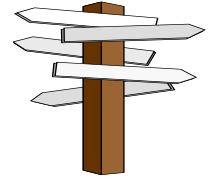


# THE MINNESOTA LOGGER



Minneapolis/St. Paul Chapter 6 District 6 of the  
International Society of Logistics (SOLE)

Minneapolis/St. Paul

Issue No. 249

Date - February 2003

## Chairman's Corner

### ERP and Supply Support Elements

We are continuing our discussion of *automation and integration* of business processes as it affects the "Elements of Logistics" as defined by B. Blanchard. Last month we defined some of the features of ERP systems and noted some new features of stand-alone applications and their provider firms.

One critical area of after-sales customer support and products service support is inventory and parts planning. A typical ERP system is oriented around a production schedule driven by a forecast, typically, a summary of product line forecasts and customer contracts requirements. The focus is on sale of end items from current production operations. Current production operations may be limited to a single production facility with the supply chain reaching back to suppliers and sub-contractors. The flow of material is generally defined by the concepts of Supply Chain Management.

The service business and service planning requires different capability. The focus shifts to the business focus on the total lifecycle of the product. To differentiate from supply chain the service material needs can be defined by the concept of Service Chain Management. In addition to supporting field service of current production end items there is a need to support out-of-production products & associated items. There is a shift

from current customers to the total customer base affected by past and current shipments. Adding to the complexity is the fact that a new business unit within the producer firm may be involved to manage the business process of service.

The parts planning effort is focused on replaceable components, service parts, and associated items (Blanchard's Supply Support element). Supply planning will include management of service parts and it may include component repair, component refurbishment, and end item refurbishment. Additional tasks of the planning function includes stock inventory that may exist at distribution centers, field depots, and customer sites in a global environment. Management is required that recognizes that the service business may maintain customer networks around the world through a team of experts in dozens of countries. The customer's service business operations may operate 24x7x365 on a global scale.

The needs of the service business in relation to the features of ERP systems often create a gap in business systems capability. That gap is been filled by systems providers that market to the service businesses. The key best-of-breed providers of inventory and parts planning software are:

Xelus (formerly LPA Software)

[www.xelus.com](http://www.xelus.com)

Servigistics

[www.servigistics.com](http://www.servigistics.com)

I2 Technologies

[www.i2.com](http://www.i2.com)

Baxter Planning

[www.bybaxter.com](http://www.bybaxter.com)

Manugistics

[www.manugistics.com](http://www.manugistics.com)

MCA

[www.mcasolutions.com](http://www.mcasolutions.com)

An example of the Aerospace & Defense use of a commercial best-of-breed product (above) is the U. S. Navy's implementation of Manugistics. To quote a Navy Supply System project manager, "When fully implemented, the SMART ERP project could reduce inventory costs and lower inventory management-related infrastructure expenses by an estimated \$100 million annually."

Manugistics describes the process, "The system can process requisitions (customer orders) through the Navy's Supply Chain, including issue decisions and Capable-To-Promise (CTP) information; provide a 5-year time-phased Buy/Repair Plan constrained by optimized fiscal year budget dollars; provide item-level repair lead times, procurement lead times, and survival rates, based on historical observations; and optimize statistical safety stock/sparing level to meet specified performance goals. NAVSUP can provide its leadership with real-time data to support better-informed decisions and establish new levels of accountability."

For a description see

<http://www.navsupsupply.mil/news/030110.jsp>

The best-of-type planning solutions described above are needed in the service business where the *automation and integration* of software tools and systems has lagged behind the supply chain and production operations. This is an interesting time in the service business where legacy processes are being replaced with highly functional service systems integrated with web capability. The cost reduction and profit

benefits with this increase in capability in many firms have yet to be realized.

Next month we will continue to examine other providers of products and services that fill the gap in systems supporting the business processes in the service business.

**Larry G. DeVries, CPL**

Chapter Chairman, Twin Cities 2002-2003

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### 2002-2003 MEETING TOPICS

Date	Event	Remarks
Thu, 20 Feb 03	Failure Modes Effects Analysis (FMEA), useful or useless	Group discussion.
Thu, 20 Mar 03	Visit a Small Mfg. Plant	Ed Nelson will coordinate
Thu, 17 Apr 03	Medical Stints. What are they, how used.	Ken Dacas will coordinate
Sat, 17 May 03	Visit Jackson St Roundhouse	Jack Povlock will coordinate.
Thu, 19 Jun 03	Paddleford Evening Cruise	Joe O'Brien will coordinate.

### **"Has Your Membership Expired?"**

If you are receiving this newsletter you are still on the Chapter mailing list.

- If you are still employed you should renew your membership.
- If you are no longer in the workforce there is a retired membership available.

**It is not just a job it's a career.**

**Stay involved!!**

## **UPCOMING MEETING - -**

### **February 20, 2003**

The February meeting will be held at the Officers Club on Fort Snelling. This will be a round table led by Ken Dacas, Donaldson Corporation, on the subject of Failure Modes and Effects Analysis. We will do a FMEA on a simple product and then discuss the process, results and usefulness of the product.

### **Last Meeting**

#### **January SOLE Meeting Recap by Larry DeVries, CPL**

The January meeting was a joint meeting with the American Society for Quality (<http://www.asq.org>) on January 14, 2003. Our SOLE chapter was one of a number of other organizations at the meeting of over 150 attendees. It was held at the Northland Inn, Brooklyn Park.

The meeting began with a pre-dinner presentation by Jack Dehler, Senior Director, Six Sigma Quality, Carlson Companies Inc. He led the rollout of the Six Sigma and Quality initiative called, "Greatwork" within the firm. This initiative was unique in that Carlson Companies did not have an established quality function prior to this Greatwork initiative. The firm is highly diversified in types of businesses and decentralized in operations. The challenge of launching this program within a firm with operations in 140 countries and with more than 192,000 people employed was explained. The parallels between quality in manufacturing and quality in service firm were reviewed. The quality effort at Carlson Companies is ongoing and developing with final results to be determined.

The after dinner speakers were from Medtronic Inc. Ron Bardal, Senior Quality Consultant, and Paul Grizzell, Business Excellence Manager, spoke of their efforts at "Quality Payback – How can we quantify value in the Quality function?" They explained the long running quality effort at Medtronic. They focused their presentation on what to present to management that will justify the costs of efforts within quality. Their presentation was on the efforts they have made to show management the actual changes being made to quality within the organization. Their new way is to link Strategic Objectives to Balanced Scorecard reporting and then to the "3-in-1 Chart." All are used within Medtronic to make progress presentations. This 3-in-1 chart combines a graph of the key metric used, a Pareto chart for the ranked contributors to the key metric, and a table showing the initiatives and resources being employed to make positive change to the metric value. All this is on one spreadsheet page for presentation purposes.

The Medtronic presentation was well received with an offer by the presenters to pass along the "3-in-1 Chart" in spreadsheet format.

Attending from our Chapter were Ken Dacas, Jack Povlock, Larry DeVries and Diane Schabert. This was the first joint meeting of the year for the Chapter.

End

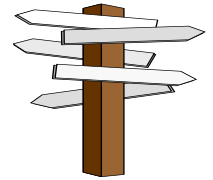
### **APOLOGIES**

I have just received a membership list from SOLE National and discovered there are people in the chapter who are not receiving the newsletter. I am sorry you have been left out. If you want past copies of the Logger send me an e-mail and I will get them to you.

Joe O'Brien, Editor

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## MINNEAPOLIS/St. PAUL CHAPTER

MEETING DATE: **Thursday, February 20, 2003**

LOCATION: Ft. Snelling Officers Club, Post Road

TIME: 5:30 pm, Social Hour

6:00 pm, Dinner Off The Menu

7:00 pm, Presentation and FMEA Discussion

COST: Menu Item Price

MEETING TOPIC: “FMEA – Useful or Useless”

The Failure Modes and Effects Analysis (FMEA) has been a mainstay of reliability for decades. Every government program has required a FMEA in order to find the show stopping failures. Has it been worth the effort? The group will conduct a simple FMEA and discuss if in fact it is a help or if in has no use.

**RESERVATIONS:** Call one of the following for reservations not later than 17 February 03:

<u>Honeywell</u>	<u>Lockheed Martin</u>	<u>United Defense</u>	<u>Other</u>
Jack Povlock	Joe O'Brien		Ken Dacas
(763) 954-6263	(651) 456-3977		(952) 887-3855

## PLEASE POST

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