

Are your changes lasting?



Tuesday, March 14, 2017

Caesar's Table

125 N Market
Wichita, KS 67202

Registration 5:30 PM
Buffet Dinner 5:45 PM
Speaker 6:30 PM

\$15: Dinner and Speaker
No Charge: Speaker Only
RSVP required no later than
noon, March 13th

RSVP at apics-wichita.com,
send us an [email](mailto:rsvp@apics-wichita.com) at rsvp@apics-
wichita.com, or call (316) 636-
8224 and leave a message.
When making your reservation
please provide name(s), con-
tact phone, member, guest, or
current APICS student.

Change Management

Steven Maley

Join APICS and ASQ as Steve leads us through an interactive session to understand key elements of change management-

- Maximizing the effectiveness of those implementing the change
- Minimizing the negative impact on the organization due to the change,
- Influencing the mindsets and behaviors of the people touched by the change.

This session will cover-

- Transition Management
- Stakeholder Engagement
- Influencing Methods
- Communication Strategy

APICS Wichita Chapter 71 Mar 2017 Newsletter



APICS Wichita President's Message – March 2017 Managing Freight – Hidden costs in your supply chain

Last fall, APICS Wichita had the opportunity to host Andy Dean, Director of the Indirect Center of Excellence and Transportation and Logistics at Textron, Inc. He spoke to us about Logistics and the importance of managing freight spend. Andy has worked in the transportation and logistics field for most of his career and is one of the most knowledgeable people I know on the subject. One of the insights he gave was in managing outbound AND inbound freight, which is where I want to focus today.

Outbound freight is used to calculate the KPI of freight as a percent of sales. Inbound freight is generally generated from supplier shipments and may be hidden in the cost of the parts, showing up as Purchased Price Variance on the financial statements, or could be a line item on the invoice if the supplier is pre-paying the freight and adding it back onto the bill.

Many times, we focus on the freight we have complete control over. For many businesses, this is outbound freight via truckload, less than truckload (LTL), International, and/or small package. In understanding and controlling your freight spend, you must understand the benchmark of freight as a Percent of Sales for your industry as well as associated accessorial charges by mode. The benchmark information simply lets you know if you are winning or losing, meaning, are you doing better than your competitors. Understanding the accessorial charges by mode allows you to negotiate and/or prevent the accessorial charges from ever happening. Accessorial charges may include having to setup an appointment to deliver, a failed attempt to deliver, COD, inside delivery meaning the driver had to go inside a business to deliver, basically anything that might drive cost into the delivery of the product. For example, UPS small package may charge an accessorial for a residential delivery or for an invalid address. These accessorial charges start to add up.

A hidden transportation miss financially is when you are shipping to a customer and pre-paying the freight and adding it back onto the invoice. If you have not allowed for the full accessorial charge, you are potentially not getting fully reimbursed for the freight. One way to prevent this from happening is if you use the customer's UPS or Fed Ex customer code when shipping their product. Another way to handle this issue is through a Transportation Management System (TMS). TMS shows you the costs associated with the shipment as the bill of lading is being generated. TMS will also prevent the need for pre or post audits and will typically provide correct USPS addresses for delivery, eliminating most of the surprise associated with accessorial charges. Some companies even consider freight as part of revenue generation in that they pre-pay the freight and add the freight to the invoice with a markup for handling.

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APICS Wichita President's Message – March 2017 Managing Freight – Hidden costs in your supply chain (Continued from page 2)

If your company is part of a larger corporation, collaboration on transportation spend can provide significant savings. Alone, one company may be considered a small customer to a YRC or Ryder. If you combine the spend across the corporation, suddenly you may be a national account to be reckoned with and fought over. This drives competitive pressure to win your business, which is good.

Another area that can impact freight costs is when you expedite. It is better to have an expedite service on retainer and negotiated upfront. You lose all leverage if you wait until you need it and will pay tens of thousands more for the service than you should.

The harder freight to manage is inbound freight. You must work closely with the Purchasing / Sourcing department before tackling this area. Suppliers may have built the freight into the price of the part. If you ask the supplier to ship via your provider without resolving the part price, you will end up paying for freight twice without even knowing it. Ideally, by taking over the inbound freight, you get the freight off the invoice and out of the part price thereby eliminating any ability for the supplier to overcharge for freight due to "handling".

The hidden costs associated with transportation and logistics are real but manageable if you take the time to understand your business.

Sandy Jessop

President—APICS Wichita

Membership Information

Per the APICS Website, we have a total of 84 members and 43 Student Associates of Chapter 71. We have 2 new members. Please welcome our new members!

Member	Organization
Jill Minge	Dean & Deluca
Melissa Welty	Textron Aviation

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Our March Speaker

Steven Maley

Steven Maley is the Continuous Improvement Program Manager for Textron Aviation and oversees its training for the parent company, Textron. He has taught in virtual and traditional classrooms for over 15 years. His clear and effective style, along with his real-world explanations and examples, make him an engaging trainer with all levels of management within the corporate world. Tied with this is his creative nature to design courses and sessions that deliver new concepts in a thought provoking and fun way.

Prior to his current role, Steven worked in Product Engineering at Textron Aviation and Cessna Aircraft Company. During this time he implemented processes used to develop civil aircraft and mentored system specialists to assure development of highly integrated systems. Additionally, he managed projects including: the certification and service bulletin deployment of an integrated flight information system for multiple aircraft models, instigating the patented process to improve the precision of center of gravity measurement for vehicles, and the coordination of aircraft systems development and definition in the early design phase of multiple programs.

Steven lives in Wichita, Kansas with his wife Jeanna and two children. He enjoys bicycling, camping, and sailing. He is involved in Boy Scouts and his children's school activities.

Call for Volunteers!

APICS is looking for 3 volunteers to judge student projects during the Wichita State Engineering Open House May 5th. It normally takes about 1.5 hours to go through the IE division. For more information or to volunteer, please contact Laila Cure at laila.cure@wichita.edu or (316) 978-3425.

**APICS Wichita Chapter 71
Mar 2017 Newsletter**



Programs Calendar 2017

Date	Topic	Speaker
Tuesday, Mar 14, 2017	Change Management	Steve Malley
Tuesday, Apr 11, 2017	Demand Driven S&OP	Carol Ptak
Wednesday, Apr 12, 2017	Precisely Wrong	Carol Ptak
Tuesday, May 9, 2017	Lawrence Dumont Stadium	Tour

Spring Seminar!

Precisely Wrong - The MRP Challenge in the 21st Century

A One-Day Workshop by the Demand Driven Institute

At the heart of most supply chains lies a planning tool called Material Requirements Planning (MRP). Invented in the 1950s, codified in the 1960s and commercialized in the 1970s MRP became THE way of life for supply order generation and synchronization. What used to take teams of people weeks to plan could be done overnight with incredible precision. As products and supply chains became more complex this precise synchronization capability seemed more valuable than ever and the potential seemed limitless.

Yet planners and buyers that interact with MRP everyday know that something is very wrong. They may not be able to explain exactly why but they know that if they did exactly what MRP told them to do it would have disastrous consequences for their company and for their career. So, constant, costly and error prone workarounds and adjustments are made. Have we all been fooled? Was the promise of MRP only a mirage?

What if there was one fatal flaw in MRP that makes it completely incapable of conveying relevant information? What if correcting this one fatal flaw allowed the promise of MRP to be attained? This immersive one day workshop will reveal this fatal flaw and trace its impact to everyday situations encountered by planners and buyers. Additionally, an elegant solution to overcome this flaw will be discovered. Participants in this workshop will walk away with a new depth of understanding about conventional planning systems and a list of things they can begin to implement the very next day.

April 12th, 2017

Cessna Auditorium

Reserve your seats now!



Sandy Jessop
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PRSR
etc



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