

The Boston Beacon

APICS Boston Chapter #10
www.bostonapics.org

Issue: January, 2006

Editor: Zuby Singh

President's Corner

Nothing of any use is going on in the Boston chapter.

So it might appear, anyway, to the outside observer. That is because we have been working on a number of important internal projects that will make the chapter more valuable to you. Construction projects don't happen overnight – the Big Dig took over a dozen years (or, on second thought, maybe that isn't a good analogy...).

Yet several initiatives are emerging from these “invisible” efforts. Mid-way through the year, here are some of the things that we've accomplished:

- We have invested in a new website which should help you interact with the chapter easier and partake of more readily of its benefits, such as accessing the job bank and registering for programs and certification courses.
- We have invested in curriculum materials for launching the CSCP (Certified in Supply Chain Management) program within the chapter, and will begin teaching CSCP preparation courses in the spring.
- We have a calendar of events filled with top-notch speakers and two world-class tours, which brings successful practitioners and their methods to your doorstep.

If you are an individual, these initiatives should help you get jobs, raises, and promotions. If you are a company coordinator, they should help you fill jobs openings, add more value through operations, and set a career path for employees in your company. It boils down to one simple phrase that guides our goal in serving you: “Jobs, raises, promotions.”

- Jobs. In light of long-term trends in manufacturing, we will add jobs in areas of new technology, growth industries, and prevent job loss by applying the APICS Body of Knowledge to improve operations.
- Raises. It is not enough to add jobs. The jobs need to be worth as much or more than they were before. Therefore, we will help our members advance their credentials and get raises based on new skills acquired through certifications.
- Promotions. Short-term job creation is no substitute for a long-term career path. We are focused on creating sustainable employment in order to foster a continued evolution of your career path in operations management.

What can we do to help you get a job, a raise, or a promotion in 2006? Let us know. I can be reached at 781-283-5788 or via email at djacoby@bostonlogistics.com

Sincerely,
David Jacoby

Upcoming Professional Development Meetings (PDM)

Wednesday January 18, 2006

Simulation Modeling in Lean Programs

Speaker: **Jim Curry, CEO, OpStat Group**

Wednesday, February 15, 2006

**Impact of Sourcing Strategies on Availability
and Total Cost of Ownership**

Speaker: **Henry Bergassi CPM, EMC
Corporation**

@ Best Western TLC Hotel, Waltham, MA
Exit 27A off of Rte. 128.

Take a left before the Shell Station then a quick
right. Hotel is at the top of the hill on your right
side.

6:00pm - 6:45pm: Registration/Networking

6:45pm - 7:30pm: Dinner

7:30pm - 9:00pm: Presentation and Q&A

Member rate: \$20, non-member rate \$25

To reserve your place, please register in advance by
Call: (781) 395-8808, FAX (781) 393-4324,
e-mail PDM@bostonapics.org

Please include your name, whether APICS member or
not, and your phone number if we need to reach you
before the meeting.

Please visit the APICS website for additional details at
<http://www.bostonapics.org>

Newsletter Submission

If you have any news/articles to share, **submission deadline** for the next newsletter print is: **March 5, 2006**

All members are encouraged to submit articles of interest, event news, scheduled events, questions, suggestions, or anything else. Send all submissions to Publicity@bostonapics.org

"The mission of the Boston Chapter of APICS is to be the premier provider of quality education that promotes the effective use of resources and the achievement of operational excellence by companies and organizations in the manufacturing, service and public sectors, within both our immediate and extended reach."

Thanks for your continued support and, as always, welcome all comments and suggestions!

TRAINING AND PROFESSIONAL DEVELOPMENT

WINTER 2006 Professional Development Meetings Details

Wednesday, January 18, 2006

Simulation Modeling in Lean Programs

Speaker: **Jim Curry, CEO, OpStat Group**

DESCRIPTION

Simulation modeling is valuable to analyze and improve performance of materials, information, and financial flows in both discrete and process manufacturing enterprises. It incorporates variability in demand, supply chain and manufacturing processes to imitate the real world.

Jim Curry will demonstrate simulation tools for:

- process excellence, six sigma and lean manufacturing teams
- replenishment and inventory strategy across multiple locations, and
- analysis of bottlenecks, process changes and capacity impacts.

OpStat Group consults on operations improvement, and licenses its proprietary simulation models configured for specific operations. There are some examples of simulation capabilities for capacity, lead time and safety stock evaluation at www.OpStat.com or call at 203-431-3905 for more information.

BIOGRAPHY

Jim Curry is CEO of the OpStat Group (www.OpStat.com). He has been a management consultant for large multi-national companies in operations and supply chain improvement since 1987. Previously, he had held senior positions with Emery Air Freight and Seagram. His expertise is in simulation modeling and improving operational processes.

In his consulting practice, he has conducted process excellence engagements and implemented best practices in global supply chain management, lean manufacturing, distribution, transportation, customer service and international operations. His clients include companies in the high tech, pharmaceutical, chemical, consumer and transportation industries.

He has written material for the Journal of Business Logistics, American Warehousemen's Association, and the Gartner Group. He has been a speaker at APICS and Council of Supply Chain Management

Professionals (CSCMP) local, regional and national meetings. He is an Associate Professor at Fairfield University, teaching graduate courses in supply chain design and lean manufacturing.

Jim may be contacted at JimCurry@OpStat.com or 203.431.3905 in Ridgefield, CT.

Wednesday, February 15, 2006

Impact of Sourcing Strategies on Availability and Total Cost of Ownership
Speaker: **Henry Bergassi CPM, EMC Corporation**

DESCRIPTION

This is a look at the impact that various sourcing strategies have on TCO. Included are tactics for tracking and managing the costs associated with recovery of shortages which typically are not included in the original TCO analysis. Also, there will be a discussion on low cost region sourcing and what it means for companies that are just starting or thinking of pursuing foreign suppliers. References will be made to the various US Regulations effecting imports and their impact on cost and availability.

Subjects touched on:

- Make/Buy decisions
- Outsourcing domestically
- Outsourcing in Low Cost Regions
- The impact of US Import regulations

The presentation and handouts will provide a decision process that can be used for developing a sourcing strategy.

BIOGRAPHY

Henry Bergassi, CPM, BS-chemistry, Iona College, New Rochelle, NY, MBA, Bryant University, Smithfield, RI.

- Over 25 years in Materials and General Management, including world wide sourcing and reverse logistics.
- Former adjunct faculty member for the continuing education programs at Assumption College and Nichols College.
- Currently employed at EMC Corp. as a Senior Specialist in the Business Operations Group of Corporate Procurement.
- Outside activities include, volunteer safety instructor for the Mass Division of Fisheries and Wildlife and freestyle climbing.

For questions regarding the Boston Chapter, please contact a board member:

Board of Directors' Meetings

The Board of Directors meets monthly. Any member is welcome to attend -- whether just curious or possibly interested in joining the board! Please contact any one of the Board members (listed below) before the meeting. Please email suggested agenda topics to President@bostonapics.org.

Next Meeting:

Date: January 11, 2006,
February 1, 2006
March 1, 2006
April 26, 2006

Time: 6:30 pm – 8:00 pm

Place: Polaroid Building #2 (W2), Room 2247, Waltham, Phone: 781-386-3881

Winter 2006 CPIM REVIEW CLASSES

The following CPIM classes will be offered for the winter session. Classes will start the week of **January 23rd**, and will run for 8-10 weeks. The locations (currently Polaroid, Waltham) and the Instructors of each class will be determined and posted on the website ASAP. Note: We are always looking for additional company sites to host the CPIM classes, as well as, the Inventory Management and Lean Series Workshops.

BASICS OF SUPPLY CHAIN MANAGEMENT

DATES: **MONDAYS**, starting 1/23/06 - meets 10 weeks.

TIME: 5:30 to 8:00 PM

LOCATION: Polaroid, Building W3, Waltham, MA

INSTRUCTOR: TBD

Course Description: Explore the basic concepts of managing the flow of materials in a supply chain. In the Basics you get a complete overview of material flow, from internal and external suppliers, to and from your organization.

Topics include: Elements of the Supply Chain, Just-in-Time (JIT), Total Quality Management (TQM), Manufacturing Resources Planning (MRP II), Demand Planning, Capacity Management.

OR (choose only one for Monday)

STRATEGIC MANAGEMENT OF RESOURCES

DATES: **MONDAYS**, starting 1/23/06 - meets 9 weeks

TIME: 5:30 to 8:00 PM

LOCATION: Polaroid, Building W3, Waltham, MA

INSTRUCTOR: TBD

Course Description: Explore the relationship of existing and emerging processes and technologies to manufacturing strategy and supply chain-related functions. The course addresses three main topics: aligning resources with the strategic plan, configuring and integrating operating processes to support the strategic plan, and implementing change.

Topics include: Competitive Market Issues, Choices Affecting Facilities, Supply Chain, Information Technology, and Organizational Design, Configuring and Integrating Internal Processes, Evaluating and Managing Projects.

DETAILED SCHEDULING AND PLANNING

DATES: **TUESDAYS**, starting 1/24/06- meets 9 weeks.

TIME: 5:30 to 8:00 PM

LOCATION: Polaroid, Building W3, Waltham, MA

INSTRUCTOR: TBD

Course Description: Candidates focus on the various techniques for material and capacity scheduling. The course includes detailed descriptions of material requirements planning (MRP), capacity requirements planning (CRP), inventory management practices, and procurement and supplier training.

Topics include: Planning material to support the Master Schedule, Recognizing techniques and practices of Inventory Management, Identifying information used in the material planning process, Identifying the desirable characteristics of Detailed Material Planning, Mechanics of the detailed material planning process, Maintaining validity of the Material Plan, Interactions with other systems.

MASTER PLANNING OF RESOURCES

DATES: **WEDNESDAYS**, starting 1/25/06- meets 9 weeks.

TIME: 5:30 to 8:00 PM

LOCATION: Polaroid, Building W3, Waltham, MA

INSTRUCTOR: TBD

Explores processes used to develop sales and operations plans; identify and assess internal and external demand and forecasting requirements; and gain an understanding of the importance of producing achievable master schedules that are consistent with business policies, objectives and resource constraints.

The course focuses on developing and validating a plan of supply, relating management of demand to environment and developing and validating the master schedule. In addition, the course encompasses concepts for transforming sales, marketing and business requirements into a feasible and economic plan in various business environments. It also addresses concepts and methodologies for managing projected and actual demands from distribution networks and external customers. Finally, the course presents methods for integrating sales and operations plans, demand forecasts and customer demand into a specific master schedule.

EXECUTION AND CONTROL OF OPERATIONS

DATES: THURSDAYS, starting 1/26/06 - meets 9 weeks

TIME: 5:30 to 8:00 PM

LOCATION: Polaroid, Building W3, Waltham, MA

INSTRUCTOR: TBD

Course Description: Focus on the areas of prioritizing and sequencing work, executing work plans and implementing controls, reporting activity results, and providing feedback on performance. The course explains techniques for scheduling and controlling production processes, the execution of quality initiatives and continuous improvement plans, and the control and handling of inventories.

Topics include: Prioritizing and Sequencing Work, Executing Plans and Implementing Controls, Authorizing and Reporting Activities for Push and Pull Systems, Evaluating Performance and Providing Feedback.

NOTE: In addition to the CPIM review modules offered above, the Boston Chapter is considering offering a one-day, special Saturday review and preparation workshop to assist in preparation for the new CSCP exam. Probably dates include several Saturdays in February 2006 with the first exam scheduled for March 11, 2006. Please send an email of interest ASAP and depending on response, a study session will be scheduled. Cost has not been determined but likely about that charges to attend a CPIM module. Later in the year, the Boston Chapter does plan to offer full, Instructor led exam preparation programs, so please watch for details.

CPIM CLASS REGISTRATION FORM - WINTER 2006

NAME _____

COMPANY _____

ADDRESS _____

PHONE (home) _____

PHONE (Work) _____

Email Address _____

APICS MEMBER? Yes ___ No___ Chapter Affiliation _____ Membership Number _____

Please enroll me in ___ Basics of Supply Chain Management
___ Master Planning of Resources
___ Detailed Scheduling and Planning
___ Execution and Control of Operations
___ Strategic Management of Resources

CPIM REVIEW CLASSES - COST

CPIM course fees are \$475/ members (includes class registration and exam voucher), \$635/ non-members (includes class registration and exam voucher), payable PRIOR TO THE START OF CLASS. Mail course payment (NO PURCHASE ORDERS PLEASE) To: Boston Chapter APICS, PO 1001, West Yarmouth, MA 02673

If you are interested in registering for one of these classes, please contact Mike Walsh, CPIM, VP Education, at 508-775-5479, or MikeWalsh@QSG.net as soon as possible to reserve your seat in the class. (Minimum class size is five students.)

Rising to the Challenge of the Outsourced Supply Chain

By: **Andrew K. Reese**

[From *Supply & Demand Chain Executive*, October/November 2005]

Five success factors for outsourcing your supply chain

Back in mid-2003, SafeView, a Santa Clara, Calif.-based start-up, didn't have any production facilities and hadn't shipped a single unit of its next-generation security portals, which use a patented noninvasive "active millimeter wave scanning" technology to detect non-conventional weapons, explosives and just about any other object people might be concealing on their person.

Now, two-and-a-half years later, SafeView has shipped more than 20 of its complex portals to customers around the world in countries like Mexico, Singapore and Israel. But the company still doesn't have any production facilities because, rather than building its own manufacturing capacity, the company elected from its very inception to adopt an outsourced supply chain model.

"From a strategic business standpoint, right from the beginning we had decided that we would outsource the manufacturing," says Karen Ann Meyer, vice president of operations with SafeView, "simply because in this day and age it just doesn't seem like a good business decision to add manufacturing capability when there is so much of it available."

The Outsourcing Trend

Outsourcing — using external suppliers to design, manufacture, ship and service products or components (as distinguished from offshoring, which refers specifically to shifting production to foreign suppliers) — has been a growing trend in recent years as original equipment manufacturers have sought, among other things, to divest themselves of production capacity (and the inherent risks associated with owning capital equipment), lower their labor costs and maintain greater flexibility in the face of ever-shrinking product lifecycles. Moreover, the forces driving increased outsourcing appear to be accelerating the trend: AMR Research reported in the study "Contract Manufacturers at a Crossroads: Brand Owner Need for Visibility," released earlier this year, that "the average 37 percent of cost of goods sold (COGS) represented by contract manufactured items will rise to 43 percent" over the next two years.

AMR analysts Bill Swanton, Dineli Samaraweera and Eric Klein, authors of the study, note that the relationships between OEMs, or what they call "brand owners," and their outsourcing partners typically run deeper than the "arm's-length" relationships that companies traditionally have had with their suppliers. The OEM-outsourcing partner relationship, they write, normally involves: "Long-term relationships to manufacture a family of parts or products; close working relationships on design, production engineering and quality; [and] collaborative inventory planning at multiple tiers of the supply network, with visibility into and influence over the supplier's supply chain operations."

Given the particular nature of the bonds that tie an OEM to its outsourcing partners, supply chain executives are finding they must take a different approach to managing those relations than they have in managing their more traditional suppliers. As a company built from the ground up on an outsourcing model, SafeView's experience offers insights into the success factors that can make or break an OEM-outsourcing partner relationship.

1. Identify the Skill Sets

SafeView was founded in 2002, but the company got its first round of funding only in May 2003. At that point, the company's flagship product, the screening portal dubbed SafeScout — which can be used, for example, to screen passengers in an airport, fans at a sports arena, visitors to a prison or employees at a manufacturing plant — did not exist at all, except as a technology that had been developed at the U.S. Department of Energy's Pacific Northwest National Lab. Meyer says that, as a new company, it made little sense for SafeView to seek funding to build its own production capacity. "Venture capitalists are hesitant to invest in a hardware company to begin with," she notes. "And they would be even more nervous about putting a few million dollars into a manufacturing operation." In addition, the company's management knew that SafeView had a limited window of opportunity — about a year — to prove the technology and prove the market, which meant ramping up fast and quickly getting the product into customers' hands, before the venture funding ran out. Thus, the company made the decision from the start to outsource its supply chain to the maximum extent possible.

It probably didn't hurt that the company's senior management was quite familiar with the contract manufacturing world. CEO Richard L. Rowe, a longtime Honeywell veteran, also was formerly the chief executive of MCMS, a \$550 million global electronic contract manufacturer (CM) that was sold in January 2002 to Plexus Corp., an electronics manufacturing services (EMS) company based in Neenah, Wis. And Meyer, with 25 years in industry, had spent 20 of those years in the contract manufacturing world.

Drawing on that experience, Meyer says that the first thing SafeView did as it plotted its outsourcing course was to identify the skill sets that would be necessary to bring its product to market. "The way that I approached it was to understand what our needs were going to be," Meyer says, "because the way I looked at it, either I had to hire a skill set or a contract manufacturer had to hire that skill set."

Understanding the skills requirements is fundamental not only to selecting an outsourcing partner, but also to communicating expectations to the partner, both at the start of a project and, as important, as the project evolves, requirements change and the outsourcing partner has to bring on new capabilities.

2. Focus on the Relationship

Of course, technical requirements, capabilities and skills sets are, ultimately, something that either your own company or your outsourcing partner can acquire. So while these attributes are not unimportant in selecting among potential partners, the synergy between an OEM and its contractors should be the top priority, Meyer believes. "To me, one of the most important criteria in picking out partners was a strong relationship that would withstand all of the unknowns," she says.

In SafeView's case, the unknowns were plenty, since the company was building a unique product that had never been brought to market before, and they planned to do it within a very short timeframe. "We were embarking on this incredible experience, we had this journey ahead of us and we had no clue what we were going to find," Meyer recalls. "So having a really good relationship was key." After reviewing its options, SafeView elected to work with Plexus, a well-established EMS that has facilities around the world, including a Boise, Idaho-area plant that was selected to build the SafeView product.

Working with Plexus, SafeView designed and delivered the first Beta version of the SafeScout in February 2004, just nine months after receiving its initial funding. In short order, the company delivered another five Beta units to its customers. With units now in the field, SafeView began to receive a tremendous amount of feedback from its customers on the initial units, much of which had to be translated into engineering changes for the next generation of the SafeScout. "I think that we as a company weren't prepared enough for the level of design activity and change that was going to happen driven by customer demand," Meyer says.

And this is where the focus on the relationship with Plexus became critical. Because SafeView was looking to have a long-term alliance with its contract manufacturer, the company took the approach of acting as a filter for all the feedback coming back from the field, rather

than just throwing all the design changes over the wall and expecting Plexus to contend with all the necessary engineering changes that had to be made. "So many start-ups go through the initial phase with their contract manufacturer, and by the time they're ready to go into production, right at the moment when the start-up needs its CM the most, they hate each other's guts and the customer is leaving for another CM," Meyer says. "And it's not the CM's fault; it's just the nature of the beast of going through a product-development cycle. So we tried to filter as much as possible and keep as much churn out of the relationship in the supply chain."

3. Communicate, Communicate, Communicate

As with any good relationship, the key to a healthy OEM-outsourcing partner alliance is communication. "It's very important to have an open and honest dialog," Meyer says. "You both have strengths and weaknesses, and everybody knows what they are. We're going to try to leverage the strengths and work around the weaknesses, but we're not going to pretend they don't exist."

For example, Meyer believed going into the relationship with Plexus that, given the complexity of the SafeScout — about 80 percent of the parts on the product's bill of materials (BOM) are custom built-to-drawing, built-to-spec parts — and the level of engineering change that could be expected in bringing a new product to market, SafeView should initially handle prototype materials buying, again to help keep the "churn" out of the relationship with Plexus. Meyer was up front with the EMS, from an early stage, about her plan to hire a new product introduction (NPI) buyer to handle this process. Plexus would have preferred that the operation be entirely turnkey, but Meyer's frank dialog with them on this aspect helped them understand SafeView's point of view from the initial phase of the relationship. So when SafeView hired the NPI buyer, and the buyer began sourcing prototypes and then handing the identified suppliers off to Plexus, the EMS was fine with the process. "They understood that's the way we had to do it," Meyer says. "And I promised them that once we got through the process and the product was stable, I would hand it over to them, turnkey. But if I had not communicated with them, it could have had an impact on our ability to get through that first part of it and now move into production with a very healthy relationship."

4. Put the Tools in Place Early

With communication a top priority and a precondition for maintaining the kind of healthy relationship that Meyer sought with her company's supply base, she says that she recognized early on that SafeView would need to put in place the necessary tools that would enable the required level of interaction between the OEM and its outsourcing partners. But SafeView also wanted to ensure that it had the technology in place to protect its intellectual property even as it worked collaboratively with its partners to develop and produce the SafeScout security portal. "I had originally thought that one of the advantages of outsourcing is that you could leverage the tools that your CM already has," Meyer explains. "But I realized fairly quickly that that was a risky proposition, to have your whole product documentation package managed by your CM, just in case things didn't work out and you needed to take the product elsewhere." At the time, Meyer's technology options seemed quite limited. "I didn't have an IT group. I didn't have an IT infrastructure. I didn't have a database. I didn't have anything with which to work. We had our laptop computers, and that was it," she says. Moreover, SafeView's leadership knew that once they got their first round of funding, they only had 12 months to bring their product to market, so they would have to hit the ground running and could not afford to invest months building an IT backbone and deploying complex software packages. While reviewing potential software packages, Meyer came across a company called Arena Solutions (formerly known as bom.com), which offers a Web-based, "on-demand" product lifecycle management (PLM) solution. The Arena PLM solution seemed ideally suited for a start-up outsourced manufacturing model, since it allowed an OEM to give any number of outsourcing partners controlled access to online BOMs using nothing more than a Web browser. Meyer initially thought that she would have Arena PLM be the platform for her internal engineering staff to work with the development staff at Plexus, including for part numbering, but the CM already had its own tools in place, and Meyer was unwilling to force a change in Plexus' processes because of the tight timetable for moving the SafeScout into Beta production. Instead, she began using the Arena solution to build the Beta BOM, loading design specs, drawings, instructions and digital pictures into the system and making them available to Plexus' production staff on the manufacturing floor who were building the prototypes. In this way, SafeView maintained control over the documentation package for the SafeScout while giving production staff access to the latest design information.

Once SafeView got its second round of funding, had put Beta units out into the field and started down the path of redesigning the product, the company expanded its use of the Arena PLM solution. By this time, SafeView had assembled its supply base, with seven key suppliers, mostly based in the U.S. Northwest so that they could do just-in-time and a Kanban material pull in conjunction with the Plexus production facility outside Boise. With SafeView's engineers acting as filters for all the design changes coming back from customers, the company's internal staff used Arena to build revised BOM structures and then released the design to the suppliers and, in turn, to Plexus.

Michael Topolovac, CEO and founder of Arena Solutions, points to the advantages of implementing PLM tools at the start of the development process, rather than waiting until a product is already headed for the plant floor. "What SafeView realized early on was that, starting from ground zero, PLM naturally becomes part of the institution and the culture, and all the data's clean from Day One," he says. "If you do everything manually up until the day before you want to ship, then you're going to discover when you try to actually get that data into a tool like Arena PLM that a lot of the data are wrong or they're not complete. PLM is really what enables you to get that product to production."

5. Be Flexible

Looking back on the whirlwind of the last two years, Meyer says that one of the big lessons she has taken away from the experience is that OEMs must maintain a degree of adaptability at each stage of an outsourcing exercise. "What you're prepared for is usually not the problem," she says flatly. The uncertainties in market conditions, the complex dynamics of relationships with outsourcing partners and the many other "unknowables" in an outsourcing exercise place a premium on an OEM's ability to bend with the wind, when necessary, to keep the process moving forward rather than stopping to try to fix every glitch that comes up along the way.

In SafeView's case, that meant hiring an NPI buyer, for example, or acting as a filter for design changes coming back from Beta customers. The bottom line is that, while an OEM can outsource many separate functions, it cannot outsource management responsibility for a project, and the OEM must be prepared to apply the same degree of executive-level involvement in an outsourced project — or an even greater degree of involvement — than would be the case for an internally manufactured product.

Would SafeView ever consider taking its manufacturing in-house? Not likely, says Meyer. "Actually," she concludes, "when I went out to find our facilities, I deliberately looked at places that I knew didn't have enough room for manufacturing. So it was a very definite decision that we would outsource manufacturing from the start."

Sidebar: Five Success Factors for Procurement Business Process Outsourcing

Procurement business process outsourcing (BPO) is a growing trend but continues to represent a small number of engagements; Forrester Research, in a July report titled "The Mixed Procurement BPO Opportunity," estimated that about 60 companies had signed procurement outsourcing agreements as of June — double the number from a year ago, but still suggesting a relatively immature market. Major providers of procurement BPO services, as highlighted in the Forrester report, include Accenture, Ariba, A.T. Kearney, IBM Global Services and ICG Commerce. Other companies offering procurement BPO services to one degree or another include EDS (of which A.T. Kearney is a subsidiary), ePlus, Global eProcure, Infosys and Prorizon.

Based on his four years of experience in the BPO space, Jason Gilroy, vice president of procurement outsourcing at King of Prussia, Pa.-based ICG Commerce, offers these suggestions for ensuring procurement BPO success:

- Understand where BPO can, and cannot, help. Gilroy says that procurement BPO typically is not a budget reduction move but rather involves a value-creation business case — BPO might not help a company reduce its procurement headcount, since the goal is more typically to shift current staff away from less-value-adding work on various non-core indirect material categories and toward projects involving more strategic categories that can help a company differentiate itself in the marketplace.
- Don't be too prescriptive in the relationship. Build flexibility into the relationship — and the contract — with the BPO procurement provider from the start. "If the initial scope of work is built too rigidly, it makes it very difficult for the relationship to move cohesively together as the customer's business changes," Gilroy says.
- Establish a structure for tracking results. ICG runs monthly cross-functional savings councils with its clients to ensure not only that they are reporting on realized savings to the procurement sponsor but also that a senior finance representative on the council can validate the methodology used to arrive at the reported savings and attest that the savings are actually hitting the company's bottom line.
- Ensure senior-level executive sponsorship. It's very easy, he says, for the procurement staff executing the relationship with the outsourcing provider to get hung up on micromanaging how the BPO service provider is doing its job, rather than focusing on whether the provider is achieving the goals of the program. "It takes a strong executive sponsor to be able to pull people back and say, 'Hey, remember, that's not why we're doing this. We're not trying to say that we did it with six heads, so we want [the service provider] to do it with four people. We don't care how many heads they can do it with, but whether they can deliver this much more value than we were going to deliver.'"
- Look for a partner with genuine operating experience. Managing procurement activities and spend on a long-term basis for multiple large companies is not the same as providing sourcing and procurement system implementation services on a one-off consultative basis. Further, it requires an entirely different infrastructure than that required to manage a procurement department internally. Make sure you "check under the hood" to ensure your provider offers a proven and well-tested procurement operation that allows you to leverage and benefit from the learnings and scale that comes from their work across multiple companies. You should expect to be able to tap into an adaptable procurement operation that integrates deep category and process expertise, a transaction processing infrastructure and most importantly, the market data, best practices and benchmarks gleaned from working day-in and day-out across multiple companies.

Mark your calendar for these upcoming events.

DATE	TOPIC
March 15, 2006	Seminar
April 12, 2006	Top Management Night
May 10, 2006	Raytheon Tour
April 10, 2006	Spring 2006 CPIM session

Stay tuned for more details and watch out for Emails and Postcard Reminders prior to the event!

Job Bank

See "Employment Opportunities" at: www.bostonapics.org

We have added a rich selection of Jobs in our Job Bank. This is an **exclusive benefit** for Boston Chapter Members only. We've provided new detailed sign-in instructions. Come take a look.

2005-2006 Board of Director List

POSITION	NAME	CONTACT INFORMATION
OFFICERS		
President	David Jacoby, CPIM, CIRM	djacoby@bostonlogistics.com
Executive VP	Open	N/A
VP, Programs	Lars Anderson, CPIM, CIRM	landerson100@hotmail.com
VP, Education	Michael Walsh, CPIM	MikeWalshofQSG@aol.com
VP, Marketing (Company Coordinators)	Catherine Van Lancker, CPIM, MBA	cmtjgvl@rcn.com
VP, Administration (Secretary)	Michael Fricot	mjffricot@aol.com
VP, Finance (Treasurer)	Roger Small, CPM	smallr@polaroid.com
VP, Membership	Andy Vail, CPIM, CPM	vail_andrew@emc.com
VP, Publicity & Communications	Zuby Singh, MBA	zsingh@electricinsurance.com
DIRECTORS		
Director, Operations (Immediate Past President)	Walter Foster, CPIM	wafoster2000@yahoo.com
Director at Large (Education)	David Rivers, CFPIM, CIRM	DRivers2@DPYUS.JNJ.com
Director at Large (Student Chapter Relations & Communications)	Fredrick Augusta, CPIM	fcaugusta@comcast.net
Director, Programs (Tours)	Joanne Brennan, MBA	joanne_brennan@questnetx.org
Director, Finance (Asst. Treasurer)	Open	N/A
Director, Administration (Job Bank)	Jeff Boudreau, CPIM, CIRM	jk_boudreau@yahoo.com
Director at Large (Programs)	Steve Lynch	steve_c_lynch@raytheon.com
Director at Large (Marketing)	Donna Woodcome	d_woodcome@yahoo.com

This issue...

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 - **Article: Rising to the Challenge of the Outsourced Supply Chain**
 - **Mark your calendar for upcoming events**
 - **2005-2006 Board of Director List**