



# ISM Materials Management News

*April 2008, VOL 4, ISSUE 2*

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### **Beginning Your CPSM Study Strategy**

### **Purchasing “CPSM Examination: MY FIRST IMPRESSION”**

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### **About ISM**

Founded in 1915, the Institute for Supply Management™ (ISM) is the largest supply management association in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities, and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit association that provides opportunities for the promotion of the profession and the expansion of professional skill and knowledge.

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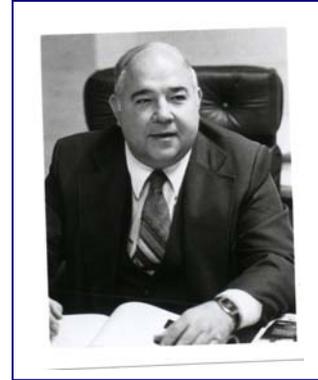
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## MANAGEMENT ROLE

### MATERIALS MANAGER AS ORGANIZER

Dr. Ken Killen, C.P.M. is available to speak at your affiliate.



Dr. Kenneth Killen, C.P.M.

In the last issue I started a series of articles that focus on applying the functions of management to materials management. This is a continuation of that subject.

We defined materials management as a process of planning, organizing, directing, motivating, and controlling the materials functions to attain organizational goals. Last time we discussed how the planning function relates to materials management. This time we will discuss what the materials manager's role is in organizing.

Organizing and organization sound like they may be one in the same but they are not. Organizing is the work of providing, in advance, those things needed to carry out a plan. An easy way to remember this is to call it the 3m -- manpower, materials and machines. Almost all work requires a combination of the 3m's. Even if this means they only need to be provided a computer, telephone, and paper.

Here are the basic concepts of organization:

1. Organization structure is always a top management decision
2. An organization is a group of people working together to achieve the organization's goals and objectives

3. Organization structure is the framework of relationship between the parts of the organization
4. Organization principles are the guidelines that make organization structure workable.

Time and money are wasted because managers fail to organize properly. To prevent this type of waste, the following action, although not all-inclusive, are necessary:

1. Make the right people available for the project
2. Ensure that those people know their role in the organization and how their job relates to others
3. Confirm that these people know specifically for what part of the plan they are responsible
4. Assure that they are properly trained to carry out their part of the plan
5. Make sure they have the resources they need (equipment, buildings, and materials) at the right time and in the right place to carry out the plan.

You may be asking yourself -- what is this guy talking about? As a materials manager what should I be doing? If your materials function encompasses transportation and/or warehousing, organizing might mean getting additional tractors and trailers. Or, organizing may mean adding more warehouse space, conveyors and elevators. The most important issue for materials managers when it comes to organizing is usually not materials or machines, it is people.

OK, let us look at an example. Suppose your goal is to reduce purchase price for all goods and services by 3%. You have, also, decided it would be best to focus on two different approaches: *negotiations* and *value analysis*. The key element in both of these methods is the human resources necessary to perform them. A manager must first direct their attention to personnel issues as a first step in implementing a plan.

In this example, it would first be necessary to determine which, if any, member of the staff are more skilled than others at either negotiations or value analysis. An evaluation of the strengths and weaknesses of each member of the department would enable the manager to place people in roles where their greatest strengths could be best utilized.

If none or not enough of the staff members are adequately trained in negotiations or value analysis, it is imperative to begin the training and to make appropriate work assignment subsequently. This sounds like it ought to be common sense, but how often do you think that people are put into situations where they have not been prepared to succeed? Or, when being put into one of these situations, you may have been told what Mary Kay Ash used to advise people to do "fake it until you make it."

But remember you can, also, fake it till you break it. No one would ever consider using a stamping machine for a drilling task without major modification to the machine. Similarly, just as a shop supervisor should not ask a pipe fitter to do a welder's job without retraining, materials manager should not ask employees to undertake new tasks without investing in the training and development they need. An investment in developing materials department talent is just as important, before asking them to undertake new tasks, as in the examples given above.

Have you made an assessment of the talent in your department recently? Are there some people that ought to be replaced because they are unmotivated, lack training and knowledge? Or, do you have good people, but they lack sufficient training? The materials manager as a good organizer needs to take these actions on a regular basis.

## BEGINNING YOUR CPSM STUDY STRATEGY

If you are thinking about taking the three-part CPSM examination, or are a C.P.M. who is considering taking CPSM bridge examination, please order your study materials now!

Here are some of my suggestions that may be helpful as you review the *CPSM Study Guide* and begin to prepare for the three CPSM examinations.

- Do not panic when you see that the *CPSM Study Guide* is in three volumes! They are well organized.
- The organization of the *CPSM Study Guide* into examinations, categories, tasks, and task subtopics provides a framework that helps you monitor your learning progress as you study. The positive reinforcement from being able to monitor your progress is good way to minimize the boredom and frustration that accompanies study!
- Note that only some of the material in the *CPSM Study Guide* is tested in the “bridge examination” for C.P.M.s that want to earn the CPSM credential. This “bridge examination” material is clearly identified.
- Many tasks refer to definitions in the *ISM Glossary of Key Supply Management Terms*, 4<sup>th</sup> edition. Pay close attention to definitions and how they relate to the specific tasks. A major portion of your learning will be your ability to master vocabulary.
- Prepare a check list of the tasks in the *CPSM Study Guide* so that you can understand (a) the content where your knowledge base and vocabulary are strong and (b) the content and vocabulary where your knowledge base and/or vocabulary have room for improvement. The helps you focus your efforts on tasks where you need to improve your knowledge base and helps prevent you from spending too much unnecessary time on tasks where your knowledge base is solid.

### ***The criteria for earning the CPSM qualification are:***

- 3 years of full-time, professional supply management experience
- 4-year degree from a regionally accredited college or university
- Pass three exams **OR** if you are a C.P.M. in good standing, pass the Bridge Exam

*Dr. Michael A. McGinnis, C.P.M., Associate Profess of Business, Penn State University New Kensington Campus*

# Purchasing

## CPSM Examinations: MY FIRST IMPRESSION



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### OVERVIEW

This is being written after taking the first two CPSM examinations. ISM is in the process of conducting pilot examinations for the CPSM. This column focuses on the organization of the CPSM examinations and then discusses three different types of questions that are commonly used to assess a test taker's knowledge and ability to apply that knowledge.

### EXAMINATION ORGANIZATION

The first two examinations are comprised of 165 questions each. There are 150 questions that are scored. In addition, there are fifteen research questions that are not scored but evaluated for possible use in future examinations. The format of the examinations is multiple-choice, with four choices per question, one correct answer per question, and no penalty for guessing. This means that if you have no idea of the answer, guess. The third examination is slightly longer, with 165 scored questions and fifteen research questions.

The *CPSM Study Guide* discusses three types of questions used to examine a test taker's knowledge. These process levels are recall, comprehension, and application. The following section briefly reviews these types of questions and then provides examples that I have prepared.

## **APPROACHES TO TEST QUESTIONS**

The following comments reflect my impressions and should not be construed as ISM's or ISM-Pittsburgh's policy.

Test designers can assess the test-takers' grasp (recall questions) of the material; their grasp of material in novel ways (comprehension); or their ability to apply their knowledge of the subject matter (application questions). None of these formats is "best". Recall questions test grasp of the knowledge base, comprehension questions test the test taker's understanding of concepts, and application questions test the test taker's ability to apply their knowledge in a new situation. My impression is that the CPSM examination has a greater proportion of comprehension and application questions compared to the C.P.M examinations.

## **EXAMPLES**

The following examples are based on material included in the *CPSM Study Guide* for the third examination. I am doing this before taking the third examination to avoid any possible criticism that I am revealing information from an examination that I have already taken.

One topic discussed in the *CPSM Study Guide* for examination three (see pages 63 & 64 and 77 & 78) is the phases of team building. These phases can be summarized as:

- forming (the team is organized, it receives its charge, and team members get to know one another),
- storming (team members challenge the goals of the team, develop cliques and rivalries, and begin to promote individual agendas),
- norming (the team members begin to focus on the team's goals and channel team efforts toward reaching those goals)
- performing (the team is now focused and working toward the goals, identifying alternatives, reaching decisions, and preparing a final report and/or presentation), and
- adjourning (identifying any needed follow-up and disbanding).

**An example of a recall question might be:**

Please place the following phases of team building in their proper order:

- I Adjourning
- II Norming
- III Performing
- IV Storming

- a) IV, III, I, II
- b) II, III, IV, I
- c) III, II, IV, I
- d) IV, II, III, I

**The correct answer is: d). The phases of team building are forming, storming (IV), norming (II), performing (III), and adjourning (I).**

**An example of a comprehension question might be:**

Kelly Johnson has been asked to chair a standardization committee for surgical gloves used in a large hospital system. Since Kelly prefers to minimize the use of time and to minimize conflict, the initial meeting has been scheduled to (a) orientate the team to the scope and goals of the project, (b) explain how the project will proceed from start to finish, and (c) provide each team member with his/her assignments. This approach will probably result in:

- a) Resistance to Kelly's leadership style
- b) A smooth well working committee
- c) A minimum of conflict among the team members
- d) Buy-in by most team members

**The correct answer is a). The phases of team building are forming, storming, norming, performing, and adjourning. Kelly failed to provide the team with an opportunity to participate in its organization and get to know each other (forming) and provide feedback on the committee's mission and how it was going to proceed (storming). Kelly also did not solicit feedback on how the team would focus its efforts (norming) and work toward the team's goals (performing). The final step of the team building process would be to follow-up on the team's work and then disband (adjourn).**

**An example of an application question might be:**

Pat Jones, Senior Manager for Supply Management at QRS, Inc., has been assigned to lead a product development team that will include early supplier involvement (ESI) of three key suppliers. Other team members include Chris, Senior Marketing Manager; Fran, Senior Engineering Manager; Sandy, Senior Product Development Manager; Cary, Area Financial Analyst; and Max, Senior Production Planner. The team has received its assignment to (a) work with three specific suppliers, (b) develop a major revision to the JBX, which is a moderate sales volume steady selling product, (c) complete concept identification, final design, arrange for tooling and production, and (d) have the product ready to launch in ten months.

In the first two meetings the team re-acquainted themselves with each other, Pat reviewed the assignment, responsibilities were divided up among the team members, and a time line was established for the completion of the project on time. The third meeting was a fiasco. Fran, Max, and Sandy complained that the deadline would not allow enough time for thorough development, testing, and production start-up. Chris argued that ten months was too long if QRS was to get an edge on the competition. Cary questioned whether the preliminary cost estimates were realistic. From the following which is the BEST course of action for Pat to pursue?

- a) Report to upper management that the revision to JBX is not feasible.
- b) Proceed with a follow-up meeting to address and resolve team member concerns.
- c) Set strict rules regarding how the team will proceed in the next meeting.
- d) Recognize that this team is likely to be dysfunctional and consult with higher management for guidance.

**The correct answer is b). The phases of team building are forming, storming, norming, performing, and adjourning. In the first two meetings the forming phase was satisfied. The team is now in the storming phase. In future meetings the group is likely resolve its conflicts and focus on how to achieve its goals, what has to be done, and how tasks will be approached (the norming phase). Subsequent meetings will focus on moving toward completion of the project (performing), and, later, move towards wrapping-up and closing out the project (adjourning).**

The above examples illustrate how those pursuing the CPSM might prepare their study strategies to (a) develop an understanding of the material, (b) develop subtleties in their understanding, and (c) give thought how the material might be applied in new situations. I have no reason to expect that questions identical to the ones discussed in this column will appear on any version of the third CPSM examination. They are the result of my imagination and do not reflect any specific insight into the development of the third CPSM examination.

! I hope you have found these perspectives helpful to understanding some of the types of examination questions that you might encounter in the three CPSM examinations; and how your study strategies might prepare you for a wide range of question types.

P.S. A recent announcement from ISM says the three-book series will ship in May. I assume they mean May 2008.

## **Gain Recognition For Your Organization For Its Social Responsibility Efforts**

What is your organization doing to be socially responsible? Do you have a supplier and/or workforce diversity program? Does your organization support the community financially or through employee volunteer efforts? Does your organization have a code of ethics? Is your organization instituting processes to protect the environment or promote health and safety?

The ISM *Principles of Social Responsibility* encompass seven areas — community, diversity, environment, ethics, financial responsibility, human rights and safety. Since the launch of the ISM Social Responsibility initiative four years ago, a growing number of organizations have told us that various elements of the ISM *Principles of Social Responsibility* are embedded in their own policies and procedures, and have signed on to support the initiative.

Organizations that have notified us that they foster social responsibility are recognized in a special area of the ISM Web site at [www.ism.ws/SR/Supporters.cfm](http://www.ism.ws/SR/Supporters.cfm). By clicking on the logos for any of these organizations, you can view their Web pages to see examples of how they are practicing social responsibility.

To gain recognition for your organization's social responsibility efforts and add your organization to this ever-growing list, we invite you to complete the online Fostering Form at [www.ism.ws/SR/FosteringForm.cfm](http://www.ism.ws/SR/FosteringForm.cfm).

## **MMG PRESENTERS**

### **Mark Your Calendar for the 93rd Annual International Supply Management Conference and Educational Exhibit**

May 4-7, 2008 in St. Louis.

#### **Gatorade/Graham “On-Site” Alliance**

Sheila Petcavage, Assistant Professor of Purchasing and Business Management,  
Cuyahoga Community College  
Richard Reider, Director, Package Purchasing, Pepsico – Quaker Oats

#### **Negotiating In a Global Environment: What you need to know**

Ken Killen, President, Killen Enterprises  
R. David Nelson, Chief Strategy Officer, HTC Global Services

#### **Creating a Purchased Price Index as a Key Performance Indicator**

Robi Bendorf, President, Bendorf & Associates

#### **Strategic Sourcing Plans Made Easier with a Take-Away Outline**

Robi Bendorf, President, Bendorf & Associates

#### **Supply Chain Improvement in a Weak Top Management Commitment Environment**

Kimball Bullington, Associate Professor, Middle Tennessee State University

#### **Critical Aspects of Contract Negotiations**

Ernest Gabbard, Director, Corporate Strategic Sourcing, Allegheny Technologies, Inc.

#### **Baby’s Gotta Whole New Look: Supply Chain Professional**

Marilyn Gettinger, Owner/President, New Directions Consulting Group

#### **Are We Over, Under or Right On? Forecasting Can Help!**

Robert Kemp, President, Kemp Enterprises

#### **Strategies for Rewarding Your Best Suppliers in a Dynamic Supply Chain**

Robert Kemp, President, Kemp Enterprises  
Gerry VanDyke, Strategic Supply Manager, Vermeer Mfg Co  
Susan Modeland, Supplier Support Manager, Goodrich Engine Components

#### **Dealing with Information Overload: Tools and Techniques**

Paul Larson, Director, Transport Institute, University of Manitoba

#### **Alternate Presentation**

#### **Current Challenges in Global Sourcing**

Jon Maxim, President, Maxelerate

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