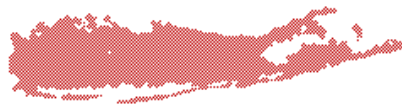


Long Island & Metro NY Chapter



Institute of Industrial Engineers

NEWS-LETTER

IIE-Vol.107 Issue 10

Gold Award Winner for 10 Straight Years (1997-2007)

Dec., 2008

Calendar of Events

Dec., 16th, 2008 (Wednesday)

IIE Dec. Meeting

Topic: Details on right

Jan., 12th, 2009

Topic: Value Stream Mapping a LEAN Tool-Set

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Visit IIE Long Island Chapter on the web at:
www.iienet.org/long_island



The December IIE meeting will be a joint holiday meeting with APICS and SME.

December MEETING

Wednesday, Dec. 16th, 2008

Time: 5:30 Networking, 6:15 Dinner, 7:15 Welcome & Announcements, 7:30 Presentation

Cost: Dinner: Preregistration - Members \$30, Non-members \$35, Students \$10; Register at the door Members & Non-members \$35, Students \$15 (Note: there is no fee if just attending the presentation)

Place: Panama Hatties - 872 Jericho Turnpike, Huntington Station, NY 11746 (see directions on back page)

Note: This is a joint event. **IIE & SME** Long Island / Metro NY Chapter have been invited to participate in the **APICS** annual Holiday Event / Professional Development Meeting.

Registration Required (see below)

Topic: Best Practices: Uncribbing the Tools at DePuy Orthopaedics
Speakers: David L. Rivers, CIRM, CFPIM, CSCP



By deploying an automated point-of-use dispensing solution at its New Bedford plant, this medical devices company is driving down the cost of MRO.

Surveying the landscape of potential solutions to their consumables challenge, the DePuy team came to focus on automated point-of-use dispensing technology. Richard A. Perry, manager of MRO strategic sourcing at DePuy, had become familiar with the point-of-use dispensing solutions — essentially, large cabinets with a varying number of access-controlled drawers — while visiting various industry trade shows, and he came to believe that this technology could be the right solution for DePuy. Subsequently, David Rivers, a systems engineer with DePuy, found an automated point-of-use dispensing exhibit at a conference organized by APICS.

After an exhaustive study conducted by Perry and Rivers to learn about the specific technology provided by the major suppliers in the automated, point-of-use dispensing industry, the New Bedford facility elected to go with a provider of the solutions based in Southern California. Perry said that the selected provider met the following criteria on DePuy's requirements list: modern, state-of-the-art cabinet designs; no in-house server required; Web-enabled solution; user-friendly operation; superior management reporting features; proven track record; and low overall cost.

Please RSVP no later than Tues. Dec. 15th. E-mail your reservation to meetings@li-apics.org or call **631-266-262**. Please indicate Name, Title, Company, & member affiliation (APICS / IIE / SME). You can also register by following the link from the Chapter's website at www.iienet.org/long_island. For additional information you can contact Tom Fiorella at tfior9651@msn.com or phone at 516-214-5588. (In the event of extreme snow/ice weather conditions, please contact Panama Hatties (631-351-1727) to ascertain if the meeting will be held.)

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Review of the Nov. Meeting

By: Carolyn Chen

The November meeting featured a lecture on Software Solutions for the Supply Chain, presented by Mr. Dani Kaplan, President of SMC Data Systems. Businesses can lower their operating costs by implementing fully integrated business software to track and control spending to make your company more competitive, responsive and profitable. He represents S2K Enterprise Software, published by VAI, Vormittag Associates, an IBM Business partner. This article will discuss why outdated computer systems need to be upgraded, and why S2K provides the right solutions.

New industry trends have changed how and where business is done, and the supply chain looks much different than it did years ago. Manufacturing is no longer local. Production has been outsourced overseas to lower operating costs. The retail landscape has also changed. Department stores are in competition with outlet stores and internet merchants. Distributors bring components from overseas, assemble them, distribute their products in "factory" outlet stores, and sell on the web. Commercial customers and chain stores try adding to profits by inflicting "Charge backs". Their suppliers are charged money for anything that doesn't meet expectations.



Dani Kaplan, President of SMC Data Systems.

Inventory business models have changed. It is widely accepted that the sooner your inventory turns, you profit. Inventory "on the water" can be monitored in transit and shipped off the warehouse dock

when it arrives. Ship it right away, instead of waiting to receive it, store it, locate it, consolidate and ship it. Lack of information can cost you money. For example, the right software can track Landed Cost. The computer system is updated with various landed costs, which ensures that the inventory will have a final accurate cost. The speaker had one client who manufactured inexpensive keepsakes. However, they never kept track of true landed costs. Once they accurately tracked landed costs, they realized they charged too little and were losing money. Accurate information obtained by using data collection and scanning technology leads to accurate shipping. Freight is calculated and the invoice can accompany the shipment. Shipping the wrong product leads to a chain reaction of extraneous events. Once the wrong product is returned, you must issue credits, and deal with excess inventory. Any vendor early discounts are lost.

In an automated warehouse, the computer is updated in real time mode. Received Inventory will be accurate and the end user will know what is available for sale. Scanning the inventory automates the picking and shipping tasks and generally results in 99.5% shipping accuracy. In an automated system, a sale is an allocation.

The inventory will be allocated to an order, but will not get removed from inventory, until the customer is invoiced. If 10 were ordered, but only 8 are available to ship, an automated system automatically back orders 2. This saves several "special case" steps and transactions.

Cycle counts can be reduced in an automated system. Locations are scanned on a regular basis. This helps locate any misplaced inventory. Alternatively, if inventory is short, or the wrong item is in a location, the Logistics Management System freezes the location.

An automated Purchase Order system has many features to provide suggested order points. Forecasting: based on product's sales history and avoiding one time product "big sell", the computer will suggest what to buy. The system is "aware" that the product sales will go up, but peak, then decline. The system smooths the data and finds the average. Handling Seasonal items: based on product's history of sales, vendor delivery time, the system will suggest what and who to buy from. Purchase Order Verification: Was the correct quantity delivered at the agreed price? This verification guards against big hidden losses of improper billing. The system notifies several parties of the discrepancy: Buyer gets an e-mail; something's wrong. Accounts Payable gets e-mail; don't pay this invoice until it's resolved. Vendor gets e-mail; we challenge your invoice. Take into consideration your vendor's terms of payment. It might be better to pay a little more but get more time to pay. Don't go with lowest price. Consider your vendors' service levels.

The Accounts Receivable Solution can streamline several A/R steps by calculating costs and updating information in real time. Shipped inventory is automatically invoiced. This shortens the invoice cycle and reduces labor cost. Prior to shipment, freight is automatically calculated and an invoice accompanies the shipment. For product returns, the system is updated with returns information to reflect new inventory status.

E-commerce is enhanced when the website is integrated with an ERP system. One of Dani's articles in Progressive Distributor Magazine is titled, "Why You Must Integrate Your Website With Your Back Office System". Example: A web based business found that it couldn't keep up with credit card orders. They had to shut down the site to avoid further customer dissatisfaction. When the back office is integrated, web payments are processed and web customers have access to a real time catalog, real time "shopping cart", that reflects accurate inventory status in real time mode. The web site can then become a valuable source of information for clients as well as sales representatives.

One program that can accomplish all this is VAI's S2K [System 2000] Enterprise Integrated Software Solutions. S2K supports applications for Distribution, Manufacturing, retail, food distribution, food processors, warehouse automation, and e-commerce. One S2K Distribution success story: American Diagnostics Corporation. Price errors dropped by 80% by implementing scanning in the shipping process. Throughput was increased by 60%. Automation reduced errors to achieve 99.95% accuracy.

Dani has published an article on "How to choose right software for your company". These are three highlights:

1. Business issues should be the main focus at the software demo. Encourage a workshop style format.
2. Visit a reference account that uses the software house. Ask if the account is satisfied with the hotline support.
3. Make sure you get the source code and documentation.

It is very common for executives to believe, "there's nothing wrong with our computer system, we have used it for years with no problems." However, if the systems haven't changed with the times, there may be many hidden costs and hidden opportunities. Dani has many articles on the subject, including CEO Online: How To Control Your Company's Hidden Costs, About.com: How Software Automation Can Reduce Operating Costs And Improve Profit. In one client's case study: A/P did not catch a mistake of issuing a credit instead of issuing an invoice. \$1,000,000 was accidentally credited to a major chain store, and it took 9 months to resolve.

To read more about S2K Enterprise Supply Chain Management Software solutions or Mr. Kaplan's Business and Supply Chain articles, please visit his web site: www.smcddata.com. Dani Kaplan can be contacted at: 917-647-2466.

Next IIE Meeting - Tuesday, December 16th, 2008

(This is a joint Holiday event with APICS & SME)t

Topic: 'Best Practices: Uncribbing the Tools at DePuy Orthopaedics' (see page 1 for details)

Place: Panama Hatties - 872 Jericho Turnpike, Huntington Station, NY 11746

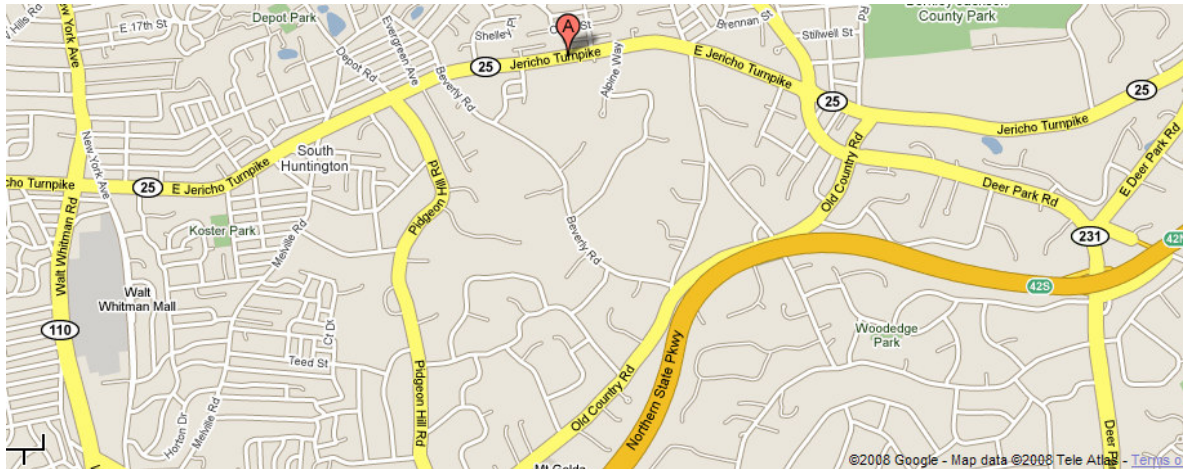
Directions to Panama Hatties:

From the West:

Take LIE (RT 495) East to Exit 49N or Northern State Pkwy. East To Exit 40N - Broad Hollow Rd (Rt. 110). Take Rt 110 N for about 3-miles & make a right onto W Jericho Turnpike (Rt. 25). Go 1.8 miles on Rt. 25. Panama Hatties will be just past the Nissan dealership on your right.

From the East

Take LIE (Rt. 495) West to Exit 53 toward Bay Shore/SAGTIKOS Pkwy/Sunken Meadow Park. Keep left at the fork to continue toward Sagtikos State Pkwy. Keep right at the fork to continue toward Sagtikos State Pkwy N. Keep right at the fork, follow signs for Sagtikos Pkwy N and merge onto Sagtikos State Pkwy. Take exit 1W for Northern Pkwy W toward New York. Merge onto Northern State Pkwy W to Exit 42N toward Co Hwy 35 N/Huntington. Merge onto Deforest Rd N and turn left at County Rte 66/E Deer Park Rd. Continue on E Deer Park Rd for 1.2 mi and turn left at E Jericho Turnpike/RT-25 for .9 miles. Panama Hatties will be on your left.



Institute of Industrial Engineers
Local Chapter # 86
423 Elm Street
W. Hempstead, NY 11552-3226

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DATED MATERIAL

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