



Industry Forum

Business Excellence Through Inspired People

July 2015

The US approach to supply chain and operations management via APICS CIPM certification

The forces of global competition are accelerating the pace of new product introduction. As a result OEMs are expecting higher standards of performance from their supply chain. This often leads to a strategic appraisal of suppliers by OEMs to identify the suppliers which are critical to their new product strategy to ensure that they have developed an effective approach to new product introduction. The rapid rate of innovation is forcing even major companies to upgrade their supply chain management capability as the complexities multiply.



The strength of European advanced manufacturing is based on the strength and depth of its supply chain. One effective approach to supplier appraisal uses VDA 6.3, a process based audit standard for evaluating and improving a manufacturing organisation's processes consistent with ISO9001 and customer specific requirements in the automotive industry. The standard was developed by the German automotive industry and can be used for both evaluating potential or existing suppliers and for internal assessments. Industry Forum provides training and support in the use of VDA 6.3.

For a broader global perspective, the leading US professional association for supply chain and operations management, APICS, a not-for-profit international organisation is a premier global provider of research, education and certification programs for supply chain excellence, innovation and resilience. APICS has over 41,000 members and more than 250 international partners including Industry Forum. Last year APICS merged with the Supply Chain Council who developed the cross-industry standard for supply chain management, the Supply Chain

Operations Reference (SCOR) Model. In May 2015 it was announced that APICS would merge with AST&L, the professional organisation for transportation and logistics. The merger extends the APICS's end to end supply chain body of knowledge in line with the overall global supply chain trend for greater integration.



The SCOR model helps users communicate and improve supply chain management practices within and between all interested parties in the extended enterprise. The model extends from the supplier's supplier to the customer's customer. It is based on three pillars covering process modelling, performance measurement and best practices. The

SMMT Industry Forum Ltd

2680 Kings Court, The Crescent, Birmingham Business Park, Birmingham, B37 7YE

T +44(0)121 717 6600 www.industryforum.co.uk enquiries@industryforum.co.uk

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process model identifies six distinct processes – Plan, Source, Make, Deliver, Return, Enable. The performance measurement pillar offers 150 key indicators. All best practice examples are current, structured, proven and repeatable.

The SCOR approach involves setting a suitable scope for the improvement program so that it supports the overall business context. The project team needs to be assembled with care to make a balanced team, ensuring that members have problem solving experience. The initial data collected can be benchmarked against a SCOR database. A gap analysis enables the most promising areas of opportunity to be identified so the problem solving projects take place within a sound strategic framework. More detail about SCOR can be found in Peter Bolstorff's book, Supply Chain Excellence.

An effective way to build up a firm's capability to create an effective supply chain is through the APICS Certified in Production and Inventory Management (CPIM) programme. It focusses on an organisation's internal operations taking an in-depth look at the production and inventory activities within the internal operations of a company providing a comprehensive view of materials management, master scheduling, forecasting, production planning and much more. To date, over 100,000+ professionals are CPIM certified. To earn the APICS CPIM designation, operations management professionals must successfully pass five exams. These are process orientated topic areas providing participants with the best possible educational assessment and knowledge base:

- **Basics of Supply Chain Management:** The basic concepts in managing the complete flow of materials in a supply chain from suppliers to customers. Supply chain concepts are introduced and basic terminology emphasised, as are relationships among activities in the supply chain.
- **Master Planning of Resources:** Demand management, sales and operations planning and master scheduling are examined in-depth.
- **Detailed Scheduling and Planning:** Inventory management, materials requirements planning, capacity requirements planning, procurement and supplier relationships.
- **Execution and Control of Operations:** The principles, approaches and techniques needed to schedule, control, measure and evaluate the effectiveness of production operations.
- **Strategic Management of Resources:** Strategic planning and implementation and a look at how market requirements drive the resources and processes of an organisation.



An APICS CPIM qualification will provide individuals with functional knowledge of production and inventory management so that they can predict outcomes more accurately. They will be able to improve efficiency across the processes of their organisation's supply chain and increase profitability by optimising their organisation's inventory investment. In this way the ROI on systems and technologies can be maximised. Consequently, achieving

CPIM means greater confidence and industry recognition with accelerated career development and better employment opportunities for the individual getting the qualification.

From an organisational standpoint the benefits of CPIM include creating a common understanding, vocabulary,

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processes and frameworks within their organisation to address their supply chain challenges and opportunities plus building the capability to streamline operations from a strategic perspective including the tools to manage global supply chain activities effectively where suppliers, plants, distributors and customers are located around the world.

Industry Forum is providing a full programme of courses leading to the APICS CPIM qualification using their in depth experience of supply chain development in both the automotive sector and other sectors such as aerospace, industrial products, electronics and medical devices. This expertise includes many projects working across a whole supply chain from OEM down to the lower tiers.



Author: Iain Cameron, SMMT Industry Forum Ltd



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