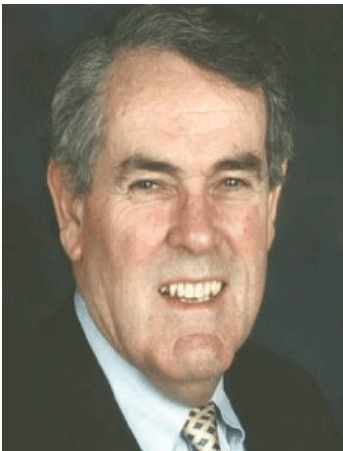


Please make plans on the evening of Tuesday, Sept. 15th 2009 to attend the Professional Development Meeting with Robert Fox on the topic “*Developing a Throughput Operating Strategy*”.

September PDM speaker

Robert Fox (Founding Partner)- After a 13 year partnership with Eli Goldratt, which included co-founding the Goldratt institute and serving as its President, in 1993 Robert Fox established The TOC Center (now Viable Vision). He is widely viewed as one of the world’s leading experts on TOC and continuous improvement processes. To honor his contributions, the Fox Award for Operational Excellence was established in 2006 and is given annually to two companies that have converted internal improvements into sustained growth in revenue and profits. He has authored *The Race*, *The Theory of Constraints Journal* and numerous articles on operations improvement. He has worked with hundreds of leading companies around the world. A former partner with Booz, Allen & Hamilton, he has held a variety of positions in industry, ranging from foreman to General Manger. Mr. Fox holds degrees from Notre Dame and Carnegie Mellon University.
rfoxtocc@comcast.net



Robert Fox.

PDM on Tuesday, 15th September 2009

Southside Education Center, 2nd Floor
4501 E. 47th St South, Wichita, Ks.

Attendees should enter on East Side of Building

Arrive 5:00PM
Buffet 5:45PM
Speaker 6:30PM
Cost **\$15:** Meal & Speaker

Presentation:
No Charge: Speaker
Presentation Only

Parking Parking Lot on East side of building

RSVP Required no later than noon on Friday, Sept. 11th, 2009.
Preferred RSVP method email rsvp@apics-wichita.com or call (316) 636-8224 and leave message. When making your reservation please provide names, contact phone, member/guest/current APICS student.

Robert Fox: Building a Throughput Strategy...

Developing A Throughput Operating Strategy (TOS)

In 1983 Eli Goldratt wrote a novel about a plant manager fighting to save his plant and his marriage. The book was entitled *The Goal* and became a word-of-mouth best seller. Now available in more than 20 languages it is believed to be the best selling business book of all times. The Goal enabled thousands of companies to significantly improve their manufacturing operations by emulating the actions of the plant manager. It laid out five simple steps for management to follow and this approach became known as The Theory of Constraints (TOC).

They were:

1. *Identify* the constraint(s)
2. Decide how to *Exploit* the constraint(s)
3. *Subordinate* everything to the above decisions
4. *Elevate* the constraint(s)
5. If a constraint is broken go back to (1)

Warning: Do not let inertia become the constraint

While the five steps were intended for use on many types of organizations, in reality they have been applied primarily in manufacturing operations. For the most part these companies focused on only the first three steps. They either recognized through intuition or discovered by experience

that the changes necessitated by repeating the process were more than they could manage. Nonetheless, the gains from using the first three TOC steps have reportedly exceeded that of all the other improvement techniques combined.

In the process of implementing this approach in hundreds of companies we learned two important things. **First**, no company has a real physical bottleneck. There is always at least 25% more capacity that can be gained usually with little or no additional expense or investment. Often the untapped capacity available is much greater than 25%. Despite the lack of a real capacity constraint we saw companies get outstanding benefits by designating an operation as the constraint and applying the next two steps. Output surged, deliveries improved and lead times and inventories dropped. There was an obvious benefit to using some point to manage and control the flow of work, even if it wasn't a real bottleneck.

Secondly, we discovered that when the basic production flows in an organization were mapped vertically they took on the general shape of either an A, V, T or I. These four shapes or combinations of them seem to describe the flow of work through all types of organizations. Furthermore, we found that in each network shape there was a logical point for controlling the flow of work. We named it the Control Point. When companies used it instead of the perceived bottleneck to control flow, two unexpected things occurred. Benefits increased and the production system became much more stable. Using a Control Point also eliminated the inevitable internal debates about which operation was the bottleneck that often delayed the start of improvements.

Once we had fully tested the value of such Control Points we modified the five steps to:

1. *Select* the Control Point
2. *Squeeze* everything possible out of the Control Point
3. *Synchronize* everything else to the above actions

(Continued on page 3)

Robert Fox: Building a Throughput Strategy Continued from Page 2

Warning: Keep the environment stable - do not make unneeded changes

These changes greatly simplified applying the TOC principles. The benefits were undeniable. In addition to experiencing a onetime surge in output, companies found that they were now much more reliable and responsive than their competitors'. They also confirmed that they could produce additional product at essentially the cost of materials.

These gains led to the realization that sales was the true constraint and that the impact of additional sales was much more profitable than they had previously realized. In order to more fully capitalize on TOC, they shifted their attention to answering questions like:

- How can we generate more sales by using our increased reliability and responsiveness?
- How can we segment markets to take advantage of being able to produce products at the cost of materials?
- Should we refocus our sales efforts on products that consume less of the Control Point's scarce capacity?

Companies that developed sound answers to such questions quickly outdistanced competitors and generated financial results previously considered unattainable.

If it all seems too easy, it is and it isn't.

for ongoing improvement efforts. Too often the adoption of new techniques such as TQM, Lean, Six Sigma

President's Corner—Brian Hickman, CPIM, PMP
President, 2009-2010, Wichita Chapter of APICS

Welcome to a new year with the Wichita Chapter of APICS. I hope your summer went well. Your Board of Directors has been working throughout the summer to bring you an interesting and exciting full year of events and educational opportunities.

I would like to thank those board members from last year for the hours of work that went in to making us a successful chapter. The 2009-2010 Board of Directors has a great mix of experience and new faces. We do have one opening on the board. Steve Plaster, our VP of Marketing, had to resign because of work conflicts. If you are interested in this position, please let me know. No experience is necessary, and we have a number of experienced board members willing to mentor you in this position.

We have a great lineup of PDMs and educational classes planned for this year. Look elsewhere in this newsletter and on our website (www.apic-wichita.com) for further details. Speaking of our website, we have re-hosted it with Memberize.com. Our URL is still the same, but the website will look slightly different and will allow us to roll out new features and benefits to the membership. One of the first changes you will notice is that you can register for our events directly from the website and even make your payment there as well. Please take a look and then leave me some feedback about what you like or don't like about it.

Please join us on September 15th to kick off our first PDM of this year with Robert Fox as our speaker. His topic "Developing a Throughput Operating Strategy" is certain to be a good one. Please note that we will be meeting at a new location this year. The PDMs will be held at the Southside Education Center (4501 E 47th St South). We will be very interested in any feedback you might give us on this new location.

I look forward to a great year with all of you, and I hope to see each of you soon at one of our upcoming events this year. Feel free to contact me with any needs, concerns or suggestions for the APICS Wichita Chapter.

**APICS Wichita - Chapter 71
Current Board of Directors**

Term began June 1, 2009 and ends May 31, 2010

Position	Name
President	Brian Hickman, CPIM, PMP
President Elect	Brian Ferris, CFPIM, CSCP, C.P.M.
VP Programs	Elly Love, CPIM, CSCP, SSBB
VP Education	Ron Lunsford, CPIM, CSCP
VP Membership	Ron Hole
VP Marketing	Steve Plaster, CFPIM, CSCP
VP Public Relations	Bill Carroll, CPIM
Treasurer	Crystal Morgan
Secretary	Jake Brown
Program Logistics	Renee Robinson, CPIM
WSU Student Liaison	Anup
Student Chapter Adviser	Dr. Lawrence Whitman
Hospitality	Kevin Parker, CPIM, CSCP
Past President	Jerry Kukuruda, CPIM, CSCP, C.P.M.

Elections for our next Board of Directors and installation of those officers were completed on Tuesday, April 21st during the business portion of the last Professional Development Meeting. The people listed above were voted in and are now serving.

Brian Ferris—APICS Master Instructor

APICS has recently announced an Instructor Development Program that replaces the Qualified Instructor of recent years. There are three levels Associate, Lead and Master.

Associate is for beginner instructors with subject matter knowledge in one to two program areas. Lead is designed for instructors with knowledge in two to five subject areas and expected to mentor Associate Instructors. Master Instructor according to the APICS website is “Ideal for the most experienced, adept APICS instructors who set the standard for high-quality education”.

More information can be found on the APICS website under Instructor Development.

Brian Ferris CFPIM, CSCP, C.P.M. and President-Elect was recently awarded Master Instructor status in both CPIM and CSCP. Congratulations Brian!

2009 Certification Prep & Lean Classes from the Wichita Chapter

Certified Supply Chain Professional {CSCP} uses a Interactive Learning Experience comprehensive, multi-faceted approach designed to prepare you for the **single 4-hour CSCP Exam**. It is taught by a well qualified instructor who is committed to you successfully achieving this. Eligibility requirements and more info on this are available at: <http://www.apics.org/certification/CSCP/default.htm>

<u>Class</u> <u>Date</u>	<u>Deadlines:</u>	<u>Eligibility Application</u>	<u>Registration</u>	<u>Exam</u>
Apr 16 – Jun 4		Apr 24	May 8	Jun 20
Oct 3 – Dec 5		Oct 16	Oct 30	Dec 12

Certified in Production and Inventory Management {CPIM} Certification Review Workshops – prepare for your next module certification in a friendly classroom setting led by an outstanding well-qualified instructor. Visit <http://www.apics.org/certification/CPIM/default.htm> for more **CPIM** certification details.

	<u>Tuesday</u>	<u>Thursday*</u>	<u>Saturday**</u>
Intro to Materials Management	Aug 11 – Sep 15	Aug 6 – Sep 24	Sep 19 – Nov 14
Basics of Supply Chain Mgmt	Sep 29 – Oct 20	Oct 8 – Nov 5	Nov 28 – Dec 19
Master Planning of Resources	Nov 3 – Dec 1	Nov 5 – Dec 3	Jan 9 – Feb 6, '10
Detailed Scheduling & Planning	Jan 12 – Feb 9, '10	Jan 7 – Feb 4, '10	Feb 20 – Mar 20
Execution & Control of Operations	Feb 23 – Mar 16	Feb 18 – Mar 18	Apr 10 – May 8
Strategic Mgmt of Resources	Mar 30 – Apr 27	Apr 8 – May 13	May 29 – Jun 26

“Introduction to Materials Management” is taught from the primary reference book for all CPIM modules and is highly recommended for all CPIM candidates. Tuesday and Thursday evening classes meet 5:30 to 9:30 PM. * Thursday classes will meet for more weeks to better cover material for less experienced candidates. ** Saturday classes run 8:00 to 11:30 AM, ideal for those working second shift or out of town.

Southwestern College, our educational partner, are offering **CPIM** classes starting in May for those who use tuition reimbursement or need a different schedule – please keep checking our website www.apics-wichita.com for that. Please contact me at vp-education@apics-wichita.com or phone (316) 641-6291 if interested in any of the above or other workshops offered “at your company” location.

Coming soon, the new **APICS LEAN Enterprise Workshop Series**, a 7-week workshop using case study including Supply Chain considerations, will be offered to the public. Those satisfactorily completing this will receive a Certificate of Completion from APICS. If interested in this or any APICS educational offerings, please contact us.

THANK YOU! Ron Lunsford CPIM CSCP VP Education (316) 641-6291 vp-education@apics-wichita.com

APICS Update

Three More Ways for Your Members to Connect to APICS and Colleagues - *Facebook. LinkedIn. YouTube*

Whether you want to engage with other APICS-educated professionals on the APICS Facebook page, connect to operations management professionals around the world through the APICS LinkedIn group, or check out the latest videos by APICS members or staff on YouTube—APICS has something online to offer you.

How can your members connect with APICS and colleagues online?

Engage on Facebook. The APICS Facebook fan page enables members to interact with each other in a dynamic, electronic social environment with relevant content, videos, and pictures. Encourage members to show their support of APICS by becoming a fan at apics.org/facebook.

Connect and Network on LinkedIn. Members can view the APICS LinkedIn page to connect and network professionally with others in the field. Join the more than 4,300 members of the APICS LinkedIn group at apics.org/linkedin.

See What's Happening on YouTube. View APICS-related videos or share videos you have from APICS events! Access the APICS YouTube page at apics.org/youtube.

Don't let your members miss out on these great opportunities to interact with colleagues in the operations management profession – help us spread the word.

Robert Fox: Building a Throughput Strategy—Continued from Page 3

The first step is almost always to gain firm control over internal operations. The Control Point becomes the valve not only on how fast operations can produce, but it also dictates when new work should be released into operations. As sales rise, the valve is opened to meet the increased demand. The primary role of all the other operations is to strive for faster and smoother flow. When sales do eventually exceed the capacity of the Control Point, its capacity needs to be increased, however this change does not alter how operations functions – a stable environment has been created. The Control Point does not move and all other operations continually work to achieve even faster and smoother flow. We decided to call this approach a Throughput Operating Systems (TOS) since its focuses efforts on continually increasing Sales/Throughput.

A TOS can be viewed as a "river system" where a valve (Control Point) synchronizes both input and output with sales. It's worthy to note that the developers of the two most effective production systems of modern times – Henry Ford and Taichi Ohno described their approaches as "river systems". Ford's was the first and proved to be enormously effective for producing a single product – the Model A. Ohno learned from Ford and extended his system to produce a variety of products. They both overcame the major issue that limits most companies – the negative effects of micromanaging their production systems.

The subject of micromanaging production deserves some further explanation.

Operations in most companies are managed by subdividing the work flow into sub units or departments and then measuring the performance of these units against standards. The underlying assumption is that if all the sub units are performing at a high level of efficiency then the total system also performs at a high level. Unfortunately there is a fatal flaw in this assumption. High efficiency in one unit often causes lumpy work flow to other units and reduce the output of the total system. This phenomenon has been described by the phrase "the sum of local optimums is not the optimum of the whole".

disrupt or cause the discarding of previous improvement efforts. With a TOS both old and new improvements efforts can be judged against simple criteria that can be broadly understood and grasped.

Control Point – does it expand its available capacity?

Other Production Resources – does it make the flow smoother and faster?