURVEY

IN ORDER FOR US TO UNDERSTAND THE IMPACT OF THIS NEWSLETTER, GIVE THIS CODE AT THE RESERVATION DESK BEFORE THE OCTOBER MEETING YOU WILL RECEIVE A SPECIAL GIFT: N200610



Cincinnati

National
Association of
Purchasing
Management
Cincinnati

Upcoming Events

Satellite Seminar: October 12
Finance for the Supply Professional
Contact Don Johnson johnsondon@nku.edu

Seminar: Tuesday October 17, 9-4 PM
Mega trends For the Purchasing Profession.
Speaker: Dr. Brian G. Long, CPM

Dinner: Tuesday November 14, 5:30 PM
Joint Meeting with APICs sponsored by [The Workbook](#)



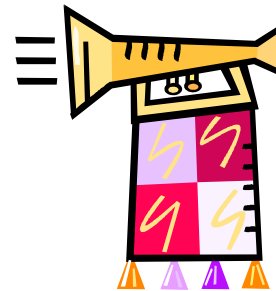
Kentucky International Trade Conference
Nov 2, 2006, 7:30 am - 6:30 pm
Northern Kentucky Convention Center
Check the web site www.napm-c.org for details

C.P.M. Review Seminars
November 4, 11, & 18 and Dec 2 & 9, 2006
Check the web site www.napm-c.org for details

Dinner: Tuesday January 9, 5:30 PM
Speaker: Richard Stevie and George Vredevel
2007 Economy

Satellite Seminar: February 8, 2007
Topic: Critical Business Skills for Effective
Supply Chain Leaders

Dinner: Tuesday February 13, 5:30 PM
Speaker: Tom Speh Miami University
Topic: State of Strategic Sourcing



SPONSORSHIPS AVAILABLE

If your Company is interested in reaching out to 30-40 captive purchasing and supply management professionals they may want to sponsor one of our dinner meetings! For \$300 your Company can be the exclusive sponsor of one of our dinner meetings. This includes a tabletop display, dinner with our members and your logo on our website calendar and our newsletter. Considering the time to make calls on 30 to 40 professionals this opportunity is priceless. Call Amy Hicks 859-386-7830



National
Association of
Purchasing
Management
Cincinnati

Cincinnati



Put them in your planner:

FUTURE DATES OF ISM's ANNUAL Conferences

The next ISM Annual Conference, *ISM's 92nd Annual International Supply Management Conference and Educational Exhibit*, takes place May 6-9, 2007 in Las Vegas, NV at the Bally's Hotel and Casino. Future dates for the ISM Annual Conference include:

- **2008:** May 4-7 — St. Louis, MO
- **2009:** May 3-6 — Charlotte, NC
- **2010:** April 25-28 — San Diego, CA
- **2011:** May 15-18 — Kissimmee, FL (Orlando)
- **2012:** May 6-9 — Baltimore, MD
- **2013:** April 28-May 1 — Grapevine, TX (Dallas)

NEW CERTIFICATION FOR ISM

The new Certified Professional in Supply Management (CPSM) exam specifications have been posted on the ISM Web site. The CPSM exam specification highlights included the following:

- **Exam 1 - Foundation of Supply Management**
 - Covers: Contracting/negotiations; cost/finance; international; social responsibility; sourcing; supplier relationship management
 - Includes 165 questions (150 scored — 2 hours, 45 minutes)
- **Exam 2 - Effective Supply Management Performance**
 - Covers: Forecasting; logistics; materials & inventory management; organization/department assessment; planning; product development; project management; quality
 - Includes 165 questions (150 scored — 2 hours, 45 minutes)
- **Exam 3- Leadership in Supply management**
 - Covers: Leadership; risk and compliance; strategic sourcing
 - Includes 180 questions (165 scored — 3 hours).



The Impending Talent Crisis ... Six Sigma and Lean to the Rescue

By Tim Noble

"Talent Wars" and "Brain Drain" are not the latest must see horror movies from this summer, but U.S. business leaders might want to sit-up and take notice of an emerging crisis that could play-out frightening results for their organizations in the coming decade.

As 77 million U.S. Baby Boomers begin to retire over the next decade, there are only 46 million Gen-X'ers available to backfill the Boomers' retiring ranks. Even with a modest two percent economic growth rate over the next 15 years, demand for critical talent could increase by as much as a third, creating a "war" for critical talent. For some companies the crisis may be even more immediate. One recent study of the nation's 500 largest companies reported that they expect to lose half of their senior management over the next five years. Additional studies suggest that up to 85 percent of major companies surveyed have no formal program or process in place to deal with this impending crisis.

In the past few years companies have been so transfixed on downsizing to contain costs that they have largely neglected this looming threat to their competitiveness. There is no doubt that over the next decade or so, demand for talent will ebb and flow with the economy, however there is no denying this demographic shift and the potential impact it will have on U.S businesses. Some companies may be in for a rude awakening when they are unable to achieve even the most modest of business goals due to drastic staffing and talent shortfalls.

A less visible but no less dangerous problem is the loss of knowledge, or "brain drain," resulting from senior workers departing the organization without passing on their expertise to others. This lack of knowledge management will place many companies in a position to repeat prior mistakes and expose businesses to additional financial and operational risks. Worse yet, if no action is taken, some organizations could be headed for a point of no return with the complete loss of process knowledge in a few years.

Companies that rely solely on a strategy of outsourcing as a potential solution may be in for a shock as well, as existing sources of talent from offshore labor pools, such as India, Mexico and China, dry up as these countries recognize their own needs and provide incentives to retain talent in order to support their own local economic business objectives.

Given this looming demographic shift, the time for corporate leaders to act is now; however, companies must resist the urge to rush ahead without a well-balanced and deliberate approach to managing and leveraging their human capital. Part of the solution may lie with such tools as Six Sigma and Lean. With their focus on process discipline, variation reduction and waste elimination, these tools are well-suited to help companies address this impending crisis.



The Impending Talent Crisis ... Six Sigma and Lean to the Rescue - **CONTINUED**

Six Sigma has long been utilized by organizations to transform manufacturing and transactional processes from art to science by defining and validating key process variables to gain process control and eliminate variation. A key part of this methodology is the capture, transfer and validation of knowledge from process owners, thus making Six Sigma an essential part of any action plan to deal with the dangers of organizational “brain drain.” Companies need to not only view Six Sigma as a tool to drive productivity and service, but also as an essential methodology for critical knowledge management within their organizations. Six Sigma has a built-in tool set that lends itself very nicely to capturing and validating critical process knowledge that may otherwise be lost when key talent departs an organization.

The Lean tool kit can also play an important role in aiding organizations as they deal with this imminent crisis. Lean has a built-in methodology with such tools as “value-stream-mapping” and “standardized work” that can help organizations identify and eliminate non-value-added processes that waste human capital. Lean, with its focus on waste elimination, is ideal for helping organizations to free up human capital for redeployment. However, Lean will need to move beyond its stereotype as a tool set for only manufacturing and be accepted and applied to transactional processes in order to be an effective tool to mitigate the effects of this impending crisis.

Six Sigma and Lean are only part of the potential solution, providing a proven set of tools that can be part of a broader business talent management strategy. Business leaders will first need to recognize that the short-term solutions of the past will not work and accept that the landscape for talent management will dramatically change, requiring a more balanced and comprehensive solution in order to remain competitive in the coming decades.

About the Author:

Tim Noble is an executive recruiter and managing principal of The Avery Point Group, a leading national executive search firm providing functional expertise and executive search focus in the areas of Six Sigma, Lean, plant management, operations management, supply chain management and finance. www.AveryPointGroup.com

Copyright 2006 The Avery Point Group. Reprinted by permission