



# Houston Buyline

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NAPM-Houston, Inc.



*First Row from left to right:* James N. Batt, C.P.M., Director at Large; Sharon E. Brauner, C.P.M., Secretary/Parliamentarian; Kimen V. Metzger, C.P.M., Immediate Past President; Camillia Ward, President; Marian Nimon, C.P.M., Vice President; Elayne Duncan, C.P.M., Treasurer; Kathy Silverberg, C.P.M., Director at Large.

*Middle Row from left to right:* Lorna Sadler, Membership Activities; Sheila Baker, A.P.P., Professional Development; Janelle, N. Cormier, Archives; Carlene Jackson, Local Director; Annette Darling, Health Care Buyers Group; Valerie Cross, Career Services; Neena Shah, Awards; Nina Nelms Wagner, Supplier Diversity Group.

*Standing from left to right:* Ben Shaeffer, Greeters; Adron Ebarb, Petroleum Group; Ed Lewis, C.P.M., Local Director; Jo Ann Prazak, Special Activities; Mark Keiser, C.P.M., Local Director; Lu Bergstrand, C.P.M., E-Commerce; Wayne Potter, C.P.M., Past Presidents; Wayne Doyle, Global Resources Buyers Group; Douglas R. Miller, Business Survey.

*Not shown:* Debbie Newman, School Partnership; Tara Marsh, Mini Trade Fair; Edward M. Wahowski, Communications; Linda Love, C.P.M., Programs; Lynne Taylor, Public Relations.

## NEWS & NOTES

By Marian Nimon, C.P.M.

### Birth Announcements:

Congratulations to Brian Foster and his wife. Lauren Nicole Foster was born on June 13, 2002. Weighed 8 lbs 10 oz & 20 1/2" Long. Lauren joins an older sister.

### Retirement:

Doc Stelzer retired from his post as NAPM-Houston's Treasurer in May. Doc gave many dedicated years of service to NAPM. He has also been a dear friend to many. He has promised to still attend our dinner meetings, but as socials.

Diana Hunter retired from Compaq, now HP, at the end of June. She has been a long time member of NAPM-Houston. We wish you well, Diana.

### Awards:

Hats off once more to this year's James O. Cox winner, Laurie Oberhoff! Laurie was presented this prestigious outstanding member award at the June dinner meeting.

### Accomplishments:

Congratulations to Jo Ann Prazak who received her Associate of Arts degree recently from Tomball College. It took her 6 years attending as a part time student. Jo Ann had a perfect 4.0! GPA.

Congratulations to Gwen Garey, C.P.M. who has accepted a Buyer/Planner position at SlimFast Foods in Tucson, Arizona.

### Get Well:

Marian Nimon's husband, Harry, is sent get well wishes for a speedy recovery from his surgery on July 3rd. We wish him well.

### Sympathies:

NAPM-Houston extends their sympathies to the family of David Edward Bounds who passed away on June 28th. David was retired from Cameron Iron Works where he served as their Director of Procurement. David was Chair of the NAPM's Steel Buyers Group in the mid 70's. He had also been a member of the Chamber of Commerce and was active within the community.

NAPM-Houston extends their sympathies to the family of Ed Lewis whose aunt passed away in July.

### General Announcements:

Congratulations to the new Student Supply Chain Management Association Fall 2002 officers. The officers are: Jennifer Schaeffer, President; Mona Montezuma, Vice President; Bernadette Benjamin, Secretary; Alam Saucedo, Treasurer; and Soraya Ripari, PR

Chairperson. The officers will share a table with the Pro-D Committee for the September meeting.

### Promotions:

Congratulations to Annette Darling on her promotion to Senior Buyer at Texas Children's Hospital.

### New Positions:

Dan Coleman started a new position as Director of Purchasing for Kinder Morgan, Inc.

Sharon Brauner holds a new position as Senior Buyer for Harris County Mental Health & Retardation. Congratulations, Sharon!

Linda Love recently began a new position at SAIC as Sr. Subcontracts Administrator at SAIC (Science Applications International Corporation).

### Awards:

Congratulations to Dr. Ralph Kauffman, Ph.D., C.P.M. He recently received the J. Shipman Gold Medal Award.

### Professional Education Recognitions:

We are proud to announce that Kim Wren recently received her APP Certificate.

New C.P.M. recipients are Chris Taylor, Claretta Stickland, Rob Mood, Edward Julius, Kim Botkin, Kristin Blackburn, and Richard McClellan of The New HP.

### Get Well:

Carol Dennington's husband, David, is recovering from surgery. We wish him a quick & full recovery.

### Sympathies:

Our sympathy goes to the family of Kimen Metzger. Kimen's father, Melvin Gant, Jr., passed away June 3rd.

If you have 'news' or 'notables,' contact:

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**Don't Forget!** Coming in September Houston Buyline will be available on line. Look for the link in the email from the Communications Committee, or check out the website at [www.napmhou.org](http://www.napmhou.org) for the latest on the dinner meetings and upcoming events.





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## NAPM - HOUSTON BUSINESS REPORT

by Douglas R. Miller, C.P.M.

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# HOUSTON ECONOMY EXPANDING

## PMI RISES FOR 2ND MONTH

### PRODUCTION GROWING

The Houston economy grew in June for the second consecutive month as the PMI (Purchasing Managers Index) moved further into positive territory, registering 52.3 for the month. May's PMI was 51.1 and May recorded the first plus-side (over 50) month for the PMI since September 2001. The June acceleration was spurred by the Production component, which rose from -2 in May to +7 in June. This was the most formidable Production reading since last August.

Employment remained in contraction for the ninth consecutive month, although the rate of contraction has been almost level for the past three months. Nearly seventy percent of Houston's purchasing executives reported that their firms' job levels remained flat for the month, while 9% reported gains and 22% experienced some degree of manpower reduction for the month. It appears likely that the Employment index will be very stubborn in moving toward growth numbers. Many firms prefer to "gut it out" with steady staffing levels for the present rather than to assume the risk of laying off personnel as their market moves through ebbs and flows.

**Items in short supply:** Flux wire, C.S. ERW casing, castings, precision machined parts, hydraulic cylinders, vaccines: prevnar, measles/mumps/Rubella, transmitters, calibrated gauges, bearings, micro-machined electrical components, small diameter o-rings, steel, winches, homo polymer resin.

**Prices on the UP side:** Custom products, plastic extrusion, freight, ERW pipe, drilling rigs, insurance, bearings, freight cost, steel bar stock, steel, structural tubing, vaccines, moly bearing steels, castings, valves, fittings, rubber molded products, machined parts, coolants, nickel bearing components, travel management services, leased warehouse space, electrical components, software license renewal fees, homo polymer resin, plasticizer, white pigment, PVC steel fabrications.

**Prices on the DOWN side:** Diesel fuel & gasoline, molded parts, paper goods, MRO products, fuel surcharge, electronic components, air travel, computers and components, fuel, natural gas, cutting tools, office supplies, corrugated boxes.

Purchases continued to shrink in June for the tenth consecutive month with nearly one-third of survey respondents reporting a net reduction in purchasing commitments in June as compared with May. It appears, however, that the rate of reduction in Purchases is slowing, and we may see net increases in the purchases of goods and services in the near future - this component could offer additional impetus to PMI growth very soon.

Prices Paid also contributed to PMI growth in June, as nearly 20% of survey contributors reported a net increase in the prices they paid over the last thirty days. The Prices Paid index recorded its highest reading since July 2001, even though 72% of area supply chain pros experienced no change in price tags in the past month.

Purchased Material Inventories and Finished Goods Inventories were both reduced by Houston businesses in June for the 47th consecutive month and at about the same rate as has been seen for the past 3-4 months.





## Comments from Survey Participants

“Concern over potential labor action by longshoremen & UPS has caused a temporary increase in raw materials inventories. Steel suppliers are taking advantage of new tariffs.”

“Expecting price increases of 3-4% on truck chassis by the end of 4Q due to tougher EPA restrictions on emissions (more expensive diesel engines).”

“Lead times and good forecasting are in short supply.”

“We’re so busy, I almost didn’t have time this month.”

“At present, no parts problems, keeping a steady pace. AH!”

“Backlog not recovering, freight delays, PBX equipment delays. Work force reductions at worker level, but not executive level.”

“Purchases are down and we do not have any problems in getting raw or finished goods.”

“Pricing on raw materials is going up because of new tariffs.”

“End of year - everyone is spending what is left of their budget-next year will be very tight!!”

“Wire line tool sales down significantly. Sales is beating the bushes for new customers.”

“Workload remains robust.”

“Some markets are down and some are doing ok...not consistent with expectations.”

“Good negotiations still yield good results in getting prices down.”

“Sales steady but still soft. Working down backlog and inventories to maintain shipment levels.”

“Have new owners of our heavy manufacturing facility. Plant being shut down in Pennsylvania - most manufacturing

requirements being moved to our facility - 50% production increase will be required.”

“Working on budgets. One way or another must be kept flat.”

“We are cautiously optimistic that business is on the upswing for the next few months. Internationally the power plant and deepwater projects appear to be moving forward, but not on a fast track. Locally, fab shops and machine shops in particular seem to be hungry.”

“In the last three months our vendors for spare parts sales have been delivering on time at the astonishing rate of 91-93%. I would like to think good planning is the reason.”

“Business has stabilized - the worst may have passed.”

“Casting prices are on the up side due to scrap rates going up.”

“Business is steady, gradually increasing, still not as good as last year. It’s good to see the PMI break 50. Let’s hope it continues.”

“Business seems to be on a straight line; we are looking for an increase in third or fourth quarter.”

“Business still not great, but seeing new orders come in asking for quick deliveries of tools. New tools being released to the market.”

“The world energy markets continue to apply pricing pressure on the domestic oil & gas business. The driver of the U.S. economy-cheap fuel - is becoming readily available.”

“We’re seeing a reduction in purchasing since last month. A bit of a downturn is evident in our power business.”

“Some areas of the company are severely understaffed while other areas are hiring. We are working in a confusing time - management doesn’t have a clear pathway.”

### JUNE

### Index 2001/2002 (9 months)

	UP	SAME	DOWN	N/A	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Sales</b>	28%	39%	22%	11%	-24	-14	-15	-10	00	-02	-22	+05	+06
<b>Production</b>	26%	38%	19%	17%	-14	+04	-14	-16	+01	-05	-22	-02	+07
<b>Employment</b>	09%	69%	22%	00%	-10	-20	-20	-20	-12	-23	-15	-13	-13
<b>Purchases</b>	26%	43%	31%	00%	-12	-20	-29	-20	-33	-07	-27	-11	-05
<b>Price Paid (Major Purchases)</b>	19%	72%	09%	00%	+05	-18	-23	00	-2	+03	+03	+02	+10
<b>Lead Times (from Sellers)</b>	19%	66%	15%	00%	+01	-03	-03	00	00	-05	+07	+13	+04
<b>Purchased Inventory</b>	11%	26%	28%	35%	-15	-22	-23	-25	-15	-19	-17	-13	-17
<b>Finished Goods Inventory</b>	19%	22%	33%	26%	-27	-17	-18	-14	-03	-08	-14	-15	-14

(Note: Each monthly index was calculated by subtracting the “DOWN” percentage from the “UP” percentage. The indices are not seasonally adjusted.)

NAPM - Houston	07/01	08/01	09/01	10/01	11/01	12/01	01/02	02/02	03/02	04/02	05/02	06/02
<b>Composite PMI</b>	58.5	54.6	51.9	48.6	48.1	46.1	47.5	48.5	48.6	46.3	51.1	52.3

A reading above 50 indicates that the Houston economy is generally expanding; a reading below 50 indicates that it is generally contracting.



