

Houston *Buyline*

June 2004

NAPM- Houston, Inc.
Volume 9 - Issue 6

The National Association of
Purchasing Management -
Houston, Inc.

Requests your presence
At the
Eighty-fourth installation
of officers
For 2004-2005

Honoring
President Michael P. Valant, C.P.M.

On
Tuesday, June 8, 2003
5:30 p.m. Social
6:00 p.m. Dinner

At the
Sheraton Houston Brookhollow
3300 North Loop West

Spouses and friends invited
Dinner \$27.00 per person

Reservations required by
Friday, June 4th
Call 281-494-8670
or e-mail to
napmhou@pointecom.net

NAPM 2004 HOUSTON Houston Golf Tournament

little thief quickly let loose of the phone causing it to tumble to earth where it was returned to its rightful owner.

Doug Miller was able to expand his Business Survey Roster. A drawing was held for those who committed to participating in his survey. A nice golf bag was donated by Wayne Auzenne. Thank you Wayne.

One of our golfers was a big winner in Thursday's tournament. Kurt Devlin took advantage of our Hole in One Contest. He holed out in one on one of the Cypress Course Par 3's and won a \$4,000 trip to the Masters Golf Tournament. He also won Closest to the Pin and was the winner of the raffle prize from Metro Marketing which was a Waterford Crystal Bowl valued at \$250.00.

We want to thank our Gold Celebrity Sponsors, Aramco Services, HP Invent and Paragon Engineering. Our Blue Champion sponsors this year were Metro Marketing, Nextance, Office Depot and Stargel Office Systems. Office Depot also donated the beautiful blue golf shirts embroidered with the NAPM-Houston logo which our volunteers wore that day. Thanks to those of you who were instrumental in helping us obtain these sponsors.

A BIG THANK to all of our wonderful NAPM-Houston volunteers: Sheila Baker, A.P.P., Art Blevins, Carol Brace, Brian Foster, Shani Hicks, Sharon Malkovicz, C.P.M., Amanda Martinez, Mark Martinez, Jason Mass, Doug Miller, C.P.M., A.P.P., Marian Nimon, C.P.M., Teresa Pinnell, C.P.M., Lorna Sadler, Kathy Silverburg, C.P.M., Ron Spencer, Mike Valant, C.P.M., A.P.P., Ed Wahowski, Kris Wallace and Pam Washington. You did an awesome job.

*I*t's been another successful Golf Tournament for NAPM-Houston! The weather cooperated giving us a beautiful sunny day. We ended up with about 176 players in all with 22 foursomes per course. Our volunteers did a tremendous job in checking in the players, tending the Tiger Tee holes and driving the beverage carts to keep everyone nicely "hydrated" and just taking care of things.

Everyone stayed safe and well. One cell phone was confiscated by one of the resident squirrels, who scurried up a tree with it. I suppose he thought it was someone's snack. With a well timed ring, the furry

IMPORTANT ANNOUNCEMENT

All membership applications and invoices should be directed to the following address, as well as requests for information regarding membership and dues. Also, the NAPM-Houston and ISM databases will be coordinated through this address; this includes all database data changes for members; name, company, company address, mail box, business phone, business fax, business email, home address, home phone, home fax, cell phone, home email, and mail preference.

NAPM-Houston, Inc.

P.O. Box 771203, Houston, TX 77215-1203

Phone: (713) 702-0056 • Fax: (713) 532-6386

E-mail: docstelz@swbell.net

News & Notes

By Marian Nimon, C.P.M.

Executive Board

President

Marian Nimon, C.P.M.
UT, MD Anderson Cancer Center
mnimon@mdanderson.org

Vice President

Mike Valant, C.P.M., A.P.P.
HP Invent
Mike.Valant@hp.com

Secretary Parliamentarian

Sharon E. Brauner, C.P.M.
MHMRA
sharon.brauner@mhmharristx.org

Treasurer

Doc and Stan Stelzel
docstelz@swbell.net

Immediate Past President

Camillia Ward
camilliaward@yahoo.com

Directors-at-Large

Sharon Malkovicz, C.P.M.
HP
Sharon.Malkovicz@hp.com

Jackie Milhoan

Metro
JM18@ridemetro.org

Local Directors

Carlene Jackson
Stewart & Stevenson
c.jackson2@ssss.com

Ben A Schaeffer
ben.schaeffer2@emersonprocess.com

Wayne Doyle
wdoyle1@houston.rr.com

Standing Committees:

Communications

Ed Wahowski
Williams
edward.m.wahowski@williams.com

Membership Activities

Mara Stanfield, C.P.M.
Belmont Corporation
mstanfie@belmontvillage.com

Professional Development

Sheila Baker, A.P.P.
skier2@swbell.net

Programs

Kim Wren, A.P.P.
Southwest Bank of Texas
kwren@swbanktx.com

Public Relations

Lin Peterson, C.P.M., A.P.P.
Texas Childrens Hospital
lapeters@texaschildrenshospital.org

Special Activities

Jo Ann Prazak
Paragon Engineering
jprazak@paraengr.com

Newsletter Staff

Lin Peterson, C.P.M., A.P.P.
Chair/Editor

Laurie D. Oberhoff
Vice Chair

The Public Relations Committee of NAPM-Houston, Inc. publishes the Houston Buylines nine times a year. This newsletter is provided to all association members. All comments, inquiries and suggestions are welcomed and may be submitted to **Houston Buylines**, P. O. Box 35698, Houston, TX 77235-5698 or directly to the editor at e-mail: lapeters@texaschildrenshospital.org. Also, check out our worldwide website at www.napmhou.org.

Billie Jean Sommer Award

We awarded the Billie Jean Sommer, Outstanding New Member Award to Jo Ann Prazak, A.P.P. at the May Dinner Meeting. Jo Ann has been involved since she first joined NAPM when she volunteered to help with the Golf Tournament. She was asked to be the chair of the Golf Committee after that and has done a fantastic job with the last two tournaments. She is a member of the Board and was instrumental in obtaining the speaker for our January dinner meeting. We want to congratulate Jo Ann on outstanding participation in our organization.

Certificate of Appreciation

Ms. Kim Wren, A.P.P. was given a certificate of appreciation as a nominee for the Billie Jean Sommer Award. She has served with the Programs Committee since joining. The one thing Jo Ann and Kim both related is that they began by getting involved right away. Both these ladies exhibit the qualities that make membership worthwhile and rewarding.

New Members

There were 13 new members approved by the Board at the May meeting, 11 were regular members, 2 were transfers from other affiliates. We would like to welcome our new members:

Regular Members:

Lyndal Chrisman
Mark C. Fowler.....Wyman Gordon Forgings
Pamela Gadius.....MHMRA
Eric E. Hoffman
Bart HuntBMC Software, Inc.
John W. JamisonFirst Data Corporation
Joni PerezChevron Phillips Chemical Co. LP
Michelle A. PettingillTexas Medical Center
Phil SandersonChevron Phillips Chemical Co. LP
Drew VasantineKerr-McGee Oil & Gas Corp.
Thomas Yang.....Kerr-McGee Oil & Gas Corp.

Transfer Members:

Anthony Fluellen
Kerr-McGee Oil & Gas Corp.
Transfer from Dallas
David Sims
Kerr-McGee Oil & Gas Corp.
Transfer from Dallas

The new member door prize was awarded to Giovanni S. Alberto of Domco Products Texas L.P. DBA Tarkett Texas who received a Starbucks Gift Card.

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

Mike Valant, C.P.M., A.P.P.

Hewlett Packard Company

281 518-8575 • Fax: 281 518-5707

Mike.Valant@hp.com

NAPM - Houston Business Report

May 10, 2004

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

713-988-7306 - Copyright 2004 by NAPM-Houston, Inc. All Rights Reserved

PMI Ties Record High

Employment Jumps Sales Soaring

*H*ouston's economy continued growing in April for the 16th consecutive month, fueled by the fourth highest Sales index since this report began in 1995. The PMI was 64.6 for the month, tying the ten-year high last reached in May 1997.

Fifty-five per cent of Houston supply chain execs reported increases in Sales in their firms for the past month. That compared with only six per cent reporting Sales decreases for the same period.

The Employment component of the PMI shed its mediocrity in April and recorded its highest mark since February of 1998. The percentage of survey contributors reporting increased hiring doubled over the past thirty days to 27% with only eight percent of respondents reporting job losses. This may not be a sustainable pace but it certainly is a reflection of the pressure being exerted by streaking Sales and Production rates.

Purchases were increased in April for the fifth consecutive month, as more firms are reacting to longer shipping times and growing Sales backlogs.

The Prices Paid category rose again in April for the seventh straight month and in fact accelerated its climb for the fourth month in a row. April was the second consecutive month in which a new high was set in the Prices Paid component of the PMI. Two thirds of area purchasing pros paid more in April than in the preceding month for the goods and services they bought. Steel and steel products continue to lead the price surge, and softening in the prices of metals may still be some months away.

Lead Times are also still extending, and went even further out in April as many products saw increased demand and long-ravaged inventories were woefully insufficient.

Inventories, both finished and purchased goods, did manage slight growth in the past month, but at what cost? Great care must now be taken with regard to inventory build, balancing Sales demand with the danger of prices retracting and leaving high priced inventory to be fire-saled. Some cooling of the psychology of prices will occur, but how soon, and in what products?

Items in short supply: Seamless tubes, winches, gear boxes, vaccine, SS fasteners, steel plate, electronic parts, castings & forgings, plate, gauges, ethanol, proprietary pumps, steel fabrications, steel & SS bar products, wire rope, small inland barge rigs, casing, calcium carbonate, pipe, tubing, drums, steel, wafers, specialized hand-made electronics.

Prices on the UP side: Everything made from steel, vaccine, bearings, bronze, anything containing copper or nickel, electronic components, boxes, diesel fuel, lubricants, steel plate, fuels & lubricants, OCTG, titanium parts, epoxy resins, woven reinforcements, energy, lubricants, industrial batteries, travel, integrated components, I.C.'s, semi-conductors, fuel surcharges, pipe, corrugated & paper products, polypropylene resin, anoly additive, metals, castings, forgings, tubulars, fasteners, springs, ring gaskets, fittings, rubber goods, o-rings, seals, valves, pipe, wafers.

Prices on the DOWN side: Computers (laptops and P.C.'s) & components.

Comments From Survey Participants

- "Scrap & alloy surcharges down slightly. Mills want price increases and are getting them. Widespread shortages of raw materials reported. Unprecedented demand has mills running at full capacity and allocations required due to business relationships (something that's almost been forgotten)!"
- "Business has improved. Our lead-time is a problem for customers. Lead time is extending because of supply problems."
- "There are no prices on the down side, inflation is here."
- "Working smarter, not harder."
- "Think we have just gone to a seller's market."
- "We are very busy and the orders continue to come in at a fast pace."
- "First quarter results were surprisingly good. We continue to be busy. Downsizing of plants halted due to expanded business level."
- "Negotiating skills & leverage really helping to hold costs down."
- "Need an engineer on this runaway train. I'm sure it will run into a wall, just not sure when."
- "Steel prices continue upswing... but should stabilize soon. However inventories will be short and pricing may deter future projects until some normalization occurs."
- "Trying not to accept price increases or fuel surcharges (from) vendors. Most will accept, a few will not."
- "Shortage appears to have eased in OCTG market. Sales of used tubulars will be healthy this quarter."
- "We need more people, equipment & hours in a day."
- "Too much work - not enough people."
- "Orders for longer term IT assignments are still rising."

(continued on page 4)

Comments From Survey Participants

(continued from page 4)

- “Unforced and unusually large customer spare parts orders draining our inventory and suppliers are not able to react fast enough to meet new demands. Nice problem to have, but it is frustrating customers who are used to quick deliveries. Everyone needs to plan better.”
- “Supply of better grades of calcium carbonate products are less than we need. We are scheduling around the shortages.”
- “Almost all suppliers are asking for increases. Those items that have fuel surcharges have doubled the surcharge.”
- “We will need everyone in manufacturing and process engineering on board to stop the increases requested by our suppliers.”
- “Some suppliers admit their actual costs are only up 1/10 of the increases they are requesting.”
- “Nothing is in short supply, but lead times continue to be twice as long as earlier this year, thus creating some spot shortages.”
- “Prices have leveled off on most stainless steel items. Stainless surcharges show signs of decreasing, but increasing moly prices are on the horizon.”
- “Metals market seems to be in a stabilizing mode, with nickel and cobalt down from the start of 2004.”
- “Although prices are up on some items, cost savings can be negotiated this year.”
- “Appears we may have bottomed out and business climate improving. As capital is freed up, we will be doing more projects.”
- “We hired another person in our offices this month and had to purchase furniture for him. Also, our import customers seem to be very busy, especially food and steel products.”
- “We are concerned orders are being placed due to a perceived concern about tightening capacity. This may create a false bubble.”

April Index 2003/2004 (9 months)

	Up	Same	Down	N/A	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Sales	55%	27%	06%	12%	+02	+15	+19	+17	+04	+31	+26	+46	+49
Production	37%	30%	04%	29%	+09	+06	+23	+15	+05	+32	+20	+34	+33
Employment	27%	65%	08%	00%	-07	-02	-04	-03	+04	+05	+09	+03	+19
Purchases	51%	33%	16%	00%	-02	+19	+07	-02	+03	+25	+22	+32	+35
Price Paid (Major Purchases)	67%	31%	02%	00%	+06	-02	+08	+11	+11	+21	+49	+59	+65
Lead Times (from Sellers)	61%	37%	02%	00%	+12	+11	+08	+10	+11	+19	+36	+48	+59
Purchased Inventory	20%	23%	18%	39%	-10	-02	-08	-08	-14	+02	-15	00	+02
Finished Goods Inventory	20%	35%	16%	29%	-23	-08	-15	-02	-18	00	-05	-05	+04

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

NAPM - Houston	05/03	06/03	07/03	08/03	09/03	10/03	11/03	12/03	01/04	02/04	03/04	04/04
Composite PMI	53.7	54.1	51.8	53.3	53.5	55.7	53.7	54.2	58.3	60.1	63.1	64.6

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

Professional Development Committee

Buyline Articles - for June, 2004

Congratulations to our new & recertified recipients of A.P.P. and C.P.M.

April Nye, C.P.M. *Original Certification*
 John Filiatrault, C.P.M. *Recertification*
 Chi Pui Barbara Chan, C.P.M. *Original Certification*
 Eric Hoffman, C.P.M. *Original Certification*
 John Stafford, C.P.M. *Recertification*
 Ed Lewis, C.P.M. *Lifetime Certification*

Congratulations to UH-D Scholarship and Tuition Reimbursement Recipients

David Myers full UHD scholarship awardee
 Dianna Glass-Onyekwelu full UHD scholarship awardee
 Phillip Ellison, C.P.M. tuition reimbursement recipient
 Valarie Cross tuition reimbursement recipient

Did You Know?

The Certified Purchasing Manager (C.P.M.) title and C.P.M. service marked initials are the exclusive and sole property of the Institute for Supply Management™ (ISM). The C.P.M. designation is granted by ISM to qualified applicants. Those who have obtained the C.P.M. can be proud of their commitment to professional and ethical standards as evidenced by their hard work to meet the program criteria established for the C.P.M.

Once qualified, ISM grants each C.P.M. the right to use the designation after his or her name on correspondence, business cards, and so forth, for as long as the applicant's certificate remains in force and effect. Use of the C.P.M. is an excellent way to announce the individual has joined a select professional group widely acknowledged by peers and management alike to be among the best prepared in today's competitive world of purchasing and materials management.

Periods must be used after each C, P, and M letter. Without the periods, another certification type is being indicated which is not related to the purchasing and supply management profession. If the individual is also an Accredited Purchasing Practitioner (A.P.P.), and using both sets of initials, the C.P.M. should be listed first, followed by a comma, and then the A.P.P. designation.

Once a current certificate has lapsed the individual may no longer use the C.P.M. initials.

NAPM - Houston Business Report

Press Release

PMI TIES RECORD HIGH EMPLOYMENT JUMPS

HOUSTON, May 10, ----- Houston's economy continued growing in April for the 16th consecutive month. The PMI was 64.6 for the month, tying the ten-year high last reached in May 1997. Sales soared to the fourth highest index reading since this report began in 1995.

The Houston PMI, which can range from 0 to 100, is a leading indicator for industrial production, typically forecasting change by three to four months. A reading above 50 indicates that the Houston economy is generally expanding. A reading below 50 indicates the economy is generally contracting. The PMI is based on a monthly survey of some 80 purchasing executives in leading Houston industries, including oil and gas exploration and production, manufacturing, engineering and construction, chemicals, distribution, business and financial services and healthcare, among others.

"The brightest part of April's results was the Employment component which shot up to the highest point it has seen since February 1998," said Doug Miller, Chairman of the Business Survey Committee for N.A.P.M.-Houston, Inc. "The percentage of survey contributors reporting increased hiring doubled over the past month, a clear indication of the pressure being exerted by continuous high Sales and Production rates. Only 8% of respondents reported net job losses during the month."

There are eight components of the PMI, including Sales, Production, Employment, Purchases, Prices Paid, and Inventory levels.

"Concern is growing regarding the Prices Paid component. April results reveal a second straight month in which a new Prices Paid high was set. Two thirds of Houston purchasing execs are facing rapidly rising prices and see no relief in the near term. At the same time shipping times (Lead Times) are getting much longer on many commodities, a direct result of streaking Sales, previous inventory drawdown and insufficient production manpower," said Miller. "Houston's economy is hot, but not without hurdles that could seriously slow further growth."

The NAPM-Houston Business Report began publication in January 1995.

Subscriptions to the report are available through NAPM-Houston.

N. A. P. M. - Houston, Inc. is an affiliate of the Institute for Supply Management

Copyright 2003 by NAPM-Houston, Inc. All Rights Reserved

2003 Affiliate Excellence Awards ISM Affiliate of the Year Award

*T*he Institute for Supply Management(tm) (ISM) presented Affiliate of the Year honors to NAPM-Pittsburgh at the ISM 89th Annual International Supply Management Conference and Educational Exhibit in Philadelphia on April 27, 2004.

The Affiliate of the Year Award is the highest distinction among affiliates that demonstrate excellence in several core competencies including affiliate operations, educational opportunities, membership activities, communication and marketing. The Affiliate of the Year Award communicates the value and prestige of the Institute for Supply Management(tm) and the supply management profession.

All affiliates, regardless of size, have the same opportunity to achieve the highest distinction- Affiliate of the Year. Affiliates that meet and surpass the core competencies earn the Affiliate Excellence designation. ISM recognized the following 23 affiliates with the Affiliate Excellence Award at the 89th Annual International Supply Management Conference in Philadelphia. Among the 23 affiliates was NAPM-Houston, Inc. with Marian T. Nimon, C.P.M., as President.





Harold M. Cosgrove Award – Highest Honor Southwest Supply Chain Forum

How many potential Cosgrove winners do you have at your affiliate?

In 1955, this annual award was established to recognize outstanding service by an individual to District II, now known as the Southwest Supply Chain Forum. Named for Harold M. Cosgrove of Tulsa, this award represents the highest honor the SWSCF has to offer. It's appreciative recognition of individual accomplishments spotlights years of dedication and exemplary service. The Cosgrove Award was first presented in 1956 and has been awarded for 46 consecutive years. Presentation of the award will be made during the closing brunch of the Southwest Purchasing Conference.

NOW is the time to be gathering information about your nomination for the Cosgrove. The nomination form and application are readily available on the Forum website, www.ismswscf.org. The Cosgrove committee is standing by to receive the nominations and select the most outstanding individual for this annual honor.

Wouldn't it be great to have a nomination from each affiliate? I know there are many, many deserving members spread out over the Forum. Don't delay.

The Southwest Purchasing Conference is in Oklahoma City, Oklahoma this October. Preliminary information is on the website now and more information will be added as it becomes available.

See you there.

NAPM Houston, Inc. Policy Statement

NAPM-Houston, Inc. shall conduct all association functions in a professional manner, and without malice or discrimination, by word or action, with relation to race, religion, national origin, color, sex, age, or disability. Anyone who feels an offense against them has transgressed, or has infringed upon, or violated their protection under this policy, should contact any member of the Board of Directors Executive Committee for resolution under the established rules and regulations adopted by NAPM-Houston, Inc. Board of Directors.