

New Study Reveals How to Select Best WMS for Your Needs

continued from page 3

At the vendor's site

1. Perform unit/module testing.
2. Integrated systems testing.

At the warehouse or plant site

3. Connectivity testing.
4. Low volume systems testing.
5. High volume functional area testing. "You need to know what your load will be now, and in the future, so have the numbers in the spec and have the vendor use them to conduct the tests."
6. High volume integration testing.
7. User acceptance testing.

Demand on-time delivery of all functionality. "When it's time to go live, if all you've requested is not ready, the vendor will start playing the 'you pick what is important' game," Gunter warns. "Don't be drawn into the vendor's trap of having to choose which functionality will be delivered late. This is the time to hang tough," he urges. "

3 Routes to ISO 9002 Certification of Your Logistics Operation

What does ISO 9002 mean to warehousing and logistics? The answer is simple—plenty. ISO 9002 certification puts your company's name in lights. It lets the whole world know that your warehousing and logistics processes meet quality standards. As a result, customers will likely be drawn to you, your profits may improve, and you may gain more control over your operations. Because it has the potential to create such huge rewards for your company, ISO 9002 certification may seem a bit intimidating. In fact, certification can be simple—that is, if you follow some clearly defined steps.

ISO Defined

We've all heard of ISO 9000—but what exactly is ISO 9002? According to Peter Sander-son, president of TQMS International (514-630-0078), ISO 9002 is part of a larger group of standards that make up ISO 9000. ISO 9002, he says, is designed specifically for companies that perform a process. Warehousing and logistics are

IOMA's Managing Logistics Costs Reference Guide

Here's a logistics management tool that really works. The easy-to-read format provides a useful tool to help you improve your logistics operations, reduce costs, benchmark your operations, and encourage brainstorming within your company. Featuring...

- The inside story of how veteran logistics managers are reducing logistics costs—the specifics on how they are working more closely with suppliers on logistics of holding inventory, warehousing, and delivery; reducing freight and transportation costs; renegotiating rates and selecting new carriers; using new logistics technology; reducing warehouse costs; and more.

- Detailed comments from hundreds of logistics managers describing how they improved their logistics operations by developing new logistics strategies, using new technology, working more closely with expert managers and suppliers on international issues, asking staff to take on more responsibilities, speeding up supply chains, and more.

- Exclusive data to help you benchmark the timeliness of your inbound and outbound shipments, inventory accuracy, shipments with errors, and customer shipment complaints.

Plus, an in-depth look at logistics manager salaries broken down by size of company, type of business, and gender. An action-oriented logistics report that can help you enhance your logistics operations—and your career. Not fancy statistical theory...just practical, real-life examples of what other logistics managers are doing.

To order, fill out the coupon on the back page and return with your check for \$97.00 plus \$4.95 shipping/handling. All who participated in the survey receive a complimentary copy.

based on a number of processes and, therefore, are placed into this category. "A lot of warehouses have value-added processing like shrink-wrapping and minor assembly operations."

ISO 9001, on the other hand, is created for companies that design and manufacture products. Companies that want to maintain control over what's coming and going to their offices should apply for ISO 9003 certification. Although ISO 9003 may sound like the best option for warehousing and logistics operations, it's not. "ISO 9003 isn't used often and it's typically used by organizations such as law firms."

When considering ISO certification, it's important to remember that no one category is better than the other. Unfortunately, many companies perceive that ISO 9001 is more prestigious than any other ISO 9000 certification. They're mistaken, "One isn't better than the other. It's the size of shoe that fits the company."

Specifically, ISO 9002 is a management system based on a set of management tools. To receive certification, these tools should be incorporated into your warehousing and logistics operations. The tools include conducting incoming and outgoing inspections and defining management authorities, such as who makes the decisions about financing, contracts, warehousing, and logistics processes.

Contract negotiation is another important tool to consider when applying for ISO 9002 certification. "Contract negotiation covers the basic criteria that's necessary before signing agreements," Sanderson says. Contract negotiation includes issues like insurance, theft measures, and service capabilities.

The management tools also address what to do if a process fails. When you're preparing for ISO 9002 certification, you should spell out exactly what you'll do if a problem arises. In other words, what corrective action will you take? You should ask yourself what caused the problem and what you're going to do to solve it. But, Sanderson says, you shouldn't stop there. You need to determine how you'll prevent the problem

from reoccurring, and how you'll find a solution. And, the newest step in the process is evaluating your solution to make sure it was successful.

Basically, ISO 9002 is a management plan that says "what would you do if." For example, if one of your trucks overturned on a snow-covered highway, you need to know what to do. ISO 9002 certification basically says that you'll have a contingency plan in place to get the shipment where it needs to be. "This is how ISO affects the bottom line," Sanderson explains. "It ensures continuous improvement and reduces your costs due to non-conformance."

What You Need to Do

There are basically three ways to become ISO 9002 certified. And the process typically takes five to eight months. Some logistics managers opt to take on the process themselves. However, when they do, "the process rarely gets completed on time," Sanderson says. Their focus often shifts to other projects and the ISO 9002 certification requirements fade into the background.

1. Despite the challenges, you may still decide to take the ISO 9002 certification process on yourself. If you do, the first thing you need to do is get educated. ISO certification courses are available. Once you've learned what you need to know about ISO certification, it's up to you to create a quality manual and develop and implement quality system procedures. Auditors enter the scene during the final phase and, hopefully, validate the quality procedures you set up.

2. If ISO certification seems a burden, you can use the help of an ISO consultant. Consultants supply required documentation and provide on-the-floor-training and management training. Because they have the necessary resources, consultants can start ISO quality system procedures almost immediately. Once the systems are in place, the consultants call in the auditors to ensure you meet ISO certification standards.

3. According to Sanderson, there is yet a third ISO certification option—video conferencing. A blend of the first two methods, video conferencing

continued on page 6

Cindy Rubin

541-345-5337

FAX 541-345-4942

crdubin@fia.com

3 Routes to ISO 9002 Certification of Your Logistics Operation

continued from page 5

ing takes advantage of the Internet and provides on-line training to logistics managers. TQMS helped 13 logistics companies gain ISO 9000 certification via video conferencing last year, and another 45 are working to do the same this year. Logistics managers can work their way through the procedures and collaborate with TQMS on the computer, Sanderson says. "They learn as they go." If you think video conferencing might be the most promising way to become ISO 9002 certified, visit www.tqms.com. There, you can download the ISO certification procedures as well as an example of a quality manual.

The Bottom Line

Regardless of which way you choose to become ISO 9002 certified, you stand to reap a number of benefits. The biggest attribute of ISO certification is international recognition. Therefore, when "ISO 9002 certified" appears above your company's door or on its letterhead, you've gained substantial marketing visibility.

Second, ISO 9002 certification enables you to gain more control over your warehousing and logistics operations. "By going through the process, you'll see where you've been and where you want to be," Sanderson notes. With this knowledge in hand, you're better able to streamline your processes, reduce the amount of paperwork in your operations, and make your warehousing and logistics systems more effective.

ISO 9002 certification can improve your company's profit margin. "If you know what you want, you start quality processes and train your employees, you should have tools for continuous improvement." And continuous improvement leads to increased profits. Remember that the goal of ISO 9002 certification is to ensure quality in warehousing and logistics. You're not doing ISO for an auditor, but for yourself. □

New Salary Data Offers Top to Bottom Look at '99 Logistics Management

Top retail sector executives in supply chain, logistics management, and production and inventory control are paid average base salaries of \$212,400; \$145,000; and \$103,000, respectively. Average total compensation equals \$292,200, \$187,900, and \$123,500. The figures come from the *1998 Logistics and Supply Chain Management Compensation Study* (see table page 7) (William M. Mercer, Inc., 800-333-3070).

Salary Levels Fall Off

The figures for salary and compensation fall off precipitously after this, however. For example, top supply chain executives in transportation and third party provider companies earn an average base salary of \$151,000, and an average total cash compensation of \$198,300. Those working in the wholesale sector receive somewhat less, while top supply chain executives engaged in manufacturing industries follow.

The Picture at the Top

Top logistics executives in transportation and third party companies earn an average base salary of \$138,000. In the wholesale area, it's around \$124,500, while those in the manufacturing sector can look to an average of \$115,300. Data is not as extensive for the top production and inventory management executive position. However, this title in manufacturing industries reports an average base salary of \$96,100 and total cash compensation averages \$112,000.

At the Management Level

Inventory planning managers report total compensation of \$61,800. The average inventory planning manager supervises 11 individuals and has a median compensation of \$63,900. At the 90th percentile, these managers earn an average of \$74,100 (see table). Inventory planning managers working in manufacturing, have an average base salary of \$57,400 and \$59,800 in total compensation (see cover illustration). □