



CELEBRATING **50**



## Downeast Chapter

Chapter #238 – [www.apicsmaine.org](http://www.apicsmaine.org)

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### MAY 2007 NEWSLETTER

#### Welcome New Members:

#### **CORPORATE:**

- **GDATP SACO DEFENSE INC**

#### Voting Members:

- Robert Wentworth
- Christina Richardson
- Gary Fries
- Terry Ford

#### **INDIVIDUAL:**

- Jennifer Johnson – Contech Stormwater Solutions, Scarborough
  - Kevin Taylor, Kennebunk
  - June Sleeper, Cumberland
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### **Letter from the President: 5/11/07**

*APICS Downeast Chapter Members,*

*We are coming to the close of a good fiscal year for the Downeast Chapter. We have held several wonderful Professional Development Meetings (PDMs) along the theme of Sales and Operations Planning. Attendance has been lighter than hoped – average of 16-17 per event, with one remaining. We'd love to see more of you – let us know what kind of events you want to see and would attend.*

*We have also had over 90 students in CPIM courses this year, with 2 of those achieving CPIM certification. With the CSCP certification launch last year, 7 people have completed a self-study program and achieved that certification. The chapter is looking for ways to help more members with their certification and training pursuits – again, please let us know if you have any thoughts or requests.*

*The Chapter Board of Directors (BOD) has operated well this year, completing several administrative tasks such as Strategic and Marketing plans, in addition to general management of the activities mentioned above and other regular chapter administration duties.*

*Plans are already under way for a rolling start to class offerings and PDMs beginning in the fall. Stay tuned to the website and these newsletters for updates.*

*Unfortunately the BOD is experiencing some turnover, and needs more help to backfill vacant slots and help continue the momentum of these activities. The Education Director position described in this newsletter is an example. Help is also needed to manage PDMs, Marketing, and several other opportunities. A new slate of officers for the 2007-2008 fiscal year will be presented and voted on at the June 7<sup>th</sup> PDM – please join us for that and to cast your vote.*

*Please also get involved, volunteer, and join the great team that is managing your APICS chapter. Contact any current BOD member for more information.*

*Thank you,*

*Rick Martel, President*



## **Professional Development Meetings:**

**JUNE**

**APICS Downeast Chapter Presents**

*The Second Annual Member Appreciation Night*

*Thursday, June 7 from 5:30pm to 7:30pm*

*The Saltwater Grille, 231 Front St, South Portland*

*Admission is Free!*

APICS members, students, instructors, and all of their colleagues with an interest in the organization's mission are encouraged to attend!

This event is a fun and informal celebration and conclusion to the program year. We will recognize the achievements and contributions of students, instructors, members, and supporting companies. There will be an hors d'oeuvres buffet, great atmosphere, individual gifts and a door prize raffle. *Please mark your calendar and join us!*

At this same meeting, we will be presenting, and members will be voting on, the slate of chapter officers for the next fiscal year.



## **Upcoming APICS Event:**

The 2007 APICS Leadership Institute Denver will be held **Saturday, October 20**, before the APICS International Conference & Expo. Leadership Institute Denver registration is free and open to all who wish to attend; so don't miss this opportunity to excel!

The APICS community is a fusion of chapter, region, and global leaders. Leadership Institute Denver provides a variety of training opportunities for

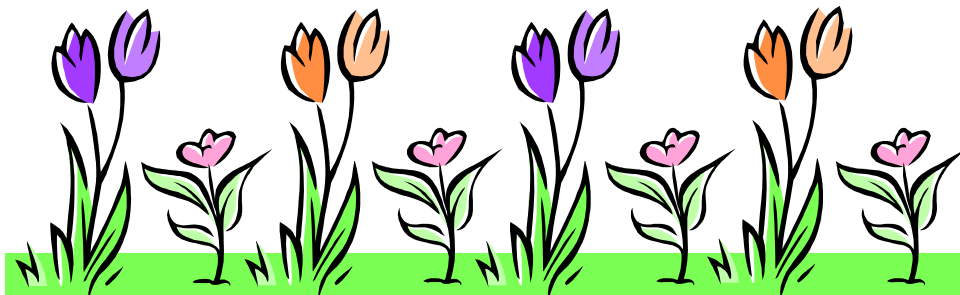
these dedicated leaders. A complete program schedule will be included in the July issue of *Leadership Central*.

The annual APICS International Conference & Expo is a valuable experience for all APICS members. Chapter presidents may designate up to five chapter board members to attend the conference at a reduced registration rate of \$799. Region vice presidents may designate up to six representatives from region staff to attend at the reduced rate.

To qualify for the reduced registration rate of \$799 (US dollars), the designated individuals MUST attend Leadership Institute Denver and have the approval of their chapter president or region vice president. To register, use the attached special Leadership Institute registration form or register online at <http://www.apics.org/education/conference/register.asp>.

If you have any questions about Leadership Institute Denver, please contact APICS Chapter Relations via e-mail at [chaprel@apics.org](mailto:chaprel@apics.org) or via phone at (800) 444-2742 or (703) 354-8851, ext. 2324. For more information on the APICS 2007 APICS International Conference visit [www.apicsconference.org](http://www.apicsconference.org).

Thank you for your continued support and commitment to APICS!





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## Course Schedules:

### Fall 2007

Course	Day/Time	Location
<i>Execution and Control of Operations</i>	Wednesdays, 5:00-7:00 Starts September 12th	Remstar International, Westbrook (remote)
<i>Execution and Control of Operations</i>	Wednesdays, 5:30-7:30 Starts September 12th	Huhtamaki Foodservice, Waterville
<i>Execution and Control of Operations</i>	Wednesdays, 5:00-7:00 Starts September 12th	Maine Machine Products, South Paris
<i>Master Planning of Resources</i>	Thursdays 5:00 -7:00, Starts September 13th	General Dynamics, Saco

**\*\* Early registration is appreciated! \*\***

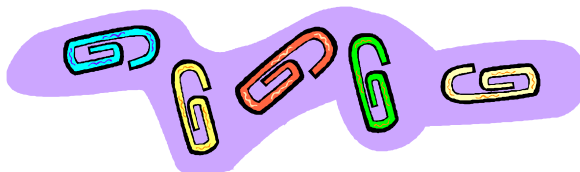
### To register:

- Use the [online Registration form](#) (note instructions for payment).
- Cost: The cost of classes is \$325 per person for members and host companies, \$425 for non-members, which includes all required material.

CPIM classes are held one evening a week from 5:00-7:00 pm unless otherwise posted. Basics of Supply Chain Management runs for 10 weeks, Master Planning of Resources runs for 8 weeks, and all other courses run for 9 weeks. There is an optional review session at the end of each course for students who would like to consolidate their learning and/or prepare for the CPIM exam.

**Cancellations:** If a class session is cancelled, the instructor will contact the students via email if available. If an entire class is cancelled, notification will be placed here and any registrants will be notified and money refunded.

Click on one of the [Directions](#) links for driving directions to class locations. For more information on these or other course offerings, contact Carolyn Murphy, Education Director, at [cmurphy@cascocodev.com](mailto:cmurphy@cascocodev.com)





## **Posting for Education Director:**

### **We are looking for a new Education Director!**

Get involved with your local APICS Board of Directors and help to promote and manage APICS nationally recognized course offerings. Recruit sponsor companies to hold classes, introduce the new CSCP program to local companies, recruit new students, coordinate with instructors, and collaborate with Board of Directors on innovative new ways to deliver APICS course offerings. **(See Job Description below)**

It can be lots of fun if you have the time to dedicate to it. There are other Chapter Board positions available as well - please contact Rick Martel (rick.martel@fairchildsemi.com) to express interest or for more information.

### ***Job Description – Education Director, APICS DownEast Chapter***

The Education Director manages all aspects of the Chapters' Educational offerings.

Those offerings include but are not limited to:

- CPIM Certification Courses
- CSCP Certification Courses
- Fundamentals Series
- Workshops on various manufacturing or supply chain topics

The Education Director, either independently or with assistance from an Education Committee is responsible for the following:

- Recruit and maintain sponsor companies (companies willing to host classes)
- Coordinate with Admin Asst. for student registrations
- Answer incoming inquiries regarding program offerings
- Keep inventory of instructor materials and order additional materials as needed
- Manage relationship with instructors insuring they have needed materials, training and are paid instructor fees in timely fashion
- Coordinate with marketing to identify innovative ways (mailings, advertisement, cold call campaigns, events) to market classes and attract new students
- Work with Newsletter and WEB Page editors to keep APICS members informed of Education Topics and make sure class schedules are up to date
- Attend PDMs to announce new class offerings and meet with people to discuss educational opportunities
- Schedule meetings with prospective companies and present the APICS Educational Solution
- Network with other Chapters to learn about new approaches
- Review Student Surveys sharing feedback with instructors for continuous improvement
- Participate in Board of Directors Meetings



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## **CSCP Update:**

### **Important Notice Concerning CSCP Kit Availability**

The new Certified Supply Chain Professional (CSCP) Kits are now available at reduced prices through the Downeast Chapter. Through the buying power of the local chapter we are able to offer the CSCP Self-Directed Learning Kit to our individual and corporate members for the low price of \$750 (\$1,045 for non-members) + shipping. This is an across-the-board price discount no matter how many kits you buy. This is a substantial savings off the \$895 member price (\$1,195 for non-members). If you or your company is interested in this great offer, please contact the Chapter Education Director at [cmurphy@cascodev.com](mailto:cmurphy@cascodev.com) for details.

#### **CSCP Learning System Quick Links**

- [CSCP Learning System](#)  
The best way to gain supply chain management knowledge and prepare for the CSCP exam
- [Try a free demo.](#)
- [Learn how to order.](#)

### **Earn Your APICS CSCP Designation in 2007**

**APICS announces the 2007 APICS CSCP testing dates:**

**June 23, 2007**

**December 8, 2007**

The APICS CSCP designation can help you develop the skills and knowledge necessary to become a supply chain leader. [Learn more.](#) View a complete listing of [APICS CSCP.](#)

### **Additional CSCP program information**

[Download the CSCP brochure.](#)

[Join the CSCP Update list](#) to receive the latest information as it becomes available.

[View a diagram of the program.](#)

### **Frequently Asked Questions**

Visit our [FAQ](#) page for answers to questions about the CSCP program.



## **Feature Article:**

### **Forecasting: The Lost Art**

Like so many operations management skills, forecasting has, in the past several decades, become highly mechanized and computerized. Senior management and high-level planning teams rely on the forecast estimates for a month or quarter ahead and overall volumes for a year or more. Such projections, particularly if reasonably accurate, can smooth inventory use, avoid scheduling difficulties, reduce expediting costs, and ensure reliability of customer delivery.

Most forecasts are developed using spreadsheets such as Excel, stand-alone software, or programs embedded in material requirements planning systems. These software products appear easy to understand, at least superficially, and are often accompanied by glitzy graphics and print format tools. However, a recent review of forecasting practices of several Fortune 50 companies confirmed that few executives understand either the visual displays or the calculations behind them. In fact, computerization appears to have reduced or eliminated the human component (the art) of forecasting and thus increased forecast error.

The apparent simplicity and user-friendliness of computer forecasting may encourage executives and forecasters alike to ignore a major component of forecasting, the forecast error, and, more important, the process of reducing error. To be meaningful, the forecast must be two numbers: first, the projected future value of a specific model and, second, the forecast error. Several forecasting models are then evaluated using one or several error measures. Of course, senior management and teams are directly concerned with the projected forecast value; however, they often disregard how much error is inherent in the method and rarely look toward error reduction.

The projected forecast and the error of that forecast may be viewed as complementary values; that is, for each period, the percent forecast accuracy and the percent error add to one. Differently stated, percent error equals one minus percent accuracy. After the period-by-period error has been calculated, these values are aggregated into various forecast error measures and the diagnosis and reduction of the error component proceeds.

Diagnosis of error values permits the forecaster, for example, to identify and manually or intuitively adjust for a biased (under- or over-forecasting) method, or to select a specific forecast method with a low error. For example, the builder of a new home would likely want a positively biased forecast (understating demand) because overbuilding costs and risk are high. Alternatively, park directors would want a negatively biased forecast of expected swimmers at a pool or beach (overstating demand) because insufficient lifeguards with high numbers of swimmers might risk an accident. Evaluation by other error measures could be similarly conducted.

My sense from numerous corporate visits, as well as a review of recent practitioner literature, is that there is an all-too-rapid effort to get to the forecast without a full diagnosis of the error or attempt to reduce error. The following series of simple activities can help diagnose the error with the expectation that the forecast can be dramatically improved.

- Integrate the forecast with corporate strategy. (How much error is acceptable?)
- Plot a histogram of monthly/quarterly data for a high-volume product family.
- Visually determine the level, trend, and cycle of the plot.
- Forecast the data using a baseline (simple) method. Determine overall error.
- Intuitively identify where the greatest error occurs and address why.
- Reduce error by changing the model, number of periods, exponents, weights, or other factors.
- Use improved models to forecast products in this and other families.
- Regularly monitor forecast error and continue to reduce it.

This process is highly iterative. Forecasting, like many areas of operations, encourages periodic review of the forecast against demand and the charting of forecast error. Well-managed companies use such processes as a part of the sales and operations planning review to permit a visible, cross-functional assessment of the drivers of forecast error. For example, marketing professionals would be aware of competitor promotional activity and environmental factors, and operations would be aware of potential material or labor problems. But more important, this visibility identifies the forecast as the starting point for mid- and short-range operations planning and emphasizes the impact of forecast error on inventory, scheduling, costs, and customer delivery.

Simply stated, even these basic diagnostic processes can not be done by a computer alone; there must be human diagnosis and intervention at every step of the process. Additionally, there must be a continuous effort to improve the forecast by understanding the underlying movement and vagaries of the data. Careful application of this process can notably improve forecast accuracy.

This, then, is the art of forecasting, and the expected results that can be achieved by proactive companies. Of course, the forecast is always in error; however, the more important questions are: by how much, why, and how can this error be reduced? It is these human and intuitive processes that have been lost over the past several decades of increased dependence on computerized models. Based on my observations, this art may also have been lost in corporate decision-making activities and planning processes.

*—Peter W. Stonebraker, Ph.D., CPIM, professor of operations management, College of Business and Management, Northeastern Illinois University, can be reached at (773) 442-6124 or via e-mail at [p-stonebraker@neiu.edu](mailto:p-stonebraker@neiu.edu).*