



# National Association of Purchasing Management Northwest Indiana



## NEWSLETTER



[www.napmni.org](http://www.napmni.org)      *March & April 2006*      [www.ism.ws](http://www.ism.ws)

### Calendar

**May 17, 2006, Wednesday**  
**Supply Chain Management**  
**Annual Elections + Marty Harper Award**  
**Speaker: Dr. Manu Vora**  
Alexander's  
9144 Indianapolis Blvd.  
Highland, IN

### February Meeting

Ken Ballow of the Total Transportation Systems, Division of Hammond Group, Inc. was the speaker at the February meeting held at the Majestic Star on February 15th. Ken obtained his Bachelors and Masters degree from Indiana University. He has over 20 years experience in the traffic arena.

Some of the many issues Ken discussed during his very informative presentation entitled Supply Management/Transportation Issues were:

**Fuel Prices** – Diesel Fuel hits record high prices. For Carries fuel is 25% to 35% of total operating costs and the second highest cost – labor is the first. More the 665 million gallons of fuel is consumed by the trucking industry. All transportation modes now have surcharges. Some fuel surcharges are as high as 30%.

**Insurance Costs** – Carriers are experiencing double digits rate increases.

Since 9/11 over 50% of the underwriters who cover hazmat carriers are no longer in the market. Insurance carriers are dictating what types of drivers are hired. Insurance carriers are refusing to cover carriers who handle hazmat and if the carriers are covered, the premiums are increasing.

**Driver Availability** – Government regulations and security concerns are causing drivers to have a high turner over. This is the #1 issue affecting the trucking industry.

**Industry Consolidation** - The carriers have decrease due to going out of business. Transportation companies are purchasing other transportation companies, which are causing a downsizing in carriers.

**Hazardous Materials** - Drivers who haul hazardous materials must have a mandatory fingerprint based background check. 20% of the carriers will fail the background check or leave the industry. Since we ship, receive or transport hazardous materials we are subject to random D.O.T. audits – which HGI has already experienced.

**Hours of Service** -- Revised Hours of Service regulations went into effect in 2005. On duty time has decreased for the drivers. These hours of service now include loading, unloading and wait time. The revision calls for the drivers to spend 8 consecutive hours in the sleeper berth.

This has led to the "Perfect Storm". Operating costs have skyrocketed, fewer carriers and driver shortage, 5% reduction in productivity from the drivers due to Hours of Service, new government regulations and demand has increased. The result of this is higher transportation costs and poor service.

### March Workshop

The two-day seminar was held at Valparaiso University Student Union Crusader Room. The presenter was Dr. Russell Morey, C.P.M., Professor Emeritus – Supply Chain Management, Western Illinois University. Once again, Dr. Morey gave a very informative and educational program.

The first day's topic was Supply Management Issues: Sourcing/Supplier Selection. We learned Sourcing Alternatives, Sourcing Options and Outsourcing vs. Making In-house. In addition we learned how to assess the financial condition of suppliers, studied Strategic Sourcing Issues, learned how to know the markets and economy and learned about different supplier evaluation programs.

On the second day Dr. Morey taught Legal/Economic Issues in Supply Management. During this session some of the topics we studied were The Uniform Commercial Code/General Contract Law, Transportation Terms, Incoterms 2000, Federal Laws and Regulations Affecting Supply Management, Elements of a Contract and Common Types of Contracts in Supply Management.

### March Meeting

The event-filled March meeting was at Strongbow's in Valparaiso. Dr. Morey's topic was "Ethics Requires Continuous Attention": Projecting a Professional Image, Perception is an Important Issue and Is Everyone on the Same Page.

Two very important people were in attendance and introduced at the meeting – the 2006 Scholarship Award winners, Valerie Brown and Matt Cavin. These deserving awardees are

both students at Valparaiso University. More about our scholarship winners, their bios and newsletter articles follow.

### Scholarship Update

This year's Scholarship Committee was comprised of Milton Reed Jr., Chair, Karry Rogers, Delores Stillson, Debra Harris and Pam Hale.

After the committee was formed, we revised the Scholarship flyer. The Committee decided to change the eligibility this year. In the past, we had both juniors and seniors. When the scholarship was awarded to a senior, we lost the ability very early to work with them in assisting our organization with arranging meeting speakers, writing newsletter articles, and misc. items. So the Committee decided to change the availability to sophomores and juniors, thereby providing additional time for us to work with the Scholarship awardees on various projects throughout the year. The flyer was revised and then was distributed throughout Valparaiso University and Purdue University Calumet in November. While the flyer was being distributed, the Committee reviewed the Scholarship Interview questions.

The Committee received a total of 6 scholarship applications from both Valparaiso University and Purdue University Calumet. After reviewing the applications, the Scholarship Committee decided to interview 2 students from Valparaiso University. The interviews were conducted in December, 2005. After the interviews, the Committee gave a recommendation to Timothy Timm with two recipients - Valerie Brown and Matt Cavin. These students were awarded each a \$1,000 scholarship to Valparaiso University. The congratulations letters were sent to Valerie Brown and Matt Cavin. Also, the other four students were sent letters thanking them for their participation in the Scholarship process.

As always, being a member of this Committee is rewarding and fun. Our organization truly works

together as a team! Reading the scholarship applications, interviewing the students, working with the Committee is truly a learning and fulfilling experience. Our benefits will be seen at the March educational event at Strongbow's on Wednesday, March 22<sup>nd</sup>. Valerie and Matt will be attending the dinner meeting to receive their official acknowledgement from NAPM-NI. Please join us for that fun event. Also, we have asked them to write a newsletter article about their experience. This is one volunteer job, which is fun and rewarding. Just volunteer for it next year ☺ Thank you Scholarship Committee – your hard work is greatly appreciated.

Pam Hale



### About Matt Cavin

Sophomore Matt Cavin applied for the NAPM-NI Scholarship because of his interest in global resource markets and organizational creativity. An International Business and Economics major, he has immersed himself in his research of global egalitarian capitalism through Valpo's humanities-based Christ College honors program and by pursuing minors in Humanities and Chinese.

After entering the College of Business Administration, Matt was invited to critically assess the College as a member of the Dean's Leadership Council. The Council has since developed a mentorship program for underclassmen, and Matt has proposed a new freshman course to the curriculum committee. He continues to also be involved with Student Senate, Union Board, the Social Action Leadership Team, and the Lutheran Leader Program. Last summer, Matt studied at Valpo's center in Hangzhou, China and will return there for a semester in Fall 2006. The monies provided by NAPM-NI will finance his studies and internship in Hangzhou.

Recently, Matt was named a Kemper Scholar, a prestigious honor awarded to only 18 students

in the nation. The Kemper Foundation seeks out critical thinkers who will positively contribute to the culture of business and who are interested in nonprofit management. Matt hopes that the Kemper scholarship, experiences in the community, and the international internship opportunities generously made available by NAPM-NI will grant him the practical knowledge necessary to serve as an effective administrator in a multinational corporation.

### Dear Friends of NAPM-NI

*"One of the newest figures to emerge on the world stage in recent years is the social entrepreneur... I have come to know several social entrepreneurs in recent years, and most combine a business school brain with a social worker's heart. The triple convergence and the flattening of the world have been a godsend for them."* - Thomas Friedman

I write with sincere gratitude and thankfulness for the gift of education and immersion that you have so kindly offered. I am, as Friedman describes, that young idealist casting a vision for a separate peace, something of Finny's spirit and reconciliation amidst Gene's suspicious cynicism. The developers of Friedman's flat world have bestowed an awesome global responsibility on my and your generations, to develop, collaborate, and capitalize. And now, you have granted me with the incredible opportunity to research and experience global business and development in the most rapid-growth nation in the world.

The triple convergence of global sourcing, interoperability, and collaboration have created an atmosphere conducive to unprecedented supply chaining, and it has provided a framework for poverty alleviation, opportunistic parity, and international development. In fact, as you know, purchasing and operations managers are in a position to identify dual benefit scenarios to simultaneously develop poor regions and mitigate supply costs. All told, sourcing is the resource engine that drives global financial markets and international economic development. When you select from whence and whom you purchase this week's

component part, you are impacting a real economy, a real industry, a real family, and a real human being.

But it is not just in your selection of product and industry that impacts global development; it is in your creativity in designing productively efficient operational chains. You can then ask yourself, "how do I partner with other companies to save dollars operationally without cheating my supplier?" In fact, and maybe even more appropriately, *should for-profit industries address systemic social problems via sourcing and production?* It's a tricky balancing act, and you know it better than I, thus I laud you for your work, your steadiness, and your consideration of the far-reaching implications of each decision you make. NAPM-NI has given me the gift of resources to fund my research and experiences as an intern in China, so that I may take a glimpse at another end of this vast sourcing market. You have offered me the illumination of altered perspective, that I might study the balance between global sourcing and social development, and I cannot be more grateful for your gift.

Thank you,  
Matthew Cavin

<sup>1</sup>Thomas Friedman, *The World is Flat*, p. 363



### About Valerie Brown

I am a sophomore majoring in Marketing and minoring in Public & Corporate Communication. I have been on the Dean's List, and have received the Presidential academic Honors for Student Athletes.

I am on the Women's Reserve Soccer Team at Valparaiso University, involved in Relay for Life every year, and was also a member of the VU Dance Ensemble this year. I also help to judge speech and debate at my high school and plan to substitute teach as well. Currently, I am a pledge for Delta Sigma Pi, the professional business fraternity on campus, and I am Vice

President of Activities and Community Service Chair for my pledge class.

As far as work is concerned, I am very involved with the Office of Admission at Valparaiso University, as I am an Assistant in Admissions, and I am also participating in an internship right now. I have also done work in the College of Business Administration for Professor Mikelle Calhoun (who was my guest for the dinner).

### A Note from Valerie

I am absolutely thrilled to have been honored with the NAPM-NI Scholarship this year! This award has certainly helped me financially as far as my education is concerned, but perhaps even more importantly, I have benefited from what I have learned from this professional organization. Prior to applying for the scholarship, I wasn't all that familiar with the purchasing and supply industry. But now, I can surely say that I have gained quite a bit of knowledge about this area of business.

From the time when the scholarship committee interviewed me (and even while currently speaking with members of this organization), I am constantly learning more and more about the field of purchasing management and how critical a component it is to any business strategy today. I only expect that I will continue to benefit from this award and learn from the incredible people I have met along the way as well. In the future, I hope to maintain contacts between NAPM-NI and Valparaiso University so that other business students can learn more about what supply chain management is truly all about!

In closing, I am truly honored to have received this scholarship, and I am very fortunate to have been involved with an organization that gives so much back to others. Thank you very much for this great opportunity!

-Valerie Brown



The following members have a March or April Birthday.

*March:*

- + Rodney Heath
- + Debra Lopez
- + Charlie Ward

*April:*

- + James Grossman
- + Norman Liskey

*In Closing...*

I realize it may seem that I am constantly encouraging you to volunteer to serve NAPM-NI. And, I AM!! This year, it was extremely difficult to fill the slate of officers. I am fearful for our organization. Have you even asked someone to attend a meeting with you? Have you invited anyone to join our organization? We must increase our membership. We must have people to volunteer. If we don't, I fear we will not be an organization any longer.

Please consider volunteering to serve in any way you can! It is truly rewarding to serve.

Please invite a guest to a meeting! Or better yet, please ask someone to join!

It is a great benefit to belong to NAPM-NI! Our meetings are always educational. Where else can you attend a seminar for two days, presented by a Professor of Supply Chain Management for free – your only cost is the nominal cost of your meals?

Another benefit is our commitment to our community – our Scholarship awards. Students highly value and need these scholarships and we gain a great deal by giving them.

The future of NAPM-NI is in your hands - please respond by volunteering and inviting!

Suzanne Sharp

Public Relations Chair