August 2015 - Issue #114

<div style="background:green">**Welcome from Lisa**</div>

Another crazy busy month - it is becoming "the norm". Are you seeing the same? My clients seem to be following suit as well. Growth can be exciting yet chock full of challenges and opportunities to keep life interesting. Speaking of which, this will be our theme at APICS Inland Empire's fall symposium on Nov 14th. Save the date as we'll be sending an announcement and adding to our website shortly.

I was also able to fit in a few weekend getaways with both of my best friends since we were all together - San Diego and Catalina. Who can complain? I also threw in a short jaunt to San Francisco related to APICS and a just got back from AZ and helping my parents and so I've made the rounds. Last but not least, I even threw in an engaging tour of Fender Guitar with APICS-IE and a tour of the Long Beach port with ProVisors. Whew! See below for a pic from the port tour.

Speaking of growth, it is just amazing how much goes through the ports on a daily basis. I was interviewed by the *American Journal of Transportation* about the ports as the reporter was interested in the newer BIG ships and how they are creating complications for ports. More growth challenges!

IN THE NEWS

Please check out my latest speeches, articles & quotes:

- I'm especially thrilled that I was quoted in the **Wall Street Journal's** article "*California Declares State of Emergency After Floods Wash Out Part of Interstate 10*" (also thanks to APICS-IE).
- Quoted in an article "The Brave New World of the Automated Warehouse" in the American Journal of Transportation (article to be posted on my website).
- Published an article "How to Keep Your Team's Morale Up During Change" in *Liquid Planner*,
- Published an article "How to Keep Your Project On-Track" in *Project Times.*

Check out my <u>video clip</u> that promotes my APICS 2015 presentation, "<u>Priming Your Supply Chain for The Amazon Effect</u> ". To learn more and register, click <u>here</u>.

Enjoy your Labor Day,
Lisa

<u>Email</u>
LMA Consulting Group, Inc.

P.S. Please think of me if you should know anyone who would like to elevate their business performance.

Ever heard about 1's and 0's as it relates to computers? That level of detail is often what I see with systems. We spend so much time on the details of systems that we forget about strategy. Yet with as significant an investment as we often make in systems and technology, we should consider strategy. In the IT world, this is sometimes called a roadmap.

I recently participated in a supply chain roadmap for the Inland Empire focused on the needs through 2025. Although related to supply chain instead of systems, it reminded me of the value of thinking big picture and longer term - a great exercise to go through to take a comprehensive view and think about strategy!

When creating an IT roadmap, there are several areas to consider: 1) The strategic priorities of the business. 2) systems and technology strategy to support the business objectives. 3) opportunities to leverage technology for additional improvements.

1. **Strategic priorities:** Do NOT start with the latest and greatest technologies available. It might be "cool" to integrate the latest iPhone into the mix but is that the best option for supporting the business strategy and objectives? Instead, start with the strategy for the company. Understand the key elements of the strategy. Dig deep into what will be a positive effect for the strategy and what roadblocks or issues might arise in meeting the strategy. Before one technology is mentioned, there should be a clear understanding established of the business strategy.
2. **Systems & technology to support the business strategy:** How do we translate the business strategy into an IT strategic roadmap? What will be required from an IT standpoint to ensure success with the business strategy? Start by evaluating your current infrastructure and systems architecture. How does that compare with what will be required to meet the long-term business strategy? Undoubtedly, gaps will emerge. There will be several options for how to address the gaps. The key will be evaluating the options from a complete business standpoint, considering 1) cost; 2) service (including speed); 3) automation/ efficiency; 4) strategic fit (although each is a fit overall, some will be more closely aligned than others); and 5) ability to support growth.
3. **Opportunities to leverage technology for additional improvements:** Beyond what is required to support the business strategy, IT will uncover opportunities for further improvement.   Typically, these opportunities will fit into one of the following categories: 1) IT infrastructure / architecture improvement due to advances in technologies available; 2) Opportunities for business process improvements by leveraging new functionality and technology that has emerged since the last roadmap. 3) New combinations of systems/ technologies which will drive further results. Within the scope of the company strategy and objectives (which will also dictate return on investment and associated budgets and resources), selecting the highest impact priorities is a great starting point.

For example, if upgrading your ERP system is a "must" to support profitable business growth (which wouldn't be surprising as I'm seeing a heightened increase in this area within the last 12-24 months), selecting the system that best matches and supports your strategic priorities is vital. I consider these

critical success factors. There will be several options for how to host the ERP system: 1) purchase and maintain your own technology;   2) utilize remote servers, maintained by experts in the hardware infrastructure chosen; or 3) cloud - in essence, rent your hardware and software infrastructure with no "hands-on" responsibilities. Undoubtedly, there will also be opportunities for improvement that arise with the new ERP system. It will be cost and resource prohibitive to implement them all; however, implementing the top few can drive substantial results.

Do you know where your IT team is headed? Does it line up with the business priorities? In today's Amazon effect marketplace where speed is of the essence, there is no time to waste. Align your IT strategy with your company strategy and optimize your investment in systems and technologies to elevate your business performance.

Did you like this article? Continue reading on this topic:
What is a Systems Strategist?

I find that almost every one of my clients and prospective clients are growing significantly. One complication of growth is to find, upgrade and keep your people. One way to supplement your resources short-term is to hire temps, contractors and consultants.

Each has a different purpose. Temps typically fill in for manufacturing and distribution resource gaps.   For example, if you need assemblers for your operation or machine operators, temps can be a great solution. Contractors and consultants can often be confused; however, I see contractors as highly-skilled resources that typically assist with specific tasks such as programming whereas consultants typically are looking at broad topics and providing recommendations for improvement. Contractors are more likely to fill in for missing positions or specific projects. As a consultant, I find that I typically provide design expertise for strategy, organizations, processes and systems and often fill the advisory and mentor role in implementing the designs.

Many of my clients use temps to fill short-term resource needs to cover spikes in demand, to cover dramatic swings of seasonality, and to support growth early in the cycle. The issue is that it is never as simple as it seems it should be. Certainly, hiring a temp is a great way to test out resources for full-time jobs. It is also a good way to find people with the required prerequisites intact rapidly; however, it doesn't mean that training can be skipped. Ideally your temp agency is screening candidates to speed up the process and potentially is providing some level of training; however, some sort of training will be required on-the-job. Don't forget to account for this need.

Temps should not be viewed as long-term resources. They have no loyalty by definition as they fill in for gaps at various companies. You also are not typically providing the same level of training and support to temps vs. full-time resources. Therefore, if you expect to keep temps long-term, you'll want to transition them into full-time employees for optimal results. That way, efficiencies and quality will be built into the process.

Conceptually, the same holds true with contractors. They fill short-term gaps and can be a valuable way to test out potential employees if growth dictates the need for additional long-term assistance. With consultants, occasionally I've filled responsibilities for a role temporarily; however, never full-time. If full-time is required, hire a contractor interested in transitioning into a full-time employee. Typically
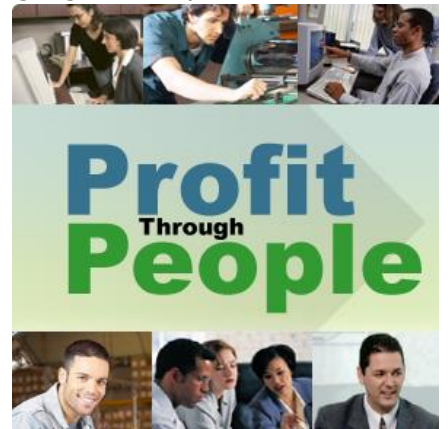
consultants design improvements with specific objectives, measures and value for the organization, support the implementation from an advisory/ mentoring standpoint and move to the next project/ objective. This can be invaluable in shoring up talent rapidly without having to hire it upfront.

Did you like this article? Continue reading on this topic:
Supply Chain Strategy - Formula for Success

Eagle Eye
Why Strategic Planning is an Oxymoron

Although almost everyone uses the term strategic planning, it doesn't make sense. Setting strategy is a clear; however, you shouldn't be thinking about how to plan when looking to the future. In essence, strategy is the "what" whereas tactics are the "how". Another way to think about strategy is to think about where you'll end up. Do not think about how you'll get there and mix it up with where you should end up!

Planning or tactics relates more to the implementation or the "how". Where strategy is working on the "right things", tactics is "doing things right". Another way to think about this is to determine how to translate the conceptualization of the strategy into operational realities. Thus, do strategies fail in formulation or execution? 90%+ of the time it fails in execution.

Strategy implementation should consider how the organization will have to change and evolve to support the strategy. Do you have the people, skills and capabilities required to meet the strategy? If not, there are many options to evaluate. Are the processes and systems set up to achieve the strategy? It is unlikely. There is always some sort of tweak, upgrade or new process required. Does the culture and communication systems support the strategy? There are countless items to consider to ensure success. I put together my 5P Accelerator (SM) process to bridge the gap and transition between strategy and implementation. If you are interested in learning more about how to leverage it, give me a call.

Did you like this article? Continue reading on this topic:
Strategy: It Doesn't Fail in Formulation; It Fails in Execution

The Strongest Link in Your Supply Chain
Is Your Supply Chain Ready for Growth?

I recently participated as a panelist with Michael DeCata, CEO of Lawson Products, for Industrial Distribution magazine's VMI (vendor managed inventory) webinar. Although one of my first articles of my consulting practice from 2005 related to VMI as I found it a great vehicle in driving win-win results, it wasn't talked about much until recently when it resurfaced as a popular strategy for success. The Amazon Effect has increased interest in this timeless topic!
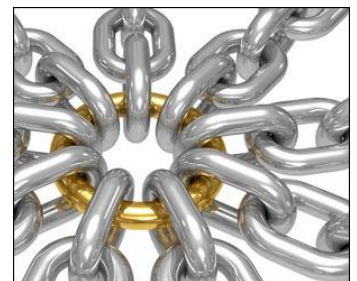
When I was VP of Operations for PaperPak, we implemented VMI with our #1 customer. Not only did we go from being "off the scorecard" to being named supplier of the year for 2 consecutive years, but we also expanded business and improved our margins and cash flow with the implementation of VMI. Certainly something to consider!

The top benefits of VMI are the following:

- **Cash flow**: As you better manage inventory in your supply chain, cash flow is improved across the board. In my example, we reduced inventory levels at our customer and internally for a win-win.
- **Margins**: There are countless numbers of ways to improve efficiencies and margins when partnering on VMI. In my example, we were able to improve packaging which reduced freight costs, collaborate on pallet configuration which reduced warehousing costs and combine/ improve upon the ordering process which reduced overhead costs.
- **Lead Times**: When partnering with VMI, lead times are typically reduced. In my example, we were able to reduce our key customer's lead time. Certainly, a day of lead time reduction is significant in today's Amazon world.
- **Revenue:** As you become partners, opportunities to increase business occur. As service levels and lead times are improved, lost sales disappear. Additionally when in a partnership, you are easy to do business with. Growth often turns into a win-win.

With these significant benefits, why not give VMI a try? Start with your top customers and discuss the possibility.

Did you like this article? Continue reading on this topic:
4 Keys to VMI Success

Connections

Connections and relationships are the 80/20 of success!

THIS MONTH'S REQUESTS:

- My APICS Inland Empire Chapter has a success Spring Executive Panel & Networking Symposium on "Innovation: A Must for Manufacturing and Distribution Success". We are now planning for our fall symposium in November. Please send your ideas for "top of mind" themes ***to us***.
- My Ontario ProVisors group of trusted advisors is looking for an labor attorney, a real estate attorney and a commercial real estate broker. Please *email me* with your referrals.
- An excellent Supply Chain Manager with expertise in inventory management, systems, business processes, and project management with a specialty in aerospace in the Wichita area is looking for her next career opportunity. Please contact her with referrals and ideas.
- I know of a few excellent Supply Chain Leaders who are interested in making a change for the "right" opportunity. If you are interested, please email *me*.

NOTE: To submit an item for this section, please send me an email with a short description of your needs and an email address. Please note that NOT all requests will be published as it must fit the guidelines and align with the Profit through People brand.

What is *Profit through People*?

I've used the Profit through People brand since my newsletter's inception in 2006 as it resonated with me. Although I consult on topics within each of my service lines--Eagle Eye Strategic Focus, The Strongest Link in Your Supply Chain, the Systems Pragmatist & Profit through People--I find that people are key to success in every situation. If you are interested in elevating your business performance, please contact us.

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