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## “Operational Excellence Program” at Hasbro Games

By: Pedro Caceres

March 21, 2006

An in-depth discussion of this strategic initiative that is the framework of reference for all business improvement programs at Hasbro. It impacts all the areas of the business unit including the Supply Chain. He will cover the structure, implementation plan and results, which are largely responsible for maintaining Hasbro's presence as one of our major employers and a leader in their industry.

# N

Born in Spain in 1963. Pedro holds a Master in Engineering from the Politechnical University of Valencia, a Certificate of “Internet Specialist” from the Stratford Career Institute in Washington, DC and an executive MBA from the Kennedy-Western University in Wyoming.

# W

Pedro is member of the Spanish Association of Industrial and Mechanical Engineers, American Society for Quality, APICS and the Supply Chain Council Organization.

He is Chairman of the Board of Advisors of the Division of Business Excellence (Affiliated Chambers of Commerce of Greater Springfield), member of the Advisory Board for the National Ergonomic Conference and Exposition (NECE) and member of the Board of Directors of Junior Achievement of Western Massachusetts. He is also a frequent speaker at Boston University School of Business.

# A

Pedro has developed a comprehensive integrated strategy for the Global Supply Chain and Manufacturing under the umbrella of Value Chain management that drives substantial competitiveness improvement.

*Please see page 6 for meeting registration, location and travel direction information.*

# R

### President's Message

Welcome to the Western Mass Chapter 19 Web site. We are dedicated to bring you superior educational materials in the field on Operations Management. Please browse our web page and links to the Regional and Society pages. We have many different types on resources. Please contact Ed Kantor for your specific needs.

We are proud to have Pedro Caceres as our guest speaker for the March professional Development Meeting. Don't miss out on this opportunity to hear Pedro's proven strategies on the Value Chain management .

Seminar 1 will be held in Windsor Ct. on April 23<sup>rd</sup> thru the 25<sup>th</sup>. You can find speaker and seminar info through links on our web site.

It's not too late to inquire on Board of Director Positions for next year. You may contact myself or any other Board Member for more information.

Mark White

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**APICS, The Association for Operations Management** is a worldwide, respected, not-for-profit organization with nearly 60,000 members. **Our Chapter is one of 270 chapters in North America.** We have approximately 300 members and more than 100 member companies. We are dedicated to help you.

## Consumer Marketing: A Flawed Strategy



By Ira Smolowitz, Ph.D

In a recent issue of the Western Massachusetts newspaper – The Republican – the columnist D.C. Stewart indicates that he and his wife were discussing the option of buying a new television. They were confused by the current television options. Their confusing choices were HDTV, plasma HDTV, LCD, LCD HDTV digital cable ready, HDTV capable, HDTV digital or EDTV. <sup>1</sup>

Is this a serious problem? Is this a pervasive problem? The answer is yes, to both questions.

Barry Schwartz, is professor of psychology at Swarthmore College and the author of *The Paradox of Choice: Why More Is Less* (Harper Collins 2004). He states:

About 10 years ago, I went to the Gap to buy a pair of jeans. I tend to wear my jeans until they are falling apart, so it had been a while since my last purchase. A nice young saleswoman greeted me.

“I want a pair of jeans – 32-28,” I said.

“Do you want them slim fit, easy fit, relaxed fit, baggy or extra baggy?” she replied.

“Do you want them stone-washed, acid-washed or distressed?”

“Do you want them button-fly or zipper-fly? Faded or regular?”

I was stunned. I sputtered out something like, “I just want regular jeans.

You know, the kind that used to be the only kind.”

The trouble was that there was no such thing as “regular” jeans anymore. Besides, with all these options before me, I was no longer sure that I wanted “regular” jeans. Perhaps the easy fit or the relaxed fit would be more comfortable. So I decided to try them all.

The jeans I ended up with turned out just fine, but what occurred to me on that day is that buying a pair of pants should not be a daylong project. By creating all these options, the industry undoubtedly had done a favor for customers with varied tastes and body types. However, it had also created a new problem. In the past a buyer like me might have had to settle for an imperfect fit, but at least purchasing jeans was a five-minute affair. Now it had become a complex decision in which I was forced to invest time, energy and no small amount of self-doubt, anxiety and dread over the ordeal. <sup>2</sup>

Social psychologists Sheena Iyengar, PhD, a management professor at Columbia University Business School, and Mark Lepper, PhD, a psychology professor at Stanford University, were the first to empirically demonstrate the downside of excessive choice. In a 2000 paper in the *Journal of Personality and Social Psychology* (JPSP, Vol. 79, No. 6), the team showed that when shoppers are given the option of choosing among

smaller and larger assortments of jam, they show more interest in the larger assortment. But when it comes time to pick just one, they’re 10 times more likely to make a purchase if they choose among six rather than among 24 flavors of jam.

Next, Iyengar sought to examine consumer choices with higher stakes to see if a greater investment in the outcome meant people would make different or better choices. In a study under review at JPSP, she and Wei Jiang, PhD, a finance professor at Columbia Business School, analyzed retirement-fund choices – ranging from packages of two to 59 choices – among some 800,000 employees at 647 companies.

“With 401(k)s, people are given enormous incentives to participate through tax shelters and employer matches,” Iyengar comments. “So, essentially, if you choose not to participate, you’re throwing away free money.”

Instead of leading to more thoughtful choosing, however, more options led people to act like the jam buyers: When given two choices, 75 percent participated, but when given 59 choices, only 60 percent did. In addition, the greater the number of options, the more cautious people were with their investment strategies, the team found.

Relatedly, too much choice also can lead people to make simple, snap judgments just to avoid the hassle of wading through confusing options – which ironically can sabotage a company’s marketing plan, finds psychologist Alexander Chernev, PhD, of Northwestern University’s Kellogg School of Management. In a paper in press in the *Journal of Consumer Research*, Chernev found that when people were offered variants of the same brand of toothpaste – cavity-prevention, tartar-control and teeth-whitening types, for instance – they tended to switch to another brand that offered a single option.

“If you introduce a product just for the sake of introducing a new product,” says Chernev, “you can end up with several products that target the same customer. The customer has no idea how to decide and may therefore switch to another brand that doesn’t require making tradeoffs.” <sup>3</sup>

...As businesses rapidly increase their portfolios of products and services – either in response to consumer demand or through mergers and acquisitions – they run the risk of adding too much complexity, which can eat away at scarce resources and ultimately harm returns. <sup>4</sup>

Why then is the following condition so prevalent:

“Attention, shoppers: Welcome to today’s marketplace, where consumers face a bewildering variety of choices. In grocery, we have 24 different bagged lettuces, 100 cheeses – 20 of them cheddar – plus 30 kinds of muffins, 24 flavors of coffee sold in bulk and 80 varieties of cereal in just the first 10 feet of the breakfast aisle. Looking for something to read? Visit Amazon.com to browse among tens of millions of titles.” <sup>5</sup>

In my opinion, corporations erroneously operate under the following assumptions: (a) the more shelf-space our products occupy, in comparison to the competition, the better off we will be. (b) the more product choices we offer the consumer – the greater is the probability that the consumer will buy at least one of our products.

In addition, corporations may fall into a thought-process that in game theory is known as the prisoner's dilemma. Corporation A may believe that ideally if it reduced its product portfolio and competitor B also prunes its product portfolio – no competitor gains at the expense of the other. However, the fear of being double-crossed prevails. If corporation A reduces its product portfolio, and competitor B, at the last minute does not – corporation A perceives itself to be at a disadvantage. Likewise, corporation B runs the risk of being betrayed by competitor A. The product proliferation 'arms-race', in my opinion, continues. The ensuing product proliferation is detrimental to the competing corporations and their associated current/future customers. A proliferation of products or brand extension has the following potential detrimental corporate impact: (a) brand proliferation may cause cannibalization of sales; b) disturbs the basic thrust of consumer marketing. By point (b) I mean that a corporation wants the consumer to buy its product routinely, without hesitation. Exposing the consumer to new choices causes hesitation on the part of the consumer. In that confusing, destabilizing, period of hesitation – the consumer may abandon a routine purchase practice and switch to a competitor's product

## References

1. Stewart, D.L. "Buying a New TV Initially Confusing" The Republican, February 2, 2006, p. E2
2. Schwartz, Barry "Too Many Choices" AARP Bulletin, April 2005 (downloaded from [http://www.aarp.org/bulletin/yourlife/many\\_choices.html](http://www.aarp.org/bulletin/yourlife/many_choices.html) print - 2/3/06 - p. 1)
3. DeAngelis, Tori "Too Many Choices?" APA Online – Volume 35, No. 5, June 2004. (downloaded from [http://www.apa.org/manijor/jun\\_04/toomany.html](http://www.apa.org/manijor/jun_04/toomany.html)-2/3/06 pp 1-2).
4. "Unraveling Complexity in Products and Services" Knowledge@Wharton (downloaded from <http://knowledge.wharton.upenn.edu/article/1382>). cfm-2/2/06 p.1.
5. Barnes, Steve "Too Many Choices Can Lead to Bad Decision Making" Albany Times Union, January 29, 2006 – copyright at 2005 Detroit Free Press, Inc. (downloaded from <http://www.freep.com/apps/phcs.dll/article?> – 2/3/06, p.1).

Dr. Ira Smolowitz is Professor Finance and Dean, Bureau of Business Research at American International College – Springfield, MA

***The views and opinions expressed in Ira Smolowitz, PhD articles do not necessarily reflect the views and opinions of the Western MA Chapter #19, Inc***

## Donald W. Fogarty International Student Paper Competition

Every year APICS offers students a significant opportunity to win some money through the Donald W. Fogarty International Student Paper Competition. At the Region and Society level, awards are offered to each full-time (graduate AND undergraduate) and each part-time (graduate AND undergraduate) student. Since many students are already writing papers, it could be simply a matter of obtaining the submission form (instructions below) and sending it in. There are three (3) levels of available awards – the Chapter, the Region and APICS International. The awards are as follows:

	Chapter	Region	Society
First Place	\$250.00	\$250.00	\$1,500.00
Second Place	\$150.00	\$200.00	\$1,000.00
Third Place	\$100.00	\$100.00	\$750.00

Any one of the nine (9) categories could be won individually, or any combination of an award from each of the three (3) levels. Thus, coming in first at all levels could result in a total award of \$2,000.00. You can contact our V-P Academic Relations, Cheryl Zebold, for further information and details. The brochure and submission form can be downloaded by doing the following:

Go to [www.apics.org](http://www.apics.org), click on "Download" under "Education and Research Foundation" click on "Donald W. Fogarty Competition Instructions and Form" to download.

Please pay particular attention to Item III, "Submission Guidelines."

**Deadline for submission is May 15 of each year.** Applications are submitted to the V-P of Academic Relations, who coordinates the Chapter award, and forwards winners to Region and Society.



Speaker Dan Marino, CPIM; at the February PDM meeting. Dan walked us through the importance of utilizing lean manufacturing techniques.

## Benefits of CIRM

CIRM is a comprehensive educational program designed to help you understand the power of collaboration among organizational resources such as product development, marketing/sales, human resources, finance, and operations. The CIRM program enables you to effectively interact with cross-functional departments for more strategic decision making, enhanced collaboration, and improved productivity. RM education can help you to



- Gain a greater understanding of the strategy and role of the value-driven enterprise
- Collaborate with internal and external suppliers for enhanced profitability
- Initiate and manage change within the organization
- Understand the integrated planning of supply chain resources and business processes required to deliver products and services to customers
- Translate customer demand into requirements for value-added products and services
- Convert a need into a product or service that meets the expectations of customers
- Apply strategic decision-making skills to solve enterprise wide issues.

### Who should earn the CIRM designation?

Any professional who would benefit from a complete understanding of the interrelationships between major business function in an enterprise is an ideal candidate for CIRM education.

### CIRM Modules

Candidates must pass all exams for the following modules

[Enterprise Concepts and Fundamentals](#)

[Identifying and Creating Demand](#)

[Designing Products and Processes](#)

[Delivering Products and Services](#)

Please contact Ed Kantor, CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll or schedule a workshop.

## Standard for Excellence

CPIM provides a common basis for individuals and organizations to evaluate their knowledge of the evolving field of production and inventory management. The program has helped individuals and their organizations become more productive and competitive because it is designed to test candidates' in-depth knowledge of a variety of subjects specific to production and inventory management.



### CPIM has helped more than 66,000 professionals

- Learn to predict outcomes more accurately and take actions that achieve results
- Gain peer and industry recognition
- Gain the knowledge to effectively and efficiently manage worldwide supply chain activities
- Achieve greater confidence and peer and industry

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [Edkan@juno.com](mailto:Edkan@juno.com) to enroll or schedule a workshop

## APICS Certified Supply Chain Professional (CSCP)

APICS announces a new industry certification: The Certified Supply Chain Professional (CSCP), to be launched in conjunction with the APICS International Conference on October 16-18, in New Orleans. CSCP designation will provide individuals with the skill set necessary to understand and manage the integration of activities within today's increasingly complex supply chains.

CSCP prepares individuals to effectively and efficiently manage supply chain activities that span across and beyond an organization's four walls leading to reduced costs and increased profits for the company.

CSCP provides in-depth knowledge and understanding in the areas of supplier and customer relations, international trade, the use of information technology, and physical logistics.

### BECOMING A CSCP CANDIDATE

CSCP exam candidates must meet one of the following criteria:

- B A or BS, plus 2 years of related business experience
- CPIM, CFPIM, CIRM, or C.P.M. plus 2 years of related business experience
- 5 years of related business experience.

Watch this newsletter for further announcements regarding APICS rollout of this program and Western Ma. Chapter schedule of Workshops.

Please contact Ed Kantor. CPIM at (413) 592-6895 or email: [edkan@juno.com](mailto:edkan@juno.com) to enroll or schedule a workshop.

# TENTH ANNUAL

## Student Scholarship Open Scramble Golf Tournament at Oak Ridge Country Club in Feeding Hills

Western Mass Chapter#19 APICS  
(The Educational Society for Resource Management)



Sunday, August 6, 2006 12:30 pm shotgun start  
(Deadline for reservations - Wednesday, July 26<sup>th</sup>)

Our mission is to provide value-added education to our members and their companies, and our scholarship program is an integral part of that mission. We award scholarships to deserving students matriculating in business and related disciplines, who will follow in our footsteps. Our goal is to continue to expand on that in the future. All are invited, so ask your friends and relatives, and come one, come all. Enjoy a great day of golf, with a great group of people, with a great meal at a great course. For further information .... call Jack Perazella at 413-527-2842.

## Calendar of Events 2005 – 2006

*Pedro Caceres*

*Sr. Vice President- Hasbro Games*

### “Operational Excellence Program”

**March 21, 2006**

**Chateau Provost, Chicopee**

### TOP MANAGEMENT NIGHT

*Bob Abair*

*Robert Abair Associates*

### “Developing Your Vision For Next Generation Manufacturing”

**April 18, 2006**

**Chateau Provost, Chicopee**

### Plant Tour

**TBD**

**May 2006**

### *APICS Membership Benefits*

Certification Programs	Member-Only Content
APICS Magazine	Ask APICS
APICS Bookstore	Educational Events
Electronic Discussion Lists	APICS Career Center
Unique Services and Discounts	

Joining APICS is quick and easy. Join today and start enjoying benefits of membership.

**Contact:**

John Koski, CPIM @ 413-665-8306, ext 2174, or jkoski@yankeecandle.com

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## March 21, 2006

**Location:** Chateau Provost Restaurant, Chicopee, Ma.

**Agenda**

Networking-	5:30-6:30 PM
Speaker-	6:30-7:30 PM
Business Meeting	7:30-7:45 PM
Dinner-	8:00 PM

**Registration**

Members:	\$25.00
Non-Members:	\$30.00
Retirees:	\$17.00
Students:	\$17.00

**Reservations**

Contact Jack Perazella  
(413) 527-2842, or reserve online at [japer@juno.com](mailto:japer@juno.com)  
No later than Saturday, March 18, 2006

**Directions:** From Mass Pike Exit 5 (Chicopee/ Westover). After tollbooth, bear right (for Route 33); and go to signal light. Turn left on Rte 33 North (Memorial Drive). Continue EXACTLY 2 miles to left turn just before a CVS. Sign will say Willimansett. Just past shopping area, bear right at fork. Proceed to light, turn left and the Chateau is just ahead on the left, 85 Montcalm Street, 413-532-2100.

**From I-91** I-91 to I-391 North. Take Exit #4 off 391. At end of ramp, cross median and left onto Grattan Street. At first light, right and follow Rte 141 West just over a mile, take right under RR bridge. At next light, left onto Buckley Blvd for about 1.2 miles. Chateau Provost is located immediately after the Cumberland Farms store on the right.

**Rte. 202 East from I- 91 or Rte. 202 West to Rte. 33 South**

Follow Rte. 202 North through Holyoke over Mueller Bridge to Rte 33 South. OR Follow Rte 202 South from Granby to Rte 33 South. Take Rte 33 South about 2 miles and turn right at the CVS. Bear right at fork. At next set of lights, take left onto Montcalm Street. Chateau Provost is located 0.1 miles on the left.

## WESTERN MASS CHAPTER #19 APICS, INC

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