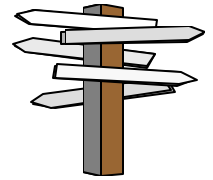


THE MINNESOTA LOGGER



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

Minneapolis/St. Paul

Issue No. 255

Date – October 2003

Chairman's Corner

In the coming SOLE year we will focus on several key areas in logistics as they impact logisticians. **There are a variety of issues that affect logisticians that should challenge our thinking.**

I am referencing an article published in the October issue of *The U. S. Naval Institute Proceedings*. The article, "Navy Isn't Square with Spares", by Tom Philpott, focuses on the details reported by the GAO when they investigated the Navy's stocking and use of spare parts on Navy ships. The study found a large disconnect between what logisticians would have expected by weapons systems equipment users (high availability of spare parts on Navy ships for installed weapons systems equipment) and the level of service that is actually being accomplished in practice (about 54% of service parts requisitions were available from on-board stock). This was against a Navy goal of having 65% of needed parts on board ship - a goal that has not been met in more than 20 years the GAO said.

The shortage of spare parts is a continuing issue within the services. The GAO indicates it has been involved since the early 1990's with its investigations of spare parts shortages.

This Navy report is part of a series of reports covering the spare parts shortages of the Army, Air Force, Navy, and DoD-wide. The reports are available from GAO at <http://www.gao.gov/> (type in GAO-03-887 for the Navy Report). The other reports in the series are Army, 03-705; Air Force, 03-706; DoD, 03-707; DoD, 03-708; DoD 03-709. All are dated 2003 with the Navy report August 2003.

The GAO concluded that the operational Navy units receive priority parts orders only after 18.1 days on average to reach the ship (against a Navy goal of 5.6 days for ship outside the U. S.). The costs to move material on a priority basis in case of a stock out on board ship are significant and represent a big area for cost reduction. The average off-ship wait time for *all parts orders* was in the range of 39.1 days to 57.2 days or an average of 49.2 days. The cost to deliver all the parts not on board but required was not estimated in the study (but it is very significant).

The raw data indicated that of the 1999-2000 data there were 131,855 requisitions. Of that 46 percent were unfilled. Reasons for unfilled requisitions were: 44%

were on the allowance list but were not stocked on board by Navy decision, 17% were not on the allowance list, and 38%

were on the allowance list, were stocked on board, but were out-of-stock at the time of the requisition.

The study showed for a particular battle group that even though the ships were outfitted with 98.1 percent of the different types of parts (range) and on average 93.1 percent of the quantities of parts (depth) for the 90-day period only 58.3 percent of the requisitions were filled from stock (against the Navy's 65 percent goal). This particular battle group carried \$27.6 million in inventory and used just \$2.9 million. Note: This is an inventory turn ratio of just 0.105.

There were **two major causes** by the study's authors: (1) the **ship configuration records were not kept up to date**, and, when equipment was upgraded, the records were not updated, (2) the **Navy does not audit ship configuration records regularly** to update supply computers on the types of equipment and weapons on board. In addition, the historical part demand data was "out of date, incomplete or erroneous". Ships can have 35,000 to 125,000 configuration records per ship.

The **DoD responded** to the study by pointing out that **many of the parts on the allowance lists do not qualify for stocking on board either because of the ship designated repair capability, the results of the sparing model, and the forecast of demand falling below the sparing threshold.**

This is not what logisticians planned. No logistician would expect that his plan resulted in a service level that low "in the field". There are numerous reasons for the shortages, of course. There is a long service supply chain from the manufacturer out to the ships of the fleet. The report recognizes, however, that there is a difference between the spare part provisions (range and depth) and the actual amount that is used to fill the spare part requisitions.

On the commercial side of the world we have situations where OEMs are achieving 99% spare parts availability at the location of maintenance or repair action. To be clear this is being done on fixed-location industrial equipment where the configuration of the equipment is known. The equipment is, however, spread throughout the U. S. at many customer sites. The service parts are managed by both (1) individual spare parts managed as individual SKUs, and (2) using the "kit concept" whereby spare parts are moved in physical kits that matched the configuration of the target equipment. The movement of the material, directed by the OEM, is via the storage and transportation services of a 3rd party logistics contractor.

The GAO report indicates the **Navy has agreed to take the steps indicated by GAO to improve performance.** The steps are a promise, however, and the results are yet to be observed. A **major question** for the Navy: **Do the resources** (military

labor, civilian labor, processes, etc.) **exist within the Navy to keep the shipboard configuration records up to date?** Do the resources exist to audit the configuration records and update the supply system (allowance lists) in a timely manner? The report indicated that officials estimated an additional \$500,000 per year would be needed to update the configuration records.

Regarding support for this DoD improvement effort: Have our firms, as contractor's, proposed solutions to the Navy and other services to improve their spare parts availability performance? It is certainly in our interest to insure that weapons systems logistics plans, that we as logisticians have long labored over, can actually be implemented in "the field". For example, **have any of our firms made a service contract proposal to provide the service of maintaining configuration records and records** of the Navy's ships during their homeport period? Do we as logisticians have an answer to the situation above: 17% of the parts were not on the weapons systems allowance lists?

We will examine the details of the other individual service reports in the months ahead.

On a final note this month I thank the membership for the vote of confidence to continue as Chapter Chairman for the coming year. Full speed ahead!

Larry G. DeVries, CPL
Chapter Chairman, Twin Cities 2003-2004

SEPTEMBER MEETING RECAP

The September meeting was held at the Fort Snelling Officers club with the topic of "Organization for the Upcoming SOLE (2003-2004) Year". Details follow.

Chapter Officers for the Coming Year

The election of officers for the 2003-2004 year was held as scheduled on the September 18 meeting. The results of the election in accordance with Chapter Bylaws currently in effect are:

- Chapter Chairman – Larry DeVries, CPL
- Vice Chair Administration – Joe O'Brien, CPL
- Vice Chair Technical – Larry Cork, CPL
- Vice Chair Operations – Ken Dacas
- Vice Chair Financial – Jack Povlock, CPL

Congratulations to the new officers for the coming year.

Appointed positions:

- Asst Operations – Ed Nelson, CPL,
- Photographer, George Rumble
- Newsletter Editor, Joe O'Brien, CPL

Other business at the meeting included: Chapter awards for the year just concluding (article elsewhere in this issue); and, discussion and approval of the program plan for the coming year (schedule in this issue).

Members are encouraged to participate in Chapter operations and may do so in a number of ways. For busy members that may include "virtual participation" by e-mail only as member of a committee, for example. Contact any officer.

The program topics and meeting dates for the upcoming chapter year were approved at the September meeting by the elected officers. That schedule follows below.

The schedule provides for several joint meetings with other professional associations that have local chapters, such as Council on Logistics Management (CLM); American Society for Quality (ASQ) and International Council of Systems Engineers (INCOSE).

This schedule also provides the five required technical programs for those documenting their progress toward CPL recertification. Chapter meeting participation counts toward 2 points earned if five meetings with technical presentations are attended during the program year.

We think we have a good mix of technical programs, two tours and other meeting topics.

We hope to see you at the meetings!!

2003 Chapter Awards Presented

Deserving members of the Chapter received Chapter awards during the final meeting of the year on September 18, 2003. Chapter awards were eligible to be presented for accomplishments during the period October 2002 – September 2003. Outgoing Chapter Chairman Larry DeVries, CPL, made the presentations.

Joe O'Brien, CPL, was presented the Chapter Newsletter Award given for outstanding service to the Chapter while he served as Editor of *The Minnesota Logger*, Minneapolis – St. Paul Chapter, 2002-2003. During that period *The Minnesota Logger* received the **Small Chapter Platinum Award, 2003** for an outstanding newsletter from the National SOLE Chapter Newsletter Awards Committee.

Ken Dacas was presented with the Chapter Chairman's Award. As Chapter Vice Chair Operations Ken developed the programs for the 2002-2003 meeting year. The chapter had an outstanding program year with an informative and interesting mix of dinner meetings, tours, and joint meetings with other professional associations.

Ed Nelson, CPL, earned the award of Chairman's Award for Merit. Ed served as Assistant Vice Chair Operations. He was instrumental in setting up the factory tour at Delmar Manufacturing Company, Lakeville, MN, in March 2003. Ed also assisted with other meetings as part of the year's programs.

An award certificate was presented to each of the above.

Congratulations to all award winners!!

UPCOMING CHAPTER MEETINGS - -

Next: October 9, Thursday

Chapter members are encouraged to attend the October Chapter meeting and participate in the joint meeting with INCOSE.

2003-2004 CHAPTER MEETINGS & TOPICS

Date	Event	Remarks
Thursday, October 9	System Test, Medtronic	Joint Meeting with INCOSE
Tuesday Nov. 11	Baldrige Quality Award	Joint Meeting with ASQ
December TBD	Christmas Party	Location TBD
Thursday Jan 15, 2004	"How Six Sigma and Supply Chain Integrate"	Dinner Meeting and Case Study with CLM
Tuesday Feb. 10	"Supplier Qualification"	Joint meeting with ASQ
TBD March 2004	"Tour of SuperValu, Distribution Center"	Hopkins Plant
Tuesday, April 13	"QS9000/TS16 949/DOE maybe FMEA"	Joint meeting with ASQ

TBD May 2004	Technical Meeting TBD	
TBD June 2004	Tour TBD	

Chapter Web Page Updated

The chapter web site has been upgraded with new information:

- New Chapter Officers name for 2003-2004 have been added.
- Newsletters are posted as .pdf files as they are released.
- Photos will be added to the site with a link (new this year).

To view the site go to <http://www.sole.org> > Member Services > SOLE Web Pages > C6D6

We have avoided listing e-mail addresses on the web site in order to reduce possible spam mail from unscrupulous web scanners. In that regard the few e-mail addresses shown have several bogus characters in the address string that must be removed before that address is used.

From Our District Director, 9-23-03

Dear Larry,

And thanks to everyone in your chapter for supporting this professional society. It is my opinion that since our professions support us we should support our professions. Many of us think of our jobs as more than just a 9 to 5 chore and take pride in our work and strive to continuously improve. An even smaller group is dedicated to sharing their knowledge and skills by teaching, conducting workshops, being presenters, and taking part in chapter management. By actively participating SOLE members have the ability to lead and influence the logistics profession. My hat is off to the new chapter officers as they have the courage to take the next step by dedicating a small amount of their time to the local leadership. And to those individuals your voices, opinions, and concerns will not fall on deaf ears. I will ensure that your needs and desires are brought before the executive board for consideration. Thank you and have a great year.

Phil Frohne, CPL
District Director - District 06

2003 SOLE Conference Proceedings Available

The CD-ROM of the 2003 SOLE Conference will be available shortly. On it will be copies of those presentations and papers from the conference.

There were a number of presentations on Performance Based Logistics

Any chapter member who desires a copy of the proceedings should contact any chapter officer listed elsewhere in this newsletter.

Practical Logistics From the Past

Next time you're washing your hands and the water temperature isn't just how you like it, think about how things used to be. Here are some facts about the 1500s.

Most people got married in June because they took their yearly bath in May and still smelled pretty good by June. However, they were starting to smell, so brides carried a bouquet of flowers to hide the body odor.

Baths consisted of a big tub filled with hot water. The man of the house had the privilege of the nice clean water, then all the other sons and men, then the women and finally the children -- last of all the babies. By then the water was so dirty you could actually lose someone in it. Hence the saying, "Don't throw the baby out with the bath water."

Houses had thatched roofs -- thick straw -- piled high, with no wood underneath. It was the only place for animals to get warm, so all the dogs, cats and other small animals (mice, bugs) lived in the roof. When it rained it became slippery and sometimes the animals would slip and fall off the roof -- hence the saying "It's raining cats and dogs."

There was nothing to stop things from falling into the house. This posed a real problem in the bedroom where bugs and other droppings could really mess up your nice clean bed. Hence, a bed with big posts and a sheet hung over the top afforded some protection. That's how canopy beds came into existence.

The wealthy had slate floors that would get slippery in the winter when wet, so they spread thresh (straw) on the floor to help keep their footing. As the winter wore on, they kept adding more thresh until when you opened the door it would all start slipping outside. A piece of wood was placed in the entranceway, hence, a "thresh hold."

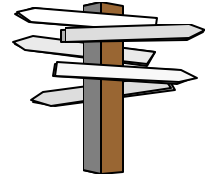
Those with money had plates made of pewter. Food with a high acid content caused some of the lead to leach onto the food, causing lead poisoning and death. This happened most often with tomatoes, so for the next 400 years or so, tomatoes were considered poisonous.

Sometimes they could obtain pork, which made them feel quite special. When visitors came over, they would hang up their bacon to show off. It was a sign of wealth that a man "could bring home the bacon." They would cut off a little to share with guests and would all sit around and "chew the fat."

History is fascinating. J. O'B

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MINNEAPOLIS/St. PAUL CHAPTER

MEETING DATE: **Thursday October 9, 2003**

LOCATION: Medtronic

TIME: 6:00 pm, Pizza and Networking

6:30 pm, Chapter Meeting and Introductions

6:45 pm, Presentation

7:45 pm, Break

8:00 pm, Questions

8:30 pm, Adjourn

PRESENTER: Jim Carey

MEETING TOPIC: **Systems Engineering in the Design and Execution of Systems Test**

Medtronic is the largest developer and manufacturer of implantable life support devices in the world. These devices require extensive and difficult certification to government regulations before they can be placed on the market. As a result, the testing process of new designs is critical to their acceptance. The presentation will address the special part systems engineering plays for Medtronic in the test process.

Presenter:

Mr. Jay Carey is a Systems Engineering manager within Medtronic's Cardiac Rhythm Management Group. He is intimately familiar with the testing process as it is conducted at Medtronic and will provide an interesting insight into the operation. In addition you will get an overview of the new Medtronic World Headquarter facilities and the growing Medtronic product line.

Directions to Medtronic World Headquarters:

- From any direction, find your way onto I694.
- Take the Central Ave (Highway 65) exit and turn North.
- Take a left at the first light north of 694. This is Medtronic Parkway.
- Follow Medtronic Parkway to a parking ramp on your left. Park anywhere in the ramp.
- There is an entrance on the south side of the ramp where someone will be waiting to escort people to the meeting room.

RESERVATIONS: Call for reservations not later than 6 October 03:

Honeywell

Lockheed Martin United Defense

Other

Jack Povlock

Joe O'Brien

Ken Dacas

(763) 954-6263

(651) 456-3977

(952) 887-3855

PLEASE POST

2003-2004 OFFICERS/COMMITTEE CHAIRS FOR DISTRICT 6 CHAPTER 6

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