

ISCEA

Providing Practical Education for Better Efficiency with Financial Prudence in Mind

In extremely simplistic terms of definition, companies can usually be divided into three categories - those that are making profits, those that are breaking even and those that are making losses. The first group will probably ask, "How can I make more profits?" and the second and third groups will ask, "How can I make profit?"

*Mr. Ho Fong Lee
President and CEO of
Terra Firma Asia Sdn. Bhd.*



The delicate balancing act of cutting costs while increasing turnover and maximizing efficiency is one that many companies aim to achieve. In an ideal scenario, an employee would be able to do the job of two with the speed of three i.e multi-tasking. Such situations though are very possible as Technology Business Review found out when we met with Mr. Ho Fong Lee - President and CEO of Terra Firma Asia Sdn. Bhd.

Mr. Ho was at the office of Technology Business Review to talk to us about the International Supply Chain Education Alliance (ISCEA) workshops on total supply chain management and the certifications offered by ISCEA. Terra Firma Asia is the General Sole Partner of ISCEA in Malaysia, which is the only organisation that offers workshops and certification in both the Six Sigma method of supply chain management as well as the Lean method.

The unique aspect of the organisation, according to Mr. Ho, is that it incorporates both Six Sigma, which gives attendees practical knowledge on how to work better and Lean, which gives attendees practical knowledge on how to work faster. Although there are companies in Malaysia whose employees are certified in Six Sigma, there are no certifications or workshops for Lean Six Sigma principles in tandem.

What is ISCEA?

ISCEA is an organisation that conducts workshops to improve the knowledge of manufacturing and transactional service industry professionals. It is also the developer of internationally recognized certification programs of Certified Supply Chain Manager (CSCM), Certified Supply Chain Analyst

(CSCA), Certified Lean Master (CLM), Certified Lean Six Sigma Green Belt, Certified Lean Six Sigma Black Belt programs, and Certified RFID Supply Chain Manager (RFIDSCM). At present, they are in several major markets such as India, China, Mexico, Canada, United Kingdom and now Malaysia.

They were established in 2003 to fill the need of high impact training for supply chain professionals and candidates for supply chain certification examinations. As of June 30, there are 29,641 members and they project that the number will reach 100,000 at the end of 2006. The workshops are conducted by university professors and managers of major corporations with five or more years of work experience.

People who attend ISCEA workshops range from operational leaders, value stream managers, financial and

purchasing managers; trainers and human resources managers and quality managers. Amongst the departments the attendees would be in are supply chain, forecasting, planning, operations, distribution and warehouse operations, customer service, accounting and information technology.

What is Six Sigma?

Six Sigma is a methodology that is structured and data driven that is applicable to any aspect of business. It instils practical knowledge in the improvement of customer satisfaction, waste elimination and profit increase. It is based on the premise that waste is generated where work is done; the higher the level of waste, the greater chance of customer dissatisfaction, which would lead to profit loss.

This principle is based on sigma levels, which is a standard deviation that fits between the mean the nearest specification, as well as an indicator that correlates directly to the defect rate. In other words, the lower the sigma level, the higher the defect rate.

The Six Sigma method can be summarised in the acronym, DMAIC (Design, Measure, Analyse, Improve and Control). The first three - Design, Measure and Analyse - is the understanding of critical elements which would help identify and tear down organisational barriers. Improve and Control is about dynamic process optimisation, which will teach how to control the X's to predict the Y's.

What is Lean?

The most basic aspect of Lean Principles is that of cutting waste through reducing the production time. It has been described by the National Institute of Standards and Technology Manufacturing Extension Partnership's Lean Network as, "A systematic

approach to identifying and eliminating waste through continuous improvement, flowing the product at the pull of the customer in pursuit of perfection".

Amongst the building blocks of Lean are principles such as the Pull system, Kanban, Work Cells, Total Productive Maintenance, Total Quality Management and other tools to help manage and streamline production time and eliminate wasteful and non-value added production.

Lean manufacturing has helped corporations shrink lead times, save turnover expenses, increase sales growth, reduce set up times, avoid unnecessary equipment costs and multiply inventory turns, which in turn leads to an increase in profits.

Partnership

When we asked Mr. Ho why he decided to form a partnership with ISCEA, he explained that it was through his realisation that Top 100 Chinese corporations based on revenues are beginning to become actively involved in total supply chain management and knowledge at a high level.

His rational is that the Chinese exporters already have cost comparative advantage over the rest of the world, and with them getting into total supply chain management at a high level, their advantages would be more significant. We always hear in the market that the Selling Price of Chinese goods are below the local Cost of Production i.e. that's the net effect of Globalisation right at our door step.

We can't compete against macro-economics factors like the Renminbi because they are always about 100 % cheaper from the foreign buyer's view when compared to Malaysian goods. But all is not lost because we could keep our house in order with such high level knowledge and move up the value

chain as soon as possible. Hence, he feels that it is vital that Corporate Malaysia get into the programme to equip themselves for the continuous onslaughts that are coming our way from the two Asian giants in every sector of the borderless economy.

The advice in today's highly competitive world is "Make hay while the sun is still shining" i.e to continue to do so, one needs to take the right direction with the right knowledge capital to continue this journey which is full of uncertainties.

As ISCEA's General Partner in Malaysia, Terra Firma Asia would coordinate ISCEA activities in Malaysia, be the programme office for workshops and exams as well as the execution of ISCEA's sales and marketing plan.

Why Total Supply Chain Management?

We presented Mr. Ho with a hypothetical question that might be asked by a sceptical Human Resources Manager or Chief Executive - "If my company has been running well all this while and we are profitable. Why should we enrol our employees in such workshops?" Today's CEOs are fixated with efficiency and financial prudence.

On a dollars and cents basis, the benefits for a company are tangible. Before someone can be certified Lean Six Sigma Black Belt, they have to demonstrate a practical knowledge and application of the principles that were taught during the workshop.

This involves them taking up a project in their company where they have to save US\$100,000. If ten employees were to enrol in the workshops and they take the practical test for certification, the company can save up to US\$1 million. Furthermore, companies that are certified have claimed more than 50% improvement.

“In the United States, supply chain management certification is so important that it is impossible to enter the supply chain management field without being certified”.

According to Mr. Ho, another benefit of these workshops and certification is that knowledge is a knock-on benefit. The participants in the workshop and who sit for the examinations and who get certified are then able to go back to their companies and implement what they've learnt. Furthermore, they can also expound their knowledge to other people in their companies.

Why Get Certified?

At this point of time, the sceptical manager reared his head once more and asked, "Why get certified? It is one thing to attend the workshops and gain knowledge, but why bother with getting certified?"

Mr. Ho explained that in the United States, supply chain management certification is so important that it is impossible to enter the supply chain management field without being certified. This also means that any export oriented company that wants or are already doing business in the United States, should be certified preferably. That is vital because it allows clearer communication between corporations in Malaysia and the United States.

Being certified offers the formalisation of knowledge. Although there are people who have worked for many years in the field and thus have practical experience. Their lack of formal knowledge hampers their value.

ISCEA also certify companies as Certified Lean Six Sigma if they send key peoples for the TTT (Train The

Trainer) workshops with a commitment to train all their workers with minimum CSCM Certification. This certification provide a competitive edge in their respective industries apart from the continuous tangible benefits enjoyed.

Chapters meeting would be held once a month for all ISCEA members where a topic of interest would be discussed with ISCEA USA and maybe with the regional chapters too. This would be a great opportunity for networking among the professional's community in this space.

Future Plans

Mr. Ho strongly believes that as the world becomes increasingly competitive, it is vital for Malaysians to adapt to the ever changing trends. Apart from organising workshops, they also intend to "train the trainers", so the benefits of these workshops can flow from the attendees who will then impart their knowledge to their colleagues.

They will be conducting two workshops at Prince Hotel Kuala Lumpur in the middle of November 2005. They look forward to welcoming participants from forward looking Malaysian companies to push forward together to make Malaysia a tough and resilient economy with an abundant supply of specialised knowledge workers to sustain our 2020 vision of a developed nation.

The first one is called CSCM (Certified Supply Chain Manager) which is steadily increasing in acceptance by Supply Chain Industry as the certification that covers the Total Supply

Chain Operation. In addition to standard supply chain methodology, CSCM will also cover topics such as Leadership, Lean Six Sigma, Theory of Constraints, and Operational Accounting. ISCEA CSCM certify that the holder is both expert in Supply Chain theory and a practitioner, who can manage and lead a modern Supply Chain Organization with P&L Responsibilities. This would be conducted on 14 -19 November, 2005.

The second workshop is Lean Six Sigma Champion Training which enable management and professionals to learn more about Lean Six Sigma and to become capable of planning and sponsoring continuous improvement projects. Our training provides a detailed overview of how organisations can use Lean Six Sigma to simultaneously improve quality and reduce costs. We are very honoured to have Dr Charles A. Watt, the Chair of ISCEA to conduct this Champion Training in Malaysia. So this is a great opportunity to learn from a very distinguished professional in this space.

In a classroom environment, experienced ISCEA Lean Six Sigma professionals develop ideas around an interactive simulation, using the methodology to deliver a minimum 25 times performance improvement. This would be conducted on 21-23 November, 2005.

Generous discounts would be provided for companies sending more than 3 participants to either one of these two workshops. These two workshops are HRDF eligible.

Furthermore, as part of their future plans, Mr. Ho revealed that there would be a road show held in the first quarter of next year with Professor Watt, the founder of ISCEA, in attendance. This road show aims to increase knowledge in the working and value of supply chain management.